

**TA YIH INDUSTRIAL CO., LTD. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2024 AND 2023**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

TA YIH INDUSTRIAL CO., LTD.  
DECEMBER 31, 2024 AND 2023 CONSOLIDATED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT  
TABLE OF CONTENTS

<u>Contents</u>	<u>Page</u>
1. Cover Page	1
2. Table of Contents	2 ~ 3
3. Declaration of Consolidated Financial Statements of Affiliated Enterprises	4
4. Independent Auditors' Report	5 ~ 10
5. Consolidated Balance Sheets	11 ~ 12
6. Consolidated Statements of Comprehensive Income	13
7. Consolidated Statements of Changes in Equity	14
8. Consolidated Statements of Cash Flows	15 ~ 16
9. Notes to the Consolidated Financial Statements	17 ~ 60
(1) History and Organization	17
(2) The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization	17
(3) Application of New Standards, Amendments and Interpretations	17 ~ 18
(4) Summary of Material Accounting Policies	18 ~ 28
(5) Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty	28

Contents	Page
(6) Details of Significant Accounts	28 ~ 47
(7) Related Party Transactions	48 ~ 51
(8) Pledged Assets	52
(9) Significant Contingent Liabilities and Unrecognized Contract Commitments	52
(10) Significant Disaster Loss	52
(11) Significant Events after the Balance Sheet Date	52
(12) Others	52 ~ 58
(13) Supplementary Disclosures	58
(14) Segment Information	59 ~ 60

TA YIH INDUSTRIAL CO., LTD. AND SUBSIDIARIES  
Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2024, pursuant to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the companies that are required to be included in the consolidated financial statements of affiliates, are the same as those required to be included in the consolidated financial statements under International Financial Reporting Standards 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. As a result, Ta Yih Industrial Co., Ltd. and subsidiaries are not required to prepare consolidated financial statements of affiliates.

Hereby declare

TA YIH INDUSTRIAL CO., LTD.

March 6, 2025

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Ta Yih Industrial Co., Ltd.

### ***Opinion***

We have audited the accompanying consolidated balance sheets of Ta Yih Industrial Co., Ltd. and its subsidiaries (the “Group”) as of December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated 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, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Group's 2024 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2024 consolidated financial statements are stated as follows:

#### **Key audit matter: Cut-off of sales revenue from hub warehouse**

##### Description

Please refer to Notes 4(23) and 6(13) to the consolidated financial statements for the accounting policy and the details of sales revenue relating to this key audit matter, respectively. The sales revenue generated from the hub warehouse was \$1,220,486 thousand for the year ended December 31, 2024, which accounted for 33% of the total operating revenue.

The Group mainly manufactures and sells automobile and locomotive lamps. The Group also sells its products to overseas markets and recognizes revenue upon acceptance of the goods by the customers (transfer of risks and rewards) if picked up from hub. The sales model of overseas markets depends on the delivery of goods from hub warehouse. The Group recognizes sales revenue based on movements of inventories contained in the statements or other information provided by the hub custodians. As there are numerous sales revenue transactions from hubs and the transaction amounts prior to and after the balance sheet date are significant to the financial statements. Thus, we considered the cut-off of hub sales revenue as the key audit matter of our 2024 annual audit.

#### How our audit addressed the matter

Our key audit procedures performed in respect of the above key audit matter included the following:

1. We validated the effectiveness of the management's controls in respect of the cut-off of sales revenue from hub warehouse.
2. We performed cut-off tests of hub sales revenue for a specific period prior to and after the balance sheet date, including verifying records of picking goods from hubs and confirming records of inventory movements are recorded in appropriate period.
3. We conducted physical count of inventory quantities held at hubs and agreed to accounting records.

#### ***Other matter – Parent company only financial reports***

We have audited and expressed an unqualified opinion on the parent company only financial statements of Ta Yih Industrial Co., Ltd. as of and for the years ended December 31, 2024 and 2023.

#### ***Responsibilities of management and those charged with governance for the consolidated financial statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Group's financial reporting process.

### ***Auditor's responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Standards on Auditing of 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.

3. Evaluate the appropriateness of 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the disclosures) and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless 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.

Yeh, Fang-Ting

Independent Accountants

Tien, Chung-Yu

PricewaterhouseCoopers, Taiwan

Republic of China

March 6, 2025

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**TA YIH INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2024		December 31, 2023		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 292,687	10	\$ 390,349	12
1150	Notes receivable, net	6(2) and 12	10	-	9,086	-
1170	Accounts receivable, net	6(2) and 12	607,672	22	682,672	20
1180	Accounts receivable - related parties, net	6(2), 7 and 12	9,429	-	96,952	3
1200	Other receivables		22,359	1	26,912	1
1210	Other receivables - related parties	7	369	-	3,441	-
130X	Inventories	5, 6(3)(5)	819,437	29	1,084,652	32
1410	Prepayments		53,571	2	28,908	1
1479	Other current assets, others		6,205	-	28,191	1
11XX	<b>Total current assets</b>		<u>1,811,739</u>	<u>64</u>	<u>2,351,163</u>	<u>70</u>
<b>Non-current assets</b>						
1600	Property, plant and equipment	6(5)	893,814	32	912,720	27
1755	Right-of-use assets	6(6) and 7	28,751	1	45,308	2
1780	Intangible assets		1,531	-	5,035	-
1840	Deferred income tax assets	6(20)	41,636	2	25,237	1
1915	Prepayments for equipment	6(22)	30,894	1	9,541	-
1920	Guarantee deposits paid		8,835	-	7,794	-
1990	Other non-current assets, others		7,034	-	-	-
15XX	<b>Total non-current assets</b>		<u>1,012,495</u>	<u>36</u>	<u>1,005,635</u>	<u>30</u>
1XXX	<b>Total assets</b>		<u>\$ 2,824,234</u>	<u>100</u>	<u>\$ 3,356,798</u>	<u>100</u>

(Continued)

**TA YIH INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2024		December 31, 2023		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6(7)	\$ 50,000	2	\$ 210,000	6
2130	Contract liabilities - current	6(13)	74,578	3	25,247	1
2150	Notes payable		38,796	1	92,641	3
2170	Accounts payable		387,802	14	682,796	20
2180	Accounts payable - related parties	7	26,838	1	54,170	2
2200	Other payables	6(8)	178,436	6	187,763	6
2220	Other payables - related parties	7	28,134	1	46,553	1
2230	Current income tax liabilities	6(20)	10,523	-	57,087	2
2280	Lease liabilities - current	7	12,299	1	13,745	-
2399	Other current liabilities, others		25,303	1	47,521	1
21XX	<b>Total current liabilities</b>		<u>832,709</u>	<u>30</u>	<u>1,417,523</u>	<u>42</u>
<b>Non-current liabilities</b>						
2570	Deferred income tax liabilities	6(20)	77,561	3	76,736	2
2580	Lease liabilities - non-current	7	16,854	-	28,041	1
2640	Net defined benefit liabilities - non-current	6(9)	26,421	1	58,894	2
2670	Other non-current liabilities, others		2,410	-	2,399	-
25XX	<b>Total non-current liabilities</b>		<u>123,246</u>	<u>4</u>	<u>166,070</u>	<u>5</u>
2XXX	<b>Total liabilities</b>		<u>955,955</u>	<u>34</u>	<u>1,583,593</u>	<u>47</u>
<b>Equity attributable to owners of parent</b>						
Share capital						
3110	Common stock	6(10)	762,300	27	762,300	23
3200	Capital surplus	6(11)	61,278	2	61,145	2
Retained earnings						
3310	Legal reserve	6(12)	688,058	24	684,741	20
3320	Special reserve		68,264	3	68,264	2
3350	Unappropriated retained earnings		287,886	10	231,885	7
3400	Other equity interest		493	-	(35,130)	(1)
31XX	<b>Equity attributable to owners of the parent</b>		<u>1,868,279</u>	<u>66</u>	<u>1,773,205</u>	<u>53</u>
3XXX	<b>Total equity</b>		<u>1,868,279</u>	<u>66</u>	<u>1,773,205</u>	<u>53</u>
Significant contingent liabilities and unrecognized contract commitments						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 2,824,234</u>	<u>100</u>	<u>\$ 3,356,798</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

