

GORDON AUTO BODY PARTS CO., LTD.
INDIVIDUAL FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
WITH INDEPENDENT AUDITORS' REPORT

The reader is advised that these financial statements with independent auditors' report have been prepared originally in Chinese. In the event of a conflict between the original Chinese version and English translation version or difference in interpretation between the two versions, the Chinese version shall prevail.

INDEPENDENT AUDITORS' REPORT

NO.14681130EA

To GORDON AUTO BODY PARTS CO., LTD.

Opinion

We have audited the individual financial statements of Gordon Auto Body Parts Co., Ltd. (the "Company"), which comprise the individual balance sheets as of December 31, 2024 and 2023, and the individual statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2024 and 2023, and the notes to the individual financial statements, including a summary of significant accounting policies.

In our opinion, the individual financial statements present fairly, in all material respects, the financial position of the Company, as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) were endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountant code of Professional Ethics in the Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most

significance in our audit of the individual financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the individual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the individual financial statements for the year ended December 31, 2024 are as follows:

1. Measurement of impairment losses on inventory

Refer to Note 4(5) to the alone financial statements for the accounting policies for inventories; refer to Note 5(1) to the alone financial statements for the accounting estimates and uncertainties in assumptions regarding the valuation of inventories; refer to Note 6(6) to the alone financial statements for a description of inventories.

Description of key audit matters

The Company's main business is manufacturing and selling auto parts, doors, fenders and molds for collision repair. The products are mainly sold to the repair market for vehicles in the existing market. In the collision repair market, product market life and sales cycle are based on the vehicle models sold. Therefore, the Company adjusts the production quantity of each product each year based on the market circulation status of each vehicle model.

The Company's production process involves cutting, pressing, sheet metal and baking paint (baking rust-proof paint). Under normal circumstances, such components are less susceptible to deterioration and damage. In the financial statements, inventories are measured at a lower cost or net realizable value. Although the sales prices are adjusted based on the cost of raw materials, the quoted price in U.S. dollars is susceptible to exchange rate fluctuations and competition, which may result in the risk that the carrying value of inventories may exceed the net realizable value, since the amount of inventories is significant and there are many items. Therefore, the Company's measurement of impairment losses on inventory is one of the most important matters to be audited.

Audit procedures in response

We perform the audit procedures regard to the above key audit matters included:

- Obtain an analysis the lower of the year ending inventory or net realizable value, and check the total number of each inventory item in the general ledger and the sub-ledger.
 - Compare the policies on the allowance to reduce inventory to market value in the current financial reporting period with those in the previous, and assess whether the policies are reasonable.
 - Sampling the estimated sale prices of finished goods and products are based on the last sale price before and after the reporting date of the financial statements, and evaluate the basis for calculating the selling expense ratio to confirm the reasonableness of the net realizable value.
 - Evaluate whether the analysis the lower of the year ending inventory or net realizable value provided by management has been compared on an item-by-item basis and calculated.
 - Evaluate whether management has adequately disclosed the allowance to reduce inventory to market value.
2. The assessment of financial assets at fair value through other comprehensive income.

For the accounting policies of financial assets at fair value through other comprehensive income, refer to Note 4(9) of the individual financial statements; for a description of financial assets at fair value through other comprehensive income, refer to Note 6(3) of the individual financial statements.

Description of key audit matters

Financial assets at fair value through other comprehensive income are measured at fair value. The financial assets at fair value through other comprehensive income held by the Company are unlisted companies, whose fair value is not available in an active market, so they are valued with the market-based approach. The market-based approach requires a more subjective valuation technique, which significantly affects the fair value measurement results and affects the fair value recognition of financial assets at fair value through other comprehensive income. Therefore, the Company fair value assessment of financial assets at fair value through other comprehensive income

is one of the most significant key audit matters.

Audit procedures in response

Our audit procedures regarding to the above key audit matters include:

- Obtain the opinion from external experts and inquire about their professional qualifications, experience and reputation to ensure the credibility of their skills and capabilities.
- Check the objectivity of the external experts to confirm whether their opinions can be reasonably adopted.
- Evaluate whether the values of the amount and ratio of the comparable subject matter used in the external expert opinion are unreasonable in relation to the information about the comparable company obtained from the Market Observation Post System.
- Check the parameters of the evaluation model and the settings of the calculation formula for inconsistencies or errors.

3. Measurement of impairment of property, plant and equipment

Refer to Note 4(8) of the individual financial statements for the accounting policy for impairment of tangible and intangible assets (exclude goodwill); refer to Note 5(2) of the individual financial statements for the accounting estimates and uncertainties of the assumptions used in assessing the impairment of tangible assets; refer to Note 6(8) of the individual financial statements for the description of property, plant and equipment.

Description of the key audit matters

The Company needs to continuously develop tooling in order to produce products for various vehicles in the market. Depreciation has been provided over the useful life of tooling in line with the average age of vehicles. However, due to competition and market conditions, the Company conducts an annual assessment of property, plant and equipment for impairment. The Company is a single cash-generating unit. Therefore, the company discounts the estimated future cash flows using an appropriate discount rate to measure the cash-generating unit's recoverable amount as a basis for assessing whether the property, plant and equipment

is impaired.

The Company uses estimated future cash flows as a measure of recoverable amounts of property, plant and equipment. The assumptions used in forecasting are prone to subjective judgments and are highly uncertain, resulting in a significant effect on the recoverable amount, which in turn affects whether the property, plant and equipment are impaired. Therefore, the measurement of the impairment of property, plant and equipment of the Company is one of the most significant audit matters.

Audit procedures in response

Our audit procedures regarding to the above key audit matters included:

- Obtain documents related to the Company's self-assessment of asset impairment and review whether there is any indication of impairment.
- Examine the expected future cash flows and estimate whether the average net cash inflows for the current year are materially different from the estimated annual net cash inflows adopted by the Company, based on its actual net earnings before interest, taxes, depreciation, and amortization (EBITDA) for the last five years.
- Review the projected growth rates to see if they are unreasonable compared to historical results, economic and industry forecasts.
- Review the discount rate used whether there is unreasonable when compared to the cash-generating unit's cost of capital assumptions.
- Check the parameters of the evaluation model and the settings of the calculation formula for inconsistencies or errors.

Responsibilities of Management and Those Charged with Governance for the Individual Financial Statements

Management has the responsibility for the preparation and represents fairly of the individual financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) were endorsed and issued into effect by the Financial Supervisory Commission (FSC), and for such internal control as management determines necessary to enable the preparation of the individual

financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual financial statements, Management is also responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease its operations or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Individual Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, and they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we performed professional judgment and maintained professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the individual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design

audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the individual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall representation, structure and content of the individual financial statements, including the disclosures and whether the individual financial statements represent the underlying transactions and events in a manner that achieves fair expressed.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine the most significant audit matters of the individual financial statements for the year ended December 31, 2024. We describe these matters in our auditors' report unless the law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to

outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chia-Yu, Lai and Li-Chen, Peng.

Baker Tilly Clock & Co

March 7, 2025

Notice to Readers

The individual financial statements are intended only to present the individual financial position, financial performance and cash flow in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit (or review) such individual financial statements are those generally applied in the Republic of China. For the convenience of readers, the independent auditors' report and the financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and individual financial statements shall prevail.

GORDON AUTO BODY PARTS CO., LTD.

INDIVIDUAL BALANCE SHEETS

DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

Code	Assets	Note	December 31, 2024		December 31, 2023	
			Amount	%	Amount	%
11xx	Current assets					
1100	Cash and cash equivalents	4.6(1)	\$ 383,111	7	\$ 699,199	13
1110	Financial assets at fair value through profit or loss - current	4.6(2)	5,164	—	4,320	—
1150	Notes receivables	4.6(5)	23,894	1	25,552	1
1170	Accounts receivables	4.6(5)	580,085	11	485,060	9
1200	Other receivables		10,157	—	10,862	—
130x	Inventories, net	4.5.6(6)	678,026	13	634,214	12
1410	Prepayments	6(10)	87,756	2	92,343	2
11xx	Total current assets		1,768,193	34	1,951,550	37
15xx	Non-current assets					
1517	Financial assets at fair value through other comprehensive income – non-current	4.6(3)	123,165	3	105,112	2
1535	Financial assets at amortized cost - non-current	4.6(4).8	2,300	—	2,300	—
1600	Property, plant and equipment	4.5.6(8).8	3,048,020	58	3,026,076	57
1755	Right-of-use assets	4.5.6(9)	15,568	—	19,815	—
1840	Deferred tax assets	4.5.6(23)	5,203	—	10,514	—
1915	Prepayment for equipment	4.6(10)	267,171	5	216,189	4
1920	Guarantee deposits paid		546	—	546	—
15xx	Total non-current assets		3,461,973	66	3,380,552	63
	Total assets		\$ 5,230,166	100	\$ 5,332,102	100

The accompanying notes are an integral part of the individual financial statements.

(Continued)

GORDON AUTO BODY PARTS CO., LTD.

INDIVIDUAL BALANCE SHEETS

DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

Code	Liabilities And Equity	Note	December 31, 2024		December 31, 2023	
			Amount	%	Amount	%
21xx	Current Liabilities					
2100	Current borrowings	6(11)	\$ —	—	\$ 210,000	4
2150	Notes payables	6(12)	8,298	—	36,965	1
2170	Accounts payables	6(12)	281,522	5	397,052	7
2219	Other payables		104,729	2	82,321	2
2213	Payables on equipment		99,321	2	95,589	2
2230	Current tax liabilities	4.6(23)	91,776	2	88,477	2
2280	Lease liabilities - current	4.6(9)	5,096	—	5,315	—
2399	Other current liabilities		14,229	—	21,463	—
2322	Current portion of long-term borrowings	6(13)	194,357	4	145,857	3
21xx	Total current liabilities		799,328	15	1,083,039	21
25xx	Non-Current liabilities					
2540	Long-term borrowings	6(13)	1,236,241	24	1,449,098	27
2571	Deferred tax liabilities— land value increment tax	4	74,336	2	74,336	1
2572	Deferred tax liabilities— income tax	4.6(23)	2,910	—	466	—
2580	Lease liabilities - non-current	4.6(9)	10,663	—	14,601	—
2640	Net defined benefit liabilities – non-current	4.6(14)	7,853	—	12,598	—
25xx	Total non-current liabilities		1,332,003	26	1,551,099	28
2xxx	Total liabilities		2,131,331	41	2,634,138	49
31xx	Equity	6(15)				
3100	Capital					
3110	Common stock		1,653,104	32	1,653,104	31
3200	Capital surplus		1,007	—	935	—
3300	Retained earnings					
3310	Legal reserve		148,852	3	113,766	2
3320	Special reserve		98,923	2	98,923	2
3350	Unappropriated earnings		1,139,776	21	792,116	15
3400	Other equity	6(15)	57,173	1	39,120	1
3xxx	Total equity		3,098,835	59	2,697,964	51
	Total liabilities and equity		\$ 5,230,166	100	\$ 5,332,102	100

The accompanying notes are an integral part of the individual financial statements.

