

**AV TECH CORPORATION, LTD. AND  
SUBSIDIARIES**  
**Consolidated Financial Statements And**  
**Independent Auditors' Report**  
**For the Years Ended December 31, 2024 and 2023**

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## **DECLARATION ON CONSOLIDATED FINANCIAL STATEMENTS OF RELATED COMPANIES**

The company's 2024 year (from January 1 to December 31, 2024) shall be included in the preparation of the consolidated financial statements of related companies and the companies that should be included in the preparation of the consolidated financial statements of related companies in accordance with the "Preparation Standards for Related Business Merger Business Reports, Related Business Combined Financial Statements and Relationship Reports" According to IFRS No. 10, the companies that should be included in the preparation of the consolidated financial statements of the parent and subsidiary companies are all the same, and the relevant information that should be disclosed in the consolidated financial statements of the related companies has been disclosed in the consolidated financial statements of the parent and subsidiary companies mentioned above and will not be prepared separately. Consolidated financial statements of related companies.

Hereby declare

Company name: AV TECH CORPORATION, LTD.

Chairman: Chen Shizhong

March 21, 2025

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders AV TECH CORPORATION, LTD.

### **Audit Opinions**

We have audited the accompanying consolidated financial statements of AV TECH CORPORATION, LTD. (the “Company”) and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and 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 (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (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 Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries 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 matter identified in the consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2024 is described as follows:

### Authenticity of specific sales revenue

The Company and its subsidiaries for the year ended December 31, 2024, the operating revenue from specific customers of electronic materials is significant to the overall operating income. Therefore, the authenticity of the operating revenue from such specific customers is listed as a key verification item.

For explanations of accounting policies related to sales revenue, please refer to Note 4 to the consolidated financial statements.

The main verification procedures that this accountant has performed on the authenticity of the specific sales revenue mentioned above are as follows:

1. The design and implementation effectiveness of key internal control systems to understand and test the authenticity of specific sales revenue.
2. Check the transaction documents of specific sales revenue, including shipping documents and payment documents, etc., to confirm that the significant risks and rewards of product ownership have been transferred to the buyer.
3. Check the specific sales revenue and payment collection after the sales period to confirm the rationality of the sales revenue recognition.

## **Other Matter**

We have also audited the parent company only financial statements of AV TECH CORPORATION, LTD.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 Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC, and 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 Company and its subsidiaries ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company and its subsidiaries financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statement**

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 Company and its subsidiaries 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 Company and its subsidiaries 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 Company and its subsidiaries 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 entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 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.

Deloitte & Touche

CPA- Youling Cai      CPA- Jianliang Liu

March 21, 2024

Notice to Readers

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

**AV TECH CORPORATION, LTD.AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS.**  
**DECEMBER 31, 2024 AND 2023**  
**(In Thousands of New Taiwan Dollars)**

Code	ASSETS	2024		2023	
		Amount	%	Amount	%
	<b>CURRENT ASSETS</b>				
1100	Cash and cash equivalents (Note 6)	\$ 626,162	24	\$ 371,692	15
1110	Financial assets at fair value through profit or loss (Notes 7 and 30)	1,662	-	3,718	-
1136	Financial assets at amortized cost (Notes 9 and 30)	621,003	24	796,701	32
1150	Notes receivable (Notes 11 and 23)	11,225	-	5,591	-
1170	Trade receivables (Notes 11,23 and 31 )	240,825	9	211,693	8
1200	Other receivables (Note 31 )	1,601	-	647	-
1221	Current tax assets (Note 25 )	2,736	-	1,269	-
130X	Inventories (Note 12)	106,919	4	95,781	4
1479	Other current assets	<u>16,072</u>	<u>1</u>	<u>17,995</u>	<u>1</u>
11XX	Total current assets	<u>1,628,205</u>	<u>62</u>	<u>1,505,087</u>	<u>60</u>
	<b>NON-CURRENT ASSETS</b>				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 30)	55,861	2	50,000	2
1535	Financial assets at amortized cost (Notes 9 and 32)	81,905	3	77,830	3
1550	Investments accounted for using the equity method(Note 14)	72,450	3	64,066	3
1600	Property, plant and equipment (Note 15)	702,389	27	708,536	29
1760	Investment properties (Note 17)	35,927	1	36,201	1
1840	Deferred tax assets (Note 25)	26,061	1	27,270	1
1975	Net defined benefit assets (Note 21 )	21,339	1	18,994	1
1920	Refundable deposits	<u>257</u>	<u>-</u>	<u>257</u>	<u>-</u>
15XX	Total non-current assets	<u>996,189</u>	<u>38</u>	<u>983,154</u>	<u>40</u>
1XXX	<b>TOTAL</b>	<u>\$ 2,624,394</u>	<u>100</u>	<u>\$ 2,488,241</u>	<u>100</u>
	<b>LIABILITIES AND EQUITY</b>				
	<b>CURRENT LIABILITIES</b>				
2130	Contract liabilities (Note 23)	\$ 18,130	1	\$ 16,428	1
2170	Trade payables (Note 18 and 31)	134,130	5	74,329	3
2219	Other payables (Notes 19 and 31)	54,763	2	44,809	2
2230	Current tax liabilities (Note 25)	4,974	-	7,715	-
2399	Other current liabilities	<u>498</u>	<u>-</u>	<u>671</u>	<u>-</u>
21XX	Total current liabilities	<u>212,495</u>	<u>8</u>	<u>143,952</u>	<u>6</u>
	<b>NON-CURRENT LIABILITIES</b>				
2550	Provision for liabilities (Note 20)	21,626	1	21,626	1
2570	Deferred tax liabilities (Note 25)	16,426	1	6,751	-
2645	Deposits received	<u>3,325</u>	<u>-</u>	<u>3,734</u>	<u>-</u>
25XX	Total non-current liabilities	<u>41,377</u>	<u>2</u>	<u>32,111</u>	<u>1</u>
2XXX	Total liabilities	<u>253,872</u>	<u>10</u>	<u>176,063</u>	<u>7</u>
	<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b> (Notes 22 and 28)				
3110	Ordinary shares	<u>800,000</u>	<u>30</u>	<u>800,000</u>	<u>32</u>
3271	Capital surplus	<u>17,561</u>	<u>1</u>	<u>17,722</u>	<u>1</u>
	Retained earnings				
3310	Legal reserve	1,074,230	41	1,068,453	43
3320	Special reserve	4,162	-	9,015	-
3350	Undistributed earnings	<u>389,293</u>	<u>15</u>	<u>352,102</u>	<u>14</u>
3300	Total retained earnings	<u>1,467,685</u>	<u>56</u>	<u>1,429,570</u>	<u>57</u>
	Other equity				
3410	Exchange differences in the translation of financial statements of foreign operating institutions	616	-	( 883 )	-
3420	Unrealized financial assets measured at fair value through other comprehensive profit or loss	( <u>727</u> )	<u>-</u>	( <u>3,279</u> )	<u>-</u>
3400	Total other equity	( <u>111</u> )	<u>-</u>	( <u>4,162</u> )	<u>-</u>
31XX	Total equity attributable to owners of the Company	<u>2,285,135</u>	<u>87</u>	<u>2,243,130</u>	<u>90</u>
36XX	NON-CONTROLLING INTERESTSt (Notes 22 and 28)	<u>85,387</u>	<u>3</u>	<u>69,048</u>	<u>3</u>
3XXX	Total equity	<u>2,370,522</u>	<u>90</u>	<u>2,312,178</u>	<u>93</u>
	<b>TOTAL</b>	<u>\$ 2,624,394</u>	<u>100</u>	<u>\$ 2,488,241</u>	<u>100</u>