**TAYIH INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars, except for earning per share amount)

Items	Notes	Year ended December 31				
		2024		2023		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(13) and 7	\$ 3,696,220	100	\$ 4,817,004	100
5000	Operating costs	6(3)(9)(18)(19) and 7	( 3,183,322)	( 86)	( 4,103,898)	( 85)
5900	Operating margin		512,898	14	713,106	15
5910	Unrealized gain on sales	6(4)	-	-	( 730)	-
5920	Realized gain on sales	6(4)	730	-	1,047	-
5950	Net operating margin		513,628	14	713,423	15
	Operating expenses	6(9)(18)(19), 7 and 12				
6100	Selling expenses		( 163,228)	( 5)	( 188,649)	( 4)
6200	General and administrative expenses		( 151,346)	( 4)	( 156,191)	( 3)
6300	Research and development expenses		( 159,896)	( 4)	( 172,268)	( 4)
6450	Expected credit gains		3,445	-	2,171	-
6000	Total operating expenses		( 471,025)	( 13)	( 514,937)	( 11)
6900	Operating profit		42,603	1	198,486	4
	Non-operating income and expenses					
7100	Interest income	6(14)	5,356	-	5,133	-
7010	Other income	6(15) and 7	18,901	-	41,036	1
7020	Other gains and losses	6(4)(6)(16), 7 and 12	20,995	1	14,320	-
7050	Finance costs	6(6)(17) and 7	( 4,225)	-	( 5,997)	-
7060	Share of loss of associates and joint ventures accounted for using equity method	6(4)	( 730)	-	( 174,222)	( 3)
7000	Total non-operating income and expenses		40,297	1	( 119,730)	( 2)
7900	<b>Profit before income tax</b>		82,900	2	78,756	2
7950	Income tax benefit (expense)	6(20)	4,528	-	( 36,346)	( 1)
8200	<b>Net Profit for the year</b>		\$ 87,428	2	\$ 42,410	1
	<b>Other comprehensive income (loss)</b>					
	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>					
8311	Actuarial (losses) gains on defined benefit plans	6(9)	\$ 31,564	1	( \$ 11,552)	-
8349	Income tax related to components of other comprehensive (loss) income that will not be reclassified to profit or loss	6(20)	( 6,313)	-	2,310	-
	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations	6(4)	39,567	1	( 290)	-
8399	Income tax related to components of other comprehensive (loss) income that will be reclassified to profit or loss	6(20)	( 3,944)	-	58	-
8300	<b>Other comprehensive (loss) income for the year</b>		\$ 60,874	2	( \$ 9,474)	-
8500	<b>Total comprehensive income for the year</b>		\$ 148,302	4	\$ 32,936	1
	Profit attributable to:					
8610	Owners of the parent		\$ 87,428	2	\$ 42,410	1
	Comprehensive income attributable to:					
8710	Owners of the parent		\$ 148,302	4	\$ 32,936	1
	Earnings per share (in dollars)	6(21)				
9750	Basic		\$ 1.15		\$ 0.56	
9850	Diluted		\$ 1.15		\$ 0.56	

The accompanying notes are an integral part of these consolidated financial statements.

TA YIH INDUSTRIAL CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent								
		Capital surplus			Retained earnings			Other equity interest		
Notes	Share capital - common stock	Share premium	Gain on disposal of assets	Donated assets	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Total equity	
<u>For the year ended December 31, 2023</u>										
	\$	762,300	\$ 56,330	\$ 4,142	\$ 551	\$ 674,678	\$ 68,264	\$ 262,141	(\$ 34,898)	\$ 1,793,508
		-	-	-	-	-	42,410	-	42,410	
		-	-	-	-	-	( 9,242 )	( 232 )	( 9,474 )	
		-	-	-	-	-	33,168	( 232 )	32,936	
Distribution of 2022 net income:										
		-	-	-	10,063	-	( 10,063 )	-	-	
6(12)		-	-	-	-	-	( 53,361 )	-	( 53,361 )	
		-	-	-	122	-	-	-	122	
	\$	762,300	\$ 56,330	\$ 4,142	\$ 673	\$ 684,741	\$ 68,264	\$ 231,885	(\$ 35,130)	\$ 1,773,205
<u>For the year ended December 31, 2024</u>										
	\$	762,300	\$ 56,330	\$ 4,142	\$ 673	\$ 684,741	\$ 68,264	\$ 231,885	(\$ 35,130)	\$ 1,773,205
		-	-	-	-	-	87,428	-	87,428	
		-	-	-	-	-	25,251	35,623	60,874	
		-	-	-	-	-	112,679	35,623	148,302	
Distribution of 2023 net income:										
		-	-	-	3,317	-	( 3,317 )	-	-	
6(12)		-	-	-	-	-	( 53,361 )	-	( 53,361 )	
		-	-	-	133	-	-	-	133	
	\$	762,300	\$ 56,330	\$ 4,142	\$ 806	\$ 688,058	\$ 68,264	\$ 287,886	\$ 493	\$ 1,868,279

The accompanying notes are an integral part of these consolidated financial statements.

TA YIH INDUSTRIAL CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2024	2023
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 82,900	\$ 78,756
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit gains	12	( 3,445 )	( 2,171 )
Provision for inventory market price decline	6(3)	26,612	2,476
Share of profit of associates and joint ventures accounted for using equity method (including (realized) unrealized gain on sales)	6(4)	-	173,905
Loss on disposal of investments accounted for using equity method	6(4)(16)	12,099	-
Depreciation	6(5)(6)(18)	129,428	146,431
Loss on disposal of property, plant and equipment	6(16)	3,536	404
Loss (gain) from lease modification	6(6)(16)	424	( 23 )
Amortization	6(18)	3,890	6,390
Interest income	6(14)	( 5,356 )	( 5,133 )
Finance costs	6(17)	4,225	5,997
Net (gain) loss on foreign currency exchange		( 8,936 )	15,250
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		9,087	( 8,662 )
Accounts receivable		87,597	( 9,504 )
Accounts receivable - related parties		87,509	45,348
Other receivables		4,553	( 21,331 )
Other receivables - related parties		3,115	6,273
Inventories		216,419	( 172,205 )
Prepayments		( 24,896 )	78,957
Other current assets, others		21,986	( 9,804 )
Changes in operating liabilities			
Contract liabilities - current		49,331	( 88,748 )
Notes payable		( 53,845 )	14,341
Accounts payable		( 295,953 )	155,628
Accounts payable - related parties		( 26,629 )	( 10,521 )
Other payables		( 5,761 )	14,732
Other payables - related parties		( 18,419 )	679
Other current liabilities, others		( 22,218 )	31,777
Net defined benefit liabilities - non-current		( 909 )	( 2,455 )
Other non-current liabilities		11	( 30 )
Cash inflow generated from operations		276,355	446,757
Interest received		5,356	5,133
Interest paid		( 4,132 )	( 5,965 )
Income tax paid		( 67,867 )	( 8,348 )
Net cash flows from operating activities		<u>209,712</u>	<u>437,577</u>

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TA YIH INDUSTRIAL CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in financial assets at amortized cost - current		\$ -	\$ 5,600
Proceeds from disposal of investments accounted for using equity method	6(4)	26,952	-
Cash paid for acquisition of property, plant and equipment	6(22)	( 107,586 )	( 44,014 )
Proceeds from disposal of property, plant and equipment		6,476	-
Acquisition of intangible assets		( 386 )	( 2,904 )
Increase in guarantee deposits paid		( 1,041 )	( 217 )
Increase in other non-current assets, others		( 7,034 )	-
Net cash flows used in investing activities		( 82,619 )	( 41,535 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term borrowings	6(23)	( 160,000 )	( 90,000 )
Payments of lease liabilities	6(23)	( 12,043 )	( 17,200 )
Payment of cash dividends	6(12)	( 53,361 )	( 53,361 )
Unclaimed cash dividends overdue transferred to capital surplus		133	122
Net cash flows used in financing activities		( 225,271 )	( 160,439 )
Effect of foreign exchange rate changes on cash and cash equivalents		516	( 87 )
Net (decrease) increase in cash and cash equivalents		( 97,662 )	235,516
Cash and cash equivalents at beginning of year	6(1)	390,349	154,833
Cash and cash equivalents at end of year	6(1)	\$ 292,687	\$ 390,349

The accompanying notes are an integral part of these consolidated financial statements.

TA YIH INDUSTRIAL CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

(1) TA YIH Industrial Co., Ltd. (the “Company”) was incorporated in 1964. It was formerly known as Ta Yih Industrial Corp. and changed to its present name in 1976. The Company and its subsidiaries (the “Group”) mainly sell, manufacture and process automobile parts, motorcycle parts, railway vehicle parts, transportation machineries, industrial plastic parts, as well as invest in related industries.

(2) The Company’s shares have been listed on the Taiwan Stock Exchange since October 1997.

2. The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization

These consolidated financial statements were authorized for issuance by the Board of Directors on March 6, 2025.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS<sup>®</sup>”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board (“IASB”)
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC and became effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

The above standards and interpretations have no significant impact to the Group’s financial condition

and financial performance based on the Group’s assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs Accounting Standards as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</u>
Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial Instruments’	January 1, 2026
Amendments to IFRS 9 and IFRS 7, ‘Contracts referencing nature-dependent electricity’	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, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – 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
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

IFRS 18, ‘Presentation and disclosure in financial statements’

IFRS 18, ‘Presentation and disclosure in financial statements’ replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for the defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation, the consolidated financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5, 'Critical accounting judgements, estimates and key sources of assumption uncertainty'.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (e) When the Group loses control of a subsidiary, the Group measures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Business activities	Ownership (%)		Note
			December 31, 2024	December 31, 2023	
Ta Yih Industrial Co., Ltd.	Ta Yih International Investment Co., Ltd. (BVI)	General investment	100.00	100.00	(Note)

(Note) The subsidiary, Ta Yih International Investment Co., Ltd. (BVI) had completed the process of capital increase in November, 2023.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within "Other gains and losses".

