Stock Code:3548

# JARLLYTEC CO., LTD. AND SUBSIDIARIES

**Consolidated Financial Statements**

**With Independent Auditors' Report**
**For the Years Ended December 31, 2024 and 2023**

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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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# Representation Letter

The entities that are required to be included in the combined consolidated financial statements of Jarllytec Co., Ltd. as of and for the year ended December 31, 2024 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Jarllytec Co., Ltd. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Company name: Jarllytec Co., Ltd.
Chairman: Chang, Tai-Yuan
Date: March 7, 2025

# Independent Auditors' Report

To the Board of Directors of Jarllytec Co., Ltd.:

## Opinion

We have audited the consolidated financial statements of Jarllytec Co., Ltd. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023 the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant 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 ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

## Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters we judge that shall be communicated in the audit report are as follows:

1. Revenue recognition

   Please refer to Note 4(m) "Revenue recognition"

   Description of key audit matter:

   The major business of the Group is the development and manufacturing of various hinges which applied in computer, communication and consumer electronics, etc. The Operating Revenue is the main indicator for the investor to evaluate the financial and business performance of the Group. Therefore, it has been identified as a key audit matter.

   How the matter was addressed in our audit:

   Our principal audit procedures included:

   (1) Understanding the design and implementation of internal controls over revenue recognition and verifying the compliance of accounting policy.

   (2) Testing the manual control of sales and collection cycle.

   (3) Analyzing the changes in sales revenue from top ten clients and comparing them with those of the same period in the previous year to confirm whether or not there are significant exceptions or irregular transactions exist.

   (4) Examining the vouchers to determine the appropriate cut offs for revenue recognition within selected periods before and after the balance sheet date to evaluate whether the revenue was recorded in the appropriate period.

2. Impairment evaluation of accounts receivable

   Please refer to Note 4(g)(i)(1) "Financial assets measured at amortized cost"; Note 5(a) Significant accounting assumptions and judgments, and major sources of estimation uncertainty, and Note 6(c) Notes and accounts receivables.

   Description of key audit matter:

   The Group measured its accounts receivable by the recoverable amounts due to the provision of bad debt allowance that is subject to the management's judgement. Therefore, it has been identified as a key audit matter.

   How the matter was addressed in our audit:

   Our principal audit procedures included:

   (1) Assessing the rationality of the provision policy and verifying the compliance of provision policy for accounts receivable allowance.

   (2) Examining the aging analysis table and checking the amount of receivables received after the balance date, as well as discussing with the management to assess the whether or not the provision is reasonable.

   (3) Evaluating the adequacy of the Group's disclosure for bad debt allowance.

3. Inventory valuation

   Please refer to Note 4(h) “Inventories”; Note 5(b) “Significant accounting assumptions and judgments, and major sources of estimation uncertainty”, and Note 6(e) “Inventories”.

   Description of key audit matter:

   Inventories are measured at the lower of cost and net realizable value in the financial statements. However, with the rapid development of the consumer market and the volatility of sales, that may result in the cost of inventory and may exceed its net realizable value. Therefore, it has been identified as a key audit matter.

   How the matter was addressed in our audit:

   Our principal audit procedures included:

   (1) Examining the inventory aging report and analyzing the trends of inventory aging.

   (2) Evaluating the rationality of the provision policy and verifying the compliance of provision policy for inventory valuation.

   (3) Assessing the adequacy of the Group’s disclosure for inventories.

**Other Matter**

Jarllytec Co., Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2024 and 2023, on which we have issued an unmodified opinion.

**Responsibilities of Management and Those Charged with Governance for the 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 with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 members of the Audit Committee) are responsible for overseeing the Group’s financial reporting process.

**Auditors’ Responsibilities for the Audit of the Consolidated 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain 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 and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on 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 for the year ended December 31, 2024 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.

The engagement partners on the audit resulting in this independent auditors' report are Hsu, Ming-Fang and Zhuang, Jun-Wei.

KPMG

Taipei, Taiwan (Republic of China)
March 7, 2025

**Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

**(English Translation of Consolidated Financial Statements Originally Issued in Chinese)**

**JARLLYTEC CO., LTD. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

| | | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|---|
| | **Assets** | **Amount** | **%** | **Amount** | **%** |
| | **Current assets:** | | | | |
| 1100 | Cash and cash equivalents (Note 6(a)) | $ 3,275,344 | 29 | 2,967,196 | 29 |
| 1110 | Current financial assets at fair value through profit or loss (Note 6(b)) | 91,752 | 1 | 15,386 | - |
| 1170 | Notes and accounts receivables, net (Note 6(c)(t)) | 3,622,782 | 31 | 3,018,798 | 30 |
| 1200 | Other receivables, net (Note 6(d)) | 54,764 | - | 37,930 | - |
| 1220 | Current income tax assets | 1,960 | - | 6,120 | - |
| 130X | Inventories (Note 6(e)) | 894,239 | 8 | 866,940 | 9 |
| 1410 | Prepayments and other current assets (Note 6(6)) | 129,074 | 1 | 106,371 | 1 |
| | **Total current assets** | 8,069,915 | 70 | 7,018,741 | 69 |
| | **Non-current assets:** | | | | |
| 1510 | Non-current financial assets at fair value through profit or loss (Note 6(b)) | 1,200 | - | 254 | - |
| 1517 | Non current financial assets at fair value through other comprehensive income (Note 6(b)) | 101,036 | 1 | 122,164 | 1 |
| 1600 | Property, plant and equipment (Note 6(g) and 8) | 2,795,061 | 24 | 2,540,155 | 25 |
| 1755 | Right-of-use assets (Note 6(h)) | 288,093 | 3 | 234,285 | 3 |
| 1780 | Intangible assets (Note 6(i)) | 24,553 | - | 21,646 | - |
| 1840 | Deferred income tax assets (Note 6(q)) | 60,553 | - | 44,729 | - |
| 1915 | Prepayments for equipment | 144,061 | 1 | 55,352 | 1 |
| 1990 | Other non-current assets, others (Note 6(f)) | 42,226 | 1 | 118,953 | 1 |
| | **Total non-current assets** | 3,456,783 | 30 | 3,137,538 | 31 |
| | **Total assets** | $ 11,526,698 | 100 | 10,156,279 | 100 |

| | | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|---|
| | **Liabilities and Equity** | **Amount** | **%** | **Amount** | **%** |
| | **Current liabilities:** | | | | |
| 2100 | Short-term borrowings (Note 6(j) and 8) | $ 522,390 | 5 | 629,810 | 6 |
| 2170 | Notes and accounts payables | 2,631,231 | 23 | 2,431,380 | 18 |
| 2200 | Other payables (Note 6(k)) | 1,194,454 | 11 | 1,157,079 | 12 |
| 2230 | Current tax liabilities | 53,841 | - | 74,508 | 1 |
| 2280 | Current lease liabilities (Note 6(n)) | 41,773 | - | 29,273 | - |
| 2322 | Long-term borrowings, current portion (Note 6(l) and 8) | 13,995 | - | 186,111 | 3 |
| 2399 | Other current liabilities | 47,475 | - | 29,480 | - |
| | **Total current liabilities** | 4,505,159 | 39 | 4,537,641 | 44 |
| | **Non-Current liabilities:** | | | | |
| 2530 | Bonds payable (Note 6(m)) | 765,936 | 7 | - | - |
| 2540 | Long-term borrowings (Note 6(l) and 8) | 54,815 | - | 68,810 | 1 |
| 2570 | Deferred income tax liabilities (Note 6(q)) | 181,762 | 2 | 181,442 | 2 |
| 2580 | Non-current lease liabilities (Note 6(n)) | 93,548 | 1 | 65,232 | 1 |
| 2640 | Net defined benefit liability, non-current (Note 6(p)) | 37,541 | - | 37,267 | - |
| 2670 | Other non-current liabilities, others | 3,278 | - | 2,992 | - |
| | **Total non-current liabilities** | 1,136,880 | 10 | 355,743 | 4 |
| | **Total liabilities** | 5,642,039 | 49 | 4,893,384 | 48 |
| | **Equity attributable to owners of the parent (Note 6(r)):** | | | | |
| | **Share capital** | | | | |
| 3110 | Ordinary share | 660,914 | 6 | 648,153 | 7 |
| 3140 | Advance receipts for share capital | - | - | 12,761 | - |
| | Total share capital | 660,914 | 6 | 660,914 | 7 |
| 3200 | Capital surplus | 1,866,597 | 16 | 1,715,423 | 17 |
| | Retained earnings: | | | | |
| 3310 | Legal reserve | 506,588 | 4 | 453,672 | 4 |
| 3320 | Special reserve | 101,311 | 1 | 47,179 | - |
| 3350 | Unappropriated retained earnings | 2,666,744 | 23 | 2,487,018 | 25 |
| | Total retained earnings | 3,274,643 | 28 | 2,987,869 | 29 |
| | Other equity: | | | | |
| 3410 | Exchange differences on translation of foreign financial statements | 61,442 | 1 | (128,105) | (1) |
| 3420 | Unrealized gain or loss on financial assets at fair value through other comprehensive income | 21,063 | - | 26,794 | - |
| | Total other equity | 82,505 | 1 | (101,311) | (1) |
| | **Total equity** | 5,884,659 | 51 | 5,262,895 | 50 |
| | **Total liabilities and equity** | $ 11,526,698 | 100 | 10,156,279 | 100 |

See accompanying notes to financial statements.

**(English Translation of Consolidated Financial Statements Originally Issued in Chinese)**

# JARLLYTEC CO., LTD. AND SUBSIDIARIES

## Consolidated Statements of Comprehensive Income

## For the years ended December 31, 2024 and 2023

## (Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

| | | 2024 | | 2023 | |
|---|---|---|---|---|---|
| | | **Amount** | **%** | **Amount** | **%** |
| 4000 | **Operating revenue (Note 6(t))** | $ 9,578,170 | 100 | 8,220,663 | 100 |
| 5000 | **Operating costs (Note 6(e)(p))** | 7,992,045 | 84 | 6,737,414 | 82 |
| | **Net gross profit** | 1,586,125 | 16 | 1,483,249 | 18 |
| | **Operating expenses (Note 6(c)(n)(p)(r)(u)):** | | | | |
| 6100 | Selling expenses | 247,867 | 3 | 222,061 | 3 |
| 6200 | Administrative expenses | 523,455 | 5 | 452,632 | 6 |
| 6300 | Research and development expenses | 268,055 | 3 | 223,795 | 3 |
| 6450 | Expected credit loss (gain) | (3,478) | - | (5,501) | - |
| | **Total operating expenses** | 1,035,899 | 11 | 892,987 | 12 |
| | **Net operating income** | 550,226 | 5 | 590,262 | 7 |
| | **Non-operating income and expenses (Note 6(b)(m)(n)(v)):** | | | | |
| 7010 | Other income | 130,063 | 1 | 112,872 | 1 |
| 7020 | Other gains and losses, net | 85,074 | 1 | 1,307 | - |
| 7050 | Finance cost | (28,382) | - | (21,476) | - |
| 7100 | Interest income | 75,716 | 1 | 55,006 | 1 |
| | **Total non-operating income and expenses** | 262,471 | 3 | 147,709 | 2 |
| | **Profit from continuing operations before tax** | 812,697 | 8 | 737,971 | 8 |
| 7950 | Less: Income tax expenses (Note 6(q)) | 235,935 | 2 | 202,693 | 2 |
| | **Profit** | 576,762 | 6 | 535,278 | 6 |
| 8300 | **Other comprehensive income:** | | | | |
| 8310 | **Components of other comprehensive income (loss) that will not be reclassified to profit or loss** | | | | |
| 8311 | Remeasurements of defined benefit plans (Note 6(p)) | (941) | - | (6,116) | - |
| 8316 | Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income | 2,633 | - | 15,645 | - |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | - | - | - | - |
| | Components of other comprehensive income (loss) that will not be reclassified to profit or loss | 1,692 | - | 9,529 | - |
| 8360 | **Components of other comprehensive income (loss) that will be reclassified to profit or loss** | | | | |
| 8361 | Exchange differences on translation of foreign financial statements | 189,547 | 2 | (69,777) | (1) |
| 8399 | Income tax related to components of other comprehensive income that will be reclassified to profit or loss | - | - | - | - |
| | Components of other comprehensive income (loss) that will be reclassified to profit or loss | 189,547 | 2 | (69,777) | (1) |
| 8300 | **Other comprehensive income, net of tax** | 191,239 | 2 | (60,248) | (1) |
| 8500 | **Total comprehensive income** | **$ 768,001** | **8** | **475,030** | **5** |
| | **Profit attributable to:** | | | | |
| 8610 | Shareholders of parent | **$ 576,762** | **6** | **535,278** | **6** |
| | **Other comprehensive income attributable to:** | | | | |
| 8710 | Shareholders of parent | **$ 768,001** | **8** | **475,030** | **5** |
| | **Earnings per share (NT dollars) (Note 6(t))** | | | | |
| 9750 | Basic earnings per share | **$ 8.73** | | **8.69** | |
| 9850 | Diluted earnings per share | **$ 8.37** | | **8.10** | |

See accompanying notes to financial statements.