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



**AV TECH CORPORATION, LTD.AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue(Notes 23 and 31)	\$ 938,840	100	\$ 1,159,521	100
5000	Operating costs (Notes 12,24 and 31)	<u>777,253</u>	<u>83</u>	<u>951,991</u>	<u>82</u>
5900	Gross profit	<u>161,587</u>	<u>17</u>	<u>207,530</u>	<u>18</u>
	OPERATING EXPENSES (Notes 21,24 and 31)				
6100	Selling expenses	50,039	5	62,353	5
6200	Management expenses	74,684	8	100,594	9
6300	Research and development expenses	27,719	3	28,256	3
6450	Expected credit impairment loss (Note 11)	<u>-</u>	<u>-</u>	<u>4,358</u>	<u>-</u>
6000	Total operating expenses	<u>152,442</u>	<u>16</u>	<u>195,561</u>	<u>17</u>
6900	OPERATING INCOME	<u>9,145</u>	<u>1</u>	<u>11,969</u>	<u>1</u>
	NON-OPERATING INCOME AND EXPENSES				
7100	Interest income	33,215	4	21,713	2
7010	Other income (Notes 24 and 31)	44,727	5	48,523	4
7020	Other gains and losses (Note 24)	39,034	4	4,453	1
7060	Share of profit or loss of from associates account for using the equity method (Note 14)	<u>9,843</u>	<u>1</u>	<u>2,681</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>126,819</u>	<u>14</u>	<u>77,370</u>	<u>7</u>
7900	PROFIT BEFORE TAX	135,964	15	89,339	8
7950	INCOME TAX EXPENSE (Note 25)	<u>25,435</u>	<u>3</u>	<u>20,469</u>	<u>2</u>
8200	NET PROFIT FOR THE YEAR	<u>110,529</u>	<u>12</u>	<u>68,870</u>	<u>6</u>

(Continued)

Code		2024		2023	
		Amount	%	Amount	%
	OTHER COMPREHENSIVE INCOME(LOSS)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans(Note 21)	\$ 2,098	-	( \$ 1,036 )	-
8316	Unrealized loss on financial assets at fair value through other comprehensive income (Note 22)	( 448 )	-	7,295	-
8349	Income tax related to items not be reclassified (Note 25)	( 419 )	-	208	-
		<u>1,231</u>	<u>-</u>	<u>6,467</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of the financial statements of foreign operations(Note 22)	<u>1,788</u>	<u>-</u>	( <u>2,934</u> )	<u>-</u>
8300	Other comprehensive (loss)income for the year, net of income tax	<u>3,019</u>	<u>-</u>	<u>3,533</u>	<u>-</u>
8500	TOTAL COMPREHENSIVE (LOSS)INCOME FOR THE YEAR	<u>\$ 113,548</u>	<u>12</u>	<u>\$ 72,403</u>	<u>6</u>
	NET PROFIT ATTRIBUTABLE TO:				
8610	Owners of the company	\$ 100,178	11	\$ 58,603	5
8620	Non-controlling interests	<u>10,351</u>	<u>1</u>	<u>10,267</u>	<u>1</u>
8600		<u>\$ 110,529</u>	<u>12</u>	<u>\$ 68,870</u>	<u>6</u>
	TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:				
8710	Owners of the company	\$ 102,908	11	\$ 62,628	5
8720	Non-controlling interests	<u>10,640</u>	<u>1</u>	<u>9,775</u>	<u>1</u>
8700		<u>\$ 113,548</u>	<u>12</u>	<u>\$ 72,403</u>	<u>6</u>
	EARNINGS PER SHARE (Note 26)				
9750	Basic	<u>\$ 1.25</u>		<u>\$ 0.73</u>	
9850	Diluted	<u>\$ 1.25</u>		<u>\$ 0.73</u>	

(Concluded)

The accompanying notes are an integral part of the financial statements

**AV TECH CORPORATION, LTD.AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2024AND 2023**  
**(In Thousands of New Taiwan Dollars)**

		Equity Attributable to Owners of the Company												
									Other Equity					
		Share Capital		Capital Surplus	Retained Earnings				Exchange Differences On Translation of the Financial Statements of Foreign Operations	Unrealized Loss on Financial Assets at Fair Value			Non-controlling Interests	Total Equity
		Number of Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Through Other Comprehensive Income	Total	Total		
Code														
A1	BALANCE AT JANUARY 1, 2023	80,000	\$ 800,000	\$ 17,722	\$ 1,058,800	\$ 8,806	\$ 384,189	\$ 1,451,795	\$ 1,815	( \$ 10,830 )	( \$ 9,015 )	\$ 2,260,502	\$ 104,697	\$ 2,365,199
	Appropriation of 2022 earnings													
B1	Legal reserve	-	-	-	9,653	-	( 9,653 )	-	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	209	( 209 )	-	-	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	( 80,000 )	( 80,000 )	-	-	-	( 80,000 )	-	( 80,000 )
O1	Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	( 11,424 )	( 11,424 )
D1	Net profit for the year ended December 31, 2023	-	-	-	-	-	58,603	58,603	-	-	-	58,603	10,267	68,870
D3	Other comprehensive income(loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	( 828 )	( 828 )	( 2,698 )	7,551	4,853	4,025	( 492 )	3,533
D5	Total comprehensive income(loss) for the year ended December 31, 2023	-	-	-	-	-	57,775	57,775	( 2,698 )	7,551	4,853	62,628	9,775	72,403
M3	Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	( 5,193 )	( 5,193 )
O1	Non-controlling Interests	-	-	-	-	-	-	-	-	-	-	-	( 28,807 )	( 28,807 )
Z1	BALANCE AT DECEMBER 31, 2023	80,000	800,000	17,722	1,068,453	9,015	352,102	1,429,570	( 883 )	( 3,279 )	( 4,162 )	2,243,130	69,048	2,312,178
	Appropriation of 2023 earnings													
B1	Legal reserve	-	-	-	5,777	-	( 5,777 )	-	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	( 4,853 )	4,853	-	-	-	-	-	-	-
B5	Cash dividends distributed	-	-	-	-	-	( 60,000 )	( 60,000 )	-	-	-	( 60,000 )	-	( 60,000 )
E1	Cash capital increase of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	150	150
O1	Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	( 7,612 )	( 7,612 )
D1	Net profit for the year ended December 31, 2023	-	-	-	-	-	100,178	100,178	-	-	-	100,178	10,351	110,529
D3	Other comprehensive income(loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	-	1,679	1,679	1,499	( 448 )	1,051	2,730	289	3,019
D5	Total comprehensive income(loss) for the year ended December 31, 2024	-	-	-	-	-	101,857	101,857	1,499	( 448 )	1,051	102,908	10,640	113,548
M5	Disposal of the difference between the equity price and book value of subsidiaries	-	-	( 40 )	-	-	( 742 )	( 742 )	-	-	-	( 782 )	13,040	12,258
M7	Changes in ownership interests in subsidiaries	-	-	( 121 )	-	-	-	-	-	-	-	( 121 )	121	-
Q1	Disposal of equity instruments measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	-	( 3,000 )	( 3,000 )	-	3,000	3,000	-	-	-
Z1	BALANCE AT DECEMBER 31, 2024	80,000	\$ 800,000	\$ 17,561	\$ 1,074,230	\$ 4,162	\$ 389,293	\$ 1,467,685	\$ 616	( \$ 727 )	( \$ 111 )	\$ 2,285,135	\$ 85,387	\$ 2,370,522

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

**AV TECH CORPORATION, LTD.AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024AND 2023**  
**(In Thousands of New Taiwan Dollars)**