GORDON AUTO BODY PARTS CO., LTD.
INDIVIDUAL STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars, except for earnings per share)

Code	Item	Note	2024		2023	
			Amount	%	Amount	%
4000	Operating revenues	4.6(17)	\$ 3,015,605	100	\$ 2,697,553	100
5000	Operating costs	6(6)	(2,052,697)	(68)	(1,968,591)	(73)
5900	Gross profit		962,908	32	728,962	27
6000	Operating expenses					
6100	Selling and marketing expenses		(197,404)	(7)	(186,130)	(7)
6200	General and administrative expenses		(120,232)	(4)	(100,455)	(4)
6300	Research and development expenses		(5,653)	—	(4,833)	—
6450	Expected credit gains (losses)	6(5).6(22)	212	—	(1,834)	—
6000	Total operating expenses		(323,077)	(11)	(293,252)	(11)
6900	Net operating income		639,831	21	435,710	16
7000	Non-operating income and expenses					
7100	Interest income	6(18)	19,111	1	18,589	1
7010	Other income	4.6(19)	14,630	1	16,224	—
7020	Other gains and losses	6(20)	97,162	3	(4,851)	—
7050	Finance costs	6(21)	(26,873)	(1)	(29,878)	(1)
7070	Share of loss of subsidiaries	6(7)	—	—	(60)	—
7000	Total non-operating income and expenses		104,030	4	24	—
7900	Profit from continuing operations before income tax		743,861	25	435,734	16
7950	Income tax expenses	4.6(23)	(146,597)	(5)	(84,174)	(3)
8200	Net income		597,264	20	351,560	13
8300	Other comprehensive income					
8310	Items that will not be reclassified subsequently to profit or loss					
8311	Remeasurements of defined benefit plans	6(14)	482	—	(874)	—
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	6(15)	18,053	1	(13,713)	—
8349	Income tax relating to items that will not be reclassified subsequently to profit or (loss)	6(23)	(96)	—	175	—
8300	Other comprehensive income		18,439	1	(14,412)	—
8500	Total comprehensive income		\$ 615,703	21	\$ 337,148	13
	Earnings per share	6(16)				
9750	Basic		\$ 3.61		\$ 2.13	
9850	Diluted		\$ 3.60		\$ 2.12	

The accompanying notes are an integral part of the individual financial statements.

GORDON AUTO BODY PARTS CO., LTD.
INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

Item	Share capital	Capital surplus	Retained earnings			Other equity	Total equity	
	Common stock		Legal reserve	Special reserve	Unappropriated earnings	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income		
A1	Balance at January 1, 2023	\$ 1,653,104	\$ 850	\$ 80,137	\$ 98,923	\$ 640,194	\$ 52,833	\$ 2,526,041
B1	Legal reserve	—	—	33,629	—	(33,629)	—	—
B5	Cash dividends distributed by the Company	—	—	—	—	(165,310)	—	(165,310)
C17	Other changes in capital surplus	—	85	—	—	—	—	85
D1	Net income in 2023	—	—	—	—	351,560	—	351,560
D3	Other comprehensive income in 2023	—	—	—	—	(699)	(13,713)	(14,412)
D5	Comprehensive income in 2023	—	—	—	—	350,861	(13,713)	337,148
Z1	Balance at December 31, 2023	1,653,104	935	113,766	98,923	792,116	39,120	2,697,964
B1	Legal reserve	—	—	35,086	—	(35,086)	—	—
B5	Cash dividends distributed by the Company	—	—	—	—	(214,904)	—	(214,904)
C17	Other changes in capital surplus	—	72	—	—	—	—	72
D1	Net income in 2024	—	—	—	—	597,264	—	597,264
D3	Other comprehensive income in 2024	—	—	—	—	386	18,053	18,439
D5	Comprehensive income in 2024	—	—	—	—	597,650	18,053	615,703
Z1	Balance at December 31, 2024	\$ 1,653,104	\$ 1,007	\$ 148,852	\$ 98,923	\$ 1,139,776	\$ 57,173	\$ 3,098,835

The accompanying notes are an integral part of the individual financial statements.

GORDON AUTO BODY PARTS CO., LTD.
INDIVIDUAL STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

Code	Item	2024	2023
AAAA	Cash flows from (used in) operating activities		
A10000	Profit from continuing operations before income tax	\$ 743,861	\$ 435,734
A20010	Adjustments:		
A20100	Depreciation expense	342,072	340,276
A20300	Expected credit loss (gain)	(212)	1,834
A20400	Net loss (gain) on financial assets at fair value through profit or loss	(844)	(477)
A20900	Interest expense	26,873	29,878
A21200	Interest income	(19,111)	(18,589)
A21300	Dividend income	(9,311)	(12,570)
A22300	Share of loss of subsidiaries, associates, and joint ventures	—	60
A22500	Gain on disposal of property, plant and equipment	(26,380)	(5,713)
A23100	Loss (gain) on disposal of investment	—	(8)
A30000	Changes in operating assets and liabilities		
A31115	Decrease (increase) in financial assets mandatorily classified as at fair value through profit or loss	—	1,036
A31130	Notes receivables	1,658	64
A31150	Accounts receivables	(94,813)	(79,805)
A31180	Other receivables	186	(1,242)
A31200	Inventories	(43,812)	150,337
A31230	Prepayments	4,587	(4,353)
A32130	Notes payables	(28,667)	35,387
A32150	Accounts payables	(115,530)	133,057
A32180	Other payables	22,584	2,482
A32230	Other current liabilities	(7,234)	(4,769)
A32240	Net defined benefit liabilities	(4,263)	(5,815)
A33000	Cash inflow generated from operations	791,644	996,804
A33100	Interest received	19,630	19,825
A33300	Interest paid	(27,049)	(29,806)
A33500	Income taxes paid	(135,639)	(77,742)
AAAA	Net cash flows from operating activities	648,586	909,081
BBBB	Cash flows from (used in) investing activities:		
B02300	Disposal of subsidiaries	—	59
B02700	Acquisition of property, plant and equipment	(362,536)	(213,931)
B02800	Proceeds from disposal of property, plant and equipment	30,632	7,499
B03700	Increase in refundable deposits	—	(20)
B07100	Increase in prepayment of equipments	(47,250)	(72,427)
B07600	Dividends received	9,311	12,570
BBBB	Net cash flows used in investing activities	(369,843)	(266,250)
CCCC	Cash flows from (used in) financing activities:		
C00200	Decrease in short-term borrowings	(210,000)	(287,000)
C00600	Decrease in short-term bills payables	—	(39,982)
C01700	Decrease in long-term borrowings	(164,357)	(145,858)
C04020	Payment of lease liabilities	(5,642)	(5,162)
C04500	Cash dividends	(214,904)	(165,310)
C09900	The statute barred dividends for the shareholders	72	85
CCCC	Net cash flows used in financing activities	(594,831)	(643,227)
EEEE	Net increase (decrease) in cash and cash equivalents	(316,088)	(396)
E00100	Cash and cash equivalents at beginning of year	699,199	699,595
E00200	Cash and cash equivalents at end of year	\$ 383,111	\$ 699,199

The accompanying notes are an integral part of the individual financial statements.

GORDON AUTO BODY PARTS CO., LTD.
NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. HISTORY AND ORGANIZATION

GORDON AUTO BODY PARTS CO., LTD. (“the Company”) was incorporated on March 13, 1986. The Company is principally engaged in the sales of car parts, car doors, fenders, and mold building.

The Company’s common shares were listed on the Taiwan Stock Exchange (TWSE) on January, 1997.

The individual financial statements are presented by using New Taiwan Dollars as the functional currency.

2. AUTHORIZATION OF THE INDIVIDUAL FINANCIAL STATEMENTS

The individual financial statements were approved and authorized for issue by the Board of Directors on March 7, 2025.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) The initial adoption of new issuances of or amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) were endorsed and issued into effect by the Financial Supervisory Commission (FSC). These adoptions did not cause a significant impact on the Company’s accounting policies.

(2) Impacts of not yet adopting the IFRSs endorsed by International Accounting Standards Board (IASB) and the FSC

The IFRSs were endorsed by the FSC with effective date starting 2025:

New Standards, Interpretations and Amendments	Effective Date Announced by IASB (Note 1)
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Company shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

The above standards and interpretations have no significant impact on the Company's financial condition and financial performance based on the Company's assessment.

(3) New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New Standards, Interpretations and Amendments	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRS Accounting Standards- Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17—Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

Note 1: Unless stated otherwise, the above new IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

1. IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will replace IAS 1 "Presentation of Financial Statements".

The main changes in this standard include:

- The income statement should divide income and expense items into operating, investment, financing, income tax and discontinuing operation.
- The income statement should present operating profit and loss, financing, profit and loss before income tax, and the subtotal and total of profit and loss.
- Provide guidance to strengthen aggregation and segmentation requirements: The Company must identify assets, liabilities, equity, income, expenses, and cash flows from individual transactions or other events, and classify and summarize them on the basis of common characteristics so that the main financial each line item presented in the report has at least one similar characteristic. Items with different

characteristics should be segmented in the main financial statements and notes. The Company only marks these items as "Other" when it cannot find a more informative name.

- Increase the disclosure of performance measures defined by management: When the Company conducts public communications outside of financial statements and communicates management's views on a certain aspect of the Company's overall financial performance to users of financial statements, it should disclose performance measures defined by management in a single note to the financial statements. Information related to the performance measurement defined by the management, including the description of the measurement, how it is calculated, its reconciliation with the subtotal or total specified in IFRS accounting standards, and the impact of income tax and non-controlling interests on related reconciliation items.

2. Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

The amendment mainly changes the classification rules for financial assets, including that if a financial asset contains a contingency that may change the timing or amount of contractual cash flows, and the nature of the contingency is not directly related to changes in the underlying lending risks and costs (such as whether the debtor achieves a specific carbon emissions reduction), the contractual cash flows of such financial assets are still entirely payments of principal and interest on the outstanding principal amount when the following two conditions are met:

- The contractual cash flows arising from all possible scenarios (before or after the contingency) are entirely payments of principal and interest on the outstanding principal amount; and
- The contractual cash flows for all possible scenarios do not differ materially from the cash flows of a financial instrument with the same contractual terms but without the contingent features.

The amendment also provides that when an enterprise uses an electronic payment system to settle financial liabilities in cash, it may choose to delist the financial liabilities before the settlement date if the following conditions are met:

- The enterprise does not have the actual ability to withdraw, stop or cancel the payment instruction;
- The enterprise does not have the actual ability to access the cash to be used for delivery due to the payment instruction; and
- The settlement risk associated with the electronic payment system is not significant.

The Company shall apply the amendment retrospectively without restating comparative periods and shall recognize the impact of initial application on the date of initial application.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on its financial condition and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these individual financial statements are set out below.

(1) Statement of compliance

The individual financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) were endorsed and issued into effect by the Financial Supervisory Commission (FSC).

(2) Basis of preparation

The individual financial statements have been prepared on the historical cost basis except for financial instruments, which are measured at fair value and net defined benefit liabilities, which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety.

The levels of inputs are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as price) or indirectly (i.e. derived from price); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

(3) Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within twelve months after the reporting date; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within twelve months after the reporting date, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date and before the financial statements are authorized for issue; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting date. Terms of a liability that could, at the opinion of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are belonging to non-current.

(4) Foreign currencies

Monetary items denominated in foreign currencies are translated at the closing rate at each balance sheet date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the prevailing rates at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items denominated in foreign currency and measured at historical cost are stated at the reporting currency as originally translated from the foreign currency.