**(English Translation of Consolidated Financial Statements Originally Issued in Chinese)**

# JARLLYTEC CO., LTD. AND SUBSIDIARIES

## Consolidated Statements of Changes in Equity

## For the years ended December 31, 2024 and 2023

## (Expressed in Thousands of New Taiwan Dollars)

| | Equity attributable to owners of parent | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | **Retained earnings** | | | **Other equity** | | |
| | **Ordinary shares** | **Advance receipts for share capital** | **Capital surplus** | **Legal reserve** | **Special reserve** | **Unappropriated retained earnings** | **Exchange differences on translation of foreign financial statements** | **Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income** | **Total equity** |
| **Balance at December 31, 2023** | $ 601,214 | - | 1,385,445 | 404,763 | 76,485 | 2,157,823 | (58,328) | 11,149 | 4,578,551 |
| Profit | - | - | - | - | - | 535,278 | - | - | 535,278 |
| Other comprehensive income | - | - | - | - | - | (6,116) | (69,777) | 15,645 | (60,248) |
| Total comprehensive income | - | - | - | - | - | 529,162 | (69,777) | 15,645 | 475,030 |
| Appropriation and distribution of retained earnings: | | | | | | | | | |
| Legal reserve | - | - | - | 48,909 | - | (48,909) | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | - | (180,364) | - | - | (180,364) |
| Reversal of special reserve | - | - | - | - | (29,306) | 29,306 | - | - | - |
| Conversion of convertible bonds | 46,939 | 12,761 | 329,978 | - | - | - | - | - | 389,678 |
| **Balance at December 31, 2023** | **648,153** | **12,761** | **1,715,423** | **453,672** | **47,179** | **2,487,018** | **(128,105)** | **26,794** | **5,262,895** |
| Profit | - | - | - | - | - | 576,762 | - | - | 576,762 |
| Other comprehensive income | - | - | - | - | - | (941) | 189,547 | 2,633 | 191,239 |
| Total comprehensive income | - | - | - | - | - | 575,821 | 189,547 | 2,633 | 768,001 |
| Appropriation and distribution of retained earnings: | | | | | | | | | |
| Legal reserve | - | - | - | 52,916 | - | (52,916) | - | - | - |
| Special reserve | - | - | - | - | 54,132 | (54,132) | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | - | (297,411) | - | - | (297,411) |
| Changes in other capital surplus: | | | | | | | | | |
| Due to recognition of equity component of convertible bonds issued | - | - | 151,174 | - | - | - | - | - | 151,174 |
| Conversion of convertible bonds | 12,761 | (12,761) | - | - | - | - | - | - | - |
| Changes in ownership interests in subsidiaries | - | - | - | - | - | 8,364 | - | (8,364) | - |
| **Balance at December 31, 2024** | **$ 660,914** | **-** | **1,866,597** | **506,588** | **101,311** | **2,666,744** | **61,442** | **21,063** | **5,884,659** |

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**JARLLYTEC CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

| | 2024 | 2023 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| **Profit before tax** | $ 812,697 | 737,971 |
| **Adjustments:** | | |
| **Adjustments to reconcile profit (loss):** | | |
| Depreciation expense | 360,301 | 318,487 |
| Amortization expense | 32,972 | 29,384 |
| Expected credit loss (gain) | (3,478) | (5,501) |
| Net loss (gain) on financial assets at fair value through profit or loss | (12,382) | (4,474) |
| Interest expense | 28,382 | 21,476 |
| Interest revenue | (75,716) | (55,006) |
| Dividend revenue | (20,059) | (7,211) |
| Loss from disposal of property, plant and equipment | 8,001 | 5,629 |
| Gain (loss) on disposal of intangible assets | - | 10 |
| **Total adjustments to reconcile profit (loss)** | 318,021 | 302,794 |
| **Changes in operating assets and liabilities:** | | |
| Current financial assets at fair value through profit or loss | (66,090) | 18,057 |
| Non-current financial assets at fair value through profit or loss | 3,000 | - |
| Notes receivables | (1,101) | 783 |
| Accounts receivables | (599,556) | (618,899) |
| Other receivables | (15,341) | 8,259 |
| Inventories | (27,299) | (187,936) |
| Prepayments | (20,735) | (28,522) |
| Other current assets | (3,298) | (979) |
| Notes payables | - | (2,134) |
| Accounts payables | 199,851 | 859,699 |
| Other payables | 37,631 | 43,863 |
| Other current liabilities | 17,995 | 5,473 |
| Net defined benefit liability | (667) | (121) |
| **Total changes in operating assets and liabilities** | (475,610) | 97,543 |
| **Total adjustments** | (157,589) | 400,337 |
| Cash inflow generated from operations | 655,108 | 1,138,308 |
| Interest received | 74,343 | 54,926 |
| Interest paid | (12,605) | (15,941) |
| Income taxes paid | (267,946) | (204,101) |
| **Net cash flows from operating activities** | 448,900 | 973,192 |
| **Cash flows used in investing activities:** | | |
| Acquisition of financial assets at fair value through other comprehensive income | - | (34,111) |
| Disposal of financial assets at fair value through other comprehensive income | 15,171 | - |
| Proceeds from refund of paid-up capital of financial assets at fair value through other comprehensive income | 9,616 | 10,150 |
| Acquisition of financial assets at fair value through profit or loss | (2,685,233) | (1,586,711) |
| Disposal of financial assets at fair value through profit or loss | 2,685,233 | 1,586,711 |
| Acquisition of property, plant and equipment | (315,374) | (202,556) |
| Disposal of property, plant and equipment | 15,107 | 1,300 |
| Acquisition of intangible assets | (12,928) | (9,427) |
| Increase in other non-current assets - others | 39,936 | (78,716) |
| Increase in prepayments for equipment | (277,783) | (155,075) |
| Dividends received | 20,059 | 7,211 |
| **Net cash flows used in investing activities** | (506,196) | (461,224) |
| **Cash flows from financing activities:** | | |
| Increase in short-term borrowings | (111,950) | 121,287 |
| Issuance of bonds | 899,237 | - |
| Repayments of long-term borrowings | (186,111) | (217,361) |
| Payment of principal of lease liabilities | (50,015) | (45,304) |
| Increase in other non-current liabilities - others | 286 | 77 |
| Cash dividends paid | (297,411) | (180,364) |
| **Net cash flows used in financing activities** | 254,036 | (321,665) |
| **Effect of exchange rate changes on cash and cash equivalents** | 111,408 | (64,155) |
| **Net increase in cash and cash equivalents** | 308,148 | 126,148 |
| **Cash and cash equivalents at beginning of period** | 2,967,196 | 2,841,048 |
| **Cash and cash equivalents at end of period** | **$ 3,275,344** | **2,967,196** |

(Continued)

**(English Translation of Consolidated Financial Statements Originally Issued in Chinese)**

# JARLLYTEC 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, Unless Otherwise Specified)**

**(1) Company history**

JARLLYTEC CO., LTD. (the "Company") was legally established with the approval of the Ministry of Economic Affairs, Republic of China, on July 7, 2004. Its registered office is located at No. 13, Wugong 5th Road, Xinzhuang District, New Taipei City, Taiwan, R.O.C. The Company and its subsidiaries (collectively, the "Group") specialize in the development, design, production, assembly, inspection, manufacturing, and sale of stamping parts, hinges, and metal injection molding (MIM) components. These products are widely used in notebook computers, LCD monitors, LCD televisions, and other 3C (computers, communications, and consumer electronics) related products.

**(2) Approval date and procedures of the consolidated financial statements:**

These consolidated financial statements were authorized for issue by the Board of Directors on March 7, 2025.

**(3) New standards, amendments and interpretations adopted:**

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024.

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(b) The impact of IFRS endorsed by the FSC but not yet effective

The Group assesses that the adoption of the (following) new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS21"Lack of Exchangeability"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards and interpretations, which may be relevant to the Group, have been issued by the International Accounting Standards Board ("IASB"), but have yet to be endorsed by the FSC:

(Continued)

| Standards or Interpretations | Content of amendment | Effective date per IASB |
|---|---|---|
| IFRS 18 “Presentation and Disclosure in Financial Statements” | The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.<br>‧ A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities.<br>‧ Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.<br>‧ Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. | January 1, 2027 |

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

(Continued)

- Annual Improvements to IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

**(4) Summary of significant accounting policies:**

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, ands SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value; and

3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note4(o).

(ii) Functional and presentation currency

The functional currency of each entity of the Group is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars, which is the Company’s functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements encompass the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. The Group is deemed to control an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to influence those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date control and is obtained until the date control ceases. Intragroup balances and transactions, as well as any unrealized income and expenses arising from intragroup transactions, are eliminated during the preparation of the consolidated financial statements. The Group allocates profit or loss and each component of other comprehensive income to the owners of the parent and to non-controlling interests, even if this results in a deficit balance for the non-controlling interests.

The Group prepares its consolidated financial statements using consistent accounting policies for similar transactions and events under comparable circumstances.

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the adjustment to non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

The consolidated entities were as follows:

| Name of Investor | Name of Subsidiary | Principal Activities | Percentage of Ownership (%) 2024.12.31 | 2023.12.31 | 2023.9.30 | Note |
|---|---|---|---|---|---|---|
| The company | Great Hinge Trading Ltd. (Great Hinge) | Investments | 100% | 100% | 100% | Note 1 |
| The company | Smart Hinge Holdings Ltd. (Smart Hinge) | Investments | 100% | 100% | 100% | - |
| The company | Jarson Precision Technology Co., Ltd. (Jarson Precision) | Powder metallurgy and other metal products manufacturing and trading business | - | 100% | 100% | Note 1,Note 3 |
| The company | Jarwin Investment Co., Ltd. (Jarwin Investment) | Investments | 100% | 100% | 100% | Note 1 |
| The company | Jarllytec Singapore Pte. Ltd. (Jarllytec Singapore) | Computer design and service | 100% | 100% | 100% | Note 1 |
| Great Hinge | Jarllytec (Vietnam) Co., Ltd. (Jarllytec Vietnam) | Production and sales business of precision hinges | 100% | 100% | 100% | Note 1 |
| Smart Hinge | Royal Jarlly Holding Ltd. (Royal Jarlly) | Investments | 100% | 100% | 100% | - |
| Royal Jarlly | Jarlly Technology (Shanghai) Co., Ltd. (Shanghai Jarlly) | Component equipment for the production and sale of materials business | 74.07% | 58.82% | 58.82% | Note 5 |
| Royal Jarlly | Fu Qing Jarlly Electronics Co., Ltd. (Fu Qing Jarlly) | Production and sales business of precision hinges | 100% | 100% | 100% | Note 1 |
| Royal Jarlly | Dong Guan Jarlly Electronics Co., Ltd. (Dong Guan Jarlly) | Production and sales business of precision hinges | 100% | 100% | 100% | Note 1 |

(Continued)

| Name of Investor | Name of Subsidiary | Principal Activities | Percentage of Ownership (%) 2024.12.31 | 2023.12.31 | 2023.9.30 | Note |
|---|---|---|---|---|---|---|
| Royal Jarlly | Kunshan Jarlly Electronics Ltd. (Kunshan Jarlly) | Production and sales business of precision hinges | 100% | 100% | 100% | Note 1 |
| Royal Jarlly | Jarlly Electronics Technology (Shanghai) Co., Ltd. (Jarlly Electronics Shanghai) | Production and sales business of precision hinges | 100% | 100% | 100% | - |
| Royal Jarlly | Xiamen Jarlly Electronics Co., Ltd. (Xiamen Jarlly) | Production and sales business of precision hinges | 100% | 100% | 100% | Note 1 |
| Royal Jarlly | Jarlly Technology (Chongqing) Co., Ltd. (Chongqing Jarlly) | Production and sales business of precision hinges | 100% | 100% | 100% | Note 1 |
| Royal Jarlly | Jarllytec (Thailand) Co., Ltd. (Jarllytec Thailand) | Production and sales business of precision hinges | 100% | 100% | 100% | Note 1 |
| Royal Jarlly | Zhejiang Jarlly Precision Technology Co., Ltd. (Zhejiang Jarlly) | Production and sales business of precision hinges | -% | 100% | 100% | Note 1, Note 2, Note 4 |
| Fu Qing Jarlly | Shanghai Jarlly | Component equipment for the production and sale of materials business | 25.93% | 41.18% | 41.18% | Note 5 |
| Shanghai Jarlly | Zhejiang Jarlly | Production and sales business of precision hinges | 100% | -% | -% | Note 1, Note 2, Note 4 |

Note 1: Insignificant subsidiary.

Note 2: The Company indirectly invested in Royal Jarlly in March, 2023 through the Smart Hinge, which the Company holds 100% of ownership, and indirectly established Zhejiang Jarlly Precision Technology Co., Ltd. through Royal Jarlly, which is included in the consolidated financial statements since March, 2023.

Note 3: The Company has merged Jarson Precision on January 1, 2024. After the merger, the Company is the surviving company, and Jarson Precision is the dissolved company. Please refer to Note 11 for details.

Note 4: The company's Board of Directors resolved to change the investment structure of its investment in Zhejiang Jarlly Precision Technology Co., Ltd. on January 24, 2024. Jarlly Technology (Shanghai) Co., Ltd. acquired 100% of the shares of Zhejiang Jarlly Precision Technology Co., Ltd. from Royal Jarlly Holding Ltd. The based date is February 1, 2024.

Note 5: The Company has resolved by the board of directors on March 8, 2024 the indirect investment to Royal Jarlly through the 100% held investee, Smart Hinge, and invested US$500 million to Shanghai Jarlly through capital increase by Royal Jarlly. The base date is April 1, 2024. As Fu Qing Jarlly did not increase the investments in accordance in proportion to percentage of ownership, the percentage of ownership has decreased from 41.18% to 25.93%, and the percentage of ownership of Royal Jarlly to Shanghai Jarlly has increased from 58.82% to 74.07%.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates prevailing on the transaction dates. At the end of each reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate as of that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate on the date the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rate on the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the New Taiwan Dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the New Taiwan Dollars at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes only a part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes only a part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

The Group classifies an asset as current when it meets any of the following criteria; all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7), unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the end of the reporting period.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(Continued)

4) Business model assessment

Financial assets held for trading, as well as those managed and evaluated on a fair value basis, are measured at fair value through profit or loss (FVTPL).

5) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivables, other receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date；and

- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group’s historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’ which is considered to be BBB- or higher per Standard & Poor’s, Baa3 or higher per Moody’s or twA or higher per Taiwan Ratings.

ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

(Continued)

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial assets because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt investment at FVOCI, loss allowances are recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due. Based on its experience, the overdue amount will not be recovered after 90 days.

6) De-recognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

(Continued)

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

| | | |
|---|---|---|
| 1) | Buildings and construction | 3 to 37 years |
| 2) | Machinery and equipment | 3 to 8 years |
| 3) | Molding Equipment | 3 years |
| 4) | Asset leased to others | 20 to 30 years |
| 5) | Office and Other equipment | 1 to 10 years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lease

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

1) fixed payments;

2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

3) amounts expected to be payable under a residual value guarantee; and

4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when:

1) there is a change in future lease payments arising from the change in an index or rate; or

2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

4) there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or

5) there is any lease modification

When the lease liability is re-measured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is re-measured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the re-measurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

-(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘leases income’.

(k) Intangible assets

(i) Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment of non-derivative financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Revenue recognition

Revenue from contracts with customers

(i) Sell goods

The Group manufactures various hinges which applied in 3C related products and sells them to computer manufacturers. The Group recognizes revenue 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, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(n) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group’s net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(Continued)

(o) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(p) Earnings per share

The Group discloses the Company’s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation.

(q) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group’s chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty**

In preparing these consolidated financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, which affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and, where appropriate, aligned with the Group’s risk management and climate-related commitments. Revisions to estimates are recognized prospectively in the period of change and in future periods.

No accounting policies requiring significant judgments that materially affect the recognized amounts in the consolidated financial statements have been identified.

Information about assumptions and estimation uncertainties that pose a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is provided below:

(a) Impairment of accounts receivable

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding possible future credit losses) discounted at the financial asset’s original effective interest rate. When the actual future cash flows are less than expected, a material impairment loss may arise. Please refer to note 6(c) for further description of the impairment of accounts receivable.

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(e) for further description of the valuation of inventories.