Code		2024	2023
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
A10000	Income before income tax	\$ 135,964	\$ 89,339
A20010	Adjustments for:		
A20100	Depreciation expense(including investment real estate)	7,521	7,552
A20300	Expected credit impairment losses	-	4,358
A20400	Net loss(gain) on fair value changes of financial assets at fair value	( 322 )	( 1,520 )
A21200	Interest income	( 33,215 )	( 21,713 )
A21300	Dividend income	( 58 )	( 116 )
A22300	Share of loss from associates accounted for using the equity method	( 9,843 )	( 2,681 )
A23100	Gain on disposal of investment	( 26 )	( 779 )
A23200	Disposal and liquidation of subsidiary interests	-	( 1,754 )
A23700	Inventory valuation loss (gain on reversal)	2,041	( 1,221 )
A24100	Net unrealized foreign currency exchange losses (gains)	( 13,135 )	7,278
A29900	Write-off of accounts payable two years overdue	( 667 )	-
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	( 5,634 )	( 5,229 )
A31150	Trade receivables	( 25,495 )	( 97,071 )
A31180	Other receivables	( 954 )	( 10,414 )
A31200	Inventories	( 13,179 )	72,403
A31230	Net defined benefit assets	( 247 )	( 3,848 )
A31240	Other current assets	1,923	1,036
A32125	Contract liabilities	2,369	7,810
A32150	Accounts payable	59,801	74,562
A32180	Other payables	9,954	120,751
A32230	Other current liabilities	( 172 )	5,796
A33000	Cash generated from operations	116,626	244,539
A33500	Income tax paid	( 19,178 )	( 26,849 )
AAAA	Net cash generated from operating activities	<u>97,448</u>	<u>217,690</u>

(Continued)

Code		2024	2023
	<b>CASH FLOWS FROM INVESTING</b>		
	<b>ACTIVITIES</b>		
B00010	Purchase of financial assets at fair value through other comprehensive income	(\$ 6,309)	(\$ 50,000)
B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	50	8,933
B00040	Purchase of financial assets at amortized cost	( 1,191,502)	( 1,183,569)
B00050	Proceeds from disposal of financial assets at amortized cost	1,371,289	844,593
B00100	Purchase of financial assets at fair value through profit or loss	-	( 111,102)
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	2,378	110,629
B01900	Net cash outflow from disposal of subsidiaries	1,150	-
B02300	Disposal of subsidiaries	12,258	( 74,777)
B02700	Payments for property, plant and equipment	( 1,100)	( 315)
B03800	Refundable deposit (Increase)decrease	-	( 8,608)
B07100	Decrease in prepayments for equipment	-	( 667)
B07500	Interest received	33,215	21,713
B07600	Receive dividends	<u>2,180</u>	<u>203</u>
BBBB	Net cash outflow from investing activities	<u>223,609</u>	( <u>442,967</u> )
	<b>CASH FLOWS FROM INVESTING</b>		
	<b>ACTIVITIES</b>		
C03000	Increase in guarantee deposits received	( 409)	24
C04500	Cash Dividends paid to owners of the Company	( 60,000)	( 80,000)
C05500	Cash capital increase for non-controlling interests	150	-
C05800	Cash dividends paid to non-controlling interests	( <u>7,612</u> )	( <u>11,424</u> )
CCCC	Net cash used in from financing activities	( <u>67,871</u> )	( <u>91,400</u> )
DDDD	The impact of exchange rate changes on cash and cash equivalents	<u>1,284</u>	( <u>14,627</u> )
EEEE	NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	254,470	( 331,304)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>371,692</u>	<u>702,996</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 626,162</u>	<u>\$ 371,692</u> (Concluded)

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

**AV TECH CORPORATION, LTD.AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

**1. GENERAL INFORMATION**

AV TECH CORPORATION, Ltd. (the “Company”) was incorporated in June 1996. The company's shares are from November 2003. It will be traded over the counter at the Securities Counter Trading Center of the Republic of China, a legal person, starting from March. In addition, it has been approved by the Taiwan Stock Exchange since August 2005. The stocks will be listed and traded starting from this month. The main business operations include the following:

- a. Manufacturing of surveillance and anti-theft systems (cameras, quarter-division, image transmission equipment and peripheral control equipment and accessories), home anti-theft systems and automatic dialers, access control systems (card swiping systems, TV intercoms, fingerprint recognition systems, lane control systems), Installation, sales and import and export trade business.
- b. General import and export trade business.
- c. The agency sales and bidding business of products of domestic and foreign manufacturers in the preceding paragraph.
- d. Electronic components manufacturing industry.
- e. Optical instrument manufacturing industry.
- f. Power generation, transmission and distribution manufacturing industry.
- g. Electronic materials wholesale industry.
- h. Precision instrument wholesale industry.
- i. Telecommunications controls radio frequency equipment manufacturing and input industries.
- j. General investment industry.

The consolidated financial statements are presented in the Company’s functional currency, New Taiwan dollars.

**2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS**

The consolidated financial statements were approved by the Company's board of directors on March 7, 2025.

### **3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS**

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC) Applicable to the Financial Regulatory Commission and promulgated into effective IFRSs Accounting standards will not cause significant changes in the company's accounting policies.
- b. The IFRSs endorsed by the FSC for application starting from 2025.

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments' Amendments to the application guidance on classification of financial assets	January 1, 2026 (Note 2)

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

Note 2: It will be applicable to annual reporting periods beginning after January 1, 2026, and companies may choose to apply it earlier than January 1, 2025. When the amendment is first applied, it should be applied retrospectively without restatement of comparative periods, and the impact of the initial application should be recognized on the date of initial application. However, if an enterprise is able to restate without the benefit of hindsight, it may choose to restate the comparative period.

As of the date of issuance of this consolidated financial report, the merged company assesses that the amendments to the above standards and interpretations will not have a significant impact on the financial position and financial performance.

- c. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’ Amendments to the Practice Note on the De-listing of Financial Liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7, ‘Contracts referencing nature dependent electricity’	January 1, 2026
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by IASB
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
IFRS 18, ‘Presentation and disclosure in financial statements’	January 1, 2027
IFRS 19, ‘Subsidiaries without public accountability: disclosures’	January 1, 2027

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

#### IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1” Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Guidance is provided to strengthen aggregation and segmentation requirements: a consolidating company is required to identify assets, liabilities, equity, income, losses and cash flows arising from individual transactions or other events and to classify and aggregate them on the basis of common characteristics so that each line item presented in the principal financial statements has at least one similar characteristic. Items with non-similar characteristics should be separated in the



primary financial statements and notes. The Merging Company will only label such items as "other" when it cannot find a more informative label.

- Increase disclosure of management-defined performance measures: When the combined company conducts public communications outside the financial statements and communicates management's views on a certain aspect of the combined company's overall financial performance to users of the financial statements, it should disclose relevant information on management-defined performance measures in a single note to the financial statements, including a description of the measure, how it is calculated, its reconciliation with the subtotals or totals specified in IFRS accounting standards, and the income tax and non-controlling interest effects of the related reconciling items.

In addition to the above impacts, as of the date of approval and issuance of this consolidated financial report, the Merged Company is still evaluating the impact of the amendments to the above standards and interpretations on its financial position and financial performance, and the relevant impacts will be disclosed when the evaluation is completed.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **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 and IFRSs as endorsed and issued into effect by the FSC.

##### **b. Basis of preparation**

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

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

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

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company is not able to defer the repayment deadline to more than 12 months after the balance sheet date unconditionally.

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

d. Basis of consolidation

This consolidated financial report contains the financial reports of the Company and entities (subsidiaries) controlled by the Company. The consolidated comprehensive income statement has included the operating profits and losses of the acquired or disposed subsidiaries for the current period from the acquisition date or to the disposal date. The subsidiaries' financial reports have been adjusted to bring their accounting policies into line with those of the merged company. In preparing consolidated financial reports, transactions, account balances, income and expenses between entities have been eliminated in full. The total consolidated profit and loss of subsidiaries is attributed to the owners of the Company and the non-controlling interests, even if the non-controlling interests thereby become a loss balance.