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency

as follows:

- i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When a foreign operation as an associate or joint arrangement is partially disposed of or sold, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, if the Group retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former jointly controlled entity, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;
  - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
  - (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in

operations are classified as cash equivalents.

(7) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

For financial assets at amortized cost at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(10) Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. Inventories are recorded at the standard cost on the balance sheet date. The difference between actual costs and normal standard costs is allocated in proportion to inventory and operational costs on financial year-end, in order to approach the amount of weighted-average cost. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. When the cost of inventories exceeds net realizable value, the amount of any write-down of inventories is recognized as cost of sales during the period; and the amount of any reversal of inventory write-down is recognized as a reduction in cost of sales during the period.

(11) Investments accounted for using the equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized

in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in 'capital reserves' in proportion to its ownership.
- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(12) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

<u>Asset</u>	<u>Useful lives</u>		
Buildings			
Main buildings	40	to	60 years
Factory and other buildings	5	to	40 years
Machinery equipment	3	to	10 years
Molding equipment	2	to	3 years
Transportation equipment			5 years
Other equipment	3	to	7 years

(13) Leasing arrangements (lessee) - right-of-use assets / lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
  - (a) The amount of the initial measurement of lease liabilities; and
  - (b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.
- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease and recognize the difference in profit or loss.

(14) Intangible assets

- A. Computer software  
Stated at cost and amortized on a straight-line basis over its estimated useful life of 3 years.
- B. Patents  
Stated at cost and amortized on a straight-line basis over its estimated useful life of 5 years.

(15) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which

the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(16) Borrowings

Borrowings comprise short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the lifetime using the effective interest method.

(17) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(19) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognized immediately in profit or loss.

C. Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(20) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit

will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(21) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(22) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(23) Revenue recognition

Sales of goods

- A. The Group primarily manufactures and sells car lamps and molds related products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- B. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(24) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that

the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(25) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group’s accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group’s accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

A. As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

B. As of December 31, 2024, the carrying amount of inventories was \$819,437.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash:		
Cash on hand and revolving funds	\$ 781	\$ 750
Checking accounts and demand deposits	<u>259,121</u>	<u>328,189</u>
	<u>259,902</u>	<u>328,939</u>
Cash equivalents:		
Time deposits	<u>32,785</u>	<u>61,410</u>
	<u>\$ 292,687</u>	<u>\$ 390,349</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others As of December 31, 2024 and 2023.

(2) Notes and accounts receivable, net

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Notes receivable	\$ 10	\$ 9,097
Less: Allowance for uncollectible accounts	<u>-</u>	<u>( 11)</u>
	<u>\$ 10</u>	<u>\$ 9,086</u>

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable	\$ 609,586	\$ 687,919
Less: Allowance for uncollectible accounts	<u>( 1,914)</u>	<u>( 5,247)</u>
	<u>\$ 607,672</u>	<u>\$ 682,672</u>

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable - related parties	\$ 9,430	\$ 97,054
Less: Allowance for uncollectible accounts	<u>( 1)</u>	<u>( 102)</u>
	<u>\$ 9,429</u>	<u>\$ 96,952</u>

A. The aging analysis of notes and accounts receivable (including related parties) is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Notes receivable		
Not past due	<u>\$ 10</u>	<u>\$ 9,097</u>
Accounts receivable (including related parties)		
Not past due	\$ 606,132	\$ 772,485
Within 90 days	11,924	5,945
91 to 180 days	-	5,136
181 to 270 days	6	1,200
Over 271 days	<u>954</u>	<u>207</u>
	<u>\$ 619,016</u>	<u>\$ 784,973</u>

The above aging analysis was based on past due date.

B. As of December 31, 2024 and 2023, notes and accounts receivable were all from contracts with customers. As of January 1, 2023, the balance of receivables from contracts with customers amounted to \$839,811.

C. As of December 31, 2024 and 2023, without considering any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the notes and accounts receivable was its carrying amount.

D. The Group has no notes and accounts receivable pledged to others as of December 31, 2024 and 2023.

E. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2), 'Financial Instruments'.

(3) Inventories

	December 31, 2024		
	Cost	Allowance for valuation loss	Book value
Merchandise	\$ 17,066	\$ -	\$ 17,066
Raw materials	327,599	( 36,077)	291,522
Work in progress	92,764	-	92,764
Finished goods	423,943	( 5,858)	418,085
	<u>\$ 861,372</u>	<u>(\$ 41,935)</u>	<u>\$ 819,437</u>

  

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Merchandise	\$ 47,966	\$ -	\$ 47,966
Raw materials	374,858	( 9,476)	365,382
Work in progress	68,274	-	68,274
Finished goods	608,877	( 5,847)	603,030
	<u>\$ 1,099,975</u>	<u>(\$ 15,323)</u>	<u>\$ 1,084,652</u>

The cost of inventories recognized as expense for the year:

	For the years ended December 31,	
	2024	2023
Cost of goods sold	\$ 3,131,802	\$ 4,091,143
Provision for inventory market price decline	26,612	2,476
Losses on scrapped inventories	28,692	13,139
Income from sale of scraps	( 3,784)	( 2,860)
	<u>\$ 3,183,322</u>	<u>\$ 4,103,898</u>

(4) Investments accounted for using equity method

A. Movements of investments accounted for under equity method are as follows:

	For the years ended December 31,	
	2024	2023
January 1	\$ -	\$ 174,108
Unrealized gain on sales	-	( 730)
Realized gain on sales	730	1,047
Share of profit or loss of investments accounted for using equity method	( 730)	( 174,222)
Other equity - Exchange differences on translation of foreign financial statements	-	( 203)
December 31	<u>\$ -</u>	<u>\$ -</u>

B. Details of investments accounted for under equity method are as follows:

Name of investee	December 31, 2024	December 31, 2023
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd. (Note)	\$ -	\$ -

(Note) The Group entered into a stock transfer agreement on July 29, 2024 with a related party, Koito Manufacturing Co., Ltd., to sell all the equity of Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd. for JPY 120,000 thousand in cash (NTD 26,952). This equity transfer transaction has been completed, and the financial statements translation differences of foreign operations amounting to \$39,051 has been reversed. Additionally, an investment loss under the equity method totaling \$12,099 has been recognized (listed under “Other Gains and Losses”).

C. The share of financial performance of individual insignificant affiliated enterprises of the Group is summarized as follows:

	For the years ended December 31,	
	2024	2023
Net loss for the period and total comprehensive profit and loss for the period	(\$ 730)	(\$ 174,222)

D. The Group has no investments accounted for using equity method pledged to others as of December 31, 2024 and 2023.

(5) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Molding equipment</u>	<u>Transportation equipment</u>	<u>Others equipment</u>	<u>Total</u>
<u>At January 1, 2024</u>							
Cost	\$ 601,050	\$ 270,754	\$ 1,067,497	\$ 263,648	\$ 18,489	\$ 365,962	\$ 2,587,400
Accumulated depreciation	-	( 245,473)	( 890,545)	( 215,596)	( 17,797)	( 305,269)	( 1,674,680)
	<u>\$ 601,050</u>	<u>\$ 25,281</u>	<u>\$ 176,952</u>	<u>\$ 48,052</u>	<u>\$ 692</u>	<u>\$ 60,693</u>	<u>\$ 912,720</u>
<u>For the year ended December 31, 2024</u>							
January 1	\$ 601,050	\$ 25,281	\$ 176,952	\$ 48,052	\$ 692	\$ 60,693	\$ 912,720
Additions	-	6,491	23,034	-	9,874	46,834	86,233
Transferred from inventories	-	-	13,738	763	-	7,683	22,184
Depreciation	-	( 4,942)	( 47,943)	( 33,389)	( 458)	( 30,579)	( 117,311)
Disposals - cost	-	( 69,901)	( 86,152)	( 181,991)	( 23,329)	( 92,246)	( 453,619)
- accumulated depreciation	-	69,874	86,077	181,991	13,451	92,214	443,607
December 31	<u>\$ 601,050</u>	<u>\$ 26,803</u>	<u>\$ 165,706</u>	<u>\$ 15,426</u>	<u>\$ 230</u>	<u>\$ 84,599</u>	<u>\$ 893,814</u>
<u>At December 31, 2024</u>							
Cost	\$ 601,050	\$ 207,344	\$ 1,018,117	\$ 82,420	\$ 5,034	\$ 328,233	\$ 2,242,198
Accumulated depreciation	-	( 180,541)	( 852,411)	( 66,994)	( 4,804)	( 243,634)	( 1,348,384)
	<u>\$ 601,050</u>	<u>\$ 26,803</u>	<u>\$ 165,706</u>	<u>\$ 15,426</u>	<u>\$ 230</u>	<u>\$ 84,599</u>	<u>\$ 893,814</u>