(Continued)

(c) Measurement of defined benefit obligations

Accrued pension liabilities and resulting pension expenses under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, future salary increase rate, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability. Please refer to note 6(m) for further description of the actuarial assumptions and sensitivity analysis.

The Group's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss.

The Group's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back-testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(c) Level 3: inputs for the assets or liability that are not based on observable market data.

**(6) Explanation of significant accounts:**

(a) Cash and cash equivalents

| | **December 31, 2024** | **December 31, 2023** |
|---|---|---|
| Cash on hand | $ 561 | 740 |
| Demand deposits and checking deposits | 2,478,404 | 1,324,115 |
| Time deposits | 796,379 | 1,642,341 |
| | **$ 3,275,344** | **2,967,196** |

(b) Financial instrument

(i) Financial assets at fair value through profit or loss:

| | **December 31, 2024** | **December 31, 2023** |
|---|---|---|
| Current mandatorily measured at fair value through profit or loss: | | |
| Stocks of domestic listed companies | $ 31,670 | 15,386 |
| Beneficiary certificates | 60,082 | - |
| | **$ 91,752** | **15,386** |

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Non-current mandatorily measured at fair value through profit or loss: | | |
| Private offered funds | $ - | 254 |
| Convertible bonds redemption right | 1,200 | - |
| | $ 1,200 | 254 |

(ii) Financial assets at fair value through other comprehensive income:

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Equity investments at fair value through other comprehensive income-non-current | | |
| Stocks of domestic unlisted companies | $ 79,855 | 92,784 |
| Stocks of unlisted companies in Mainland China | 21,181 | 29,380 |
| Total | $ 101,036 | 122,164 |

The Group designated the investment shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purpose, instead of for trading purpose.

(iii) Gains on trading of derivative financial instruments for the year ended December 31, 2023 amounted to $644 thousand, which were recognized under other gains and losses.

(iv) As of December 31, 2024 and 2023, the aforementioned financial assets were not pledged as collateral.

(c) Notes and accounts receivables

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Notes receivable | $ 1,462 | 361 |
| Accounts receivables | 3,625,939 | 3,026,383 |
| Less: loss allowance | (4,619) | (7,946) |
| | $ 3,622,782 | 3,018,798 |

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of life-time expected loss provision for all receivables. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information.

The analysis of expected credit losses of the notes and accounts receivables of the Group is as follows:

| | December 31, 2024 | | |
|---|---|---|---|
| | **Carrying amounts of notes and accounts receivables** | **Weighted-average loss rate** | **Life-time expected credit loss** |
| Current | $ 3,597,537 | 0%~1% | 1,815 |
| 1 to 30 days past due | 975 | 0%~5% | 24 |
| 31 to 60 days past due | 22,837 | 0%~10% | 1,077 |
| 61 to 90 days past due | 877 | 0%~20% | 150 |
| Past due for more than 90 days | 5,175 | 30%~100% | 1,553 |
| | $ 3,627,401 | | 4,619 |

| | December 31, 2023 | | |
|---|---|---|---|
| | **Carrying amounts of notes and accounts receivables** | **Weighted-average loss rate** | **Life-time expected credit loss** |
| Current | $ 2,982,528 | 0%~1% | 2,127 |
| 1 to 30 days past due | 5,560 | 0%~5% | 235 |
| 31 to 60 days past due | 24,607 | 0%~10% | 1,604 |
| 61 to 90 days past due | 1,518 | 0%~15% | 221 |
| Past due for more than 90 days | 12,531 | 30%~100% | 3,759 |
| | $ 3,026,744 | | 7,946 |

The movement in the loss allowance for notes and accounts receivable were as follows:

| | For the years ended December 31, | |
|---|---|---|
| | **2024** | **2023** |
| Balance at January 1 | $ 7,946 | 13,318 |
| Impairment losses reversed | (3,478) | (5,501) |
| Foreign exchange gains or losses | 151 | 129 |
| Balance at December 31 | $ 4,619 | 7,946 |

As of December 31, 2024 and 2023, the notes and account receivable of the Group were not pledged as collaterals.

(d) Other receivables

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Overpaid business tax returned | $ 22,284 | 8,101 |
| Interest receivable | 4,703 | 3,330 |
| Others | 27,777 | 26,499 |
| | **$ 54,764** | **37,930** |

For further credit risk information, please refers to note 6(w).

(e) Inventories

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Raw materials and supplies | $ 123,381 | 140,366 |
| Work in process | 328,101 | 204,698 |
| Finished goods | 442,757 | 521,876 |
| | **$ 894,239** | **866,940** |

(i) For the years ended December 31, 2024 and 2023, costs of inventories recognized as costs and expenses of sales amounted to $7,899,348 thousand and $6,661,151 thousand, respectively.

(ii) For the year ended December 31, 2024, the inventory valuation losses of $46,135 thousand for writing off the costs of inventories to the net realizable value have been recognized as costs of goods sale.

(ii) For the year ended December 31, 2023, as the factors resulting in the net realizable value of inventories lower than the cost are eliminated, the reversal gains on inventory valuation losses of $19,437 thousand were recognized.

(iii) As of December 31, 2024 and 2023, the inventories were not pledged as collaterals.

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(f) Prepayments, other current assets and other non-current assets

Components of prepayments, other current assets, and other non-current assets were listed below:

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Prepayment for mold | $ 44,336 | 32,422 |
| Other prepayments | 48,555 | 33,138 |
| Offset against business tax payable | 27,161 | 35,087 |
| Others | 9,022 | 5,724 |
| Total prepayments and other current assets | **$ 129,074** | **106,371** |
| Other deferred expenses | $ 27,903 | 58,974 |
| Refundable deposits | 9,866 | 11,282 |
| Other financial assets - others | 1,311 | 44,498 |
| Others | 3,146 | 4,199 |
| Total other non-current assets | **$ 42,226** | **118,953** |

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(g) Property, plant and equipment

The cost and accumulated depreciation and impairments of the property, plant and equipment of the Group as of and for the years ended December 31, 2024 and 2023 were as follows:

| | Land | Buildings and construction | Machine and equipment | Mold equipment | Rental equipment | Other facilities | Construction in progress and testing equip | Total |
|---|---|---|---|---|---|---|---|---|
| Cost: | | | | | | | | |
| Balance at January 1, 2024 | $ 1,054,812 | 756,865 | 1,789,834 | 3,001 | 100,285 | 231,190 | 80,081 | 4,016,068 |
| Additions | - | 5,485 | 464,138 | - | - | 31,476 | 19,038 | 520,137 |
| Reclassifications | - | 47,218 | 24,040 | - | (777) | 18,896 | (71,513) | 17,864 |
| Disposals | - | - | (85,356) | - | - | (8,569) | (138) | (94,063) |
| Effect of movements in exchange | 2,563 | 27,122 | 25,143 | 21 | 3,500 | 7,928 | 4,420 | 70,697 |
| Balance at December 31, 2024 | $ 1,057,375 | 836,690 | 2,217,799 | 3,022 | 103,008 | 280,921 | 31,888 | 4,530,703 |
| Balance at January 1, 2023 | $ 1,054,470 | 745,848 | 1,625,169 | 3,012 | 98,296 | 214,401 | 152 | 3,741,348 |
| Additions | - | 21,311 | 249,020 | - | - | 22,283 | 79,929 | 372,543 |
| Reclassifications | - | (3,795) | 100 | - | 3,795 | (100) | - | - |
| Disposals | - | (1,664) | (74,664) | - | - | (3,977) | - | (80,305) |
| Effect of movements in exchange | 342 | (4,835) | (9,791) | (11) | (1,806) | (1,417) | - | (17,518) |
| Balance at December 31, 2023 | $ 1,054,812 | 756,865 | 1,789,834 | 3,001 | 100,285 | 231,190 | 80,081 | 4,016,068 |
| Accumulated depreciation: | | | | | | | | |
| Balance at January 1, 2024 | $ - | 278,137 | 1,016,049 | 2,940 | 42,869 | 135,918 | - | 1,475,913 |
| Depreciation | - | 45,520 | 224,400 | - | - | 36,138 | - | 306,058 |
| Reclassifications | - | 10,277 | 2,074 | - | 2,764 | (11,322) | - | 3,793 |
| Disposals | - | - | (62,415) | - | - | (8,018) | - | (70,433) |
| Effect of movements in exchange | - | 8,775 | (6,749) | 19 | 1,496 | 3,272 | - | 20,311 |
| Balance at December 31, 2024 | $ - | 342,709 | 1,186,857 | 2,959 | 47,129 | 155,988 | - | 1,735,642 |
| Balance at January 1, 2023 | $ - | 243,092 | 883,532 | 2,950 | 38,956 | 118,629 | - | 1,287,159 |
| Depreciation | - | 43,569 | 203,864 | - | - | 22,012 | - | 269,445 |
| Reclassifications | - | (4,629) | 90 | - | 4,629 | (90) | - | - |
| Disposals | - | (1,664) | (67,591) | - | - | (3,651) | - | (72,906) |
| Effect of movements in exchange | - | (2,231) | (3,846) | (10) | (716) | (982) | - | (7,785) |
| Balance at December 31, 2023 | $ - | 278,137 | 1,016,049 | 2,940 | 42,869 | 135,918 | - | 1,475,913 |
| Carrying amount: | | | | | | | | |
| Balance at December 31, 2024 | $ 1,057,375 | 493,981 | 1,030,942 | 63 | 55,879 | 124,933 | 31,888 | 2,795,061 |
| Balance at January 1, 2023 | $ 1,054,470 | 502,756 | 741,637 | 62 | 59,340 | 95,772 | 152 | 2,454,189 |
| Balance at December 31, 2023 | $ 1,054,812 | 478,728 | 773,785 | 61 | 57,416 | 95,272 | 80,081 | 2,540,155 |

(Continued)

As of December 31, 2024 and 2023, the property, plant and equipment of the Group had been pledged as collateral for bank borrowings. Please refer to Note 8.

(h) Right-of-use assets

Information about leases for which the Group as a lessee was presented below:

| | Land | Buildings and structures | Other equipment | Total |
|---|---|---|---|---|
| Cost: | | | | |
| Balance at January 1, 2024 | $ 149,203 | 254,726 | 777 | 404,706 |
| Additions | - | 92,177 | 245 | 92,422 |
| Effect of movement in exchange | 15,164 | 7,501 | - | 22,665 |
| Balance at December 31, 2024 | **$ 164,367** | **354,404** | **1,022** | **519,793** |
| Balance at January 1, 2023 | $ 151,179 | 226,499 | 777 | 378,455 |
| Additions | - | 32,265 | - | 32,265 |
| Effect of movement in exchange | (1,976) | (4,038) | - | (6,014) |
| Balance at December 31, 2023 | **$ 149,203** | **254,726** | **777** | **404,706** |
| Accumulated depreciation: | | | | |
| Balance at January 1, 2024 | $ 16,427 | 153,433 | 561 | 170,421 |
| Depreciation | 3,818 | 50,168 | 257 | 54,243 |
| Effect of movement in exchange | 1,356 | 5,680 | - | 7,036 |
| Balance at December 31, 2024 | **$ 21,601** | **209,281** | **818** | **231,700** |
| Balance at January 1, 2023 | $ 12,945 | 111,107 | 302 | 124,354 |
| Depreciation | 3,734 | 45,049 | 259 | 49,042 |
| Effect of movement in exchange | (252) | (2,723) | - | (2,975) |
| Balance at December 31, 2023 | **$ 16,427** | **153,433** | **561** | **170,421** |
| Carrying amount: | | | | |
| Balance at December 31, 2024 | **$ 142,766** | **145,123** | **204** | **288,093** |
| Balance at January 1, 2023 | **$ 138,234** | **115,392** | **475** | **254,101** |
| Balance at December 31, 2023 | **$ 132,776** | **101,293** | **216** | **234,285** |

(Continued)

(i) Intangible assets

Changes in intangible assets are as follows:

| | | Software |
|---|---|---|
| Costs: | | |
| Balance at January 1, 2024 | $ | 108,246 |
| Separate acquisition | | 12,928 |
| Disposal | | (507) |
| Effect of movement in exchange | | 1,428 |
| Balance at December 31, 2024 | **$** | **122,095** |
| Balance at January 1, 2023 | $ | 121,057 |
| Separate acquisition | | 9,427 |
| Disposal | | (21,661) |
| Effect of movement in exchange | | (577) |
| Balance at December 31, 2023 | **$** | **108,246** |
| Accumulated amortization: | | |
| Balance at January 1, 2024 | $ | 86,600 |
| Amortization | | 10,391 |
| Disposal | | (507) |
| Effect of movement in exchange | | 1,058 |
| Balance at December 31, 2024 | **$** | **97,542** |
| Balance at January 1, 2023 | $ | 99,342 |
| Amortization | | 9,429 |
| Disposal | | (21,651) |
| Effect of movement in exchange | | (520) |
| Balance at December 31, 2023 | **$** | **86,600** |
| Carrying amount: | | |
| Balance at December 31, 2024 | **$** | **24,553** |
| Balance at January 1, 2023 | **$** | **21,715** |
| Balance at December 31, 2023 | **$** | **21,646** |

(j) Short-term borrowings

The short-term borrowings were summarized as follows:

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Secured bank loans | $ 300,000 | 210,000 |
| Unsecured bank loans | 222,390 | 419,810 |
| | $ 522,390 | 629,810 |
| Unused credit lines | $ 531,434 | 518,280 |
| Range of interest rates | 1.825%~3.10% | 1.70%~3.00% |

Please refer to Note8 for details of the assets pledged as collateral for bank borrowings.

(k) Other payables

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Payroll payables | $ 227,621 | 210,257 |
| Payables for equipment | 84,851 | 33,455 |
| Others | 881,982 | 913,367 |
| | $ 1,194,454 | 1,157,079 |

(l) Long-term borrowings

The details were as follows:

| | December 31, 2024 | | | |
|---|---|---|---|---|
| | Currency | Interest range | Expiration | Amount |
| Secured bank loans | TWD | 1.285% | 2029 | $ 68,810 |
| Less: current portion | | | | (13,995) |
| Total | | | | $ 54,815 |
| Unused credit lines | | | | $ - |

| | December 31, 2023 | | | |
|---|---|---|---|---|
| | Currency | Interest range | Expiration | Amount |
| Secured bank loans | TWD | 1.16%~1.70% | 2024~2029 | $ 126,555 |
| Unsecured bank loans | TWD | 1.10%~1.15% | 2024 | 128,366 |
| Less: current portion | | | | (186,111) |
| Total | | | | $ 68,810 |
| Unused credit lines | | | | $ - |

Please refer to Note 8 for details of the assets pledged as collateral for bank borrowings.