When the change in the merging company's ownership interest in the subsidiary does not result in a loss of control, it is treated as an equity transaction. The carrying amounts of the consolidated companies and non-controlling interests have been adjusted to reflect changes in their relative interests in subsidiaries. The difference between the adjustment amount of non-controlling interests and the fair value of the consideration paid or received is directly recognized as equity and attributed to the owners of the Company.

When the merging company loses control of its subsidiary, the profit or loss on disposal is the difference between the following two: (1) The fair value of the consideration received and the fair value of the remaining investment in the former subsidiary based on the date of loss of control, and (2) The assets (including goodwill), liabilities and

Non-controlling interests of the former subsidiary are aggregated based on the carrying amount on the date when control is lost. The merged company's accounting treatment for all amounts related to the subsidiary recognized in other comprehensive profits and losses is the same as the basis that the merged company must follow if it directly disposes related assets or liabilities.

The remaining investment in the former subsidiary is based on the fair value on the date of loss of control as the amount originally recognized as investment in the associated enterprise.

For details of subsidiaries, shareholding ratios and business items, please refer to Note 13, Table 3 and 5.

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

f. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

Foreign currency monetary items are translated at the closing exchange rate on each balance sheet date. Exchange differences arising from the delivery or conversion of monetary items are recognized in profit or loss in the current period.

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

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

For the purpose of presenting the consolidated financial statements, the functional currencies of foreign operations (including subsidiaries in other countries) and those that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are

recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

If the partial disposal of a subsidiary of a foreign operating institution does not result in a loss of control, the accumulated exchange difference will be re-attributed to the non-controlling interests of the subsidiary in proportion and will not be recognized as profit or loss. In the case of any other partial disposal of foreign operating institutions, the accumulated exchange differences will be reclassified to profit or loss in proportion to the disposal.

g. Inventories

The inventory system includes raw materials, finished products and work in progress. Inventories are measured by the lower of cost and net realizable value. When comparing cost and net realizable value, except for inventories of the same category, they are based on individual items. Net realizable value refers to the balance of the estimated selling price under normal circumstances less the estimated costs required to complete the project and the estimated costs required to complete the sale. Inventory costs are calculated using the weighted average method.

h. Investments in associates:

Affiliated enterprises refer to enterprises that have significant influence on the merged company but are not subsidiaries or joint ventures.

The merged company adopts the equity method for investment in related enterprises.

Under the equity method, investment in affiliated enterprises is initially recognized at cost, and the carrying amount after acquisition increases or decreases with the merged company's share of affiliated enterprise profits and losses and other comprehensive profits and losses and profit distribution. In addition, changes in the merged company's interests in related enterprises are recognized based on the shareholding ratio.

When the merged company's share of losses to an associated enterprise is equal to or exceeds its equity in the associated enterprise (including the carrying amount of the investment in the associated enterprise under the equity method and other long-term interests that are essentially part of the merged company's net investment in the associated enterprise), the recognition of further losses will cease. The merged company recognizes additional losses and liabilities only to the extent that it has incurred legal obligations, constructive obligations or has made payments on behalf of related enterprises.

When assessing impairment, the consolidated company treats the entire carrying amount of the investment (including goodwill) as a single asset, compares the recoverable amount with the carrying amount, and conducts impairment testing. The recognized impairment loss is not allocated to the book amount of the investment. Any asset that is an integral part of the amount, including goodwill. Any reversal of impairment losses is

recognized to the extent that the recoverable amount of the investment subsequently increases.

i. Property, plant and equipment

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

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

j. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation for investment properties is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

k. Impairment of property, plant and equipment, right-of-use assets, investment properties and assets related to contract assets

The merged company assesses at each balance sheet date whether there is any indication that property, plant and equipment and investment property may have been impaired. If any indication of impairment exists, estimate the asset's recoverable amount. If the recoverable amount of an individual asset cannot be estimated, the Merger Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Shared assets are allocated to the smallest cash-generating unit group on a reasonable and consistent basis.

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

to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

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

## 1. Financial instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the merged company becomes a party to the contractual terms of the instrument.

When financial assets and financial liabilities are initially recognized, if the financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs that are directly attributable to the acquisition or issue of a financial asset or financial liability measured at fair value through profit or loss are recognized immediately in profit or loss.

### 1) Financial assets

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

#### a) Measurement categories

The types of financial assets held by the merged company are financial assets measured at fair value through profit or loss, financial assets measured at amortized cost and equity instrument investments measured at fair value through other comprehensive profit or loss.

#### i. Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss include mandatory financial assets measured at fair value through profit or loss. Mandatory financial assets measured at fair value through profit or loss include unspecified equity instrument investments measured at fair value through other comprehensive profit or loss.

Financial assets at fair value through profit or loss are subsequently measured at fair value, and any dividends in other income; any remeasurement gains or losses on such financial assets are recognized in

other gains or losses. Fair value is determined in the manner described in Note 31.

ii. Financial assets at amortized cost

If the investment financial assets of the merged company meet both of the following conditions, they will be classified as financial assets measured at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, Time deposits with original maturity exceeding 3 months, notes receivable, Accounts receivable, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

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

iii. Investments in equity instruments at fair value through other comprehensive income

On initial recognition, the merged company may make an irrevocable election to designate investments in equity instruments as at fair value through other comprehensive income. Designation as at fair value through other comprehensive income is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

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

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

#### b) Impairment of financial assets

The merged company assesses impairment losses on financial assets (including accounts receivable) measured at amortized cost based on expected credit losses at each balance sheet date.

Accounts receivable are recognized for a loss allowance based on lifetime expected credit losses. Other financial assets are evaluated to see whether the credit risk has increased significantly since they were initially recognized. If not, they are recognized as the loss allowance for 12-month expected credit loss. If they have increased considerably, they are recognized as the loss allowance based on lifetime expected credit loss.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. The 12-month expected credit loss represents possible credit loss from breach of contract within 12 months of reporting date. Lifetime expected credit loss represents expected credit loss from breach of contract of financial instruments during period of existence.

For internal credit risk management purposes, the merged company determines that the following situations represent a default on financial assets without considering the collateral held:



- i. Internal or external information show that the debtor is unlikely to pay its creditors
- ii. When a financial asset is more than 180 days past due, unless the Company has reasonable and corroborative information to support a more lagged default criterion.

Impairment losses on all financial assets are reduced through the allowance account to reduce their carrying amounts.

#### c) Derecognition of financial assets

The merged company will only delist financial assets when the contractual rights to cash flows from financial assets expire, or when the financial assets have been transferred and almost all risks and rewards of ownership of the assets have been transferred to other enterprises.

When a financial asset measured at amortized cost is deducted as a whole, the difference between its carrying amount and the consideration received is recognized in profit or loss. When an equity instrument investment measured at fair value is eliminated as a whole through other comprehensive gains and losses, the accumulated gains and losses are directly transferred to retained earnings and are not reclassified as profit or loss.

### 2) Equity instruments

Equity instruments issued by the merged company are classified as financial liabilities or equity based on the substance of the contractual agreement and the definitions of financial liabilities and equity instruments.

Equity instruments issued by the merged company are recognized at the amount obtained after deducting direct issuance costs.

### 3) Financial liabilities

#### a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

#### b) Derecognition of financial liabilities

When a financial liability is excluded, the difference between its carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized as profit or loss.

m. Provisions

The amount recognized as liability provision takes into account the risks and uncertainties of the obligation and is the best estimate of the expenditure required to settle the obligation on the balance sheet date.

n. Revenue recognition

After the merged company identifies performance obligations in the customer contract, it allocates the transaction price to each performance obligation and recognizes revenue when each performance obligation is met.

Revenue from the sale of goods

Merchandise sales revenue comes from the sales of security monitoring systems and electronic materials. Since when the aforementioned products are shipped, the customer already has the right to set the price and use the goods and bears the main responsibility for resale, and bears the risk of obsolescence of the goods, the merged company recognizes revenue and accounts receivable at that point in time. Advances from customers are recognized as contract liabilities before the products are shipped.