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Molding equipment</u>	<u>Transportation equipment</u>	<u>Others equipment</u>	<u>Total</u>
<u>At January 1, 2023</u>							
Cost	\$ 601,050	\$ 264,360	\$ 1,138,863	\$ 245,186	\$ 18,013	\$ 341,493	\$ 2,608,965
Accumulated depreciation	-	( 237,894)	( 935,979)	( 169,426)	( 16,793)	( 282,230)	( 1,642,322)
	<u>\$ 601,050</u>	<u>\$ 26,466</u>	<u>\$ 202,884</u>	<u>\$ 75,760</u>	<u>\$ 1,220</u>	<u>\$ 59,263</u>	<u>\$ 966,643</u>
<u>For the year ended December 31, 2023</u>							
January 1	\$ 601,050	\$ 26,466	\$ 202,884	\$ 75,760	\$ 1,220	\$ 59,263	\$ 966,643
Additions	-	6,394	10,332	-	476	24,324	41,526
Transferred from inventories	-	-	15,391	18,462	-	4,008	37,861
Depreciation	-	( 7,579)	( 51,256)	( 46,170)	( 1,004)	( 26,897)	( 132,906)
Disposals - cost	-	-	( 97,089)	-	-	( 3,863)	( 100,952)
- accumulated depreciation	-	-	96,690	-	-	3,858	100,548
December 31	<u>\$ 601,050</u>	<u>\$ 25,281</u>	<u>\$ 176,952</u>	<u>\$ 48,052</u>	<u>\$ 692</u>	<u>\$ 60,693</u>	<u>\$ 912,720</u>
<u>At December 31, 2023</u>							
Cost	\$ 601,050	\$ 270,754	\$ 1,067,497	\$ 263,648	\$ 18,489	\$ 365,962	\$ 2,587,400
Accumulated depreciation	-	( 245,473)	( 890,545)	( 215,596)	( 17,797)	( 305,269)	( 1,674,680)
	<u>\$ 601,050</u>	<u>\$ 25,281</u>	<u>\$ 176,952</u>	<u>\$ 48,052</u>	<u>\$ 692</u>	<u>\$ 60,693</u>	<u>\$ 912,720</u>

A. As of December 31, 2024 and 2023, the Group's property, plant and equipment are all for its own use.

B. There was no capitalization of borrowing costs for the years ended December 31, 2024 and 2023.

C. As of December 31, 2024 and 2023, the Group has no property, plant and equipment pledged to others.

(6) Leasing arrangements - lessee

- A. The Group leases various assets including buildings, office equipment, and business vehicle. Rental contracts are typically made for periods of 2 to 5 years. Certain lease contracts of office equipment and business vehicles do not give priority rights to renew the lease or purchase the properties. The Group does not have bargain purchase options to acquire the leasehold buildings at the end of the lease contracts of buildings. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.
- B. Short-term leases with a lease term of 12 months or less comprise underlying assets such as air compressors, forklift trucks, offices and warehouse, etc. Low-value assets comprise office equipment such as printers, etc.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 20,447	\$ 29,158
Office equipment	2,299	2,830
Transportation equipment	6,005	13,320
	<u>\$ 28,751</u>	<u>\$ 45,308</u>

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Depreciation</u>	<u>Depreciation</u>
Buildings	\$ 8,711	\$ 8,288
Office equipment	531	529
Transportation equipment	2,875	4,708
	<u>\$ 12,117</u>	<u>\$ 13,525</u>

- D. For the years ended December 31, 2024 and 2023, the additions to right-of-use assets were \$5,771 and \$21,054, respectively.
- E. The information on profit or loss relating to lease contracts is as follows:

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 480	\$ 606
Expense on short-term lease contracts	3,620	978
Expense on leases of low-value assets	178	87
Loss (gain) on lease modification	424 (	23)

- F. For the years ended December 31, 2024 and 2023, the Group's total cash outflow for leases were \$16,321 and \$18,871, respectively.

(7) Short-term borrowings

Type of borrowings	December 31, 2024	Interest rate range	Collateral
Unsecured bank borrowings	\$ 50,000	1.825%	None

  

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Unsecured bank borrowings	\$ 210,000	1.70%	None

For more information about interest expense recognized in profit or loss by the Group for the years ended December 31, 2024 and 2023, please refer to Note 6(17), 'Finance costs'.

(8) Other payables

	December 31, 2024	December 31, 2023
Wages, salaries and bonus payable	\$ 118,847	\$ 146,926
Molding equipment payables	6,212	12,900
Utilities expenses payable	4,962	5,939
Others	48,415	21,998
	<u>\$ 178,436</u>	<u>\$ 187,763</u>

(9) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company has established the pension fund monitoring committee in accordance with the Labor Standards Act and the manager pension fund managing committee in accordance with the Income Tax Act since August, 1987 and July, 1999. The Company contributes amounts equal to 11% and 8% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee and a manager pension fund administered by the manager pension fund managing committee. Pension contributions are deposited respectively in the Bank of Taiwan and Taiwan Business Bank in the committee's name. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

Information about the abovementioned pension plan is disclosed as follows:

(a) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit obligations	(\$ 190,744)	(\$ 236,141)
Fair value of plan assets	<u>164,323</u>	<u>177,247</u>
Net defined benefit liabilities	<u>(\$ 26,421)</u>	<u>(\$ 58,894)</u>

(b) Movements in net defined benefit liabilities are as follows:

	<u>For the year ended December 31, 2024</u>		
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
January 1	(\$ 236,141)	\$ 177,247	(\$ 58,894)
Current service cost	( 1,185)	-	( 1,185)
Interest (expense) income	<u>( 2,952)</u>	<u>2,246</u>	<u>( 706)</u>
	<u>( 240,278)</u>	<u>179,493</u>	<u>( 60,785)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	16,487	16,487
Change in financial assumptions	4,268	-	4,268
Experience adjustments	<u>10,809</u>	<u>-</u>	<u>10,809</u>
	<u>15,077</u>	<u>16,487</u>	<u>31,564</u>
Pension fund contribution	<u>-</u>	<u>2,800</u>	<u>2,800</u>
Paid pensions	<u>34,457</u>	<u>( 34,457)</u>	<u>-</u>
December 31	<u>(\$ 190,744)</u>	<u>\$ 164,323</u>	<u>(\$ 26,421)</u>

	For the year ended December 31, 2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
January 1	(\$ 259,563)	\$ 209,766	(\$ 49,797)
Current service cost	( 1,694)	-	( 1,694)
Interest (expense) income	( 3,569)	2,918	( 651)
	<u>( 264,826)</u>	<u>212,684</u>	<u>( 52,142)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,285	1,285
Change in financial assumptions	( 2,795)	-	( 2,795)
Experience adjustments	( 10,042)	-	( 10,042)
	<u>( 12,837)</u>	<u>1,285</u>	<u>( 11,552)</u>
Pension fund contribution	-	4,800	4,800
Paid pensions	41,522	( 41,522)	-
December 31	<u>(\$ 236,141)</u>	<u>\$ 177,247</u>	<u>(\$ 58,894)</u>

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings are less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets As of December 31, 2024 and 2023 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(d) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2024	2023
Discount rate	1.50%	1.25%
Future salary increase rate	2.50%	2.50%

Future mortality rate was estimated based on the 6<sup>th</sup> Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2024 and 2023.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increase rate	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2024</u>				
Effect on present value of defined benefit obligation	(\$ 4,132)	\$ 4,269	\$ 4,154	(\$ 4,041)
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	(\$ 5,543)	\$ 5,738	\$ 5,571	(\$ 5,411)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(e) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2025 amount to \$2,460.

(f) As of December 31, 2024, the weighted average duration of the retirement plan is 8.8 years. The analysis of timing of the future pension payment was as follows:

Within next 1 year	\$ 5,624
Within next 2 to 5 years	61,190
Over next 6 years	45,800
	<u>\$ 112,614</u>

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the Company’s defined contribution

pension plan for the years ended December 31, 2024 and 2023 were \$22,694 and \$23,029, respectively.

(10) Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows (Unit: in thousand shares)

	For the years ended December 31,	
	2024	2023
Balance as of January 1 and December 31	76,230	76,230

B. As of December 31, 2024, the Company's total authorized capital were \$800,000 and the paid-in capital were \$762,300, consisting of 76,230 thousand shares of ordinary stock, with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(11) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(12) Retained earnings

A. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

B. According to the Company's revised Articles of Incorporation passed by the shareholders' meeting on June 11, 2024, considering future capital needs and long-term financial planning, the company will set aside 10% as a legal reserve after paying taxes and covering accumulated losses in accordance with the law. However, when the legal reserve has reached the amount of paid-in capital, a special reserve shall be set aside for the amount of reductions in shareholders' equity occurred in that year. ; The remainder with any undistributed retained earnings shall be distributed by the Company's Board of Directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The shareholders' dividends shall not be lower than 50% of distributed retained earnings, and the cash dividends shall not be lower than 50% of the total shareholders' dividends. The company authorizes the board of directors, with more than two-thirds of the directors present and a resolution approved by more than half of the directors present, to distribute all or part of

the dividends and bonuses, capital reserves or legal reserves in cash, and report it to the shareholders' meeting. The provisions of the preceding paragraph that must be resolved by the shareholders' meeting do not apply.