(m) Bonds payable

The details of bonds payables are as follows:

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Total amount of convertible bonds | $ 800,000 | 400,000 |
| Unamortized balance of discount on bonds payable | (34,064) | - |
| Accumulated redemption amount | - | - |
| Accumulated converted amount | - | (400,000) |
| Bonds payable, ending balance | $ 765,936 | - |
| Embedded derivative-redemption rights (classified as non-current financial assets at fair value through profit or loss) | $ 1,200 | - |
| Equity component-conversion rights (classified as capital surplus) | $ 151,174 | - |

| | 2024 | 2023 |
|---|---|---|
| Gains (losses) on remeasurement of embedded derivative instruments at fair value | $ (640) | 389 |
| Interest expenses | $ (16,033) | (3,846) |

The Group's rights and obligations to the issuance of unsecured convertible bonds outstanding:

| Item | 2nd domestic unsecured convertible corporate bonds |
|---|---|
| Total amount issued | NT$800,000 thousand |
| Issue date | January 8, 2024 |
| Issue period | January 8, 2024 ~ January 8, 2027 |
| Coupon rate | 0% |
| Trustee | SinoPac Securities |
| Terms of repayment | Unless the bonds are converted to ordinary shares of the Company in accordance with Article 10 of these Regulations, or the Company redeems in advance in accordance with Article 18 of these Regulations, or the Company buys back from the TPEx for the cancellation, the Company shall repay in cash one lump sum according to the band face value when the convertible bonds mature. Payments shall be made within five business days (including the fifth business day) after the due date. |
| Terms of redemption prior to maturity | (1) From April 9, 2024 (the day following the three-month period after the issuance of the convertible bonds) to November 29, 2026 (40 days before the expiry of the issuance period), if the closing price of the Company's ordinary shares exceeds the current conversion price by 30% or more for 30 consecutive business days, the Company may, within the subsequent 30 business days, send a "Bond Redemption Notice" with a 30-day expiration period by registered mail. This period commences on the date the Company sends the notice, with the expiration date serving as the base date for bond redemption. The redemption period shall not overlap with the conversion closure period specified in Article 9. The notice will be sent to bondholders listed on the fifth business day prior to the dispatch of the "Bond Redemption Notice." Bondholders who acquire |

(Continued)

| | |
|---|---|
| Terms of redemption prior to maturity | convertible bonds through trading or other means thereafter shall be notified via public announcement. The redemption price is set at the par value of the bonds, and all bonds will be redeemed in cash. The Company will notify the Taipei Exchange (TPEx) of the redemption via a letter of announcement. Upon executing the redemption, the Company shall redeem the convertible bonds in cash within five business days from the bond redemption base date.<br><br>(2) From April 9, 2024 (the day following the three-month period after the issuance of the convertible bonds) to November 29, 2026 (40 days before the expiry of the issuance period), if the outstanding balance of the convertible bonds falls below 10% of the original total issued amount, the Company may, at any time thereafter, send a “Bond Redemption Notice” with a 30-day expiration period by registered mail. This period commences on the date the Company sends the notice, with the expiration date serving as the base date for bond redemption. The redemption period shall not overlap with the conversion closure period specified in Article 9. The notice will be sent to bondholders listed on the fifth business day prior to the dispatch of the “Bond Redemption Notice.” Bondholders who acquire convertible bonds through trading or other means thereafter shall be notified via public announcement. The redemption price is set at the par value of the bonds, and all bonds will be redeemed in cash. The Company will notify the TPEx of the redemption via a letter of announcement. Upon executing the redemption, the Company shall redeem the convertible bonds in cash within five business days from the bond redemption base date.<br><br>(3) If a bondholder fails to respond in writing to the Company’s stock transfer agent before the bond redemption base date specified in the “Bond Redemption Notice,” the response will be deemed effective upon delivery, with the postmark date serving as the basis for mailed responses. In such cases, the Company will redeem the convertible bonds in cash at their par value within five business days after the bond redemption base date.<br><br>(4) If the Company executes the redemption request, the deadline for bondholders to request conversion is the second business day following the termination of trading of the convertible bonds on the TPEx. |
| Conversion period | From April 9, 2024 (the day following the three-month period after the issuance of the convertible bonds) to January 8, 2027 (the maturity date), bondholders may, through their original trading securities company, notify the Taiwan Depository & Clearing Corporation (hereinafter referred to as “TDCC”) and the Company’s stock transfer agent to request the conversion of the convertible bonds into the Company’s ordinary shares, in accordance with these Regulations and the provisions of Articles 10, 11, 13, and 15 thereof. Conversion requests are not permitted during the following periods: (1) the book closure period for ordinary shares as required by law; (2) the period from 15 business days prior to the record date for stock dividends, cash dividends, or cash capital increase subscriptions until the ex-dividend date; (3) the period from the capital reduction base date until the day before the trading day for issuing new stock certificates due to the capital reduction; or (4) the period from the start of the conversion (subscription) closure period for changing the stock denomination until the day before the trading day for issuing new stock certificates.<br><br>The start date of the conversion closure period for changing the stock denomination, as mentioned in the preceding paragraph, is the business day immediately preceding the application to the Ministry of Economic Affairs for the change registration. The Company shall make a public announcement four business days prior to the start date of the conversion closure period. |
| Conversion price | NT$194.2 |

(Continued)

| Item | 1st domestic unsecured convertible corporate bonds |
|---|---|
| Aggregate amount | $400,000 thousand |
| Issue date | April 28, 2022 |
| Issue period | April 28, 2022 ~ April 28, 2025 |
| Coupon rate | 0% |
| Name of trustee | SinoPac Financial Holdings Company Limited |
| Terms of repayment | Unless bondholders convert their convertible bonds into the Company's common shares in accordance with Article 10 of these Regulations, or the bonds are redeemed early by the Company pursuant to Article 18 of these Regulations, or the Company repurchases and cancels the bonds at the business premises of a securities firm, the Company shall repay the convertible bonds in cash in a single lump sum at their par value upon maturity. Payment shall be made within five business days from the maturity date, inclusive. |
| Terms of redemption prior to maturity | (1) From July 29, 2022 (the day following the three-month period after the issuance of the convertible bonds) to March 19, 2025 (40 days prior to the maturity of the issuance period), if the closing price of the Company's common shares exceeds the current conversion price by 30% or more for 30 consecutive business days, the Company may, within the subsequent 30 business days, send a "Bond Redemption Notice" with a 30-day expiration period by registered mail to bondholders. The notice period begins on the date the Company sends the mail, with the expiration date serving as the bond redemption base date. This period shall not overlap with the conversion suspension period prescribed in Article 9. Bondholders are those listed on the bondholders' roster on the fifth business day prior to the dispatch of the "Bond Redemption Notice"; for bondholders who acquire convertible bonds thereafter due to trading or other reasons, a public announcement shall prevail. The Company shall redeem all bonds in cash at their par value and notify the Taipei Exchange (TPEx) via a letter for public announcement. Upon exercising the redemption request, the Company shall redeem the convertible bonds in cash within five business days after the bond redemption base date.<br><br>(2) From July 29, 2022 (the day following the three-month period after the issuance of the convertible bonds) to March 19, 2025 (40 days prior to the maturity of the issuance period), if the outstanding balance of the convertible bonds falls below 10% of the original total issued amount, the Company may, at any time thereafter, send a "Bond Redemption Notice" with a 30-day expiration period by registered mail to bondholders. The notice period begins on the date the Company sends the mail, with the expiration date serving as the bond redemption base date. This period shall not overlap with the conversion suspension period prescribed in Article 9. Bondholders are those listed on the bondholders' roster on the fifth business day prior to the dispatch of the "Bond Redemption Notice"; for bondholders who acquire convertible bonds thereafter due to trading or other reasons, a public announcement shall prevail. The Company shall redeem all bonds in cash at their par value and notify the TPEx via a letter for public announcement. Upon exercising the redemption request, the Company shall redeem the convertible bonds in cash within five business days after the bond redemption base date.<br><br>(3) If a bondholder fails to respond in writing to the Company's shareholder service agent before the bond redemption base date specified in the "Bond Redemption Notice," the response shall be deemed effective upon delivery, with the postmark date serving as the basis for mailed responses. In such cases, the Company shall redeem the convertible bonds in cash at their par value within five business days after the bond redemption base date.<br><br>(4) If the Company exercises the redemption request, the deadline for bondholders to request conversion is the second business day following the termination of over-the-counter trading of the convertible bonds on the TPEx. |
| Conversion period | From July 29, 2022 (the day following the three-month period after the issuance of the |

(Continued)

| Item | 1st domestic unsecured convertible corporate bonds |
|---|---|
| | convertible bonds) to April 28, 2025 (the maturity date), bondholders may, through their original trading brokerage, notify the Taiwan Depository & Clearing Corporation (hereinafter referred to as "TDCC") and the Company's shareholder service agent to request conversion of the convertible bonds into common shares, in accordance with Articles 10, 11, 13, and 15 of these Regulations. Conversion requests are not permitted during the following periods: (1) when the transfer of common shares is suspended by law; (2) from the 15th business day prior to the record date for stock dividends, cash dividends, or cash capital increase subscriptions until the distribution base date; (3) from the capital reduction base date until the day before the trading date for reissuing shares; or (4) from the start of the conversion (subscription) suspension period for altering the face value of shares until the day before the trading date for reissuing shares.<br><br>The start date of the conversion (subscription) suspension period for altering the face value of shares, as mentioned in the preceding paragraph, is the business day immediately preceding the application for amendment registration with the Ministry of Economic Affairs. The Company shall make a public announcement four business days prior to the start of the conversion suspension period. |
| Conversion price | NT$67 |

Pursuant to Article 18 of The Company's Regulations Governing the Issuance and Conversion of the 1st Domestic Unsecured Convertible Bonds, on October 23, 2023. The Company exercised its right to redeem the bonds, commencing on October 31, 2023, and ending on November 29, 2023. The redemption price was set at 100% of the principal amount of the bonds. The redemption base date for the convertible bonds was determined to be November 29, 2023, and the bonds were delisted from the OTC market on November 30, 2023. All convertible bonds were converted into common shares in 2023.

(n) Lease liabilities

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Current | $ 41,773 | 29,273 |
| Non-current | $ 93,548 | 65,232 |

For the maturity analysis, please refer to Note 6(w).

The amounts recognized in profit or loss are as follows:

| | For the years ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Interest on lease liabilities | $ 3,031 | 2,445 |
| Expenses relating to short-term leases | $ 15,092 | 15,422 |

The amounts recognized in the statement of cash flows for the Group are as follows:

| | For the years ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Total cash outflow for leases | $ 68,138 | 63,171 |

(i) Real estate leases

The Group leases buildings for its plant and office use, which typically run for a period of three years.

(ii) Other leases

The Group leases employee dormitory and transportation equipment, with contract terms of one to three years. These leases are short-term or leases of low-value items. Therefore, the Group has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(o) Operating lease

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date is as follows:

| | **December 31, 2024** | **December 31, 2023** |
|---|---|---|
| Less than one year | $ 23,841 | 18,825 |
| One to two years | 30 | 15,575 |
| Two to three years | - | 327 |
| Three to four years | - | 327 |
| | $ 23,871 | 35,054 |

(p) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value is as follows:

| | **December 31, 2024** | **December 31, 2023** |
|---|---|---|
| Present value of the defined benefit obligations | $ 60,621 | 57,746 |
| Fair value of plan assets | (23,080) | (20,479) |
| Net defined benefit liabilities | $ 37,541 | 37,267 |

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle retired employees to receive retirement benefits based on their years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

(Continued)

The Group’s Bank of Taiwan labor pension reserve account balance amounted to $22,804 thousand as of December 31, 2024. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended December 31, 2024 and 2023 are as follows:

| | For the years ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Defined benefit obligations at January 1 | $ 57,746 | 51,619 |
| Current service costs and interest cost | 573 | 1,144 |
| Remeasurements of the net defined benefit obligations | | |
| —Actuarial loss arising from changes in financial assumptions | (368) | 299 |
| —Actuarial loss arising from experience adjustments | 3,102 | 5,939 |
| Benefits paid | (432) | (1,255) |
| Defined benefit obligations at December 31 | **$ 60,621** | **57,746** |

3) Movements in fair value of plan assets

The movements in the fair value of the plan assets for the years ended December 31, 2024 and 2023 are as follows:

| | For the years ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Fair value of plan assets at January 1 | $ 20,479 | 20,347 |
| Interest income | 280 | 305 |
| Remeasurements of the net defined benefit liabilities | | |
| —Return on plan assets (excluding interest income) | 1,793 | 122 |
| Contributions paid by the employer | 960 | 960 |
| Benefits paid | (432) | (1,255) |
| Fair value of plan assets at December 31 | **$ 23,080** | **20,479** |

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the years ended December 31, 2024 and 2023 are as follows:

| | For the years ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Current service costs | $ - | 483 |
| Net interest of net liabilities for defined benefit obligations | 293 | 356 |
| | **$ 293** | **839** |

| | **2024** | **2023** |
|---|---|---|
| Administration expenses | **$ 293** | **559** |

5) Remeasurement of net defined benefit liability recognized in other comprehensive income

Accumulated remeasurement of the defined benefit liability recognized in other comprehensive income is as follows:

| | For the years ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Accumulated amount at January 1 | $ (12,848) | (6,732) |
| Recognized during the period | (941) | (6,116) |
| Accumulated amount at December 31 | **$ (13,789)** | **(12,848)** |

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

| | **December 31, 2024** | **December 31, 2023** |
|---|---|---|
| Discount rate | 1.50% | 1.375% |
| Future salary increase rate | 2.00% | 2.00% |

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date of 2024 was $556 thousand.

The weighted average lifetime of the defined benefits plans was 7.00 years as of December 31, 2024.

(Continued)

7) Sensitivity analysis

As of December 31, 2024 and 2023, if the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation are as follows:

| | Influences of defined benefit obligations | |
|---|---|---|
| | **Increase by 0.25%** | **Decrease by 0.25%** |
| December 31, 2024 | | |
| Discount rate | (724) | 741 |
| Future salary increasing rate | 725 | (712) |
| December 31, 2023 | | |
| Discount rate | (593) | 617 |
| Future salary increasing rate | 599 | (578) |

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis was consistent with the calculation of pension liabilities in the balance sheets.

There were no changes in the method and assumptions used in the preparation of sensitivity analysis compared with those used in the financial statements of the prior period.

(ii) Defined contribution plans

The Group allocates 6% of each employee’s monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

Foreign entities of the Group adopt defined contribution plans. The contribution of pension is made in accordance with local regulations, and the pension that shall be provided in the period is recognized as pension expenses in full.

The pension expenses incurred from the defined contribution plans amounted to $74,687 thousand and $64,823 thousand for the years ended December 31, 2024 and 2023, respectively.