When removing materials for processing, the control of ownership of the processed products has not been transferred, so no income is recognized when removing materials.

o. Leasing

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

1) Merger company as lessor

When the terms of the lease transfer substantially all the risks and rewards attached to the ownership of the asset to the lessee, it is classified as a financing lease. All other leases are classified as operating leases.

Under an operating lease, the lease payment system, minus the lease incentives, is recognized as income on a straight-line basis during the relevant lease period. The original direct costs incurred in obtaining the operating lease are added to the carrying amount of the underlying assets and recognized as expenses during the lease period on a straight-line basis.

2) Merger company as lessee

Except for low-value underlying asset leases and short-term leases where the recognition exemption is applicable, the lease payments are recognized as expenses on a straight-line basis during the lease period. For other leases, the right-of-use assets and lease liabilities are recognized on the inception date of the lease.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Determining the provision of pensions in the retirement plan is based on the period during which employees provide services, and the amount of pensions that should be provided is recognized as an expense.

The defined benefit costs of defined benefit retirement plans (including service costs, net interest and remeasurement amounts) are actuarially calculated using the estimated unit benefit method. Service costs (including current service costs) and net interest on net certain welfare assets are recognized as employee welfare expenses when incurred. The remeasured amount (including actuarial gains and losses and return on planned assets after deducting interest) is at When incurred, they are recognized in other comprehensive profits and losses and included in retained earnings, and are not reclassified to profit or loss in subsequent periods.

Net defined benefit assets represent the remainder of provisions from defined benefit retirement plans. The net defined benefit assets shall not exceed the present value of the refund of withdrawals from the plan or the reduction in future withdrawals.

q. Income Tax

Income tax expense is the sum of current income tax and deferred income tax.

1) Current income tax

The merged company determines the income (loss) for the current period in accordance with the laws and regulations of each income tax reporting jurisdiction, and calculates the income tax payable (recoverable) accordingly.

The undistributed surplus calculated in accordance with the provisions of the Income Tax Law of the Republic of China plus income tax shall be recognized in the year of resolution of the shareholders' meeting.

Adjustments to the income tax payable in previous years shall be included in the current income tax.

## 2) Deferred income tax

Deferred income tax is calculated based on the temporary differences arising from the carrying amount of assets and liabilities recorded in the accounts and the taxable basis for calculating taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, whereas deferred income tax assets are recognized to the extent that it is probable that taxable income will be available against which the temporary differences and loss deductions can be utilized.

Taxable temporary differences related to investment subsidiaries, related enterprises and joint agreements are recognized as deferred income tax liabilities. However, if the company can control the timing of the reversal of the temporary differences, and the temporary differences are likely to be recognized in the foreseeable future, Exceptions are made where there is no foreseeable future change. Deductible temporary differences related to such investments will be recognized as deferred income tax only to the extent that it is probable that sufficient taxable income will be available to realize the temporary differences and that they are expected to reverse in the foreseeable future. assets.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to recover all or part of the assets. Those that were not originally recognized as deferred income tax assets will also be re-examined at each balance sheet date and will likely be re-examined in the future.

If taxable income is generated for the purpose of recovering all or part of the assets, the book amount shall be adjusted and increased. Deferred income tax assets and liabilities are measured by the tax rate for the current period when the liability is expected to be settled or the asset is realized. The tax rate is based on the tax rate that has been enacted or substantively enacted on the balance sheet date. It is based on tax rates and tax laws. The measurement of deferred income tax liabilities and assets reflects the tax consequences arising from the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities at the balance sheet date.

3) Current and deferred income tax

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

**5. THE MAIN SOURCE OF UNCERTAINTY IN MAJOR ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

When the consolidated company adopts accounting policies, management must make relevant judgments, estimates and assumptions based on historical experience and other relevant factors for which relevant information is not easily obtained from other sources. Actual results may differ from estimates.

When the merged company develops significant accounting estimates, the possible impact will be included in the consideration of relevant major estimates such as cash flow estimates, growth rates, discount rates, profitability, etc. The management will continue to review estimates and basic assumptions.

**6. CASH AND CASH EQUIVALENTS**

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand	\$ 149	\$ 583
Bank checks and demand deposits	141,121	180,047
cash equivalents		
The original expiration date		
is in 3 Within a month		
bank time deposit	<u>484,892</u>	<u>191,062</u>
	<u>\$ 626,162</u>	<u>\$ 371,692</u>

The market interest rate range for bank time deposits on the balance sheet date is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Bank time deposit	1.29% ~ 4.10%	1.16% ~ 4.70%

**7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets mandatorily</u>		
<u>    classified as at Fair value</u>		
<u>    through profit or loss</u>		
<u>    Non-derivative financial assets</u>		
— Domestic publicly traded shares	<u>\$ 1,662</u>	<u>\$ 3,718</u>

**8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE  
INCOME INVESTMENTS IN EQUITY INSTRUMENTS**

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Non-current</u>		
Domestic investment		
Unlisted shares	\$ 49,761	\$ 50,000
Fund beneficiary certificates	<u>6,100</u>	<u>-</u>
	<u>\$ 55,861</u>	<u>\$ 50,000</u>

The merged company invests based on medium- and long-term strategic objectives and expects to make profits through long-term investment. The management of the merged company believes that including the short-term fair value fluctuations of these investments in profit and loss is inconsistent with the aforementioned long-term investment plan, so it chooses to designate these investments as measured at fair value through other comprehensive profits and losses.

**9. FINANCIAL ASSETS AT AMORTIZED COST**

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Domestic investments		
The original expiration date is in 3 Within a month bank time deposit	<u>\$ 621,003</u>	<u>\$ 796,701</u>
<u>Non-current</u>		
Domestic investments		
Pledged deposit certificate	\$ 17,600	\$ 17,600
Foreign investment		
TSMC Arizona corporate bonds (2)	25,898	24,260
APPLE corporate bonds (3)	<u>38,407</u>	<u>35,970</u>
	<u>\$ 81,905</u>	<u>\$ 77,830</u>

- (1) As of December 31, 2024 and 2023, the interest rate range for time deposits with an original maturity of more than 3 months is 1.29% to 5.20% and 1.34% to 5.25% per annum.
- (2) The merged company purchased overseas corporate bonds issued by TSMC Arizona from February to March 2023, with a total amount of US\$789,000 (equivalent to NT\$23,800,000) due between 2029 and 2032, with a coupon rate of 4.13% to 4.25% and an effective interest rate of 4.30% to 4.67%.
- (3) From February to May 2023, the merged company purchased overseas corporate bonds issued by APPLE with maturities from 2045 to 2047, totaling US\$1,171,000 (equivalent to NT\$35,656,000), with a face interest rate of 4.25% to 4.65% and an effective interest rate of 4.49% to 4.93%.
- (4) Please refer to Note 10 for information on credit risk management and impairment assessment related to financial assets measured at amortised cost.
- (5) For information on pledge of financial assets measured at amortised cost, see Note 32.

#### **10. DEBT CREDIT RISK MANAGEMENT OF FINANCIAL INSTRUMENT INVESTMENT**

The credit rating of the overseas corporate bonds invested by the consolidated company is investment grade or above (inclusive) and is a debt instrument with low credit risk in terms of impairment assessment. The credit rating information is provided by an independent rating agency.

The merging company continues to track external rating information to monitor changes in the credit risk of the debt instruments it invests, and also reviews other information such as bond yield curves and material information from the debtor to assess whether the credit risk of the debt instrument investment has increased significantly since the original recognition.

The merging company considers the historical default probability and default loss rate of each grade provided by external rating agencies, the current financial situation of the debtor and the prospects of the industry in which it operates, to measure the investment in debt instruments.<sup>12</sup> Monthly expected credit losses or lifetime expected credit losses.