C. Under the Company's Articles of Incorporation before the amendment, with consideration of the future needs for funds and long-term financial plan, the current year's earnings, if any, shall be first utilized for paying taxes, offsetting losses of previous years, setting aside 10% of the remaining profit as legal reserve, setting aside or reversing special reserve in accordance with the Act. The remainder with any undistributed retained earnings shall be distributed by the Company's Board of Directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The shareholders' dividends shall not be lower than 50% of distributed retained earnings, and the cash dividends shall not be lower than 50% of the total shareholders' dividends.

D. Special reserve

(a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amount of \$23,122 previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

E. The Company recognized cash dividends distributed to owners amounting to \$53,361 (\$0.7 (in dollars) per share) for the years ended December 31, 2024 and 2023, respectively. On March 6, 2025, the Board of Directors proposed for the distribution of cash dividends from 2024 earnings in the amount of \$76,230 (\$1 (in dollars) per share).

(13) Operating revenue

A. The Group derives revenue from the transfer of goods sold of revenue-related contract at a point in time in the following major product categories:

	For the years ended December 31,	
	2024	2023
Car lamps	\$ 3,256,060	\$ 4,089,309
Molds	132,456	321,864
Others	307,704	405,831
	<u>\$ 3,696,220</u>	<u>\$ 4,817,004</u>

B. Contract liabilities:

As of December 31, 2024, December 31, 2023 and January 1, 2023, the Group recognized

contract liabilities amounting to \$74,578, \$25,247 and \$113,995, respectively. Revenue recognized for the years ended December 31, 2024 and 2023 that was included in the contract liability balance at the beginning of the year amounted to \$8,417 and \$103,248, respectively.

(14) Interest income

	For the years ended December 31,	
	2024	2023
Interest income from bank deposits	\$ 5,356	\$ 5,121
Interest income from financial assets at amortized cost	-	12
	<u>\$ 5,356</u>	<u>\$ 5,133</u>

(15) Other income

	For the years ended December 31,	
	2024	2023
Royalty revenue	\$ 747	\$ 14,899
Government grants income	654	15,978
Accounts payable recognized as income due to expiration of claim rights	8,959	-
Other income	8,541	10,159
	<u>\$ 18,901</u>	<u>\$ 41,036</u>

(16) Other gains and losses

	For the years ended December 31,	
	2024	2023
Net currency exchange gain	\$ 37,513	\$ 20,118
Loss on disposal of investment accounted for using equity method	( 12,099)	-
Loss on disposal of property, plant and equipment	( 3,536)	( 404)
(Loss) gain from lease modification	( 424)	23
Royalty expense	( 342)	( 4,567)
Other loss	( 117)	( 850)
	<u>\$ 20,995</u>	<u>\$ 14,320</u>

(17) Finance costs

	For the years ended December 31,	
	2024	2023
Interest expense		
Bank borrowings	\$ 3,745	\$ 5,382
Interest expense on lease liabilities	480	606
Others	-	9
	<u>\$ 4,225</u>	<u>\$ 5,997</u>

(18) Expenses by nature

	For the year ended December 31, 2024		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense	\$ 378,871	\$ 206,726	\$ 585,597
Depreciation	\$ 112,103	\$ 17,325	\$ 129,428
Amortization	\$ 522	\$ 3,368	\$ 3,890

  

	For the year ended December 31, 2023		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense	\$ 443,840	\$ 206,615	\$ 650,455
Depreciation	\$ 132,061	\$ 14,370	\$ 146,431
Amortization	\$ 1,262	\$ 5,128	\$ 6,390

(19) Employee benefit expense

	For the year ended December 31, 2024		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Wages and salaries	\$ 300,539	\$ 168,982	\$ 469,521
Labor and health insurance	36,595	17,886	54,481
Pension costs	16,087	8,498	24,585
Other personnel expenses	25,650	11,360	37,010
	<u>\$ 378,871</u>	<u>\$ 206,726</u>	<u>\$ 585,597</u>

  

	For the year ended December 31, 2023		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Wages and salaries	\$ 361,327	\$ 172,848	\$ 534,175
Labor and health insurance	41,311	15,553	56,864
Pension costs	17,666	7,708	25,374
Other personnel expenses	23,536	10,506	34,042
	<u>\$ 443,840</u>	<u>\$ 206,615</u>	<u>\$ 650,455</u>

A. According to the Company's revised Articles of Incorporation passed by the Company's shareholders' meeting on June 11, 2024, the annual pre-tax net profit before deducting employees' compensation and directors' compensation will be distributed in the following manner :

- (a) Less than 2% for directors' compensation
- (b) More than 1% for employees' compensation

However, if there are accumulated losses, the company should reserve the amount to offset the losses in advance, then distributed according to agreed proportions mentioned above. Employee compensation can be in stocks or cash, and directors' compensation can only be in cash. Employees' and directors' compensation distribution should be proposed to the shareholders' meeting report.

B. In accordance with the Articles of Incorporation of the Company before the amendment, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed

as employees' compensation. The ratio shall not be lower than 1% for employees' compensation, and then be appropriated as employees' compensation based on the abovementioned ratios. In addition, the Company did not distribute directors' remuneration over years, and thus did not accrue directors' remuneration.

C. For the years ended December 31, 2024 and 2023, employees' compensation was accrued at \$837 and \$1,652, respectively. The aforementioned amounts were recognized in salary expenses. The employees' compensation was estimated and accrued based on the percentage of distributable profit of current year as of the end of reporting period as prescribed by the Company's Articles of Incorporation. The employees' compensation resolved by the Board of Directors for 2024 was \$837 and the employees' compensation will be distributed in the form of cash. The amounts of employees' compensation as resolved by the Board of Directors was in agreement with the estimated amounts of \$1,652 recognized in the 2023 financial statements. Information about employees' compensation of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(20) Income tax

A. Income tax (benefit) expense:

(a) Components of income tax (benefit) expense:

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Current income tax:		
Current tax on profits for the year	\$ 21,303	\$ 55,551
Tax on unappropriated earnings	-	1,860
Prior year income tax overestimation	-	( 17,597)
Total current income tax	<u>21,303</u>	<u>39,814</u>
Deferred income tax:		
Origination and reversal of temporary differences	( 25,831)	( 3,468)
Income tax (benefit) expense	<u>(\$ 4,528)</u>	<u>\$ 36,346</u>

(b) The income tax relating to components of other comprehensive income is as follows:

	<u>For the years ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Remeasurement of defined benefit obligations	(\$ 6,313)	\$ 2,310
Financial statements translation differences offoreign operations	( 3,944)	58
	<u>(\$ 10,257)</u>	<u>\$ 2,368</u>

B. Reconciliation between income tax (benefit) expense and accounting profit:

	For the years ended December 31	
	2024	2023
Tax calculated based on profit before tax and statutory tax rate	\$ 16,580	\$ 15,751
Effects from items adjusted in accordance with tax regulations	( 21,108)	36,332
Tax on unappropriated earnings	-	1,860
Prior year income tax overestimation	-	( 17,597)
Income tax (benefit) expense	<u>(\$ 4,528)</u>	<u>\$ 36,346</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	For the year ended December 31, 2024			
	January 1	Recognized in profit or loss	Recognised in other comprehensive income	December 31
Deferred income tax assets				
Temporary differences:				
Loss on decline in market value of inventories	\$ 3,065	\$ 5,322	\$ -	\$ 8,387
Unused compensated absences	4,410	307	-	4,717
Long-term employee benefit liabilities	432	2	-	434
Pensions	11,778	( 182)	( 6,313)	5,283
Unrealized exchange losses	1,731	( 1,731)	-	-
Investment income	-	494	-	494
Loss on disposal of investments	-	22,321	-	22,321
Financial statements translation differences of foreign operations	<u>3,821</u>	<u>-</u>	<u>( 3,821)</u>	<u>-</u>
	<u>\$ 25,237</u>	<u>\$ 26,533</u>	<u>(\$ 10,134)</u>	<u>\$ 41,636</u>
Deferred income tax liabilities				
Temporary differences:				
Increment tax on land revaluation	(\$ 76,736)	\$ -	\$ -	(\$ 76,736)
Unrealized exchange gains	-	( 702)	-	( 702)
Financial statements translation differences of foreign operations	<u>-</u>	<u>-</u>	<u>( 123)</u>	<u>( 123)</u>
	<u>(\$ 76,736)</u>	<u>(\$ 702)</u>	<u>(\$ 123)</u>	<u>(\$ 77,561)</u>
	<u>(\$ 51,499)</u>	<u>\$ 25,831</u>	<u>(\$ 10,257)</u>	<u>(\$ 35,925)</u>