(5) Inventories

Inventories consist of raw materials, supplies and parts, finished goods and work in process are measured at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and the necessary costs to sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

(6) Investments accounted for using the equity method

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, the investment was recognized at initially cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the

consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its equity in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term equity that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any exceeding of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any exceeding of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the individual financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the individual financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

(7) Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those and the cost of those are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

Assets held under financial leases are accounted for on the same basis as owned property, plant and equipment and are depreciated on a straight-line basis over their expected useful lives. If the lease term is shorter than the useful life, depreciation is provided over the lease term.

On derecognition of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(8) Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill and assets related to contract costs

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

Before the Company recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating the impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

(9) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of

financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition or issuance of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in profit or loss. Fair value is determined in the manner described in Note 6(26).

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivables, guaranteed time deposits and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred

to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivables) as well as contract assets.

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs. Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

(10) Provisions

Provisions (including provisions for warranties, decommissioning liabilities, restructuring, onerous contracts and contingent liabilities arising from mergers and acquisitions) are recognized where there is a present legal or constructive

obligation as a result of past events. It is probable that an outflow of economic resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Provisions are measured at best estimated present value of the expenditures required to settle the obligation at the balance sheet date. The discount rate is the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liabilities. Amortization of the discount is recognized as interest expense. Future operating losses should not be recognized as provisions.

(11) Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

The Company shall recognize revenue when control of the products has transferred to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(12) Lease

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

1) The Company as a lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Under finance leases, the lease payments comprise fixed payments,

in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Company's net investment outstanding in respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets

are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the individual balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expense in the periods in which they are incurred.

(13) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost including current service cost and net interest on the net defined benefit liabilities (assets) are recognized as

employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(14) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies on Note 4, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company has taken into consideration the change of climate and related governmental regulations in critical accounting estimates of cash flows projections, such as growth rates, discount rates, and profitability. Management will continue to review the estimates and underlying assumptions. If a revision to an accounting estimate affects only the current period, it is recognized in the period in which the estimate is revised. If a revision of an accounting estimate affects both the current and future periods, it is recognized in the period in which the estimate is revised and in the future periods.

For the assumptions and estimation uncertainties, there were significant risk resulting in a material adjustment within the next financial year is as below:

(1) Valuation of Inventory

Inventories are stated at the lower of cost or net realizable value, and the Company uses estimate to determine the net realizable value of inventory at the end of each reporting period.

With the rapid changes in Motor Vehicles and Parts Manufacturing industry, The Company estimates the net realizable value of inventory for normal waste, obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is determined mainly based on assumptions of future demand within a specific time horizon.

The book value of Inventories is described in Note 6(6).

(2) Impairment of Tangible Assets

In the process of evaluating the potential impairment of tangible assets, the

Company determines the independent cash flows, useful lives, expected future revenues and expenses related to the specific asset groups with the consideration of the nature of Motor Vehicles and Parts Manufacturing industry by its' subjective judgment. Any change in these estimates based on changed economic conditions or business strategies could result in significant impairment charges or reversal in future years.

The Company didn't recognize impairment loss of assets for the years ended December 31, 2024 and 2023.

6. EXPLANATION OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand	\$ 832	\$ 494
Cash in banks	146,220	169,766
Cash equivalents		
Time deposits	100,000	—
Repurchase agreements collateralized by bonds	136,059	528,939
Total	<u>\$ 383,111</u>	<u>\$ 699,199</u>

The market rate intervals of cash equivalents for the years ended December 31, 2024 and 2023 were as follows:

	December 31, 2024	December 31, 2023
Time deposits	1.46%	4.30%~5.45%
Repurchase agreements collateralized by bonds	1.15%~5.65%	1.20%~5.65%

(2) Financial assets at fair value through profit or loss

	December 31, 2024	December 31, 2023
Financial assets at fair value through profit or loss (FVTPL) - current		
Non-derivative financial assets		
Mutual funds beneficiary certificates	<u>\$ 5,164</u>	<u>\$ 4,320</u>

(3) Financial assets at fair value through other comprehensive income

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Non-current</u>		
Investments in equity instruments at FVTOCI		
Unlisted shares		
ENSURE-TECH ENTERPRISE CO., LTD.	\$ 123,615	\$ 105,112

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

For the years ended December 31, 2024 and 2023, the Company recognized movement of Unrealized gain (loss) for the Company's fair value through other comprehensive income were \$18,053 thousand and \$(13,713) thousand, respectively.

(4) Financial assets at amortized cost

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Non-current</u>		
Time deposits for guaranteed	\$ 2,300	\$ 2,300

1. The interest rates for time deposits for guaranteed were 1.565%~1.690% and 1.440%~1.565% for the years ended December 31, 2024 and 2023, respectively.

2. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge.

(5) Notes receivables and Accounts receivables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Notes receivables</u>		
Notes receivables - from operating	\$ 23,894	\$ 25,552
Less: Loss allowance	—	—
	<u>\$ 23,894</u>	<u>\$ 25,552</u>

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Accounts receivables</u>		
At amortized cost		
Accounts receivables	\$ 582,676	\$ 487,863
Less: Loss allowance	(2,591)	(2,803)
	<u>\$ 580,085</u>	<u>\$ 485,060</u>

The Company's average credit period for product sales ranges from 60 to 120 days, and receivables are non-interest-bearing. The Company's policy is to transact only with counterparties rated at or above the investment grade, and to obtain adequate guarantees where necessary to mitigate the risk of financial loss arising from default. Credit rating information is provided by independent rating agencies. If such information is not available, the Company uses other publicly available financial information and historical transaction records to rate its major customers. The Company consistently monitors credit exposures and counterparty credit ratings and spreads the total transaction amount among different customers with qualified credit ratings. The Company also manages credit exposure by reviewing and approving counterparty credit limits annually. To mitigate credit risks, the Company's management has assigned a dedicated team responsible for credit limit determination, credit approval and other monitoring procedures to ensure that appropriate actions have been taken to collect overdue receivables. In addition, the Company reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been recognized for uncollectible receivables. Accordingly, the Company's management believes that the Company's credit risk has been significantly reduced.

The Company uses the simplified IFRS 9 method to recognize an allowance for losses on receivables based on lifetime expected credit losses. Lifetime expected credit losses are calculated using a provision matrix, which considers the customer's past default history and current financial condition, as well as the industry's economic conditions. Since the Company's credit loss history shows no significant difference in the loss patterns of different customer groups, the provision matrix does not further differentiate between customer groups and sets the expected credit loss rate based on the number of days past due on

receivables.

If there is evidence that the counterparty is in serious financial difficulty and the Company cannot reasonably estimate the recoverable amount, the Company directly writes off the related accounts receivable but continues the recovery activities and recognizes the amount recovered as income.

The loss allowance of trade receivables based on the Company's allowance matrix was as follow:

December 31, 2024

	Non-pass due	1 to 90 Days Past Due	91 to 180 Days Past Due	181 to 365 Days Past Due	Over 365 Days Past Due	Total
Expected credit loss rate	—	0.1%	0.2%	1%~5%	30%~100%	
Gross carrying amount	\$ 587,152	\$ 13,318	\$ 3,526	\$ 3	\$ 2,571	\$ 606,570
Loss allowance	—	(13)	(7)	—	(2,571)	(2,591)
Amortized cost	\$ 587,152	\$ 13,305	\$ 3,519	\$ 3	\$ —	\$ 603,979

December 31, 2023

	Non-pass due	1 to 90 Days Past Due	91 to 180 Days Past Due	181 to 365 Days Past Due	Over 365 Days Past Due	Total
Expected credit loss rate	—	0.1%	0.2%	1%~5%	30%~100%	
Gross carrying amount	\$ 498,000	\$ 12,624	\$ 1	\$ —	\$ 2,790	\$ 513,415
Loss allowance	—	(13)	—	—	(2,790)	(2,803)
Amortized cost	\$ 498,000	\$ 12,611	\$ 1	\$ —	\$ —	\$ 510,612

The movements in the allowance for accounts receivables were as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Balance at January 1	\$ 2,803	\$ 969
Add: Allowance for impairment loss	—	1,834
Less: Allowance for impairment loss	(212)	—
Balance at December 31	\$ 2,591	\$ 2,803

(6) Inventories

	December 31, 2024	December 31, 2023
Merchandise	\$ 8,946	\$ 8,617
Finished goods	479,045	455,546
Work in process	59,188	56,899
Raw materials	130,847	112,649
Inventory in transit	—	503
Total	\$ 678,026	\$ 634,214
Allowance for inventory valuation losses	\$ 20,750	\$ 26,166

The details of the cost of goods sold were as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Cost of inventories sold	\$ 2,060,555	\$ 1,973,118
Write-down of inventories (reversal of write-down)	(5,416)	(4,369)
Loss on asset retirement	381	1,784
Others	(2,823)	(1,942)
Total	\$ 2,052,697	\$ 1,968,591

The inventory recovery gains for the years ended December 31, 2024 and 2023 were caused by the increasing of the selling price.

(7) Investments Accounted For Using the Equity Method

1. The Company's board of directors resolved to set February 28, 2023 as the date of dissolution on February 24, 2023. And the relevant dissolution and liquidation procedures of the subsidiary, KINGTRIM AUTO PARTS CO., LTD. were completed on July 12, 2023.
2. The Company's share of subsidiary losses recognized using the equity method for the years ended December 31, 2024 and 2023 were as follows:

	2024	2023
Share of loss of subsidiaries	\$ —	\$ 60

(8) Property, plant and equipment

Year ended December 31, 2024

	Balance at January 1, 2024	Additions	Disposals	Reclassificatio n	Balance at December 31, 2024
<u>Cost and Revaluation increments</u>					
<u>Cost</u>					
Land	\$ 482,714	\$ —	\$ —	\$ —	\$ 482,714
Buildings	1,387,541	6,173	(4,523)	27,575	1,416,766
Machinery and equipment	784,453	6,011	(4,886)	45,182	830,760
Molding equipment	6,906,565	—	(512,009)	256,892	6,651,448
Transportation equipment	28,584	—	(4,267)	7,920	32,237
Office equipment	45,313	108	(600)	432	45,253
Other equipment	231,618	4,317	(35,087)	5,734	206,582
Property under Construction	14,536	—	—	2,192	16,728
Subtotal	9,881,324	16,609	(561,372)	345,927	9,682,488
Revaluation increments					
Land	201,991	—	—	—	201,991
Total	10,083,315	16,609	(561,372)	345,927	9,884,479
<u>Accumulated depreciation</u>					
Buildings	657,166	44,815	(4,388)	—	697,593
Machinery and equipment	681,233	19,708	(4,866)	—	696,075
Molding equipment	5,450,720	262,476	(507,997)	—	5,205,199
Transportation equipment	18,104	2,712	(4,223)	—	16,593
Office equipment	40,532	1,309	(587)	—	41,254
Other equipment	209,484	5,320	(35,059)	—	179,745
Total	7,057,239	336,340	(557,120)	—	6,836,459
Net value	\$ 3,026,076	\$ (319,731)	\$ (4,252)	\$ 345,927	\$ 3,048,020

Year ended December 31, 2023

	Balance at January 1, 2023	Additions	Disposals	Reclassificatio n	Balance at December 31, 2023
<u>Cost and Revaluation increments</u>					
<u>Cost</u>					
Land	\$ 482,714	\$ —	\$ —	\$ —	\$ 482,714
Buildings	1,372,084	2,224	—	13,233	1,387,541
Machinery and equipment	837,350	4,796	(72,054)	14,361	784,453
Molding equipment	6,785,668	110	(44,298)	165,085	6,906,565
Transportation equipment	28,065	519	—	—	28,584
Office equipment	45,861	—	(1,035)	487	45,313
Other equipment	227,972	1,440	(345)	2,551	231,618
Property under Construction	5,411	—	—	9,125	14,536
Subtotal	9,785,125	9,089	(117,732)	204,842	9,881,324
Revaluation increments					
Land	201,991	—	—	—	201,991
Total	9,987,116	9,089	(117,732)	204,842	10,083,315
<u>Accumulated depreciation</u>					
Buildings	613,220	43,946	—	—	657,166
Machinery and equipment	735,976	16,629	(71,372)	—	681,233
Molding equipment	5,228,611	265,318	(43,209)	—	5,450,720
Transportation equipment	15,570	2,534	—	—	18,104
Office equipment	39,877	1,676	(1,021)	—	40,532
Other equipment	204,654	5,174	(344)	—	209,484
Total	6,837,908	335,277	(115,946)	—	7,057,239
Net value	\$ 3,149,208	\$ (326,188)	\$ (1,786)	\$ 204,842	\$ 3,026,076

1. The amount of capitalized interests and interest rates are as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Amount of capitalized interests	\$ 4,533	\$ 3,131
The interest rate interval of borrowing cost capitalization	1.76%~1.88%	1.57%~1.76%

2. The significant part of the Company's buildings includes main plants and its devices, and the related depreciation is calculated using the estimated useful lives of 5~60 years and 5~10 years, respectively.