As of December 31, 2024, The merging company has assessed that the expected credit loss rate of the overseas corporate bonds held is 0 %.

## **11. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE**

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Notes receivable</u>		
Measured at amortized cost		
Total carrying amount	<u>\$ 11,225</u>	<u>\$ 5,591</u>

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Accounts receivable</u>		
Measured at amortized cost		
Total carrying amount	\$ 251,410	\$ 222,278
Less: allowance for loss	( <u>10,585</u> )	( <u>10,585</u> )
	<u>\$ 240,825</u>	<u>\$ 211,693</u>

### Accounts receivable

For the merchandise sales of the merged company, except for the advance payment transactions, the average credit period is 30 to 90 Days, no interest will be accrued on accounts receivable.

Before accepting a new customer, the merged company evaluates the credit quality of the potential customer through an internal credit rating review form and sets the customer's credit limit. The credit limit and rating of customers are reviewed once a year. Accounts receivable that are neither overdue nor impaired are rated with the best credit rating based on the internal credit rating review form used by the consolidated company.

The merged company recognizes provision losses on accounts receivable based on expected credit losses during the duration. Expected credit losses during the duration are calculated using a provision matrix, which considers the customer's past default record and current financial conditions, industry economic conditions, and industry prospects at the same time. Because the historical experience of credit losses of the merged company shows that there is no significant difference in the loss patterns of different customer groups, the preparation matrix does not further differentiate the customer groups and only sets the expected credit loss rate based on the number of days that accounts receivable is overdue.

If there is evidence that the counterparty is facing serious financial difficulties and the merging company cannot reasonably expect the recoverable amount, the merging company will directly write off the relevant accounts receivable, but will continue to pursue recovery activities, and the amount recovered due to recourse will be recognized in profit and loss.

The merged company measures the provision losses on notes receivable and accounts receivable according to the provision matrix as follows:



### December 31, 2024

	Not Past Due	1 to 180 Days Past Due	181 to 365 Days Past Due	Over 365 Days Past Due	Total
Total carrying amount	\$ 249,261	\$ 2,786	\$ 3	\$ 10,585	\$ 262,635
Allowance for losses (expected during lifetime credit loss)	-	-	-	( 10,585)	( 10,585)
amortized cost	<u>\$ 249,261</u>	<u>\$ 2,786</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 252,050</u>

### December 31, 2023

	Not Past Due	1 to 180 Days Past Due	181 to 365 Days Past Due	Over 365 Days Past Due	Total
Total carrying amount	\$ 214,047	\$ 3,198	\$ 39	\$ 10,585	\$ 227,869
Allowance for losses (expected during lifetime credit loss)	-	-	-	( 10,585)	( 10,585)
amortized cost	<u>\$ 214,047</u>	<u>\$ 3,198</u>	<u>\$ 39</u>	<u>\$ -</u>	<u>\$ 217,284</u>

Information on changes in allowance for losses on accounts receivable is as follows:

	2024	2023
Balance at January 1	\$ 10,585	\$ 12,809
Add: Provision for impairment losses in the current year	-	4,358
Less: Loss of control of subsidiary	-	( 6,548)
Foreign exchange gains and losses	-	( 34)
Balance at December 31	<u>\$ 10,585</u>	<u>\$ 10,585</u>

## **12. INVENTORIES**

	December 31, 2024	December 31, 2023
Finished goods	\$ 23,273	\$ 18,545
Work in process	443	552
Raw materials	21,227	17,458
Goods	<u>61,976</u>	<u>59,226</u>
	<u>\$ 106,919</u>	<u>\$ 95,781</u>

In 2024 and 2023 The cost of goods sold for the year includes inventory depreciation and sluggish (recovery profits) losses, respectively. NT\$ 2,041 Thousand and NT\$ (1,221) Thousand, the net realizable value of inventory in the current period increased due to the sale of inventory with a longer inventory age.

## **13. SUBSIDIARIES**

a. Subsidiaries included in consolidated financial reports

The entities preparing this consolidated financial report are as follows:

Investor	Investee	Nature of Business	Proportion of Ownership (%)		Description
			December 31, 2024	December 31, 2023	
AV TECH CORPORATION	CHIEFTRON INTERNATIONAL CORPORATION (CHIEFTRON INTERNATIONAL)	Semiconductor Components Agent	82.31%	84.11%	Note 1
	Shengtike Investment Co., Ltd. ( Shengtike Investment )	General investment industry	100.00%	100.00%	-
	AVTECH Security Corporation ( AVTECH Security )	Production and sales of surveillance and anti-theft systems	90.04%	96.00%	Note 2
	Q.S.C. Industry Co., Ltd. ( Q.S.C. Industry )	Electrical and audio-visual product manufacturing	88.35%	100.00%	Note 3

  

Investor	Investee	Nature of Business	Proportion of Ownership (%)		Description
			December 31, 2024	December 31, 2023	
CHIEFTRON INTERNATIONAL	Anhong Electronic Technology (Shenzhen) Co., Ltd. ( Anhong Electronic )	Semiconductor Components Agent	36.42%	36.42%	Note 4
Shengtike Investment	YesGo Tech Corporation ( YesGo )	Automation product research and development	22.68%	56.70%	Note 5
	AVCLOUD TECHNOLOGY CORPORATION ( AVCLOUD TECHNOLOGY )	Sales and installation of surveillance and security products	22.00%	22.00%	Note 6
	Info-Tech Corp	Software development and sales	51.67%	51.67%	-
Q.S.C. Industry Co., Ltd	YesGo Tech Corporation ( YesGo )	Automation product research and development	57.00%	-	Note 5

Note 1 : As a subsidiary with significant non-controlling interests, the Merged Company sold its equity interest in CHIEFTRON INTERNATIONAL in August 2024, causing the Merged Company's consolidated shareholding ratio in CHIEFTRON INTERNATIONAL to drop from 84.11% to 82.31%.

Note 2 : The merged company sold its controlling stake in AVTECH Security in June and July 2024, respectively, resulting in the merged company's consolidated shareholding ratio in it decreasing from 96.00 % to 90.04 %.

Note 3 : The merged company sold its equity interest in Q.S.C. Industry in December 2024, causing the merged company's combined shareholding ratio in it to drop from 100.00 % to 88.35 %.

Note 4 : In October 2023, the board of directors of Anhong Electronics approved a capital increase of RMB 14,142,000. The base date for the cash capital increase is November 10, 2023. On November 8, 2023, the board of directors of the merged company decided to abandon its participation in the cash capital increase, which will make CHIEFTRON INTERNATIONAL and Elcom reduced its shareholding ratio from

65.00% to 36.42%. Due to the loss of control over Anhong Electronics, Anhong Electronics is no longer included in the consolidated financial statements and is reclassified as an investment-related enterprise. Please refer to Note 28.

Note 5 : YesGo processed a cash capital increase on March 22, 2024. Shengtike Investment did not subscribe according to its shareholding ratio. Instead, Q.S.C. Industr increased its capital in the company, which increased the merged company's comprehensive shareholding ratio in it from 56.70% to 79.68%.

Note 6 : The merged company sold the equity of AVCLOUD TECHNOLOGY on December 11, 2023, resulting in the comprehensive shareholding ratio being reduced from 50% to 22%. Due to the loss of control over AVCLOUD TECHNOLOGY, AVCLOUD TECHNOLOGY will no longer be included in this consolidated financial statement statements and be classified as investment-related enterprises, please refer to Note 28.

b. Subsidiaries not included in consolidated financial reports: None.

c. Information on subsidiaries with significant non-controlling interests

Investee	Proportion of equity and voting rights held by non-controlling interests	
	December 31,2024	December 31,2023
CHIEFTRON INTERNATIONAL	17.69%	15.89%

For information on the principal place of business and country of company registration, please refer to Statement 3 and Statement 5.