	For the year ended December 31, 2023			
		Recognised in other		
	January 1	Recognized in profit or loss	comprehensive income	December 31
Deferred income tax assets				
Temporary differences:				
Loss on decline in market value of inventories	\$ 2,569	\$ 496	\$ -	\$ 3,065
Unrealized gain with associates	812	( 812)	-	-
Unused compensated absences	3,908	502	-	4,410
Long-term employee benefit liabilities	438	( 6)	-	432
Pensions	9,959	( 491)	2,310	11,778
Unrealized exchange losses Financial statements translation differences of foreign operations	-	1,731	-	1,731
	<u>3,763</u>	<u>-</u>	<u>58</u>	<u>3,821</u>
	<u>\$ 21,449</u>	<u>\$ 1,420</u>	<u>\$ 2,368</u>	<u>\$ 25,237</u>
Deferred income tax liabilities				
Temporary differences:				
Increment tax on land revaluation	( 76,736)	-	-	( 76,736)
Unrealized exchange gains	( 2,048)	2,048	-	-
	<u>(\$ 78,784)</u>	<u>\$ 2,048</u>	<u>\$ -</u>	<u>(\$ 76,736)</u>
	<u>(\$ 57,335)</u>	<u>\$ 3,468</u>	<u>\$ 2,368</u>	<u>(\$ 51,499)</u>

D. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority. As of March 6, 2025, there was no administrative lawsuit.

(21) Earnings per share

	<u>For the year ended December 31, 2024</u>		
		Weighted average number of shares outstanding	Earnings per share
	<u>Amount after tax</u>	<u>(shares in thousands)</u>	<u>(in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to the ordinary shareholders of the parent	<u>\$ 87,428</u>	<u>76,230</u>	<u>\$ 1.15</u>
<u>Diluted earnings per share</u>			
Profit attributable to the ordinary shareholders of the parent	\$ 87,428	76,230	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>27</u>	
Profit attributable to the ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 87,428</u>	<u>76,257</u>	<u>\$ 1.15</u>
	<u>For the year ended December 31, 2023</u>		
		Weighted average number of shares outstanding	Earnings per share
	<u>Amount after tax</u>	<u>(shares in thousands)</u>	<u>(in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to the ordinary shareholders of the parent	<u>\$ 42,410</u>	<u>76,230</u>	<u>\$ 0.56</u>
<u>Diluted earnings per share</u>			
Profit attributable to the ordinary shareholders of the parent	\$ 42,410	76,230	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>42</u>	
Profit attributable to the ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 42,410</u>	<u>\$ 76,272</u>	<u>\$ 0.56</u>

(22) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2024	2023
Acquisition of property, plant and equipment	\$ 86,233	\$ 41,526
Add: Ending balance of prepayments for equipment	30,894	9,541
Less: Beginning balance of prepayments for equipment	( 9,541)	( 7,053)
Cash paid for acquisition of property, plant and equipment	<u>\$ 107,586</u>	<u>\$ 44,014</u>

B. Investing activities with no cash flow effects:

	For the years ended December 31,	
	2024	2023
Inventories transferred to property, plant and equipment	<u>\$ 22,184</u>	<u>\$ 37,861</u>

(23) Changes in liabilities from financing activities

	For the year ended December 31, 2024			
	Short-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities
January 1	\$ 210,000	\$ 41,786	\$ 240	\$ 252,026
Changes in cash flow from financing activities	( 160,000)	( 12,043)	-	( 172,043)
Changes in other non-cash items	-	( 590)	-	( 590)
December 31	<u>\$ 50,000</u>	<u>\$ 29,153</u>	<u>\$ 240</u>	<u>\$ 79,393</u>

  

	For the year ended December 31, 2023			
	Short-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities
January 1	\$ 300,000	\$ 38,826	\$ 240	\$ 339,066
Changes in cash flow from financing activities	( 90,000)	( 17,200)	-	( 107,200)
Changes in other non-cash items	-	20,160	-	20,160
December 31	<u>\$ 210,000</u>	<u>\$ 41,786</u>	<u>\$ 240</u>	<u>\$ 252,026</u>

## 7. Related Party Transactions

### (1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Koito Manufacturing Co., Ltd.	Entities with significant influence on the Group
Guangzhou Koito Automotive Lamp Co., Ltd.	Subsidiary of the entity with significant influence on the Group
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd.	Subsidiary of the entity with significant influence on the Group (Note)
India Japan Lighting Private Limited	Subsidiary of the entity with significant influence on the Group
PT. Indonesia Koito	Subsidiary of the entity with significant influence on the Group
Thai Koito Company Limited	Subsidiary of the entity with significant influence on the Group
Hubei Koito Automotive Lamp Co., Ltd.	Subsidiary of the entity with significant influence on the Group
North American Lighting Inc.	Subsidiary of the entity with significant influence on the Group
NAL DO BRASIL INDUSTRIA E COMERCIO DE COMPONENTES DE ILUMINACAO LTDA	Subsidiary of the entity with significant influence on the Group
Ta Yih Kenmos Auto Parts Co., Ltd.	Substantive related party
Ta Yih Kenmos Auto Parts (Thailand) Co., Ltd.	Substantive related party
Ta Yih International Hotel Co., Ltd.	Substantive related party
DBM Reflex of Taiwan Co., Limited	Substantive related party
Chenwang Industrial Co., Ltd	Substantive related party
(Note) Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd., previously an associate in which the Group held a 49% interest, changed its status on July 29, 2024, due to an equity transfer transaction with Koito Manufacturing Co., Ltd. It is now recognized as a subsidiary of an entity that has significant influence on the Group.	

### (2) Significant related party transactions

#### A. Operating revenue

	For the years ended December 31,	
	2024	2023
Sales of goods:		
Koito Manufacturing Co., Ltd.	\$ 145,511	\$ 559,039
Substantive related parties	14,157	1,516
Associates	2,262	7,679
Subsidiaries of the entity with significant influence on the Group	-	73,642
	\$ 161,930	\$ 641,876

The prices of sales of goods with related parties did not have substantive difference compared to non-related parties, except the prices of sales of goods with associates were added based on the costs. The collection term of domestic sales with related parties is 90 days. Except for Koito Manufacturing Co., Ltd., which the payment is received within 2 months of monthly settlement, and for associate which the payment is received within 4 to 6 months of monthly settlement, the collection term of export sales with related parties according to the term of individual transaction, which is normally 90 days, and the collection term does not have substantive difference compared to non-related parties.

B. Purchases

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Purchases of goods:		
Entities with significant influence on the Group	\$ 118,807	\$ 258,480
Subsidiaries of the entity with significant influence on the Group	11,230	11,199
Substantive related parties	9,199	6,060
Associates	<u>75</u>	<u>19,271</u>
	<u>\$ 139,311</u>	<u>\$ 295,010</u>

The price of goods purchased do not have substantive difference between related and non-related parties. Except for the associate which the payment is paid within 4 months of monthly settlement, the payment term for related parties depends on individual transaction, which is normally 90 days, and does not have substantive difference from non-related parties.

C. Disposal of investments accounted for using equity method

	<u>For the year ended December 31, 2024</u>	
	<u>Disposal proceeds</u>	<u>Loss on disposal</u>
Koito Manufacturing Co., Ltd.	<u>\$ 26,952</u>	<u>(\$ 12,009)</u>

There were no such matters in 2023.

D. Receivables from related parties

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable:		
Koito Manufacturing Co., Ltd.	\$ -	\$ 67,011
Substantive related parties	8,620	1,409
Subsidiaries of the entity with significant influence on the Group	810	26,353
Associates	-	2,281
	<u>9,430</u>	<u>97,054</u>
Less: Allowance for uncollectible accounts	( 1)	( 102)
	<u>\$ 9,429</u>	<u>\$ 96,952</u>
Other receivables:		
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd.	\$ -	\$ 3,268
Substantive related parties	369	173
	<u>\$ 369</u>	<u>\$ 3,441</u>

The outstanding trade receivables from related parties are unsecured.

E. Payables to related parties

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts payable:		
Entities with significant influence on the Group	\$ 19,691	\$ 50,585
Substantive related parties	7,087	1,256
Associates	60	2,329
	<u>\$ 26,838</u>	<u>\$ 54,170</u>
Other payables:		
Koito Manufacturing Co., Ltd.	\$ 28,134	\$ 46,553

The outstanding trade payables from related parties are unsecured.

F. Lease transactions - lessee

(a) The Group leases plants from Ta Yih Kenmos Auto Part Co., Ltd. Rental contracts are typically made for periods from April 1, 2022 to March 31, 2027. Rents are determined by reference to market prices and are paid monthly starting from the first day of lease.

The carrying amount of lease liabilities recognized by the Group as of December 31, 2024 and 2023 was \$18,628 and \$26,740, respectively. Interest expense recognized for the years ended December 31, 2024 and 2023 were \$287 and \$388, respectively.