3. As of December 31, 2024 and 2023, the property, plant and equipment were pledged as collateral, please refer to Note 8.

(9) Lease arrangements

1. Right-of-use assets

	Land	Other equipment	Total
<u>Cost</u>			
Jan.1, 2024	\$ 12,143	\$ 13,987	\$ 26,130
Addition	—	1,485	1,485
Decrease	—	(1,247)	(1,247)
Dec.31, 2024	12,143	14,225	26,368
<u>Accumulated depreciation</u>			
Jan.1, 2024	809	5,506	6,315
Depreciation expense	2,429	3,303	5,732
Decrease	—	(1,247)	(1,247)
Dec.31, 2024	3,238	7,562	10,800
Dec.31, 2024 Net value	\$ 8,905	\$ 6,663	\$ 15,568

	Land	Other equipment	Total
<u>Cost</u>			
Jan.1, 2023	\$ 10,351	\$ 7,009	\$ 17,360
Addition	12,143	7,588	19,731
Decrease	(10,351)	(610)	(10,961)
Dec.31, 2023	12,143	13,987	26,130
<u>Accumulated depreciation</u>			
Jan.1, 2023	8,872	3,405	12,277
Depreciation expense	2,288	2,711	4,999
Decrease	(10,351)	(610)	(10,961)
Dec.31, 2023	809	5,506	6,315
Dec.31, 2023 Net value	\$ 11,334	\$ 8,481	\$ 19,815

2. Lease liabilities

	Lease term	Discount Rate	December 31, 2024	December 31, 2023
Land	2023 Sep. to 2028 Aug.	1.76%	\$ 9,009	\$ 11,367
Other equipment	2020 Jun. to 2028 May.	1.089%~ 1.882%	6,750	8,549
Total			15,759	19,916
Less: Current			(5,096)	(5,315)
Non-current			\$ 10,663	\$ 14,601

3. Material leasing activities and terms

The Company leases land for a warehouse for the period from September 2023 to August 2028. The Company has no preferential right to acquire the leased land upon termination of the lease, and covenants that it shall not lend, sublease, assign or otherwise use all or part of the subject of the lease to other parties.

4. Other lease information

	Year ended December 31, 2024	Year ended December 31, 2023
Leases of low-value assets expense	\$ 50	\$ 25
Total cash outflow for leases	\$ 5,999	\$ 5,371

The Company has elected to apply the exemption from recognition to other equipment leases which qualify as leases of low-value assets, and does not recognize the related right-of-use assets and lease liabilities for such leases.

(10) Prepayments

	December 31, 2024	December 31, 2023
<u>Current</u>		
Prepayments	\$ 9,754	\$ 11,059
Office supplies	78,002	81,284
	<u>\$ 87,756</u>	<u>\$ 92,343</u>
<u>Non-current</u>		
Prepayments for equipment	\$ 267,171	\$ 216,189

(11) Current borrowings

	December 31, 2024	December 31, 2023
Unsecured borrowings		
Line of credit borrowings	\$ —	\$ 210,000
Range of interest rates	<u>1.69%~2.28%</u>	<u>1.33%~2.16%</u>

For the collateral of the short-term borrowings, please refer to Note 8.

(12) Notes Payables and Account Payables

	December 31, 2024	December 31, 2023
Notes Payables	\$ 8,298	\$ 36,965
Account payables	281,522	397,052
Total	<u>\$ 289,820</u>	<u>\$ 434,017</u>
Current	<u>\$ 289,820</u>	<u>\$ 434,017</u>

1. The terms of the Company's transactions with suppliers are 90 to 120 days.
The Company has a financial risk management policy to ensure that all payables are paid within the agreed credit terms.
2. Refer to Note 6(26) for disclosures related to the Company's payables and other payables that are exposed to exchange rate and liquidity risks.

(13) Long-term borrowings

Creditors	Period	Redemption	December 31, 2024	December 31, 2023
TBB	2018.04.10 ~ 2038.04.10	The principal is to be repaid in equal monthly installments starting from May 10, 2020.	\$ 14,815	\$ 15,925
HNCB	2018.11.05 ~ 2025.11.05	The principal was to be repaid in 14 installments in six-month intervals starting November 5, 2018. NT\$15 million was to be repaid in each of the 1st to 13th installments, and NT\$205 million was repaid in the 14th installment. Since repayment of NT\$130 million was made in advance in October 2022, no repayment was required for the 9th to 13th installments, and NT\$150 million was repaid in advance in November 2024.	—	150,000
TBB	2020.03.24 ~ 2025.03.24	Starting from March 24, 2020, the principal is to be repaid in 10 installments of 6 months. The 1st to 9th installments are NT\$22.5 million each and NT\$247.5 million was repaid in advance in November 2024.	—	292,500
TBB	2020.04.17 ~ 2025.03.24	Starting from April 17, 2020, the principal is to be repaid in 10 installments of 6 months. The 1st to 9th installments are NT\$7.5 million each and the 10th installment is NT\$82.5 million.	82,500	97,500
TBB	2021.07.23 ~ 2038.04.10	The principal is to be repaid in equal monthly installments starting from August 23, 2021.	143,283	154,030
HNCB	2021.09.01 ~ 2026.09.01	Starting September 1, 2021, the principal is to be repaid in 10 installments of 6 months. The 1st to 6th installments are NT\$2 million each and NT\$21 million was repaid in advance in November 2024.	—	25,000
HNCB	2021.12.03 ~ 2028.12.03	Starting from December 3, 2021, the principal is to be repaid in 14 installments of 6-month intervals, with	280,000	350,000
HNCB	2021.12.09 ~ 2028.12.03	the first 13 installments are NT\$35 million and the final installment is NT\$545 million.	510,000	510,000
HNCB	2024.11.11 ~ 2031.11.11	Starting from November 11, 2024, the principal is to be repaid in 14 installments of 6 months intervals, with the first 13 installments are NT\$15 million and the final installment is NT\$205 million.	400,000	—
Total			<u>\$ 1,430,598</u>	<u>\$ 1,594,955</u>
Current			<u>\$ 194,357</u>	<u>\$ 145,857</u>
Non-current			<u>\$ 1,236,241</u>	<u>\$ 1,449,098</u>

1. The Company's long-term credit facilities as of December 31, 2024 and 2023 are based on actual borrowings.
2. The concrete borrowing rates for the years ended December 31, 2024 and 2023 were 1.75%~1.98% and 1.53%~1.85%, respectively.
3. For the collateral of the long-term borrowings, please refer to Note 8.

(14) Retirement benefit plans

1. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (the LPA), which is a stated-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employee's individual pension accounts at 6% of monthly salaries and wages. The Company recognized retirement costs were \$8,607 thousand and \$8,432 thousand for the years ended December 31, 2024 and 2023, respectively.

2. Defined benefit plans

The defined benefit plans adopted by the Company are in accordance with the Labor Standards Act. Pension benefits are calculated on the basis of length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of totally monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor, the Company has no right to influence the investment policy and strategy.

- (1) The expenses recognized in profit or loss for the Company in 2024 and 2023 were as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Service cost	\$ 135	\$ —
Net interest expense	144	256
Recognized in profit or loss	<u>279</u>	<u>256</u>
Remeasurement:		
Return on plan assets	(179)	(4)
Actuarial loss - Experience adjustments	(112)	580
Actuarial loss - Changes in demographic and financial assumptions	(191)	298
Recognized in other comprehensive income	<u>(482)</u>	<u>874</u>
Total	<u>\$ (203)</u>	<u>\$ 1,130</u>

- (2) The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31, 2024	December 31, 2023
Present value of funded defined benefit obligation	\$ (11,918)	\$ (18,684)
Fair value of plan assets	4,065	6,086
Net defined benefit liabilities	<u>\$ (7,853)</u>	<u>\$ (12,598)</u>

- (3) Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Year ended December 31, 2024			
Balance at January 1	\$ (18,684)	\$ 6,086	\$ (12,598)
Service cost	(135)	—	(135)
Net interest (expense) income	(257)	113	(144)
	<u>(19,076)</u>	<u>6,199</u>	<u>(12,877)</u>
Remeasurement:			
Return on plan assets	—	179	179
Changes in financial assumptions	191	—	191
Experience adjustments	112	—	112
	<u>303</u>	<u>179</u>	<u>482</u>
Contributions from the employer	—	4,542	4,542
Benefits paid	6,855	(6,855)	—
	<u>6,855</u>	<u>(2,313)</u>	<u>4,542</u>
Balance at December 31	<u>\$ (11,918)</u>	<u>\$ 4,065</u>	<u>\$ (7,853)</u>

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Year ended December 31, 2023			
Balance at January 1	\$ (20,574)	\$ 3,035	\$ (17,539)
Service cost	—	—	—
Net interest (expense) income	(309)	53	(256)
	<u>(20,883)</u>	<u>3,088</u>	<u>(17,795)</u>
Remeasurement:			
Return on plan assets	—	4	4
Changes in financial assumptions	(298)	—	(298)
Experience adjustments	(580)	—	(580)
	<u>(878)</u>	<u>4</u>	<u>(874)</u>
Contributions from the employer	—	6,071	6,071
Benefits paid	3,077	(3,077)	—
	<u>3,077</u>	<u>2,994</u>	<u>6,071</u>
Balance at December 31	<u>\$ (18,684)</u>	<u>\$ 6,086</u>	<u>\$ (12,598)</u>

- (4) The Company's defined benefit pension plan fund is deposited in an account under the Trust Department of the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. The Labor Pension Fund Supervisory Committee, Council of Labor Affairs of the Executive Yuan regularly monitors and reviews the investment portfolio, prudently constructs the investment portfolio, diversifies the form of outsourcing, strengthens risk control, and adjusts the investment strategy in accordance with market changes in order to enhance the stable income of the fund. In conjunction with the Finance Department, the competent authority shall engage financial institutions to conduct the receipt, custody and use of plan assets. The minimum return shall not be less than the interest rate of a two-year time deposit in a local bank. Any loss shall be covered by the national treasury. The competent authority shall stipulate the rules for the receipt, custody and use of plan assets, and the Company has no right to participate in the operation and management of the fund. The fair value of the total assets of the fund as of December 31, 2024 and 2023 was shown in the annual reports on the use of the labor pension fund as announced by the government.