Investee	Profit and loss allocated to non-controlling interests		Non-controlling interests	
	2024	2023	December 31,2024	December 31,2023
CHIEFTRON INTERNATIONAL	<u>\$ 10,019</u>	<u>\$ 8,387</u>	<u>\$ 75,732</u>	<u>\$ 65,623</u>

The summarized financial information of the following subsidiaries is prepared based on the amounts before elimination of inter-company transactions:

## CHIEFTRON INTERNATIONAL

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current assets	\$ 481,074	\$ 429,439
Non-current assets	74,655	70,500
Current liabilities	( 126,178)	( 87,048)
Equity	( 1,385)	-
	<u>\$ 428,166</u>	<u>\$ 412,891</u>
Equity vests in:		
Owner of our company		
Non-controlling interest	\$ 352,434	\$ 347,268
Current assets	<u>75,732</u>	<u>65,623</u>
	<u>\$ 428,166</u>	<u>\$ 412,891</u>
Operating revenue	<u>\$ 726,153</u>	<u>\$ 596,015</u>
Net profit for the year	\$ 61,012	\$ 52,807
Other comprehensive income (loss)	<u>1,788</u>	( 1,050)
Total comprehensive income	<u>\$ 62,800</u>	<u>\$ 51,757</u>
Net profit attributable to:		
Owner of our company	\$ 50,993	\$ 44,420
Non-controlling interest	<u>10,019</u>	<u>8,387</u>
	<u>\$ 61,012</u>	<u>\$ 52,807</u>
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Total comprehensive profit and loss is attributable to:		
Owner of our company	\$ 52,493	\$ 43,531
Non-controlling interest	<u>10,307</u>	<u>8,226</u>
	<u>\$ 62,800</u>	<u>\$ 51,757</u>
Cash flow		
Business activities	\$ 75,555	\$ 92,116
Investment activities	( 34,574)	( 2,430)
Fundraising	( 47,526)	( 68,962)
Impact of exchange rate changes	<u>883</u>	( 1,629)
net cash outflow	( <u>\$ 5,662</u> )	<u>\$ 19,095</u>
Dividends paid to non-controlling interests		
Non-controlling interest	<u>\$ 7,612</u>	<u>\$ 10,958</u>

#### **14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD**

##### Investments in associates

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Individually insignificant associated enterprises	<u>\$ 72,450</u>	<u>\$ 64,066</u>

Summary information of individually insignificant associated enterprises:

	<u>2024</u>	<u>2023</u>
Share of the merged company		
Net profit for the year	<u>\$ 9,843</u>	<u>\$ 2,681</u>

Please refer to Statement 3 and 5 for information on the business nature, main business location and country of company registration of the above-mentioned affiliated enterprises.

The share of profit and loss enjoyed by the investment and merger companies using the equity method will be calculated based on the financial statements that have not been audited by accountants in 2024, and in 2023, except for Anhong Electronic, the rest will be calculated based on the financial statements that have not been audited by accountants; however, the management of the merged company believes that the financial reports of the above-mentioned investee companies have not been audited by accountants and will not have a significant impact.

#### **15. PROPERTY, PLANT AND EQUIPMENT**

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Assets used by the Company	<u>\$ 700,739</u>	<u>\$ 706,838</u>
Operating lease	<u>1,650</u>	<u>1,698</u>
	<u>\$ 702,389</u>	<u>\$ 708,536</u>

a) Assets used by the Company

	Self-owned land	Buildings	Machinery and equipment	Transportatio n equipment	Office equipment	Other equipment	Total
<u>Cost</u>							
Balance on January 1, 2024	\$ 494,616	\$ 307,919	\$ 20,133	\$ 713	\$ 5,711	\$ 58,324	\$ 887,416
Additions	-	1,100	-	-	-	-	1,100
Balance on December 31, 2024	<u>\$ 494,616</u>	<u>\$ 309,019</u>	<u>\$ 20,133</u>	<u>\$ 713</u>	<u>\$ 5,711</u>	<u>\$ 58,324</u>	<u>\$ 888,516</u>
<u>Accumulated Depreciation</u>							
Balance on January 1, 2024	\$ -	\$ 96,254	\$ 20,133	\$ 248	\$ 5,711	\$ 58,232	\$ 180,578
Depreciation Expenses	-	6,989	-	118	-	92	7,199
Balance on December 31, 2024	<u>\$ -</u>	<u>\$ 103,243</u>	<u>\$ 20,133</u>	<u>\$ 366</u>	<u>\$ 5,711</u>	<u>\$ 58,324</u>	<u>\$ 187,777</u>
Net amount on December 31, 2024	<u>\$ 494,616</u>	<u>\$ 205,776</u>	<u>\$ -</u>	<u>\$ 347</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 700,739</u>
Net amount on December 31, 2024							
<u>Cost</u>							
Balance on January 1, 2023	\$ 494,616	\$ 304,586	\$ 20,133	\$ 1,459	\$ 5,711	\$ 59,065	\$ 885,570
Additions	-	3,333	-	-	-	315	3,648
Loss of control	-	-	-	( 746 )	-	( 1,056 )	( 1,802 )
Balance on December 31, 2023	<u>\$ 494,616</u>	<u>\$ 307,919</u>	<u>\$ 20,133</u>	<u>\$ 713</u>	<u>\$ 5,711</u>	<u>\$ 58,324</u>	<u>\$ 887,416</u>
<u>Accumulated Depreciation</u>							
Balance on January 1, 2023	\$ -	\$ 89,491	\$ 20,124	\$ 240	\$ 5,711	\$ 58,468	\$ 174,034
Depreciation Expenses	-	6,763	9	257	-	204	7,233
Loss of control	-	-	-	( 249 )	-	( 435 )	( 684 )
Effect of foreign currency exchange differences	-	-	-	-	-	( 5 )	( 5 )
Balance on December 31, 2023	<u>\$ -</u>	<u>\$ 96,254</u>	<u>\$ 20,133</u>	<u>\$ 248</u>	<u>\$ 5,711</u>	<u>\$ 58,232</u>	<u>\$ 180,578</u>
Net amount on December 31, 2023	<u>\$ 494,616</u>	<u>\$ 211,665</u>	<u>\$ -</u>	<u>\$ 465</u>	<u>\$ -</u>	<u>\$ 92</u>	<u>\$ 706,838</u>

b) Business leasing

	<u>Buildings</u>
<u>Cost</u>	
Balance as of January 1 and December 31, 2024	<u>\$ 2,435</u>
<u>Accumulated Depreciation</u>	
Balance on January 1, 2024	\$ 737
Depreciation Expenses	48
Balance on December 31, 2024	<u>\$ 785</u>
Net amount on December 31, 2024	<u>\$ 1,650</u>

	<u>Buildings</u>
<u>Cost</u>	
Balance as of January 1 and December 31, 2023	\$ 2,435
<u>Accumulated Depreciation</u>	
Balance on January 1, 2023	\$ 689
Depreciation Expenses	<u>48</u>
Balance on December 31, 2023	<u>\$ 737</u>
Net amount on December 31, 2023	<u>\$ 1,698</u>

Depreciation expenses are calculated on a straight-line basis based on the following service life:

	<u>Assets used by the company</u>	<u>Business leasing</u>
Buildings	50 to 53 years	50 to 53 years
Machinery and equipment	5 to 6 years	-
Transportation equipment	5 to 6 years	-
Office equipment	1 to 6 years	-
Other equipment	1 to 4 years	-

## **16. RENTAL AGREEMENT**

Please refer to Notes 15 and 17 respectively for the agreements on leasing owned real estate, plant and equipment and investment real estate of the merged company under operating leases.