(Continued)

(p) Income taxes

(i) Income tax expense

The components of the income tax in the years 2024 and 2023 are as follows:

| | For the years ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Current tax expense | | |
| Current period | $ 230,460 | 208,494 |
| Underestimation of income tax in prior periods | 20,979 | 9,245 |
| Deferred tax expense (benefit) | | |
| Origination and reversal of temporary differences | (15,504) | (15,046) |
| | $ 235,935 | 202,693 |

Reconciliation of income tax expenses and the profit before income tax for the years ended December 31, 2024 and 2023 is as follows:

| | For the years ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Profit before income tax | $ 812,697 | 737,971 |
| Income tax using the Company's domestic tax rate | $ 162,539 | 147,594 |
| Tax effect of different tax rates applicable in foreign jurisdiction | 52,109 | 52,538 |
| Recognition of prior unrecognized tax losses | - | 69 |
| Undistributed earnings additional tax | 2,374 | 8,504 |
| Underestimation of income tax in prior periods | 20,979 | 9,245 |
| Others | (2,066) | (15,257) |
| | $ 235,935 | 202,693 |

(ii) Deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2024 and 2023 are as follows:

| | **Inventory valuation losses** | **Others** | **Total** |
|---|---|---|---|
| Deferred tax assets: | | | |
| Balance at January 1, 2024 | $ 15,813 | 28,916 | 44,729 |
| Recognized in profit or loss | 422 | 15,402 | 15,824 |
| Balance at December 31, 2024 | $ 16,235 | 44,318 | 60,553 |
| Balance at January 1, 2023 | $ 17,217 | 12,573 | 29,790 |
| Recognized in profit or loss | (1,404) | 16,343 | 14,939 |
| Balance at December 31, 2023 | $ 15,813 | 28,916 | 44,729 |

(Continued)

| | Share of profit or loss of subsidiaries accounted for using equity method and others | |
|---|---|---|
| Deferred tax liabilities: | | |
| Balance at January 1, 2024 | $ | 181,442 |
| Recognized in profit or loss | | 320 |
| Balance at December 31, 2024 | **$** | **181,762** |
| Balance at January 1, 2023 | $ | 181,549 |
| Recognized in profit or loss | | (107) |
| Balance at December 31, 2023 | **$** | **181,442** |

The Group has resolved by the board of directors in March, 2023 that since 2023, as the Group is able to control the time point of the reversal of the temporary differences arising from investments in subsidiaries in Mainland China (including unappropriated earnings, etc.), and it is probable that the temporary differences will not reverse in the foreseeable future, deferred income tax assets and liabilities are not recognized.

(iii) Assessment of tax

The Company tax returns for the years through 2022 were assessed by the National Taiwan Bureau.

(r) Capital and other equity

As of December 31, 2024 and 2023, the number of authorized ordinary share each consisted were $1,200,000 and $1,200,000, respectively. In addition, the issuance of ordinary shares each consisted of66,091 thousand and 64,815 thousand of shares, respectively, with a par value of $10 per share.

Reconciliation of the numbers of outstanding shares as of December 31, 2024 and 202 is as follows:

| | Ordinary shares | |
|---|---|---|
| | For the years ended December 31 | |
| (Expressed in thousands of shares) | **2024** | **2023** |
| Beginning balance | 64,815 | 60,121 |
| Conversion of convertible bonds | 1,276 | 4,694 |
| Ending balance | **66,091** | **64,815** |

(i) Ordinary shares

The Company issued 5,970 thousand of new shares at par with total amount of $59,700 thousand for the conversion by convertible bonds holders for the year ended December 31, 2023. Among the new shares, the legal registration process of 4,694 thousand of shares (with total amount of $46,939 thousand) has been completed, and the rest 1,276 thousand of shares (with total amount of $12,761 thousand) have been listed under “advance receipts for share capital,” and the legal registration process has been completed on February 27, 2024.

(ii) Capital surplus

The balances of capital surplus are as follows:

| | | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Additional paid-in capital arising from ordinary share | $ | 1,314,010 | 1,314,010 |
| Additional paid-in capital arising from bond conversion | | 380,889 | 380,889 |
| Treasury share transactions | | 6,195 | 6,195 |
| Employee share options (including those ceased to be effective) | | 14,329 | 14,329 |
| Issuance of convertible bond options | | 151,174 | - |
| Total | $ | 1,866,597 | 1,715,423 |

According to the regulation of the Company Act, where a company incurs no loss, it may distribute the income derived from the issuance of new shares at a premium, and the income from endowments received by the Company, by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash. Based on the relevant regulations of Securities and Exchange Act, where a company intends to capitalize the aforementioned capital surplus, the total amount per year shall not exceed 10% of paid-in capital.

(iii) Retained earnings

The Company’s article of incorporation stipulate that any Company’s net earnings should first be used to offset the prior years’ deficits, before paying any income taxes. Then 10% of the remaining balance is to be appropriated as legal reserve, unless such legal reserve has amounted to the paid-in capital. The remainder, if any, should be set aside as special reserve in accordance with the operating requirement and the laws, together with any undistributed retained earnings that can be distributed up to 90% of the shareholder dividend after the board of directors has made the proposal of earnings distribution, wherein the distributable dividend and bonus may be paid by issuing new shares after a resolution has been adopted in the shareholders' meeting.

(Continued)

When the Company allocates special reserve in accordance with law, it shall be allocated from the cumulative net amount of other deductions from equity in the preceding period and the cumulative net amount of increase in investment property fair value in the preceding period. If it is insufficient to make the allocation mentioned above, before earnings distribution, the Company shall allocate an amount of special reserve equal to the amount allocated to undistributed earnings for the preceding period. If there remains any insufficiency, allocate it from the amount of the after-tax net profit for the period, plus items other than after-tax net profit for the period, that are included in the undistributed earnings of the period.

According to Article 240, paragraphs 5 of Company Act, the distributable dividends and bonus, in whole or in part, or the legal reserve and capital reserved, in whole or in part, which are brought in Article 241, paragraphs 1 of Company Act, may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and in addition thereto, a report of such distribution shall be submitted to the shareholders' meeting.

Before the distribution of dividends, the Company shall first take into consideration its operating environment, industry developments, and the long-term interests of stockholders, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. After the above appropriations, the current and prior-period earnings that remain undistributed will be proposed for distribution by the board of directors to be approved during the meeting of the shareholders. The cash dividends shall not be more than 10% of total dividends.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing fund, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

According to the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2023 and 2022 had been approved during the board meetings on May 6, 2024 and March 13, 2023, respectively.

The relevant dividend distributions to shareholders were as follows:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **Amount per share** | **Total amount** | **Amount per share** | **Total amount** |
| Dividends distributed to ordinary shareholders | | | | |
| Cash | $ 4.50 | 297,411 | 3.00 | 180,364 |

(iv) Other equity

| | **Exchange differences on translation of foreign financial statements** | **Unrealized gain (losses) from financial assets measured at fair value through other comprehensive income** | **Total** |
|---|---|---|---|
| Balance at January 1, 2024 | $ (128,105) | 26,794 | (101,311) |
| Exchange differences on foreign operations | 189,547 | - | 189,547 |
| Unrealized losses from financial assets measures at fair value through other comprehensive income: | | | |
| The Company | - | (4,829) | (4,829) |
| Subsidiaries | - | 7,462 | 7,462 |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | | | |
| Subsidiaries | - | (8,364) | (8,364) |
| Balance at December 31, 2024 | $ 61,442 | 21,063 | 82,505 |

| | **Exchange differences on translation of foreign financial statements** | **Unrealized gain (losses) from financial assets measured at fair value through other comprehensive income** | **Total** |
|---|---|---|---|
| Balance at January 1, 2023 | $ (58,328) | 11,149 | (47,179) |
| Exchange differences on foreign operations | (69,777) | - | (69,777) |
| Unrealized losses from financial assets measures at fair value through other comprehensive income: | | | |
| The Company | - | 15,722 | 15,722 |
| Subsidiaries | - | (77) | (77) |
| Balance at December 31, 2023 | $ (128,105) | 26,794 | (101,311) |

(Continued)

(s) Earnings per share

Basic and diluted earnings per share are calculated as follows:

| | For the years ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| **Basic earnings per share** | | |
| Profit attributable to ordinary shareholders of the Company | $ 576,762 | 535,278 |
| Weighted average number of ordinary shares at December 31 (in thousands) | 66,091 | 61,630 |
| Basic earnings per share (in dollars) | $ 8.73 | 8.69 |
| **Diluted earnings per share** | | |
| Profit attributable to ordinary shareholders of the Company (basic) | 576,762 | 535,278 |
| After-tax effects of convertible bonds | 12,826 | 3,077 |
| Profit attributable to ordinary shareholders of the Company (diluted) | $ 589,588 | 538,355 |
| Weighted average number of ordinary shares (diluted) at December 31 (in thousands) | 66,091 | 61,630 |
| Effect of employee share bonus (in thousands) | 326 | 407 |
| Effect of convertible bonds conversion (in thousands) | 4,041 | 4,462 |
| Weighted average number of ordinary shares (after adjusting the effects of dilutive potential ordinary shares) (in thousands) | 70,458 | 66,499 |
| Diluted earnings per share (in dollars) | $ 8.37 | 8.10 |

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(t) Revenue from contracts with customers

(i) Details of revenue

| | For the year ended December 31, 2024 | | |
|---|---|---|---|
| | **Hinge department** | **Fiber optic department** | **Total** |
| Primary geographical markets: | | | |
| China | $ 8,865,250 | 198,039 | 9,063,289 |
| America | 26,196 | 88,983 | 115,179 |
| Thailand | 167,832 | - | 167,832 |
| Taiwan | 45,719 | 3,988 | 49,707 |
| Vietnam | 154,853 | - | 154,853 |
| Other country | 20,234 | 7,076 | 27,310 |
| | $ 9,280,084 | 298,086 | 9,578,170 |
| Main product/service line: | | | |
| Electronic component manufacturing and sales | $ 9,280,084 | 298,086 | 9,578,170 |

| | For the year ended December 31, 2023 | | |
|---|---|---|---|
| | **Hinge department** | **Fiber optic department** | **Total** |
| Primary geographical markets: | | | |
| China | $ 7,665,955 | 143,763 | 7,809,718 |
| America | 12,361 | 58,884 | 71,245 |
| Thailand | 143,801 | - | 143,801 |
| Taiwan | 78,876 | 664 | 79,540 |
| Other country | 109,741 | 6,618 | 116,359 |
| | $ 8,010,734 | 209,929 | 8,220,663 |
| Main product/service line: | | | |
| Electronic component manufacturing and sales | $ 8,010,734 | 209,929 | 8,220,663 |

(ii) Contract balances

| | | December 31, 2024 | December 31, 2023 | January 1, 2023 |
|---|---|---|---|---|
| Notes receivable | $ | 1,462 | 361 | 1,144 |
| Accounts receivable | | 3,625,939 | 3,026,383 | 2,407,484 |
| Less: loss allowance | | (4,619) | (7,946) | (13,318) |
| Total | $ | 3,622,782 | 3,018,798 | 2,395,310 |

Please refer to Note 6(c) for the disclosure on notes and accounts receivables and the impairments.

(u) Remuneration to employees, and directors

The Group's articles of incorporation, which were authorized by the board of directors but has yet to be approved by the shareholders, require that earnings shall first be offset against any deficit, then, a minimum of 2% will be distributed as employee remuneration, and a maximum of 2% will be allocated as remuneration to directors. Employees who are entitled to receive the abovementioned employee remuneration, in share or cash, include the employees of the Group's subsidiaries who meet certain specific requirements.

For the years ended December 31, 2024 and 2023, the Group accrued and recognized its employee remuneration amounting to $52,213 thousand and $47,162 thousand, respectively; as well as its remuneration to directors amounting to $13,053 thousand and $11,791 thousand, respectively. These amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's articles of incorporation, and expensed under operating costs or expenses. Related information would be available at the Market Observation Post System website. The amounts, as stated in the financial statements are identical to those of the actual distributions for 2024 and 2023.

(v) Non-operating income and expenses

(i) Other income

The details of other income are as follows:

| | | For the years ended December 31 | |
|---|---|---|---|
| | | 2024 | 2023 |
| Rent income | $ | 24,882 | 26,297 |
| Dividend income | | 20,059 | 7,211 |
| Sample income | | 8,678 | 7,112 |
| Mold income | | 6,144 | 6,429 |
| Others | | 70,300 | 65,823 |
| | $ | 130,063 | 112,872 |

(ii) Other gains and losses

The details of other gains and losses are as follows:

| | For the years ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Losses on disposal of property, plant and equipment | $ (8,001) | (5,629) |
| Net gains (Losses) on financial assets at fair value through profit or loss | 29,297 | 14,903 |
| Sample expenses | (9,082) | (13,890) |
| Mold expenses | (2,798) | (8,997) |
| Foreign exchange gains | 88,070 | 27,760 |
| Others | (12,412) | (12,840) |
| | **$ 85,074** | **1,307** |

(iii) Finance costs

The details of finance costs are as follows:

| | For the years ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Interest on bank loans | $ (9,318) | (15,185) |
| Interest on lease liabilities | (3,031) | (2,445) |
| Amortization of convertible corporate bond discount | (16,033) | (3,846) |
| | **$ (28,382)** | **(21,476)** |

(iv) Interest income

The details of interest income are as follows:

| | For the years ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Interest income from bank deposits | $ 75,347 | 54,309 |
| Other interest income | 369 | 697 |
| | **$ 75,716** | **55,006** |

(w) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The major customers of the Group are centralized in the high-tech computer industry. As of December 31, 2024 and 2023, 73% and 50%, respectively, of accounts receivable were concentrated on 4 and 5 major customers, respectively. To minimize credit risk, the Group periodically evaluates the Group's financial positions and the possibility of collecting accounts receivables.

3) Credit risk of receivables

For credit risk exposure of note and accounts receivables, please refer to note 6(c).

Other financial assets at amortized cost include other receivables. For the details on the provision of loss allowances, please refer to note 6(d).