- (5) The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	2024	2023
Discount rate	1.500%	1.375%
Expected rate of salary increase	2.000%	2.000%

- (6) The impact of the changes in the assumptions on the present value of the defined benefit obligation was as follows:

	Discount rate		Future salary change	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2024</u>				
The impact on the present value of the defined benefit obligation	\$ (369)	\$ 385	\$ 376	\$ (362)
<u>December 31, 2023</u>				
The impact on the present value of the defined benefit obligation	\$ (591)	\$ 615	\$ 600	\$ (579)

Each sensitivity analysis considers the change in one assumption at a time, leaving the other assumptions unchanged. This approach shows the isolated effect of changing one individual assumption but does not take into account that some assumptions are related. The method used to carry out the sensitivity analysis is the same as the calculation of the net defined benefit liabilities recognized in the balance sheets.

The method used to carry out the sensitivity analysis is the same as in the prior year.

- (7) The Company expects to make a contribution of \$4,009 thousand and \$4,194 thousand to the defined benefit plans for the years ended December 31, 2025 and 2024, respectively.
- (8) As of December 31, 2024 and 2023, the weighted-average duration of the defined benefit plan range were 14.5 years and 13.5 years, respectively.

The maturity analysis of pension benefits was as follow:

	December 31, 2024	December 31, 2023
Not later than 1 year	\$ 593	\$ 1,006
1~2 years	443	751
3~5 years	1,395	1,911
Later than 5 years	1,496	2,274
	<u>\$ 3,927</u>	<u>\$ 5,942</u>

(15) Equity

1. Common stock

	December 31, 2024	December 31, 2023
Stocks authorized	\$ 2,500,000	\$ 2,500,000
Stocks issued	<u>\$ 1,653,104</u>	<u>\$ 1,653,104</u>

The movement of the issued capital:

	Number of shares (Thousand shares)	Share capital
Balance on January 1, 2024	165,310	\$ 1,653,104
Balance on December 31, 2024	<u>165,310</u>	<u>\$ 1,653,104</u>
Balance on January 1, 2023	165,310	\$ 1,653,104
Balance on December 31, 2023	<u>165,310</u>	<u>\$ 1,653,104</u>

2. Capital surplus

The capital surplus balance of the Company was as follow:

	December 31, 2024	December 31, 2023
The statute barred dividends for the shareholders	<u>\$ 1,007</u>	<u>\$ 935</u>

In accordance with the laws, capital surplus from the issuance of stock in excess of par value (including the issuance of common stock in excess of par value, capital premiums from the issuance of stock in connection with mergers, and premiums from the conversion of corporate bonds, etc.) and donated surplus may be used to offset losses or, when the Company is not in deficit, to pay cash dividends or for capitalization. However, the

capitalization shall be limited to a certain percentage of the paid-in capital each year. In addition, changes in ownership interests in subsidiaries and changes in net equity in affiliates recognized using the equity method may offset losses, except for those arising from the issuance of restricted stock awards, which cannot be of any use.

3. Retained earnings and dividends policy

	Legal reserve	Special reserve	Unappropriated earnings	Total
Balance on January 1, 2024	\$ 113,766	\$ 98,923	\$ 792,116	\$ 1,004,805
Appropriation of legal reserve	35,086	—	(35,086)	—
Cash dividends	—	—	(214,904)	(214,904)
Net income in 2024	—	—	597,264	597,264
Other comprehensive income in 2024 (Net income after tax)	—	—	386	386
Balance on December 31, 2024	\$ 148,852	\$ 98,923	\$ 1,139,776	\$ 1,387,551
Balance on January 1, 2023	\$ 80,137	\$ 98,923	\$ 640,194	\$ 819,254
Appropriation of legal reserve	33,629	—	(33,629)	—
Cash dividends	—	—	(165,310)	(165,310)
Net income in 2023	—	—	351,560	351,560
Other comprehensive income in 2023 (Net income after tax)	—	—	(699)	(699)
Balance on December 31, 2023	\$ 113,766	\$ 98,923	\$ 792,116	\$ 1,004,805

- (1) The Company's Articles of Incorporation stipulate that if there is any surplus in the Company's annual final accounts, it shall first pay taxes and make up for accumulated deficits, then set aside 10% as legal reserve, and then set aside or reverse special reserve in accordance with the Securities and Exchange Act and regulations by competent authorities. The remaining balance, if any, shall be added to the accumulated undistributed earnings of the previous years before distributing dividends to shareholders. The amount of dividends to shareholders shall be

appropriated from the accumulated undistributed earnings and shall not be less than 10% of the distributable earnings of the year. The Board of Directors shall prepare a proposal for the distribution of the aforementioned earnings. If the distribution is to be made by issuing new shares, a proposal shall be made to the shareholders' meeting for a resolution to distribute. To distribute dividends and bonuses, in whole or in part, in the form of cash payments, the Company shall authorize the Board of Directors to do so with the presence of at least two-thirds of the directors and the approval of a majority of the directors present, and report to the shareholders' meeting. If there is a reversal of reduction in the aforementioned shareholders' equity, earnings distribution may be made based on the reversed portion. The Company is in a period of business growth. In order to cope with the continuous expansion of business, cash dividends shall not be less than 10% of the total dividends to shareholders.

The Company shall distribute all or part of the legal reserve and capital surplus to shareholders in proportion to their original shares in new shares or cash. In the case of cash distribution, the board of directors is authorized to approve the distribution with the presence of at least two-thirds of the directors and a majority of the directors present, and report to the shareholders' meeting.

- (2) In accordance with the Company Act amended in January 2012, legal reserve appropriation shall continue until its total amount reaches the total paid-in capital. Legal reserve may be used to offset losses. If the Company has no deficit, the portion of legal reserve in excess of 25% of the paid-in capital may be distributed in the form of new shares or cash in proportion to the shareholders' original shares.
- (3) In accordance with FSC letter Cheng-Fa No. 1090150022, upon the first-time adoption of IFRSs, the Company shall provide a special reserve of the same amount for unrealized revaluation increment and cumulative translation adjustment (gain) under stockholders' equity,

which is transferred to retained earnings as a result of the election to apply IFRS 1 exemptions. Subsequently, when the Company uses, disposes of, or reclassifies related assets, it may reverse earnings distribution based on the proportion of the original special reserve. For the years ended December 31, 2024 and 2023, the amount of special reserve recognized for the first time using IFRSs was \$98,923 thousand respectively. The Company did not reverse special reserve to unappropriated earnings due to using, disposing of, or reclassifying related assets for the years ended December 31, 2024 and 2023.

- (4) The appropriation of earnings for the years 2023 and 2022, items to be acknowledged by the shareholders' meeting were approved at the shareholders' meetings held on June 12, 2024 and June 14, 2023, except for the amount of cash dividends, which as handled in accordance with Paragraph 5, Article 240 of the Company Act.

The appropriation of earnings for the years ended December 31, 2023 and 2022 were as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Appropriation of net income	Cash dividends per share (NT\$)	Appropriation of net income	Cash dividends per share (NT\$)
Legal reserve	\$ 35,086	\$ —	\$ 33,629	\$ —
Cash dividends	214,904	1.30	165,310	1.00
Total	<u>\$ 249,990</u>		<u>\$ 198,939</u>	

- (5) The appropriation of earnings for the year 2024, which approved at the shareholders' meetings held on March 7, 2025 were as follows:

	Appropriation of earnings	Cash dividends per share (NT\$)
Legal reserve	\$ 59,765	\$ —
Cash dividends	380,214	2.30
Total	<u>\$ 439,979</u>	

The amount of legal reserve for the fiscal year 2024 is subject to the resolution of the shareholders' meeting scheduled to be held on June 17, 2025.

(6) The above information regarding the Company's employee and director compensation is available to be seen on the Market Observation Post System, please refer to Note 6(24).

4. Other equity

Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income

	Year ended December 31, 2024	Year ended December 31, 2023
At January 1	\$ 39,120	\$ 52,833
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	18,053	(13,713)
At December 31	<u>\$ 57,173</u>	<u>\$ 39,120</u>

(16) Earnings per share

	Year ended December 31, 2024	Year ended December 31, 2023
Basic earnings per share	<u>\$ 3.61</u>	<u>\$ 2.13</u>
Diluted earnings per share	<u>\$ 3.60</u>	<u>\$ 2.12</u>

1. Basic earnings per share

The calculation of basic earnings per share and the weighted average number of common stocks were as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Profit of the Company for the year (in thousands)	<u>\$ 597,264</u>	<u>\$ 351,560</u>
Weighted-average number of common stocks (thousand shares)	<u>165,310</u>	<u>165,310</u>
Basic earnings per share (dollars)	<u>\$ 3.61</u>	<u>\$ 2.13</u>

2. Diluted earnings per share

The calculation of diluted earnings per share and the weighted average number of common stocks (in thousands of shares) were as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Profit of the Company for the year (in thousands)	\$ 597,264	\$ 351,560
The weighted average number of common stocks (thousand shares)	165,310	165,310
Effect of all dilutive potential common stocks (thousand shares)		
Employee share options (thousand shares)	617	411
The weighted average number of common stocks in computation of diluted earnings per share (thousand shares)	165,927	165,721
Diluted earnings per share (dollars)	\$ 3.60	\$ 2.12

(17) Operating revenue

Details of revenue:

	Year ended December 31, 2024	Year ended December 31, 2023
Auto parts	\$ 2,996,909	\$ 2,659,523
Processing revenue	25,963	43,024
Operating revenue	3,022,872	2,702,547
Less: Sales returns and allowances	(7,267)	(4,994)
Total	\$ 3,015,605	\$ 2,697,553

(18) Interest income

	Year ended December 31, 2024	Year ended December 31, 2023
Bank Deposits	\$ 1,717	\$ 5,127
Other	17,394	13,462
Total	\$ 19,111	\$ 18,589

(19) Other income

	Year ended December 31, 2024	Year ended December 31, 2023
Dividends	\$ 9,311	\$ 12,570
Other	5,319	3,654
Total	<u>\$ 14,630</u>	<u>\$ 16,224</u>

(20) Other gains and losses

	Year ended December 31, 2024	Year ended December 31, 2023
Gain on disposal of property, plant and equipment	\$ 26,380	\$ 5,713
Gain (loss) on disposal of investments	—	8
Foreign exchange gain (loss)	71,546	(9,210)
Gain (loss) on financial assets measured at fair value through profit or loss	844	477
Service expense	(1,607)	(1,576)
Other	(1)	(263)
Total	<u>\$ 97,162</u>	<u>\$ (4,851)</u>

(21) Finance costs

	Year ended December 31, 2024	Year ended December 31, 2023
Interest		
Interest on bank borrowing	\$ 26,566	\$ 29,694
Interest on lease liabilities	307	184
Total	<u>\$ 26,873</u>	<u>\$ 29,878</u>

(22) Expected credit gains (losses)

	Year ended December 31, 2024	Year ended December 31, 2023
Accounts receivable	<u>\$ 212</u>	<u>\$ (1,834)</u>

(23) Income taxes

1. Income tax recognized in profit or loss

Major components of income tax expense (benefit) are as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Current tax		
In respect of the current year	\$ 138,939	\$ 90,437
Adjustments for prior year	—	—
Income tax expenses recognized in profit or loss	138,939	90,437
Deferred tax		
In respect of the current year	7,658	(6,263)
Income tax expenses recognized in profit or loss	\$ 146,597	\$ 84,174