(b) The lease period of the offices and warehouses leased from Ta Yih Kenmos Auto Part Co., Ltd. shall not exceed 12 months. Rents are determined by reference to market prices and are paid monthly starting from the first day of lease.

For the years ended December 31, 2024 and 2023, the Group recognized rent expense

amounting to \$1,322 and \$800 due to the above lease transactions, respectively.

H. Other transactions with related parties

(a) Royalty expenses:

The Group entered into a royalty expense contract with the entity with significant influence - Koito Manufacturing Co., Ltd on June 1, 1987, original contract period 8 years, in accordance with the provisions of the contract, if either party doesn't give notice of termination of the original contract 6 months prior to the end of the period, extended every 3 years. The royalty expenses were \$66,814 and \$86,333 for the years ended December 31, 2024 and 2023, respectively (listed as "operating costs" and "operating expenses").

(b) Royalty revenue:

i. The Group entered into a royalty revenue contract with its associate - Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd. on December 26, 2016, original contract period 2 years, in accordance with the provisions of the contract, if either party doesn't give notice of termination of the original contract 6 months prior to the end of the period, extended every 3 years. The royalty revenues were \$747 and \$11,426 for the years ended December 31, 2024 and 2023, respectively (listed as "other income"). According to the contract, 50% of the royalty revenue should be paid to the entity with significant influence - Koito Manufacturing Co., Ltd. which amounted to \$342 and \$4,567 for the years ended December 31, 2024 and 2023, respectively (listed as "other gains and losses").

ii. The Group entered into a contract with the subsidiary of Koito Manufacturing Co., Ltd - Guangzhou Koito Automotive Lamp Co., Ltd. on November 11, 2019. The contract period is one year, and it shall be automatically renewed for successive one year term thereafter until and unless either the Party provides the other Party within 3 months prior notification to expire or modify the contract. The royalty revenue was \$ - and \$3,473 for the years ended December 31, 2024, and 2023, respectively (listed as "other income").

(3) Significant related party transactions

	For the years ended December 31	
	2024	2023
Salaries and other short-term employee benefits	\$ 15,790	\$ 9,241
Post-employment benefits	141	71
	<u>\$ 15,931</u>	<u>\$ 9,312</u>

## 8. Pledged Assets

None.

## 9. Significant Contingent Liabilities and Unrecognized Contract Commitments

As of December 31, 2024 and 2023, the balances for contracts that the Group entered into but not yet paid are \$6,645 and \$5,854, respectively.

## 10. Significant Disaster Loss

None.

## 11. Significant Events after the Balance Sheet Date

None.

## 12. Others

### (1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Group consists of net liabilities (borrowings offset by cash) and the equity, and the Group is not subject to any externally imposed capital requirements.

### (2) Financial instruments

#### A. Financial instruments by category

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 292,687	\$ 390,349
Notes receivable	10	9,086
Accounts receivable (including related parties)	617,101	779,624
Other receivables (including related parties)	22,728	30,353
Guarantee deposits paid	8,835	7,794
	<u>\$ 941,361</u>	<u>\$ 1,217,206</u>
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	\$ 50,000	\$ 210,000
Notes payable	38,796	92,641
Accounts payable (including related parties)	414,640	736,966
Other payables (including related parties)	206,570	234,316
Guarantee deposits received (listed as "other non-current liabilities")	240	240
	<u>\$ 710,246</u>	<u>\$ 1,274,163</u>
Lease liabilities (including current portion)	<u>\$ 29,153</u>	<u>\$ 41,786</u>

#### B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, CNY and JPY. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. Each company in the group is required to hedge their entire foreign exchange risk exposure with the Group treasury. Foreign exchange risk arises when future commercial transactions, recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.
- iii. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; the subsidiaries' functional currency: USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follow:

December 31, 2024			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 9,377	32.785	\$ 307,425
CNY : NTD	1,394	4.478	6,242
JPY : NTD	171,339	0.2099	35,964
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	216	32.785	7,082
CNY : NTD	2,801	4.478	12,543
JPY : NTD	108,140	0.2099	22,699
December 31, 2023			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 17,923	30.71	\$ 550,329
CNY : NTD	2,548	4.327	11,027
JPY : NTD	683,264	0.2172	148,405
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1,383	30.71	42,455
CNY : NTD	4,196	4.327	18,158
JPY : NTD	259,658	0.2172	56,398

The sensitivity analysis of foreign exchange risk mainly focuses on the foreign currency monetary items at the end of the financial reporting period. If the exchange rate of NTD to all foreign currencies had appreciated or depreciated by 1% with all other variables held constant, the Group's profit, net of tax for the years ended December 31, 2024 and 2023 would have increased/decreased by \$2,459 and \$4,742, respectively.

- iv. The total exchange gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2024 and 2023, amounted to \$37,513 and \$20,118, respectively.

### Price risk

The Group has not engaged in financial instrument or derivatives investment, hence is not exposed to significant market risk of price fluctuations.

### Cash flow and fair value interest rate risk

- i. The Group's certain borrowings are financial instruments at floating rates. Thus, future cash flows fluctuate due to changes in market interest rates and further changes in effective rates of debt instruments. However, risk is partially offset by cash and cash equivalents held at variable rates and borrowings issued at fixed rates expose the Group to fair value interest rate risk.
- ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2024 and 2023 would have decreased/increased by \$30 and \$43, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

### (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group manages their credit risk taking into consideration the entire entity's concern. According to the Group's credit policy, each operating entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, considering their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.
- iii. The Group adopts the management of credit risk, if the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument. the default occurs when the contract payments are past due over 365 days. In addition, the default occurs after the Group initiates recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- iv. The Group's credit risks are deemed significantly concentrated since the credit risks are mainly concentrated in the top three customers of the Group. The Group classifies customer's notes and accounts receivable in accordance with credit rating of customer. The Group applies the modified approach using a provision matrix based on the loss rate methodology to estimate the expected credit loss and uses the forecast ability to adjust historical and timely information to assess the default possibility of notes and accounts receivable. On December 31, 2024 and 2023, the provision matrix is as follows:

<u>December 31, 2024</u>	<u>No indication of default of debtor</u>			<u>Total</u>
	<u>Not past due</u>	<u>Up to 90 days past due</u>	<u>Individual identification</u>	
Rate	0%~0.06%	0.1%~50%	100%	
Total book value	\$ 606,142	\$ 11,924	\$ 960	\$ 619,026
Loss allowance	( 377)	( 578)	( 960)	( 1,915)
	<u>\$ 605,765</u>	<u>\$ 11,346</u>	<u>\$ -</u>	<u>\$ 617,111</u>

<u>December 31, 2023</u>	<u>No indication of default of debtor</u>			<u>Total</u>
	<u>Not past due</u>	<u>Up to 90 days past due</u>	<u>Individual identification</u>	
Rate	0%~0.13%	0.1%~100%	50%~100%	
Total book value	\$ 781,582	\$ 5,945	\$ 6,543	\$ 794,070
Loss allowance	( 995)	( 390)	( 3,975)	( 5,360)
	<u>\$ 780,587</u>	<u>\$ 5,555</u>	<u>\$ 2,568</u>	<u>\$ 788,710</u>

- v. Movements in relation to the Group applying the modified approach to provide loss allowance for notes receivable accounts receivable (including related parties) are as follows:

	<u>For the years ended December 31</u>	
	<u>2024</u>	<u>2023</u>
January 1	\$ 5,360	\$ 7,531
Expected credit gains	( 3,445)	( 2,171)
December 31	<u>\$ 1,915</u>	<u>\$ 5,360</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group's Finance Department. Group's Finance Department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group's Finance Department. The Group's Finance Department invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts, that are expected to readily generate cash inflows for managing liquidity risk.
- iii. The Group has the following undrawn borrowing facilities:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Floating rate:		
Expiring within one year	<u>\$ 1,131,140</u>	<u>\$ 1,062,820</u>

iv. The table below analyses the Group's non-derivative financial liabilities and relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

December 31, 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	
Non-derivative financial liabilities:				
Short-term borrowings	\$ 50,065	\$ -	\$ -	
Notes payable	38,796	-	-	
Accounts payable (including related parties)	414,640	-	-	
Other payables (including related parties)	206,570	-	-	
Lease liabilities	12,669	11,683	5,423	
Guarantee deposits received	-	240	-	
December 31, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Short-term borrowings	\$ 210,510	\$ -	\$ -	\$ -
Notes payable	92,641	-	-	-
Accounts payable (including related parties)	736,966	-	-	-
Other payables (including related parties)	234,316	-	-	-
Lease liabilities	14,285	13,168	15,228	188
Guarantee deposits received	-	240	-	-

v. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

### (3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with enough frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. The carrying amounts of the financial instruments which are not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), guarantee deposits paid, short-term borrowings, notes payable, accounts payable (including related parties), other payables (including related parties) and guarantee deposits received are approximate to their fair values.