As all of these financial assets are considered with low risk, and thus, the loss allowances are measured at the amount equal to 12-month expected credit losses.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including the effects of estimated interests.

| | Carrying amount | Contractual cash flow | within six months | 6-12 months | 1-2 years | 2-5 years | over 5 years |
|---|---|---|---|---|---|---|---|
| **December 31, 2024** | | | | | | | |
| Non derivative financial liabilities | | | | | | | |
| Short-term borrowings | $ 522,390 | 524,346 | 501,815 | 22,531 | - | - | - |
| Notes and accounts payable | 2,631,231 | 2,631,231 | 2,631,231 | - | - | - | - |
| Other payables | 1,194,454 | 1,194,454 | 1,194,454 | - | - | - | - |
| Bond payables | 765,936 | 800,000 | - | - | - | 800,000 | - |
| Lease liabilities | 135,321 | 152,931 | 27,805 | 27,954 | 44,286 | 52,886 | - |
| Long-term borrowings | | | | | | | |
| (current portion included) | 68,810 | 71,020 | 7,421 | 7,376 | 14,617 | 41,606 | - |
| | $ 5,318,142 | 5,373,982 | 4,362,726 | 57,861 | 58,903 | 894,492 | - |
| **December 31, 2023** | | | | | | | |
| Non derivative financial liabilities | | | | | | | |
| Short-term borrowings | $ 629,810 | 632,321 | 632,321 | - | - | - | - |
| Notes and accounts payable | 2,431,380 | 2,431,380 | 2,431,380 | - | - | - | - |
| Other payables | 1,157,079 | 1,157,079 | 1,157,079 | - | - | - | - |
| Lease liabilities | 94,505 | 107,044 | 22,430 | 17,938 | 32,445 | 34,231 | - |
| Long-term borrowings | | | | | | | |
| (current portion included) | 254,921 | 258,827 | 109,951 | 78,071 | 14,719 | 43,183 | 12,903 |
| | $ 4,567,695 | 4,586,651 | 4,353,161 | 96,009 | 47,164 | 77,414 | 12,903 |

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(Continued)

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

| | December 31, 2024 | | | December 31, 2023 | | |
|---|---|---|---|---|---|---|
| | Foreign currency | Exchange rate | New Taiwan Dollars | Foreign currency | Exchange rate | New Taiwan Dollars |
| **Financial assets** | | | | | | |
| **Monetary items** | | | | | | |
| USD | $ 100,628 | 32.785 | 3,299,089 | 91,329 | 30.705 | 2,804,257 |
| **Financial liabilities** | | | | | | |
| **Monetary items** | | | | | | |
| USD | 29,313 | 32.785 | 961,027 | 32,492 | 30.705 | 997,667 |

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the conversion of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables, loans and borrowings, and accounts and other payables that are denominated in foreign currency. Assuming all other variable factors remain constant, a weakening or strengthening of 5% of the NTD against the USD as of December 31, 2024 and 2023 would have increased or decreased the net profit before tax by $116,903 thousand and $90,330 thousand, respectively. The analysis for the two periods were on the same basis.

3) Foreign exchange gain and loss on monetary items

Since the Group transacts in different functional currencies, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the years ended December 31, 2024 and 2023, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to $88,070 thousand and $27,760 thousand, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with floating interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to the management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

(Continued)

If the interest rate had increased or decreased by 1% basis points, the Group's net income would have decreased or increased by $5,912 thousand and $8,847 thousand for the years ended December 31, 2024 and 2023, assuming all other variable factors remain constant. This is mainly due to the Group's borrowing in floating variable rates.

(v) Other price risk

If the price of securities changes at the reporting date (the analysis was performed on the same basis for both periods, and assuming that other factors remained unchanged), the impact on the comprehensive income was as follows:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| **Security price at the report date** | **After-tax amount of other comprehensive income** | **Pre-tax profit or loss** | **After-tax amount of other comprehensiv e income** | **Pre-tax profit or loss** |
| **Rise by 1%** | **$ 1,010** | **317** | **1,222** | **154** |
| **Fall by 1%** | **$ (1,010)** | **(317)** | **(1,222)** | **(154)** |

(vi) Fair value of financial instruments

1) Types of financial instruments and fair value

The carrying amount and fair value of the Group's financial assets and liabilities are as follows (including the information on fair value hierarchy; however, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required):

| | December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | | Fair value | | | |
| | **Carrying amount** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Financial assets at fair value through profit or loss | $ 92,952 | 91,752 | 1,200 | - | 92,952 |
| Financial assets at fair value through other comprehensive income | 101,036 | - | - | 101,036 | 101,036 |
| Loans and receivables | | | | | |
| Cash and cash equivalents | 3,275,344 | - | - | - | - |
| Notes and accounts receivable | 3,622,782 | - | - | - | - |
| Other receivables | 54,764 | - | - | - | - |
| Subtotal | 6,952,890 | - | - | - | - |
| Total | $ 7,146,878 | 91,752 | 1,200 | 101,036 | 193,988 |
| Financial liabilities at amortized cost: | | | | | |
| Short-term borrowings | $ 522,390 | - | - | - | - |

(Continued)

| | December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | | Fair value | | | |
| | Carrying amount | Level 1 | Level 2 | Level 3 | Total |
| Notes and accounts payables | 2,631,231 | - | - | - | - |
| Other payables | 1,194,454 | - | - | - | - |
| Bond payables | 765,936 | - | - | - | - |
| Lease liabilities | 135,321 | - | - | - | - |
| Long-term borrowings (current portion included) | 68,810 | - | - | - | - |
| Subtotal | 5,318,142 | - | - | - | - |
| Total | $ 5,318,142 | - | - | - | - |

| | December 31, 2023 | | | | |
|---|---|---|---|---|---|
| | | Fair value | | | |
| | Carrying amount | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at fair value through profit or loss | $ 15,640 | 15,386 | - | 254 | 15,640 |
| Financial assets at fair value through other comprehensive income | 122,164 | - | - | 122,164 | 122,164 |
| Loans and receivables | | | | | |
| Cash and cash equivalents | 2,967,196 | - | - | - | - |
| Notes and accounts receivable | 3,018,798 | - | - | - | - |
| Other receivables | 37,930 | - | - | - | - |
| Subtotal | 6,023,924 | - | - | - | - |
| Total | $ 6,161,728 | 15,386 | - | 122,418 | 137,804 |
| Financial liabilities at amortized cost: | | | | | |
| Short-term borrowings | $ 629,810 | - | - | - | - |
| Notes and accounts payables | 2,431,380 | - | - | - | - |
| Other payables | 1,157,079 | - | - | - | - |
| Lease liabilities | 94,505 | - | - | - | - |
| Long-term borrowings (current portion included) | 254,921 | - | - | - | - |
| Subtotal | 4,567,695 | - | - | - | - |
| Total | $ 4,567,695 | - | - | - | - |

2) Valuation techniques for financial instruments not measured at fair value

The methods and assumptions used for estimating the instruments not measured at fair value are as follows:

(2.1) Financial assets at amortized cost

If public quoted prices in active markets are available, the market prices are the fair value. If there is no market price for reference, the fair value shall be estimated by valuation method or the counterparty prices.

(2.2) Financial assets and liabilities at amortized cost

If quoted prices of deals or market makers are available, fair value shall be evaluated on the basis of the recent deal prices or quoted prices. If there is no market price for reference, fair value shall be estimated by valuation method. The estimates and assumptions used in the valuation method are estimating fair value by the discounted cash flows.

3) Valuation techniques for financial instruments measured at fair value

(3.1) non-derivative financial instruments

If there are public quoted prices in an active market for a financial instrument, the public quoted prices are the fair value of the financial instrument.

The market prices in major exchanges, and the market prices of hot bonds declared by central government bond OTC center are the basis of listed equity instruments and debt instruments with market public quoted prices in active markets.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. If the aforementioned conditions do not conform, then the market is regarded as inactive. In general, a market with high bid-ask spreads, significant increase in bid-ask spreads, or low trading volume is indicated as inactive.

Unquoted equity instruments: the fair value shall be estimated by discounted cash flow model, which is assumed on the investors' expected future cash flows that are discounted by the rate of return reflecting time value of money and investment risk.

(3.2) Derivatives

Valuations are based on valuation models widely accepted by market users, such as discounting methods and option pricing models. Forward exchange agreements are usually valued based on the current forward rate. Structured interest rate derivatives are based on an appropriate option pricing model (such as the Black-Scholes model) or other evaluation methods, such as Monte Carlo simulation.

4) Details of changes in level 3 fair value measurement

| | Measured at fair value through profit or loss | Measured at fair value through other comprehensive income |
|---|---|---|
| Balance at January 1, 2024 | $ 254 | 122,164 |
| Total gains or losses | | |
| Recognized in profit or loss | 2,746 | - |
| Recognized in other comprehensive income | - | 2,633 |
| Additions | 2,685,233 | - |
| Disposals | (2,688,233) | (15,171) |
| Other Refund of paid-up capital | - | (9,616) |
| Effect of movements in exchange | - | 1,026 |
| Balance at December 31, 2024 | **$ -** | **101,036** |

| | Measured at fair value through profit or loss | Measured at fair value through other comprehensive income |
|---|---|---|
| Balance at January 1, 2023 | $ 457 | 83,032 |
| Total gains or losses | | |
| Recognized in profit or loss | (203) | - |
| Recognized in other comprehensive income | - | 15,645 |
| Additions | - | 34,111 |
| Refund of paid-up capital due to capital decrease | - | (10,150) |
| Effect of movements in exchange | - | (474) |
| Balance at December 31, 2023 | **$ 254** | **122,164** |

The aforementioned total gains or losses were presented under “other gains and losses” and “unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income.” The portion related to the assets held by the Group as of December 31, 2024 and 2023 is as follows:

| | | **For the year ended December 31, 2024** | **For the year ended December 31, 2023** |
|---|---|---|---|
| Total gains or losses | | | |
| Recognized in profit or loss (presented under “other gains and losses”) | $ | 2,746 | (203) |
| Recognized in other comprehensive income (presented under “unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income”) | | 2,633 | 15,645 |

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments classified as Level 3 fair value measurements primarily consist of "financial assets measured at fair value through profit or loss - equity investments."
The majority of fair value measurements of the Group are classified as Level 3 are with only single significant unobservable input. Only equity investments without active markets are with multiple significant unobservable input. As the significant unobservable inputs are independent with each other, there is no interrelationship among them.

Quantified information of significant unobservable inputs was as follows:

| **Item** | **Valuation technique** | **Significant unobservable inputs** | **Inter-relationship between significant unobservable inputs and fair value measurement** |
|---|---|---|---|
| Financial assets at fair value through other comprehensive income -equity investments without an active market | Net Asset Value Method | · Net asset value<br>· The market illiquidity discount rate (30% on December 31, 2024 and 2023) | · The higher market illiquidity discount, the lower fair value |
| Financial assets at fair value through profit or loss-Private offered funds | Net Asset Value Method | - Net asset value | Not applicable |

6) Fair value measurements in Level 3 — sensitivity analysis of reasonably possible alternative assumptions

The fair value measurement of financial instruments by the Group is reasonable, but the use of different evaluation models or evaluation parameters may result in different evaluation results. For fair value measurements in Level 3, if the evaluation parameters change, would have the following effects of profit or loss or other comprehensive income:

| | | | Profit or loss | | Other comprehensive income | |
|---|---|---|---|---|---|---|
| | **Input** | **Assumptions** | **Favorable** | **Unfavorable** | **Favorable** | **Unfavorable** |
| **December 31, 2024** | | | | | | |
| Financial assets at fair value through other comprehensive income | | | | | | |
| Equity investments without an active market | 30% | 5% | - | - | 5,052 | (5,052) |
| **December 31, 2023** | | | | | | |
| Financial assets at fair value through profit or loss-Private offered funds | Net asset value | 5% | 13 | (13) | - | - |
| Financial assets at fair value through other comprehensive income | | | | | | |
| Equity investments without an active market | 30% | 5% | - | - | 6,108 | (6,108) |

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(x) Financial risk management

(i) Overview

The Group has exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the abovementioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying financial statements.

(ii) Risk management framework

The Group oversees how the managements supervision is in compliance with the Group's risk management policies and procedures. The general manager is responsible for developing and monitoring the Group's risk management policies and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures.

(Continued)

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in securities.

1) Accounts and other receivables

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

The credit risk exposure is affected by the individual conditions of each customer. However, the management also considers the basic statistic data of customers, including the industries that the customers operate in, and the default risk of the countries, because those factors may affect credit risk. In order to reduce the credit risk, the Group also regularly assesses the financial statues of its customers, if necessary, and will require its customers to provide security or guarantee.

The Group sets allowance for doubtful accounts to reflect the estimated loss resulted from its accounts and notes receivable. The main portion of allowance for doubtful accounts included specific loss component related to significant exposure and loss component occurred but not recognized on similar group of assets. The allowance for doubtful accounts of the group was based on the statistic information of past payment of similar financial assets.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. As the Group only deals with banks with good credit rating, there is no concern about performance of contracts. Therefore, there is no significant credit risk.

3) Guarantees

As of December 31, 2024 and 2023, the Group did not provide endorsements and guarantees.

(iv) Liquidity risk

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities to ensure consistency with the terms of loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Group. As of December 31, 2024 and 2023, the Group's long-term and short-term unused credit line amounted to $531,434 thousand and $518,280 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities. The functional currencies of the entities in the Group are primarily NTD, and also USD and CNY. The transactions are primarily denominated in NTD, USD, and CNY.

Interests arising from borrowings are denominated in the currencies of the principal of the borrowings. Generally, the currencies of the borrowings are the same as the currencies of the cash flows generated by the operation of the Group, primarily NTD and USD. Under this condition, as economic hedging is provided, derivative instruments shall not be used. Therefore, hedge accounting is not used.

As for other monetary assets and liabilities denominated in other foreign currencies, when there are short-term unbalances, the Group ensure the net exposure to keep on an acceptable level by purchasing or selling foreign currencies by spot exchange rates.

2) Interest rate risk

The Group maintains an appropriate combination of the fixed and floating interest rate instruments to manage interest rate risk

(y) Capital management

The board of directors' policies are maintaining sound capital base, to maintain the confidence of investors, creditors, and the market, and to support the development of future operation. The capital includes share capital, capital surplus, retained earnings, and non-controlling interests. The board of directors manages the level of dividends of ordinary shares.

The Group's debt-to-equity ratios as of December 31, 2024 and 2023 are as follows:

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Total liabilities | $ 5,642,039 | 4,893,384 |
| Less: cash and cash equivalents | (3,275,344) | (2,967,196) |
| Net liabilities | **$ 2,366,695** | **1,926,188** |
| Total equity | **$ 5,884,659** | **5,262,895** |
| Debt-to-equity ratio | **40.22%** | **36.60%** |

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(z) Investment and financing activities from non-cash transactions

Investment and financing activities from non-cash transactions for the years ended December 31, 2024 and 2023 are as follows:

(a) Right-of-use assets acquired through leasing, please refer to Note 6(h).