A reconciliation of accounting profit and income tax expense is as follow:

	Year ended December 31, 2024	Year ended December 31, 2023
Income tax expenses calculated at the statutory rate (20%)	\$ 148,772	\$ 87,147
Nondeductible expenses in determining taxable income	(2,349)	(2,499)
Unrecognized deductible temporary differences	(7,484)	5,789
Income tax expenses recognized in profit or loss	\$ 138,939	\$ 90,437

2. Income tax recognized in other comprehensive income

	Year ended December 31, 2024	Year ended December 31, 2023
Remeasurement of defined benefit plans	\$ 96	\$ (175)

3. Income tax assets and liabilities

	December 31, 2024	December 31, 2023
Income tax liabilities	\$ 91,776	\$ 88,477
Current	\$ 91,776	\$ 88,477

4. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

Year ended December 31, 2024						
	Balance at January 1, 2024	Recognized in profit or loss	Recognized in other comprehensiv e income	Exchange Differences	Balance at December 31, 2024	
Deferred tax assets						
Temporary differences						
Unrealized exchange losses	\$ 4,086	\$ (4,086)	\$ —	\$ —	\$ —	
Inventory loss from the falling price	5,233	(1,083)	—	—	4,150	
Short-term employee benefits	1,020	33	—	—	1,053	
Remeasurement of defined benefit plans	175	(175)	—	—	—	
Deferred tax assets	<u>\$ 10,514</u>	<u>\$ (5,311)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 5,203</u>	
Deferred tax liabilities						
Temporary differences						
Unrealized exchange benefits	\$ —	\$ 2,119	\$ —	\$ —	\$ 2,119	
Loss on uncollectible accounts	466	229	—	—	695	
Remeasurement of defined benefit plans	—	—	96	—	96	
Deferred tax liabilities	<u>\$ 466</u>	<u>\$ 2,348</u>	<u>\$ 96</u>	<u>\$ —</u>	<u>\$ 2,910</u>	
Year ended December 31, 2023						
	Balance at January 1, 2023	Recognized in profit or loss	Recognized in other comprehensiv e income	Exchange Differences	Balance at December 31, 2023	
Deferred tax assets						
Temporary differences						
Unrealized exchange losses	\$ —	\$ 4,086	\$ —	\$ —	\$ 4,086	
Inventory loss from the falling price	6,107	(874)	—	—	5,233	
Actuarial losses on defined benefit plans	325	(325)	—	—	—	
Short-term employee benefits	925	95	—	—	1,020	
Remeasurement of defined benefit plans	39	(39)	175	—	175	
Deferred tax assets	<u>\$ 7,396</u>	<u>\$ 2,943</u>	<u>\$ 175</u>	<u>\$ —</u>	<u>\$ 10,514</u>	
Deferred tax liabilities						
Temporary differences						
Unrealized exchange benefits	\$ 3,113	\$ (3,113)	\$ —	\$ —	\$ —	
Loss on uncollectible accounts	673	(207)	—	—	466	
Deferred tax liabilities	<u>\$ 3,786</u>	<u>\$ (3,320)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 466</u>	

5. Assessment of tax

The Company tax returns for the years through 2022 were assessed by Taipei National Tax Administration.

(24) Additional information of expense by nature

The Company's expenses, included employee benefit, depreciation and amortization as of December 31, 2024 and 2023 were as follows:

	2024			2023		
	Recognized in cost of revenue	Recognized in operating expenses	Total	Recognized in cost of revenue	Recognized in operating expenses	Total
Employee benefit expenses	\$ 241,010	\$ 163,145	\$ 404,155	\$ 221,248	\$ 139,132	\$ 360,380
Salary and bonus	200,538	124,027	324,565	183,599	107,515	291,114
Labor and Health Insurance	18,682	9,330	28,012	17,536	8,950	26,486
Pension	5,149	3,737	8,886	5,113	3,575	8,688
Board compensation	—	19,205	19,205	—	12,713	12,713
Other employees benefit expenses	16,641	6,846	23,487	15,000	6,379	21,379
Depreciation expense	316,074	25,998	342,072	314,992	25,284	340,276

1. As of the years ended December 31, 2024 and 2023, the Company had 484 and 457 employees, respectively. Furthermore, non-employees directors are both 7 persons.
2. Companies whose stocks are listed on the Taiwan Stock Exchange or listed on the Taipei Exchange should disclose the following information:
 - A. The average employee benefit expenses for the years ended December 31, 2024 and 2023 were \$807 thousand and \$773 thousand, respectively.
 - B. The average employee salary expenses for the years ended December 31, 2024 and 2023 were \$680 thousand and \$647 thousand, respectively.
 - C. The change in adjustments of average employee salary expense for the years ended December 31, 2024 and 2023 were 5.10% and 2.54%, respectively.
 - D. The remuneration policy for directors and managerial officers of the

Company is submitted to the Remuneration Committee for review in accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange". In accordance with the organizational rules of the Company's Remuneration Committee, the performance evaluation and compensation of directors and managers shall be based on usual industry standards, taking into account the time devoted, the responsibilities, the achievement of personal goals, the performance of the individual in other positions, and the compensation offered by the Company to the same position in recent years, as well as the reasonableness of the relationship between individual performance and the Company's operating performance and future risks, as assessed by the achievement of the Company's short-term and long-term business objectives, the Company's financial position, etc. The remuneration policy for employees and directors shall be in accordance with the Company's Articles of Incorporation in the year in which the Company has a surplus. Remuneration to employees includes salary, various subsidies, special allowances, overtime, bonuses, etc. Salary is based on education and work experience, professional skills and the value of the position held, as well as the salary level of the industry. Bonus payments are subject to the company's annual operating surplus and the achievement of goals set by the department or individual.

3. The Company's Articles of Incorporation provide that not less than one percent of the Company's annual profit shall be appropriated as employee compensation, and not more than three percent of the Company's annual profit shall be appropriated as compensation to directors. However, if the Company still has accumulated losses, it shall first retain the indemnification amount. Subjects of the Company's employee compensation include employees of controlling or subordinate companies who meet certain criteria. The criteria shall be established by the Board of Directors.
4. The Company's compensation to employees is estimated on a pro-rata basis

based on the net income before tax deducting compensation to employees and directors for the year. Employee compensation is estimated to be \$23,490 thousand and \$13,760 thousand for the years ended December 31, 2024 and 2023, respectively; the compensation to directors is estimated to be \$15,660 thousand and \$9,173 thousand for years 2024 and 2023, respectively. After the end of each year, if there is a significant change in the amount of disbursements resolved by the board of directors before the date of adoption of the annual financial statements, the change shall be adjusted to the annual expense. If there is still a change in the amount after the date of adoption of the annual financial statements, the change is treated as a change in accounting estimate and recorded in the following year.

5. On March 8, 2024, the Board of Directors resolved to approve employee compensation of \$13,760 thousand and director and supervisor compensation of \$9,173 thousand for the fiscal year 2023, which are consistent with the amounts presented in the Company's 2023 financial statements.
6. The above information regarding the Company's employee and director compensation is available on the Market Observation Post System.

(25) Capital management

Based on the characteristics of the industry and the future development of the Company, and taking into account factors such as changes in the external environment, the Company plans its operating capital requirements for the future in order to ensure sustainable operations, to reward its shareholders while taking into account the interests of other stakeholders, and to maintain an optimal capital structure to enhance shareholder value. The Company generally adopts prudent risk management strategies.

(26) Financial instruments

1. The fair value of financial instruments that are not measured at fair value
The Company's management believes that the carrying amounts of financial assets and liabilities that are not measured at fair value approximate their fair values or that their fair values cannot be reliably measured.

2. The fair value of financial instruments that are measured at fair value

(1) Fair value hierarchy

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
<u>Non-derivative financial assets</u>				
Trust beneficiary certificates	\$ 5,164	\$ —	\$ —	\$ 5,164
<u>Financial assets at FVTOCI</u>				
<u>Equity instrument</u>				
Unlisted shares	—	—	123,165	123,165
Total	\$ 5,164	\$ —	\$ 123,165	\$ 128,329

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
<u>Non-derivative financial assets</u>				
Trust beneficiary certificates	\$ 4,320	\$ —	\$ —	\$ 4,320
<u>Financial assets at FVTOCI</u>				
<u>Equity instrument</u>				
Unlisted shares	—	—	105,112	105,112
Total	\$ 4,320	\$ —	\$ 105,112	\$ 109,432

There were no transfers between Level 1 and 2 for the years ended December 31, 2024 and 2023.

(2) Reconciliation of Level 3 fair value measurements of financial instruments.

Financial assets at fair value through other comprehensive income

	Year ended December 31, 2024	Year ended December 31, 2023
Balance at January 1	\$ 105,112	\$ 118,825
Unrealized valuation gain (loss) on financial assets at FVTOCI	18,053	(13,713)
Balance at December 31	\$ 123,165	\$ 105,112

The net gain (loss) related to the assets held at level 3 fair value were \$18,053 thousand and \$(13,713) thousand for the years ended December 31, 2024 and 2023, respectively, and is included in "Other comprehensive income" in the individual statements of comprehensive income.

(3) Valuation techniques and inputs applied for Level 2 fair value measurement: none.

(4) Valuation techniques and inputs applied for Level 3 fair value measurement:

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follow:

(A) Significant unobservable inputs to valuation of recurring fair value measurements:

As of December 31 2024:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets: Measured at fair value through other comprehensive income-Stock	Market approach	The ratio of enterprise value to EBIT, the ratio of enterprise value to EBITDA, and the ratio of total enterprise market capitalization to net profit after tax for similar companies.	Ratio of enterprise value to EBIT: (17.41)-14.05 Ratio of enterprise value to EBITDA: (132.81)-8.76 Ratio of total corporate market capitalization to net income after tax: (20.49)-17.02	The higher the enterprise value to EBIT ratio, the higher the enterprise value to EBITDA ratio and the higher the total enterprise market capitalization to post-tax net income ratio of similar companies, the higher the fair value estimate.	10% increase (decrease) in the P/E ratio of similar entities would result in increase (decrease) in the Company's profit or loss by \$14,986 thousand

As of December 31 2023:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets: Measured at fair value through other comprehensive income-Stock	Market approach	The ratio of enterprise value to EBIT, the ratio of enterprise value to EBITDA, and the ratio of total enterprise market capitalization to net profit after tax for similar companies.	Ratio of enterprise value to EBIT: (20.93)-18.16 Ratio of enterprise value to EBITDA: 7.28-406.39 Ratio of total corporate market capitalization to net income after tax: (25.76)-17.94	The higher the enterprise value to EBIT ratio, the higher the enterprise value to EBITDA ratio and the higher the total enterprise market capitalization to post-tax net income ratio of similar companies, the higher the fair value estimate.	10% increase (decrease) in the P/E ratio of similar entities would result in increase (decrease) in the Company's profit or loss by \$11,764 thousand

(B) Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy:

The Company's Finance Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices.