(4) Other matters

Since the fact that the price of the basic purchase contract with Koito Manufacturing Co., Ltd. (Koito Company) has been affected by the depreciation of the exchange rate, which has affected the Group's profits, the Group proposed to Koito Manufacturing Co., Ltd. that the contract would not be renewed upon expiration. After negotiations between the two parties, they decided that the contract would not be renewed after the expiration of the contract on March 31, 2024.

13. Supplementary Disclosures

(According to the current regulatory requirements, the Group is only required to disclose the information for the year ended December 31, 2024)

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost reaching \$300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching \$300 million or 20% of the Company's paid-in capital: None.

F. Disposal of real estate reaching \$300 million or 20% of the Company's paid-in capital: None.

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of the Company's paid-in capital: Refer to table 1.

H. Receivables from related parties reaching \$100 million or 20% of the Company's paid-in capital: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Refer to table 2.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 3.

B. Significant transactions with investee companies in Mainland China, either directly or indirectly through a third area: None.

(4) Information on major shareholders

Information on major shareholders: Refer to table 4.

#### 14. Segment Information

##### (1) General information

The Group operates business only in a single industry. The chief operating decision-maker who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

##### (2) Measurement of segment information

The segment information provided to the chief operating decision-maker by the Group is measured on the same basis as the consolidated financial statements.

##### (3) Reconciliation for segment income and segment assets

A. Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured consistently with that within the consolidated statement of comprehensive income. The segment's profit before tax is consistent with the profit before tax from continuing operations, therefore, no reconciliation is needed.

B. Total assets and liabilities provided to the chief operating decision-maker are measured consistently with those within the consolidated financial statements, therefore, no adjustments are required.

##### (4) Information on products and services

Revenue from external customers is mainly from sales of car lamps and molds. Details of revenue are as follows:

	For the years ended December 31,	
	2024	2023
Car lamps	\$ 3,256,060	\$ 4,089,309
Molds	132,456	321,864
Others	307,704	405,831
	<u>\$ 3,696,220</u>	<u>\$ 4,817,004</u>

##### (5) Geographical information

Geographical information for the years ended December 31, 2024 and 2023 is as follows:

	For the year ended December 31, 2024		For the year ended December 31, 2023	
	Revenue (Note)	Non-current assets	Revenue (Note)	Non-current assets
Taiwan	\$ 2,163,154	\$ 962,024	\$ 2,279,948	\$ 972,604
United States	1,237,294	-	1,742,679	-
Japan	168,399	-	606,849	-
China	4,848	-	15,305	-
Other countries (Less than 10%)	<u>122,525</u>	<u>-</u>	<u>172,223</u>	<u>-</u>
	<u>\$ 3,696,220</u>	<u>\$ 962,024</u>	<u>\$ 4,817,004</u>	<u>\$ 972,604</u>

(Note) Revenue is categorized based on the locations of customers.

(6) Major customer information

Major customer (net revenue from the customer constituting more than 10% of net consolidated operating revenue) information of the Group for the years ended December 31, 2024 and 2023 is as follows:

	<u>For the year ended December 31, 2024</u>	<u>For the year ended December 31, 2023</u>
	<u>Revenue</u>	<u>Revenue</u>
Customer A	\$ 1,336,022	\$ 1,826,128
Customer B	1,264,412	1,377,631
Koito Manufacturing Co., Ltd.	145,511	559,039

TA YIH INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Purchases or sales transactions with related parties reaching \$100 million or 20% of the Company's paid-in capital

For the year ended December 31, 2024

Table 1

Expressed in thousands of NTD

Purchases/sales company	Name of the counterparty	Relationship	Description of transaction				Description and reasons for difference in transaction terms compared to non-related party		Notes or accounts receivable/(payable)		
			Purchases/(sales)	Amount	Percentage of net purchases/(sales)	Credit Period	Unit Price	Credit Period	Amount	Percentage of notes or accounts receivable/(payable)	Note
Ta Yih Industrial Co., Ltd.	Koito Manufacturing Co., Ltd.	Entities with significant influence on the Group	(Sales)	(\$ 145,511)	(4%)	2 months	Not significantly different	Not significantly different	\$ -	-%	-
			Purchases	118,807	5%	3 months	Not significantly different	Not significantly different	( 19,691)	(5%)	-

TA YIH INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Information on investees

For the year ended December 31, 2024

Table 2

Expressed in thousands of NTD

Investor	Investee	Location	Main Businesses	Original investment amount		Holding status as of December 31, 2024			Net income (loss) of the investee	Investment income (loss) recognized by the Company	Note
				Balance as of December 31, 2024	Balance as of December 31, 2023 (Note 1)	Shares	Percentage of ownership	Book value			
Ta Yih Industrial Co., Ltd.	Ta Yih International Investment Co., Ltd. (BVI)	British Virgin Islands	General investments	\$ 11,475	\$ 11,475	35,000	100.00	\$ 8,159	\$ 25	\$ 25	Subsidiary

(Note 1) Represents the original investment amount as of December 31, 2023.

(Note 2) Foreign currencies were translated into New Taiwan Dollars using the exchange rates as of report date as follows: USD:NTD 1:32.785.

TA YIH INDUSTRIAL CO., LTD. AND SUBSIDIARIES  
Information on investments in Mainland China - Basic information  
For the year ended December 31, 2024

Table 3

Expressed in thousands of NTD

Investee in Mainland China	Main Businesses	Paid-in capital	Investment Method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024 (Note 3)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2024		Accumulated amount of remittance from Taiwan as of December 31, 2024	Net income (loss) of the investee	Percentage of ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company (Note 4)	Book value of investments as of December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024 (Note 5)	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd.	Import, export and sale of automobile lamps in mainland China	\$ 295,065	(Note 1)	\$ 42,470	\$ -	(\$ 26,952)	\$ -	(\$ 133,633)	-	\$ -	\$ -	\$ 238,605	(Note 2)

  

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 2)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 5)
Ta Yih Industrial Co., Ltd.	\$ -	\$ -	\$ 1,120,967

(Note 1) Entrusting Ta Yih International Investment Co., Ltd. which was established in third region to invest in mainland China. Items referred to Rule No. 84022220 issued by the Investment Commission, MOEA.

(Note 2) On January 18, 1996, the Investment Commission, MOEA approved the investment of US\$2.5 million (including cash investment of US\$1.76 million and machinery investment of US\$740,000) through the approval of the Rule No. 84022220. On February 20, 2001, according to the Rule No. 90003791, approved by the Investment Commission, MOEA, the Company entrusted Ta Yih Investment Co., Ltd. which was established in the third region to invest US\$500,000 on machinery equipment. However, there was still US\$150,000 left unpaid. Therefore, the amount of capital owned by Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd was only US\$2.85 million. However, at the end of November 2005, the Company transferred 51% of the investment to Koito Manufacturing Co., Ltd. In December 2007, Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd resolved to issue share dividends from capital surplus of US\$2.45 million, of which the investment amount belonged to the Company was US\$2.45 million × 49% = US\$1.205 million, and had been approved by the Investment Commission, MOEA on March 24, 2008. In August 2008, the Company applied for issuing share dividends from capital surplus of US\$1.5 million, of which the amount of investment belonged to the company was US\$1.5 million × 49% = US\$735,000, and had been approved by the Investment Commission, MOEA on August 6, 2008. In May 2010, the Company applied for issuing share dividends from capital surplus of US\$2.2 million, of which the amount of investment belonged to the Company was US\$2.2 million × 49% = US\$1.078 million. In July 2024, 49% of the company equity had been sold, and the approved mainland investment project was canceled by the Department of Investment Review, Ministry of Economic Affairs.

(Note 3) The company's original investment amount was \$86,673. Subsequently, it sold 51% and 49% of Fuzhou Koito's equity in November,2005 and July,2024 respectively and recovered the investment amount of \$44,203 and \$26,952 thousands. The remainder will be written off.

(Note 4) Inward cash dividends.

(Note 5) The ceiling amount is 60% of higher of consolidated net worth or net worth according to "Principle of Investment or Technical Cooperation in Mainland China" issued by the Investment Commission, MOEA.

(Note 6) Foreign currencies were translated into New Taiwan Dollars using the exchange rates as of report date as follows: USD:NTD 1:30.785, except for net income (loss) of the investee and investment income (loss) recognized by the Company.

TA YIH INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Information on major shareholders

December 31, 2024

Table 4

Name of major shareholders	Shares	
	Number of shares held	Ownership Percentage
Koito Manufacturing Co., Ltd.	24,774,750	32.50%
Ta Wei Investment Co., Ltd.	20,797,622	27.28%

(Note 1) The major shareholders information was derived from the data that 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 on the financial statements may differ from the actual number of shares issued in dematerialized form because of a different calculation basis.

(Note 2) If a shareholder delivers their shareholdings to a trust, the above information will be disclosed by the individual trustee who opened the trust account.

For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Securities and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property.

For information relating to insider shareholding declaration, please refer to the Market Observation Post System website of the Taiwan Stock Exchange.