(b) Reconciliation of assets from financing activities is as follows:

| | Jan. 1, 2024 | Cash Flows | Non-cash changes | | | | December 31, 2024 |
|---|---|---|---|---|---|---|---|
| | | | Acquisition | Exchange rate | Interest expenses | Others | |
| Short-term borrowings | $ 629,810 | (111,950) | - | 4,530 | - | - | 522,390 |
| Long-term borrowings (current portion included) | 254,921 | (186,111) | - | - | - | - | 68,810 |
| Bonds payables | - | 899,237 | - | - | 16,033 | (149,334) | 765,936 |
| Lease liabilities | 94,505 | (50,015) | 92,422 | (261) | - | (1,330) | 135,321 |
| Total liabilities arising from financing activities | $ 979,236 | 551,161 | 92,422 | 4,269 | 16,033 | (150,664) | 1,492,457 |

| | Jan. 1, 2023 | Cash Flows | Non-cash changes | | | | December 31, 2023 |
|---|---|---|---|---|---|---|---|
| | | | Acquisition | Exchange rate | Interest expenses | Others | |
| Short-term borrowings | $ 515,833 | 121,287 | - | (7,310) | - | - | 629,810 |
| Long-term borrowings (current portion included) | 472,282 | (217,361) | - | - | - | - | 254,921 |
| Bonds payables | 386,421 | - | - | - | 3,846 | (390,267) | - |
| Lease liabilities | 109,053 | (45,304) | 32,265 | (2,018) | - | 509 | 94,505 |
| Total liabilities arising from financing activities | $ 1,483,589 | (141,378) | 32,265 | (9,328) | 3,846 | (389,758) | 979,236 |

**(7) Related-party transactions:**

Key management personnel compensation comprised:

| | For the years ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Short-term employee benefits | $ 28,674 | 29,977 |
| Post-employment benefits | 822 | 859 |
| | $ 29,496 | 30,836 |

**(8) Pledged assets:**

The carrying values of pledged assets were as follows:

| Pledged assets | Object | December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| Land | Secured loans | $ 684,947 | 1,016,281 |
| Buildings | Secured loans | 173,495 | 226,692 |
| | | $ 858,442 | 1,242,973 |

(Continued)

**(9) Commitments and contingencies:**

The Group's significant contractual commitments were as follows:

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Acquisition of property, plant and equipment | $ 88,129 | 86,249 |

**(10) Losses Due to Major Disasters: None**

**(11) Subsequent Events:**

(a) On November 12, 2024, the Board of Directors approved that the Company's subsidiary, Wangxing Holdings Limited, would inject capital in the amount of USD 4,500 thousand into Zhaowang Technology (Shanghai) Co., Ltd. The effective date of the capital injection was February 10, 2025.

(b) On November 12, 2024, the Board of Directors approved a capital injection of THB 200,000 thousand into Jarllytec (Thailand) Co., Ltd. through the Company's Third Region entity. As of the date of this financial report, the investment funds had not yet been remitted.

(c) On November 12, 2024, the Board of Directors approved the issuance of the Company's third tranche of unsecured convertible corporate bonds in the domestic market, with a total principal amount of NT$1,500,000 thousand. All subscription proceeds were received on February 24, 2025, and the bonds were listed on February 25, 2025.

**(12) Other:**

The employee benefits, depreciation, and amortization expenses categorized by function, were as follows:

| By function / By item | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Operating cost | Operating expenses | Total | Operating cost | Operating expenses | Total |
| Employee benefits | | | | | | |
| Salaries | 1,001,752 | 450,385 | 1,452,137 | 835,552 | 402,631 | 1,238,183 |
| Labor and health insurance | 54,573 | 26,481 | 81,054 | 48,260 | 23,658 | 71,918 |
| Pension | 54,286 | 20,694 | 74,980 | 47,724 | 17,938 | 65,662 |
| Remuneration of directors | - | 14,754 | 14,754 | - | 13,347 | 13,347 |
| Others | 54,898 | 22,080 | 76,978 | 43,790 | 17,242 | 61,032 |
| Depreciation | 288,960 | 71,341 | 360,301 | 265,600 | 52,887 | 318,487 |
| Amortization | 13,513 | 19,459 | 32,972 | 9,491 | 19,893 | 29,384 |

**(13) Other disclosures:**

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

(i) Loans to other parties:

| Number | Name of lender | Name of borrower | Account name | Related party | Highest balance of financing to other parties during the period | Ending balance | Actual usage amount during the period | Range of interest rates during the period | Nature of financing (Note 3) | Transaction amount for business between two parties | Reasons for short-term financing | Allowance for bad debt | Collateral | | Individual funding loan limits (Note 1 & 2) | Maximum limit of fund financing (Note 1 & 2) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Item | Value | | |
| 0 | The Company | Jarllytec (Vietnam) Co.,Ltd. | Other receivables | Yes | 131,140 | 131,140 | - | 3% | 2 | - | Operating turnover | - | | - | 784,621 | 2,353,863 |
| 1 | Fu Qing Jarlly Electronics Co., Ltd. | Kunshan Jarlly Electronics Ltd. | Other receivables | Yes | 44,780 | - | - | 0% | 2 | - | Operating turnover | - | | - | 628,627 | 628,627 |
| 2 | Jarlly Technology (Chongqing) Co., Ltd. | Kunshan Jarlly Electronics Ltd. | Other receivables | Yes | 31,346 | - | - | 0% | 2 | - | Operating turnover | - | | - | 368,933 | 368,933 |
| 2 | Jarlly Technology (Chongqing) Co., Ltd. | Zhejiang Jarlly Precision Technology Co., Ltd. | Other receivables | Yes | 89,560 | 89,560 | 17,912 (Note 4) | 3% | 2 | - | Operating turnover | - | | - | 368,933 | 368,933 |
| 3 | Smart Hinge Holdings Ltd. | Great Hinge Trading Ltd. | Other receivables | Yes | 59,013 | 59,013 | 59,013 (Note 4) | 0% | 2 | - | Operating turnover | - | | - | 2,712,798 | 2,712,798 |
| 4 | Jarlly Technology (Shanghai) Co., Ltd. | Zhejiang Jarlly Precision Technology Co., Ltd. | Other receivables | Yes | 89,560 | 89,560 | - | 3% | 2 | - | Operating turnover | - | | - | 1,011,814 | 1,011,814 |
| 4 | Jarlly Technology (Shanghai) Co., Ltd. | Kunshan Jarlly Electronics Ltd. | Other receivables | Yes | 44,780 | - | - | 0% | 2 | - | Operating turnover | - | | - | 1,011,814 | 1,011,814 |
| 5 | Jarlly Electronics Technology (Shanghai) Co., Ltd. | Jarlly Technology (Shanghai) Co., Ltd. | Other receivables | Yes | 134,340 | 134,340 | - | 3% | 2 | - | Operating turnover | - | | - | 293,456 | 293,456 |

Note 1: The total amount available for financing purposes shall not exceed 40% of the Company's net worth. The total amount for short-term financing to one entity shall not exceed one third of the Company's loanable amount or 40% of the net transaction amount in recent year, whichever is lower.

Note 2: Subsidiaries

(a) The total amount available for financing purposes shall not exceed 60% of the subsidiaries' net worth. The total amount for short-term financing to one entity shall not exceed one third of the subsidiaries' loanable amount or 40% of the transaction amount in recent year, whichever is lower.

(b) For the entities that have short-term financing needs but have no business transaction with the Company, the total amount available for financing purposes shall not exceed 40% of the subsidiaries' net worth.

(c) For short-term financing needs, the amount available for financing of each entity shall not exceed 1/3 of the Company's loanable amount.

(d) For those foreign subsidiaries in which the Company, directly or indirectly, owned 100% of their shares the amount available for financing shall not exceed the 60% of the Company's net worth.

Note 3: Financing purpose

(a) 1 for entities the Company has business transactions with.

(b) 2 for entities that have short-term financing needs.

Note 4: The transaction has been eliminated in the consolidated financial statements.

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Guarantees and endorsements for other parties:

| No. | Name of guarantor and endorsements | Counter-party of guarantee and endorsement: Name | Counter-party of guarantee and endorsement: Relationship with the Company (Note 2) | Limitation on amount of guarantees and endorsements for a specific enterprise | Highest balance for guarantees and endorsements during the period | Balance of guarantees and endorsements as of reporting date (Note 3) | Actual usage amount during the period | Property pledged for guarantees and endorsements (Amount) | Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements | Maximum amount for guarantees and endorsements (Note 1) | Parent company endorsements/ guarantees to third parties on behalf of subsidiary | Subsidiary endorsements/ guarantees to third parties on behalf of parent company | Endorsements/ guarantees to third parties on behalf of companies in Mainland China |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 0 | The Company | Jarlly Technology (Shanghai) Co., Ltd. | 2 | 1,961,553 | 262,280 | - | - | - | -% | 2,353,863 | Y | N | Y |
| 0 | The Company | Jarlly Technology (Chongqing) Co., Ltd. | 2 | 1,961,553 | 65,570 | - | - | - | -% | 2,353,863 | Y | N | Y |
| 0 | The Company | Kunshan Jarlly Electronics Ltd. | 2 | 1,961,553 | 61,349 | - | - | - | -% | 2,353,863 | Y | N | Y |
| 0 | The Company | Jarllytec (Vietnam) Co., Ltd. | 2 | 1,961,553 | 131,140 | - | - | - | -% | 2,353,863 | Y | N | N |

Note 1: The total amount available for endorsement provided to others shall not exceed 40% of the Company's net worth (audited by Certified Public Accountant on December 31, 2024); and the total amount for endorsement provided to one entity shall not exceed one third of the Company's net worth.

Note 2: 7 forms of relationships in which corporate guarantees exist are defined as follows:

(a) Entities have business relations with the Company.

(b) The Company directly or indirectly holds more than 50% of voting shares of its subsidiaries.

(c) Investees directly or indirectly own more than 50% of voting shares of the Company.

(d) The Company directly or indirectly holds 90% of voting shares of its subsidiaries.

(e) Entities have construction contract agreements with the Company.

(f) The reason for The Company jointly invested in the entities is to provide proportionate endorsements.

(g) The Company has contractual pre-sold home agreements with its related parties under the Consumer Protection Law.

Note 3: The transaction has been eliminated in the consolidated financial statements.

(iii) Securities held as of December 31, 2024 (excluding investment in subsidiaries, associates and joint ventures):

Expressed in thousands of shares/thousands of units

| Name of holder | Category and name of security | Relationship with company | Account title | Ending balance: Shares (thousands) | Ending balance: Carrying value | Ending balance: Percentage of ownership (%) | Ending balance: Fair value | Highest Percentage of ownership (%) | Note |
|---|---|---|---|---|---|---|---|---|---|
| The Company | WK Technology Fund IX Ltd., stock | - | Non-current financial assets at fair value through other comprehensive income | 2,879 | 50,834 | 4.61 % | 50,834 | 3,599 | - |
| Jarwin Investment Co., Ltd. | Second phase Stock of WK Innovation Ltd. | - | Non-current financial assets at fair value through other comprehensive income | 3,000 | 29,021 | 2.67 % | 29,021 | 3,000 | - |
| The Company | Hua Nan Phoenix Money Market Fund | - | Current financial assets at fair value through profit or loss | 1,478 | 25,074 | - % | 25,074 | 2,699 | - |
| The Company | Taishin 1699 Money Market Fund | - | Current financial assets at fair value through profit or loss | 2,475 | 35,008 | - % | 35,008 | 3,537 | - |
| Jarwin Investment Co., Ltd. | TSMC, stock | - | Current financial assets at fair value through profit or loss | 20 | 21,500 | - % | 21,500 | 20 | - |
| Jarwin Investment Co., Ltd. | Evergreen Marine Corporation, stock | | Current financial assets at fair value through profit or loss | 12 | 2,700 | - % | 2,700 | 12 | - |
| Jarwin Investment Co., Ltd. | O-TA Precision Industry Co., LTD., stock | | Current financial assets at fair value through profit or loss | 5 | 370 | - % | 370 | 5 | - |
| Jarwin Investment Co., Ltd. | Quanta Ccmputer INC., stock | | Current financial assets at fair value through profit or loss | 10 | 2,870 | - % | 2,870 | 10 | - |
| Jarwin Investment Co., Ltd. | Unimicron Technology Corp., stock | | Current financial assets at fair value through profit or loss | 30 | 4,230 | - % | 4,230 | 30 | - |
| Fu Qing Jarlly Electronics Co., Ltd. | Fuqing Jelly Plastic Product Co., Ltd. | - | Non-current financial assets at fair value through other comprehensive income | - | 3,583 | 16.00 % | 3,583 | 3,583 | - |
| Fu Qing Jarlly Electronics Co., Ltd. | Chongqing Jelly Plastics Co., Ltd. | - | Non-current financial assets at fair value through other comprehensive income | - | 2,418 | 18.00 % | 2,418 | 2,418 | - |
| Fu Qing Jarlly Electronics Co., Ltd. | Chongqing Yuli Hardware Products Co., Ltd. | - | Non-current financial assets at fair value through other comprehensive income | - | 2,418 | 18.00 % | 2,418 | 2,418 | - |
| Xiamen Jarlly Electronics Co., Ltd. | Xiamen Jinli Hardware Products Co., Ltd. | - | Non-current financial assets at fair value through other comprehensive income | - | 4,254 | 19.00 % | 4,254 | 4,254 | - |

(Continued)

| Name of holder | Category and name of security | Relationship with company | Account title | Ending balance | | | | Highest Percentage of ownership (%) | Note |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Shares (thousands) | Carrying value | Percentage of ownership (%) | Fair value | | |
| Xiamen Jarlly Electronics Co., Ltd. | Xiamen Jinyaoli Precision Hardware Co., Ltd | - | Non-current financial assets at fair value through other comprehensive income | - | 8,508 | 19.00 % | 8,508 | 8,508 | - |

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

| Name of company | Category and name of security | Account name | Name of counter-party | Relationship with the company | Beginning Balance | | Purchases | | Sales | | | | Ending Balance | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Shares (thousands) | Amount | Shares | Amount | Shares | Price | Cost | Gain (loss) on disposal | Shares | Amount |
| Shanghai Jarlly | Fubon China structured deposits - financial products | Current financial assets at fair value through profit or loss | Fubon Bank (China) Co., Ltd. | Non-related party | - | - | - | 613,486 | - | 615,004 | 613,486 | 1,518 | - | - |
| Shanghai Jarlly | SinoPac Bank (China) structured deposits - financial products | Current financial assets at fair value through profit or loss | SinoPac Bank (China) Co., Ltd. | Non-related party | - | - | - | 873,882 | - | 879,076 | 873,882 | 5,194 | - | - |
| Jarlly Electronics Shanghai | SinoPac Bank (China) structured deposits - financial products | Current financial assets at fair value through profit or loss | SinoPac Bank (China) Co., Ltd.d. | Non-related party | - | - | - | 317,087 | - | 319,994 | 317,087 | 2,907 | - | - |
| Xiamen Jarlly. | China Merchants Bank structured deposits - financial products | Current financial assets at fair value through profit or loss | China Merchants Bank | Non-related party | - | - | - | 143,296 | - | 144,141 | 143,296 | 845 | - | - |
| Chongqing Jarlly | SinoPac Bank (China) structured deposits - financial products | Current financial assets at fair value through profit or loss | SinoPac Bank (China) Co., Ltd. | Non-related party | - | - | - | 363,166 | - | 367,427 | 363,166 | 4,261 | - | - |