The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

3. Categories of financial instruments

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial Assets</u>		
Cash and cash equivalents	\$ 383,111	\$ 699,199
Note receivable	23,894	25,552
Accounts receivable	580,085	485,060
Other receivables	10,157	10,862
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	5,164	4,320
Financial assets at FVTOCI		
Equity instrument	123,165	105,112
Financial assets at amortized cost	2,300	2,300
Guarantee deposits paid	546	546
Total	<u>\$ 1,128,422</u>	<u>\$ 1,332,951</u>
<u>Financial liabilities</u>		
Short-term borrowings	\$ —	\$ 210,000
Notes payables	8,298	36,965
Accounts payables	281,522	397,052
Other payables	104,729	82,321
Payables on equipment	99,321	95,589
Long-term debt payable (including current portion of long-term borrowings payables)	1,430,598	1,594,955
Total	<u>\$ 1,924,468</u>	<u>\$ 2,416,882</u>

4. Financial risk management objectives

The Company's financial risk management objective is to manage foreign exchange rate risk, interest rate risk, credit risk and liquidity risk associated with operating activities. To reduce financial risks, the Company is committed to identifying, evaluating and hedging market uncertainties in order to reduce the potential adverse effects of market changes on the Company's financial performance.

The significant financial activities of the Company are reviewed by the Board of Directors in accordance with relevant regulations and the internal control system. While executing its financial plans, the Company must comply with relevant financial operating procedures regarding overall financial risk management and segregation of duties and responsibilities.

5. Market risk

The Company is primarily exposed to market risks such as changes in foreign currency exchange rates and changes in interest rates. It uses certain derivative financial instruments to manage related risks.

(1) Foreign exchange rate risks

The Company's operating activities are primarily conducted in foreign currencies and therefore, foreign currency exchange rate risk arises. To avoid the decrease in the value of foreign-currency assets and fluctuations in future cash flows due to changes in exchange rates, the Company uses foreign currency time deposits, purchases of foreign currency bonds with repurchase rights and short-term borrowings to hedge the exchange rate risk. Although this may help the Company to reduce the impact of changes in foreign currency exchange rates, it cannot be completely excluded.

Information on the Company's foreign currency assets and liabilities that are subject to significant exchange rate fluctuations are as follows:

	Amount Unit: (in thousands)					
	December 31, 2024			December 31, 2023		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>						
USD	\$ 22,444	32.785	\$ 735,820	\$ 34,136	30.705	\$1,048,159
JPY	26,736	0.2099	5,612	12,946	0.2172	2,812
<u>Financial liabilities</u>						
USD	340	32.785	11,143	626	30.705	19,232

The sensitivity analysis of foreign currency exchange rate risk is calculated for monetary items denominated in foreign currencies at the end of the financial reporting period. If the New Taiwan dollar strengthens/weakens 10% against the U.S. dollar and the Japanese yen, the Company's profit or loss and equity would increase/decrease by \$73,029 thousand and \$103,174 thousand as of December 31, 2024 and 2023, respectively.

(2) Interest rate risk

Interest rate risk represents the risk of fluctuations in future cash flows due to changes in market interest rates. The Company's interest rate risk arises mainly from floating-rate bank deposits, fixed-rate bond investments and floating-rate bank loans.

The sensitivity analysis of interest rate risk was calculated based on the change in floating interest rates on floating rate borrowings as of the end of the financial reporting period and was assumed to be held for one quarter. If interest rates increase/decrease by 1%, the Company's profit or loss will increase/decrease by approximately \$2,621 thousand and \$2,766 thousand as of December 31, 2024 and 2023, respectively.

6. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company's concentration of credit risk, arises principally from its accounts receivables of operating activities. Operational credit risk and financial credit risk are separately managed.

(1) Operational credit risk

To maintain the quality of accounts receivable, the Company has established procedures to manage credit risk associated with operations.

The Company requires collateral or other guarantee rights for significant counterparties, thus effectively reducing the Company's credit risk. The Company's management has assigned a dedicated team to be responsible for credit line determination, credit approval and other monitoring

procedures to ensure that appropriate actions are taken to collect overdue receivables. In addition, the Company reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses are recorded for uncollectible receivables. Accordingly, the Company's management believes that the Company's credit risk has been significantly reduced.

(2) Financial credit risk

The credit risk of bank deposits, fixed-income investments and other financial instruments is measured and monitored by the Company's finance department. The Company's counterparties and performance counterparties are creditworthy banks and financial institutions with investment grade or above, companies and government agencies, with no significant doubt about their performance. Therefore, there is no significant credit risk.

7. Liquidity risk

The Company's objectives in managing liquidity risk are to maintain cash and cash equivalents for operations and to have sufficient banking facilities to ensure that the Company has sufficient financial flexibility.

The following table summarizes the analysis of the Company's financial liabilities by maturity date and undiscounted maturity amount over the contractual repayment period:

	December 31, 2024				
	Within 1 year	Over 2 years to 3 years	Over 4 years to 5 years	More than 5 years	Total
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Notes payables	\$ 8,298	\$ —	\$ —	\$ —	\$ 8,298
Accounts payables	281,522	—	—	—	281,522
Other payables	104,729	—	—	—	104,729
Payables on equipment	99,321	—	—	—	99,321
Long-term borrowings	219,394	266,772	658,405	394,855	1,539,426
	<u>\$ 713,264</u>	<u>\$ 266,772</u>	<u>\$ 658,405</u>	<u>\$ 394,855</u>	<u>\$ 2,033,296</u>

The due date analysis of lease liabilities is as follow:

	Within 1 year	Over 1 year to 5 years
Lease liabilities	\$ 5,096	\$ 10,663

	December 31, 2023				
	Within 1 year	Over 2 years to 3 years	Over 4 years to 5 years	More than 5 years	Total
<u>Non-derivative financial liabilities</u>					
Short-term borrowings	\$ 210,449	\$ —	\$ —	\$ —	\$ 210,449
Notes payables	36,965	—	—	—	36,965
Accounts payables	397,052	—	—	—	397,052
Other payables	82,321	—	—	—	82,321
Payables on equipment	95,589	—	—	—	95,589
Long-term borrowings	172,994	700,044	188,464	630,308	1,691,810
	<u>\$ 995,370</u>	<u>\$ 700,044</u>	<u>\$ 188,464</u>	<u>\$ 630,308</u>	<u>\$ 2,514,186</u>

The due date analysis of lease liabilities is as follow:

	Within 1 year	Over 1 year to 5 years
Lease liabilities	\$ 5,315	\$ 14,601

7. TRANSACTIONS WITH RELATED PARTIES

Compensation of board and key management personnel:

	Year ended December 31, 2024	Year ended December 31, 2023
Short-term benefits	\$ 43,085	\$ 30,508
Post-employment benefits	481	462
Total	<u>\$ 43,566</u>	<u>\$ 30,970</u>

8. PLEDGED ASSETS

The carrying values of pledge assets were as follows:

Pledge assets	Object	Book value	
		December 31, 2024	December 31, 2023
Property, plant and equipment	Short-term and long-term borrowings	\$ 1,251,775	\$ 1,280,680
Financial assets measured at amortized costs—non-current	Guarantee	2,300	2,300
Total		\$ 1,254,075	\$ 1,282,980

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of 31 December 2024 and 2023, the Company's unused letters of credit is as follow:

	December 31, 2024	December 31, 2023
JPY (in thousands)	\$ 104,515	\$ 93,026
NTD (in thousands)	\$ 10,063	\$ 35,410

10. SIGNIFICANT DISASTER LOSS: None;

11. SIGNIFICANT SUBSEQUENT EVENTS: None;

12. OTHERS: None;

13. ADDITIONAL DISCLOSURES

(1) Information on significant transactions:

- 1) Financings provided to other parties: None;
- 2) Endorsement and guarantee provided to other parties: None;
- 3) Marketable securities held at the reporting date: Please refer to Table 1 attached;
- 4) Marketable securities for which accumulated purchase or sale amount exceed \$300 million or 20% of the paid-in capital: None;
- 5) Acquisition of individual real estate exceeds \$300 million or 20% of the paid-in capital: None;

- 6) Disposal of individual real estate exceeds \$300 million or 20% of the paid-in capital: None;
 - 7) Total purchases from or sales to related parties which exceed \$100 million or 20% of the paid-in capital: None;
 - 8) Receivables from related parties which exceed \$100 million or 20% of the paid-in capital: None;
 - 9) Transactions about derivative instruments: Please refer to Note 6(26);
 - 10) Others: The business relationships and significant inter-company transactions: None;
- (2) Information on investees: None;
 - (3) Information on investments in mainland China: None;
 - (4) Information of main shareholders: Please refer to Table 2 attached;

14. OPERATING SEGMENT INFORMATION

(1) Operating segments

The Company's operating segment profit or loss is mainly measured by operating profit or loss and is used as the basis for evaluating performance. The Company is a single operating department. For information on relevant operating departments, please refer to the aforementioned financial statements. In addition, the accounting policies used by the operating segments are not materially inconsistent with the summary of significant accounting policies described in Note 4.

(2) Major products' revenue

The revenues of the Company's main products analysis are as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Auto parts	\$ 2,996,909	\$ 2,659,523
Processing revenue	25,963	43,024
Total	3,022,872	2,702,547
Less: sales returns and allowances	(7,267)	(4,994)
Net revenue	\$ 3,015,605	\$ 2,697,553

(3) Geographic information

Information on the Company's revenue from external customers by location of operations and non-current assets by location of assets is presented below. When revenue is attributed to a region, it is calculated based on the region in which the enterprise receives cash. Non-current assets include property, plant and equipment, and other assets, excluding financial instruments and deferred income tax assets.

	Year ended December 31, 2024	Year ended December 31, 2023
The revenues of external customers		
Taiwan	\$ 1,017,879	\$ 1,011,865
United States	1,224,729	948,593
Europe	436,802	338,302
Others	336,195	398,793
Total	<u>\$ 3,015,605</u>	<u>\$ 2,697,553</u>
Non-current assets		
Taiwan	<u>\$ 3,330,759</u>	<u>\$ 3,262,080</u>

(4) Major customers' information

Major customers representing at least 10% of net revenue are as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Client A	\$ 619,068	\$ 665,237
Client B	486,243	—
Total	<u>\$ 1,105,311</u>	<u>\$ 665,237</u>

GORDON AUTO BODY PARTS CO., LTD.
HOLDING OF MARKETABLE SECURITIES
DECEMBER 31, 2024

Table 1

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	December 31, 2024				Note
				Number of shares (In Thousands)	Book value	Ownership (%)	Fair value	
GORDON AUTO BODY PARTS CO., LTD.	Stock—ENSURE-TECH ENTERPRISE CO., LTD	—	Financial assets at fair value through other comprehensive income—non-current	4,655	\$ 123,165	23%	26.46	
//	Fund—TBB-Yuanta New ASEAN Balanced Fund TWD	—	Financial assets at fair value through profit or loss— current	200	1,906	—	9.53	
//	Fund—FSITC-Global Utilities and Infrastructure Fund TWD Acc	—	Financial assets at fair value through profit or loss— current	50	784	—	15.68	
//	Fund—TBB- Neuberger Berman Global High Yield Bond Fund T Acc TWD	—	Financial assets at fair value through profit or loss— current	50	566	—	11.31	
//	Fund—FSITC- Gbl Artificl Intlignc Fd TWD	—	Financial assets at fair value through profit or loss— current	50	1,211	—	24.22	
//	Fund—FSITC - PineBridge ESG Quantitative Global Equity Fund A (TWD)	—	Financial assets at fair value through profit or loss— current	50	697	—	13.94	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instruments'.

Note 2: The column is left blank if the issuer of marketable securities is a non-related party.

GORDON AUTO BODY PARTS CO., LTD.
INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2024

Table 2

Name of Major Shareholder	Shares	
	Number of Shares (In Thousands)	Ownership Percentage (%)
Jian Chun Fang	12,536	7.58%
Mao Yuan Li	12,236	7.40%

Note 1: The major shareholders information was from the data of the Company issued common shares (including treasury shares) and preference shares in dematerialized form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialized form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data disclosed was settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio including the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets.

For the information of reported share equity of insider, please refer to Market Observation Post System.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

Item	Statement index
Major accounting items in assets, liabilities and equity	
Statement of cash and cash equivalents	1
Statement of financial assets at fair value through profit or loss-current	2
Statement of notes receivables	3
Statement of accounts receivables	4
Statement of other receivables	5
Statement of inventories	6
Statement of prepayments	7
Statement of financial assets at fair value through other comprehensive income-non-current	8
Statement of financial assets at amortized cost	Note 6(4)
Statement of changes in property, plant and equipment	Note 6(8)
Statement of changes in accumulated depreciation of property, plant and equipment	Note 6(8)
Statement of changes in right-of-use assets	Note 6(9)
Statement of changes in accumulated depreciation of right-of-use-assets	Note 6(9)
Statement of deferred tax assets	Note 6(23)
Statement of other non-current assets	9
Statement of notes payables	10
Statement of accounts payables	11
Statement of other payables	12
Statement of payables on equipment	13
Statement of other current liabilities	14
Statement of long-term borrowings	Note 6(13)
Statement of lease liabilities	Note 6(9)
Statement of deferred tax liabilities	Note 6(23)
Major accounting items in profit or loss	
Statement of operating revenues	Note 6(17)
Statement of operating costs	15
Statement of selling and marketing expenses	16
Statement of general and administrative expenses	17
Statement of research and development expenses	18
Statement of other gains and losses	Note 6(20)
Statement of finance costs	Note 6(21)

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Statement 1

Item	Description	Amount	Note
Cash			
Cash on hand		\$ 832	
Bank deposits			
Checking accounts		242	
Current deposits		66,351	
Foreign currency deposits	USD 2,257,592.19 (Exchange rate: 32.785) JPY 26,735,491 (Exchange rate: 0.2099) CNY 7.21 (Exchange rate: 4.478) EUR 0.03 (Exchange rate: 34.14)	79,627	
Subtotal		146,220	
Cash equivalents			
Time deposit		100,000	Note1
Repurchase agreements		136,059	Note2
Subtotal		236,059	
Total		\$ 383,111	

Note 1: Starting from 2024.11.11 to 2025.02.11, interest rates at 1.46%, NTD 100,000,000.

Note 2: Expired by 2025.01.16, interest rates at 1.40% ~ 4.90%, USD 3,081,256.57 (Exchange rate: 32.785) and NTD 35,040,050.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2024

Statement 2

Name of financial product	Description	Shares (In thousands)	Par value (NT\$)	Amount	Interest rate	Acquisition cost	Fair value		Note
							Unit price (NT\$)	Amount	
Fund – TBB-Yuanta New ASEAN Balanced Fund		200	10	\$ 2,000	—	\$ 2,024	9.53	\$ 1,906	
Fund – FSITC-Global Utilities and Infrastructure Fund		50	10	500	—	504	15.68	784	
Fund – TBB-Neuberger Berman Global Strategic Income Securities Investment Trust Fund		50	10	500	—	503	11.31	566	
Fund – FSITC-Gibl Artificial Intelligenc Fd		50	10	500	—	505	24.22	1,211	
Fund – FSITC-Global PineBridge ESG Quantitative Global Equity Fund		50	10	500	—	505	13.94	697	
				\$ 4,000		\$ 4,041		\$ 5,164	

STATEMENT OF NOTES RECEIVABLES

DECEMBER 31, 2024

Statement 3

Client Name	Amount	Note
Unrelated parties:		
Client A	\$ 9,540	
Client B	5,214	
Client C	2,363	
Client D	1,402	
Client E	1,386	
Others	3,989	The amount of individual client in others does not exceed 5% of the account balance
Subtotal	23,894	
Less: Allowance for bad debt	—	
Net value	\$ 23,894	

STATEMENT OF ACCOUNTS RECEIVABLES

DECEMBER 31, 2024

Statement 4

Client Name	Amount	Note
Unrelated parties:		
Client A	\$ 150,158	
Client B	84,475	
Client C	50,548	
Client D	41,231	
Client E	38,178	
Others	218,086	The amount of individual client in others does not exceed 5% of the account balance
Subtotal	582,676	
Less: Allowance for bad debt	(2,591)	
Net value	\$ 580,085	

Note: The Company's accounts receivable for more than 1 year is \$2,571 thousand and appropriate allowance has been made for losses.

STATEMENT OF OTHER RECEIVABLES

DECEMBER 31, 2024

Statement 5

Item	Description	Amount	Note
Tax receivable – business tax		\$ 7,904	
Interest receivable		613	
Receivable—the revenue gain on sales of scrap		1,391	
Others		249	The amount of individual item in others does not exceed 5% of the account balance
Total		\$ 10,157	

STATEMENT OF INVENTORIES

DECEMBER 31, 2024

Statement 6

Item	Amount		Note
	Cost	Net realizable value	
Raw materials	\$ 130,847	\$ 130,847	
Work in process	59,188	59,188	
Finished goods	479,045	880,391	
Merchandise	8,946	11,958	
Inventory in transit			
Total	\$ 678,026	\$ 1,082,384	

STATEMENT OF PREPAYMENTS

DECEMBER 31, 2024

Statement 7

Item	Description	Amount	Note
Office supplies		\$ 78,002	
Prepayment			
Insurance		3,778	
Terminal handling charge		2,616	
Borrowing setup fee		683	
Software maintenance fee		1,340	
Others		1,337	The amount of individual item in others does not exceed 5% of the account balance
Subtotal		9,754	
Prepayment for equipment		267,171	
Total		\$ 354,927	

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Statement 8

Name	Balance as at January 1, 2024		Additions in investment		Decrease in investment		Balance as at December 31, 2024		Guarantee or pledge	Note
	Shares (In thousands)	Fair value	Shares (In thousands)	Amount	Shares (In thousands)	Amount	Shares (In thousands)	Fair value		
ENSURE-TECH ENTERPRISE CO., LTD.	4,655	\$ 105,112	—	\$ 18,053	—	—	4,655	\$ 123,165	None	Note

Note: The increase in the current period represents the net income from the change in fair value recognized under other comprehensive income.

STATEMENT OF OTHER NON-CURRENT ASSETS

DECEMBER 31, 2024

Statement 9

Item	Description	Amount	Note
Guarantee deposits paid			
Lease deposit		\$ 443	
Stock agent		100	
Others		3	The amount of individual item in others does not exceed 5% of the account balance
Total		\$ 546	

STATEMENT OF NOTES PAYABLES

DECEMBER 31, 2024

Statement 10

Vendor name	Description	Amount	Note
Unrelated parties:			
Vendor A		\$ 7,548	The amount of individual vendor in others does not exceed 5% of the account balance
Others		750	
Total		\$ 8,298	

STATEMENT OF ACCOUNTS PAYABLES

DECEMBER 31, 2024

Statement 11

Vendor name	Description	Amount	Note
Unrelated parties:			
Vendor A		\$ 42,347	The amount of individual vendor in others does not exceed 5% of the account balance
Vendor B		27,379	
Vendor C		25,902	
Vendor D		15,187	
Others		170,707	
Total		\$ 281,522	

STATEMENT OF OTHER PAYABLES

DECEMBER 31, 2024

Statement 12

Item	Description	Amount	Note
Year-end bonus payable		\$ 29,177	
Salary payable		14,749	
Employee compensation payable		23,490	
Compensation due to directors		15,660	
Compensated absences		5,264	
Others		16,389	The amount of each item in others does not exceed 5% of the account balance
Total		\$ 104,729	

STATEMENT OF PAYABLES ON EQUIPMENT

DECEMBER 31, 2024

Statement 13

Vendor name	Description	Amount	Note
Unrelated parties:			
Vendor A		\$ 12,474	
Vendor B		8,726	
Vendor C		7,100	
Vendor D		5,129	
Others		65,892	The amount of individual vendor in others does not exceed 5% of the account balance
Total		\$ 99,321	

STATEMENT OF OTHER CURRENT LIABILITIES

DECEMBER 31, 2024

Statement 14

Item	Description	Amount	Note
Contractual liabilities		\$ 11,168	
Receipts under custody		3,061	
Total		\$ 14,229	

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Statement 15

Item	Description	Amount	Note
Cost of goods sold from business:			
Beginning of year		\$ 10,168	
Add: Merchandise purchased		294,666	
Less: Merchandise-end of year		(12,644)	
Merchandise transfer-out		(3)	
		292,187	
Cost of goods sold of merchandise			
Cost of goods sold of manufacturing:			
Direct material			
Beginning of year		112,649	
Add: Raw material purchased		911,732	
Less: Raw material-end of year		(130,847)	
Raw material transfer-out		(92,731)	
Sold raw materials		(4,137)	
Foreign sales tax refund revenue		(7,098)	
		789,568	
Supplies and parts			
Beginning of year		59,248	
Add : Supplies and parts purchased		337,449	
Gain on physical supplies and parts		2,360	
Less: Supplies and parts-end of year		(54,882)	
Sold supplies and parts		(19)	
Supplies and parts transfer-out		(648)	
Loss on physical supplies and parts		(7)	
		343,501	

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Statement 15 – 1

Item	Description	Amount	Note
Direct labor		159,468	
Manufacturing overhead		547,100	
Manufacturing costs		1,839,637	
Work in process-the beginning of the year		59,632	
Add: Work in process purchased		38,478	
Gain on physical work in process		466	
Less: Work in process-end of year		(61,063)	
Work in process transfer-out		(40)	
Cost of finished goods		1,877,110	
Finished goods -beginning of the year		477,427	
Add: External purchase to self-production		3,782	
Gain on physical finished goods		5	
Less: Finished goods-end of year		(494,221)	
Finished goods transfer-out		(613)	
Loss on physical finished goods		(1)	
Gain on sales of scrap		(109,598)	
Sold other waste materials		(3,180)	
Cost of goods sold of manufacturing		1,750,711	
Total Cost of goods		2,042,898	
Cost of conversion		13,501	
Cost of raw materials sold		4,156	
Gain on inventories		(2,823)	
Loss from inventory scrapped		381	
Gain from inventory valuation and obsolescence		(5,416)	
Total Operating Costs		\$ 2,052,697	

STATEMENT OF SELLING AND MARKETING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2024

Statement 16

Item	Description	Amount	Note
Salary and bonus		\$ 50,373	
Freight		20,095	
Utilities		10,100	
Depreciation expenses		19,341	
Export expenses		61,415	
Others		36,080	The amount of each item in others does not exceed 5% of the account balance
Total		\$ 197,404	

STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2024

Statement 17

Item	Description	Amount	Note
Salary and bonus		\$ 80,480	
Entertainment expenses		6,440	
Depreciation expenses		6,657	
Others		26,655	The amount of each item in others does not exceed 5% of the account balance
Total		\$ 120,232	

STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2024

Statement 18

Item	Description	Amount	Note
Salary and bonus		\$ 4,841	
Overtime		586	
Others		226	The amount of each item in others does not exceed 5% of the account balance
Total		\$ 5,653	