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(Continued)

JARLLYTEC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

| Name of company | Related party | Name of relationship | Transaction details | | | | Transactions with terms different from others | | Notes/Accounts receivable (payable) | | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchase / Sale | Amount | Percentage of total purchase/sales | Payment terms | Unit price | Payment terms | Ending balance | Percentage of total notes/accounts receivable (payable) | |
| Kunshan Jarlly Electronics Ltd. | The Company | Associates | Sale | (406,624) | 45.24% | 150 days | - | Related parties are 150 days, third parties are ranged from 30 to 180 days. | 108,377 | 39.04% | Note |
| The Company | Kunshan Jarlly Electronics Ltd. | Associates | Purchase | 406,624 | 16.27% | 150 days | - | Related parties are 150 days, third parties are ranged from 30 to 180 days. | (108,377) | 18.14% | Note |
| Jarlly Technology (Chongqing) Co., Ltd. | The Company | Associates | Sale | (509,729) | 43.87% | 150 days | - | Related parties are 150 days, third parties are ranged from 30 to 180 days. | 206,393 | 49.21% | Note |
| The Company | Jarlly Technology (Chongqing) Co., Ltd. | Associates | Purchase | 509,729 | 20.39% | 150 days | - | Related parties are 150 days, third parties are ranged from 30 to 180 days. | (206,393) | 34.54% | Note |
| Dong Guan Jarlly Electronics Co., Ltd. | The Company | Associates | Sale | (123,893) | 49.21% | 150 days | - | Related parties are 150 days, third parties are ranged from 30 to 180 days. | 49,031 | 53.86% | Note |
| The Company | Dong Guan Jarlly Electronics Co., Ltd. | Associates | Purchase | 123,893 | 4.96% | 150 days | - | Related parties are 150 days, third parties are ranged from 30 to 180 days. | (49,031) | 8.21% | Note |

Note: The amount was eliminated in the consolidated financial statements.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

| Name of company | Counter-party | Nature of relationship | Ending balance (Note) | Turnover rate | Overdue | | Amounts received in subsequent period | Allowance for bad debts |
|---|---|---|---|---|---|---|---|---|
| | | | | | Amount | Action taken | | |
| Kunshan Jarlly Electronics Ltd. | The Company | Associates | 108,377 | 3.17 | - | - | 52,243 | - |
| Jarlly Technology (Chongqing) Co., Ltd. | The Company | Associates | 206,393 | 2.46 | - | - | 90,736 | - |

Note: The amount was eliminated in the consolidated financial statements.

(ix) Trading in derivative instruments: Please refer to Note 6(b) and (m).

(x) Business relationships and significant intercompany transactions:

| No. | Name of company | Name of counter-party | Nature of relationship | Intercompany transactions | | | |
|---|---|---|---|---|---|---|---|
| | | | | Account name | Amount | Trading terms | Percentage of the consolidated net revenue or total assets |
| 1 | Chongqing Jarlly | The Company | 2 | Sales revenue | 509,729 | Mark up by cost | 5.32% |
| 1 | Chongqing Jarlly | The Company | 2 | Accounts receivable | 206,393 | 150 days | 1.79% |
| 2 | Dong Guan Jarlly | The Company | 2 | Sales revenue | 123,893 | Mark up by cost | 1.29% |
| 2 | Dong Guan Jarlly | The Company | 2 | Accounts receivable | 49,031 | 150 days | 0.43% |
| 3 | Fu Qing Jarlly | The Company | 2 | Sales revenue | 35,047 | Mark up by cost | 0.37% |
| 3 | Fu Qing Jarlly | Kunshan Jarlly | 3 | Sales revenue | 65,290 | Mark up by cost | 0.68% |
| 3 | Fu Qing Jarlly | Jarllytec Thailand | 3 | Sales revenue | 92,250 | Mark up by cost | 0.96% |
| 3 | Fu Qing Jarlly | Jarllytec Thailand | 3 | Accounts receivable | 45,389 | 150 days | 0.39% |
| 4 | Kunshan Jarlly | The Company | 2 | Sales revenue | 406,624 | Mark up by cost | 4.25% |
| 4 | Kunshan Jarlly | The Company | 2 | Accounts receivable | 108,377 | 150 days | 0.94% |
| 5 | Jarllytec Vietnam | The Company | 2 | Sales revenue | 30,232 | Mark up by cost | 0.32% |
| 6 | Xiamen Jarlly | Fu Qing Jarlly | 3 | Processing fees revenue | 38,942 | 150 days | 0.41% |
| 7 | Smart Hinge | Great Hinge | 3 | Other receivables | 59,013 | Follow the agreement | 0.51% |

Note 1: (a) 0 represents The Company

(b) 1 and thereafter represent subsidiaries

Note 2: The relationships between guarantor and guarantee are as follows:

(Continued)

(a) Parent to subsidiary
(b) Subsidiary to parent
(c) Subsidiary to subsidiary

Note 3: Disclose only operating revenue and accounts receivable; related purchase, expense, and prepayment are neglected.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2024 (excluding information on investees in Mainland China):

| Name of investor | Name of investee | Location | Main businesses and products | Original investment amount | | Balance as of December 31, 2023 | | | Highest Percentage of ownership (%) | Net income (losses) of investee | Share of profits/losses of investee | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2024 | December 31, 2023 | Shares (thousands) | Percentage of ownership | Carrying value | | | | |
| The Company | Great Hinge Trading Ltd. | British Virgin Islands | Investment industry | 322,048 | 64,208 | 20 | 100.00% | 358,077 | 100% | (17,115) | (17,228) | Note |
| The Company | Smart Hinge Holdings Ltd. | British Virgin Islands | Investment industry | 1,062,626 | 904,601 | 33,434 | 100.00% | 4,519,329 | 100% | 641,324 | 654,010 | Note |
| The Company | Jarson Precision Technology Co., Ltd. | Taiwan | Powder metallurgy industry | - | 134,076 | - | 100.00% | - | 100% | - | - | Note Note1 |
| The Company | Jarwin Investment Co., Ltd. | Taiwan | Investment industry | 80,000 | 80,000 | 8,000 | 100.00% | 92,172 | 100% | 12,240 | 12,240 | Note |
| The Company | Jarllytec Singapore Pte. Ltd. | Singapore | Computer design and service | 423 | 423 | - | 100.00% | 1,000 | 100% | 142 | 142 | Note |
| Great Hinge Trading Ltd. | Jarllytec (Vietnam) Co., Ltd. | Vietnam | Sale and produce Precision Hinge | 488,453 | 230,613 | - | 100.00% | 435,792 | 100% | (16,988) | (16,988) | Note |
| Smart Hinge Holdings Ltd. | Royal Jarlly Holding Ltd. | Hong Kong | Investment industry | 1,062,626 | 904,601 | 33,434 | 100.00% | 4,461,917 | 100% | 645,357 | 645,357 | Note |
| Royal Jarlly Holding Ltd. | Jarllytec (Thailand) Co., Ltd. | Thailand | Sale and produce Precision Hinge | 353,922 | 189,973 | 3,800 | 100.00% | 313,706 | 100% | (32,236) | (32,236) | Note |

Note: The amount was eliminated in the consolidated financial statements.

(c) Information on overseas branches and representative offices:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

| Name of investee | Main businesses and products | Total amount of paid-in capital | Method of investment (Note 1) | Accumulated outflow of investment from Taiwan as of January 1, 2024 | Investment flows | | Accumulated outflow of investment from Taiwan as of December 31, 2024 | Net income (losses) of the investee | Percentage of ownership | Highest Percentage of ownership | Invest income (losses) (Note 2, 3) | Carrying amount (Note 3) | Accumulated remittance of earnings in current period |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outflow | Inflow | | | | | | | |
| Jarlly Technology (Shanghai) Co., Ltd. | Sale and produce special purpose material of component equipment | 419,487 | (2) | 131,272 | 158,025 | - | 289,297 | 517,272 | 100.00% | 100.00% | 517,272 | 1,492,770 | - |
| Fu Qing Jarlly Electronics Co., Ltd. | Sale and produce Precision Hinge | 240,658 | (2) | 27,370 | - | - | 27,370 | 48,996 | 100.00% | 100.00% | 48,996 | 603,758 | - |
| Dong Guan Jarlly Electronics Co., Ltd. | Sale and produce Precision Hinge | 81,466 | (2) | 81,466 | - | - | 81,466 | 4,549 | 100.00% | 100.00% | 4,549 | 123,430 | 15,366 |
| Kunshan Jarlly Electronics Ltd. | Sale and produce Precision Hinge | 71,906 | (2) | 65,369 | - | - | 65,369 | 36,983 | 100.00% | 100.00% | 36,983 | 237,722 | - |
| Jarlly Electronics Technology (Shanghai) Co., Ltd. | Sale and produce Precision Hinge | 473,450 | (2) | 386,330 | - | - | 386,330 | 10,421 | 100.00% | 100.00% | 10,421 | 489,094 | - |
| Xiamen Jarlly Electronics Co., Ltd. | Sale and produce Precision Hinge | 43,801 | (2) | 29,281 | - | - | 29,281 | 5,763 | 100.00% | 100.00% | 5,763 | 118,305 | - |
| Jarlly Technology (Chongqing) Co., Ltd. | Sale and produce Precision Hinge | 61,722 | (2) | 29,500 | - | - | 29,500 | 182,480 | 100.00% | 100.00% | 182,480 | 614,889 | - |
| ZheJiang Zhaowang Precision Technology Co. Ltd. | Sale and produce Powder metallurgy and other metal products | 312,038 | (2) | 154,013 | - | - | 154,013 | (109,250) | 100.00% | 100.00% | (109,250) | 193,352 | - |

Note 1: Investments are made through one of three ways:
(1) Direct investment from Mainland China
(2) Indirect investment from third-party country
(3) Others

Note 2: The recognition of gain and loss on investment based on the financial report which was assured by R.O.C. Accountant.

Note 3: The amount was eliminated in the consolidated financial statements.

(ii) Limitation on investment in Mainland China:

| Accumulated Investment in Mainland China as of December 31, 2024 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment |
|---|---|---|
| 1,062,626<br>(USD33,434) | 1,522,339<br>(USD46,434) | 3,530,795 |

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders:

| Shareholding<br>Shareholder's Name | Shares | Percentage |
|---|---|---|
| Sunrise Investment Co., Ltd. | 6,100,000 | 9.22% |
| Dellson Investment Co., Ltd. | 3,864,000 | 5.84% |

Note:1. The information on major shareholders, which is provided by Taiwan Depositor & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

2. If shares are entrusted, the above information regarding such shares will be revealed by each trustor of individual trust account. The shareholders holding more than 10%of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers if the shares declared by the insider include the shares of the trust assets which the insiders has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

**(14) Segment information:**

(a) Information on profit or loss of reportable segments, segment assets, segment liabilities, and the basis for measurement and reconciliation

The Group uses the profit or loss before tax of segments (excluding extraordinary gains and losses and exchange gains and losses) in the internal management report reviewed by the chief operating decision maker as the basis for the management to allocate resources and assess performance. As income tax, extraordinary gains and losses, and exchange gains and losses are managed on the basis of the Group, the Group allocate income tax expenses (benefits), extraordinary gains and losses, and exchange gains and losses to reportable segments. In addition, not all the profit or loss of reportable segments include significant non-cash items other than depreciation and amortization. The reported amounts are the same as those in the report used by the chief operating decision maker.

The accounting policies of operating segments are the same as those explained in Note 4 "Explanation of significant accounts."

The Group's operating segment information and reconciliation were as follows:

| | For the year ended December 31, 2024 | | | |
|---|---|---|---|---|
| | **Segment hinge** | **Segment fiber optic** | **Reconciliation and elimination** | **Total** |
| Revenue | | | | |
| Revenue from external customers | $ 9,280,084 | 298,086 | - | 9,578,170 |
| Intersegment revenues | - | - | - | - |
| Total revenue | $ 9,280,084 | 298,086 | - | 9,578,170 |
| **Reportable segment profit or loss** | $ 774,137 | 38,560 | - | 812,697 |

| | For the year ended December 31, 2023 | | | |
|---|---|---|---|---|
| | **Segment hinge** | **Segment fiber optic** | **Reconciliation and elimination** | **Total** |
| Revenue | | | | |
| Revenue from external customers | $ 8,010,734 | 209,929 | - | 8,220,663 |
| Intersegment revenues | - | - | - | - |
| Total revenue | $ 8,010,734 | 209,929 | - | 8,220,663 |
| **Reportable segment profit or loss** | $ 715,387 | 22,584 | - | 737,971 |

Note: The amounts of intersegment assets were not provided to the Group, thus, there were no disclosed amounts.

(b) Product and service information

Revenue from the external customers of the Group was as follows:

| | For the years ended December 31, | |
|---|---|---|
| **Product and service** | **2024** | **2023** |
| Hinge | $ 9,280,084 | 8,010,734 |
| Fiber optic | 298,086 | 209,929 |
| Total | $ 9,578,170 | 8,220,663 |

(c) Geographic information

In presenting information on the basis of geography, segment revenue was based on the geographical location of customers, while segment assets were based on the geographical location of the assets.

| Geographical information | For the years ended December 31, 2024 | 2023 |
|---|---|---|
| Revenue from external customers: | | |
| China | $ 9,063,289 | 7,809,718 |
| United States | 115,179 | 71,245 |
| Thailand | 167,832 | 143,801 |
| Taiwan | 49,707 | 79,540 |
| Vietnam | 154,853 | 60,399 |
| Other countries | 27,310 | 55,960 |
| | $ 9,578,170 | 8,220,663 |

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Non-current assets: | | |
| Taiwan | $ 1,533,386 | 1,586,861 |
| China | 1,485,070 | 1,103,211 |
| Other countries | 274,227 | 235,821 |
| Total | $ 3,292,683 | 2,925,893 |

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets, prepayment for business facilities, and other assets, excluding financial instruments and deferred tax assets.

(d) Major customers

| | For the year ended December 31, 2024 |
|---|---|
| F customer of hinge division | $ 4,627,932 |
| A customer of hinge division | 1,067,166 |
| | $ 5,695,098 |

| | For the year ended December 31, 2023 |
|---|---|
| F customer of hinge division | $ 3,692,942 |
| A customer of hinge division | 748,832 |
| | $ 4,441,774 |