	<u>2024</u>	<u>2023</u>
Short term rental fees	\$ <u>273</u>	\$ <u>5,077</u>
Total cash outflow from leases	(\$ <u>273</u> )	(\$ <u>5,077</u> )

The merged company chooses to apply the recognition exemption to office equipment leases that qualify as short-term leases and does not recognize related right-of-use assets and lease liabilities for these leases.

## **17. INVESTMENT PROPERTIES**

	<u>Investment Properties</u>
<u>Cost</u>	
Balance as of January 1 and December 31, 2024	\$ <u>42,948</u>

	<u>Investment Properties</u>
<u>Accumulated Depreciation</u>	
Balance at January 1, 2024	\$ 6,747
Depreciation expense	<u>274</u>
Balance at December 31, 2024	<u>\$ 7,021</u>
Net amount on December 31, 2024	<u>\$ 35,927</u>
<u>Cost</u>	
Balance as of January 1 and December 31, 2023	<u>\$ 42,948</u>
<u>Accumulated Depreciation</u>	
Balance at January 1, 2023	\$ 6,476
Depreciation expense	<u>271</u>
Balance at December 31, 2023	<u>\$ 6,747</u>
Net amount on December 31, 2023	<u>\$ 36,201</u>

The investment properties were leased out for 1 year, when the lessee exercised its right to renew the lease, it agreed to adjust the rent based on the market rent. The lessee does not have the preferential right to purchase investment real estate at the end of the lease period.

The merged company's investment real estate assets are calculated on a straight-line basis 52.5 to 55 years Depreciation is calculated over the useful life of the year.

The fair value of investment real estate has not been evaluated by independent evaluators. It is only evaluated by the merged company's management with reference to market evidence of similar real estate transaction prices. The fair value is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Investment properties	<u>\$ 79,322</u>	<u>\$ 67,865</u>

## **18. ACCOUNTS PAYABLE**

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Accounts payable</u>		
Occurs due to business	<u>\$ 134,130</u>	<u>\$ 74,329</u>



The average credit period for accounts payable is 60-90 days. The merged company has a financial risk management policy to ensure that all payables are repaid within the pre-agreed credit period.

## **19. OTHER PAYABLES**

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Salaries and bonuses payable	\$ 17,828	\$ 9,676
Employee compensation and directors' compensation payable	23,273	22,195
Payable to pensions, labor health insurance, labor fees and		
Other expenses, etc	<u>13,662</u>	<u>12,938</u>
	<u>\$ 54,763</u>	<u>\$ 44,809</u>

## **20. PROVISION**

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Non-current</u>		
Employee Benefits	<u>\$ 21,626</u>	<u>\$ 21,626</u>

The provision for employee benefit liabilities is the estimation of employee long-term service rewards.

## **21. BENEFITS AFTER RETIREMENT PLAN**

### a) Confirm allocation plan

Among the merged companies, companies operating in Taiwan adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Employees of the merged company's subsidiaries in China are members of the retirement benefit plan operated by the Chinese regional government. The subsidiary is required to allocate a specified percentage of payroll costs to the retirement benefit plan to fund the plan. The combined company's obligation with respect to this government-operated retirement benefit plan is only to contribute a specified amount.

b) Defined benefit plans

The pension system managed by the merged company in accordance with my country's "Labor Standards Act" is a defined benefit retirement plan managed by the government. The payment of employee pensions is calculated based on the length of service and the average salary in the six months before the approved retirement date. The merged company will allocate 2% of the employees' total monthly salary as pension, and deposit it in a special account of the Bank of Taiwan in the name of the Labor Retirement Reserve Supervisory Committee. Before the end of the year, if the balance of the special account is estimated to be insufficient, the benefit will be paid within the next year. For workers who are estimated to be eligible for retirement, the difference will be allocated in one lump sum before the end of March of the following year. The special account is managed by the Labor Fund Utilization Bureau of the Ministry of Labor, and the merged company has no right to influence the investment management strategy. However, due to the sufficient provision by the merged company, the competent authority has agreed to suspend the provision of labor retirement reserves in 2023 and 2022.

The amounts of defined benefit plans included in the consolidated balance sheet are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit obligation	\$ 7,856	\$ 7,515
Fair value of plan assets	( <u>28,925</u> )	( <u>26,509</u> )
Net defined benefit assets	( <u>\$ 21,339</u> )	( <u>\$ 18,994</u> )

The changes in net defined benefit assets are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
Balance at January 1, 2023	<u>\$ 8,524</u>	( <u>\$ 24,706</u> )	( <u>\$ 16,182</u> )
Interest expenses (income)	<u>119</u>	( <u>345</u> )	( <u>226</u> )
Recognized in profit or loss	<u>119</u>	( <u>345</u> )	( <u>226</u> )
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	( 166 )	( 166 )
Actuarial loss — Changes in financial assumptions	46	-	46
Actuarial loss — Experience adjustments	<u>1,156</u>	<u>-</u>	<u>1,156</u>
Recognized in other comprehensive income	<u>1,202</u>	( <u>166</u> )	<u>1,036</u>

Employer's contribution	-	( 3,622)	( 3,622)
Benefits paid	( <u>2,330</u> )	<u>2,330</u>	<u>-</u>
Balance at December 31, 2023	<u>7,515</u>	( <u>26,509</u> )	( <u>18,994</u> )
Interest expenses (income)	<u>51</u>	( <u>298</u> )	( <u>247</u> )
Recognized in profit or loss	<u>51</u>	( <u>298</u> )	( <u>247</u> )
Remeasurement			
Return on plan assets			
(excluding amounts			
included in net interest)	-	( 2,118)	( 2,118)
Actuarial loss — Changes in			
financial assumptions	( 190)	-	( 190)
Actuarial loss — Experience			
adjustments	<u>210</u>	<u>-</u>	<u>210</u>
Recognized in other			
comprehensive income	<u>20</u>	( <u>2,118</u> )	( <u>2,098</u> )
Balance at December 31, 2024	<u>\$ 7,586</u>	( <u>\$ 28,925</u> )	( <u>\$ 21,339</u> )

The amounts recognized in profit or loss for the defined benefit plans are summarized by function as follows:

	<u>2024</u>	<u>2023</u>
Management expenses	( <u>\$ 247</u> )	( <u>\$ 226</u> )

Due to the pension plans under the Labor Standards Act, the merged company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rates	1.7%	1.3%
Expected rates of salary increase	2.0%	2.0%

If there are reasonable and possible changes in material actuarial assumptions while all other assumptions remain unchanged, the amount of increase (decrease) in the present value of the defined benefit obligation is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate		
0.1% increase	(\$ 46)	(\$ 46)
0.1% decrease	\$ 46	\$ 46
Expected rates of salary increase		
0.1% increase	\$ 42	\$ 42
0.1% decrease	(\$ 42)	(\$ 42)

Since actuarial assumptions may be related to each other and it is unlikely that a single assumption will change, the above sensitivity analysis may not reflect the actual changes in the present value of the defined benefit obligation.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
The expected amount of contribution within 1 year	\$ -	\$ -
The average maturity period of defined benefit obligations	11.7 years	11.8 years

## **22. EQUITY**

### **a. Ordinary share capital**

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Nominal shares (in thousand shares)	120,000	120,000
Nominal share capital	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>
Number of shares issued and payments received in full (in thousand shares)	80,000	80,000
Share capital issued	<u>\$ 800,000</u>	<u>\$ 800,000</u>

The share issued had a par value of NT\$10. Each share entitles the rights to dividends and to vote.

b. Capital surplus

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Used to offset deficit, distribute cash, or replenish share capital</u>		
Employee share options	\$ 15,325	\$ 15,325
Actual acquisition or disposal of subsidiary company equity		
The difference between price and book value	-	40
<u>May only be used to offset a deficit</u>		
Changes in ownership interests in subsidiaries	<u>2,236</u>	<u>2,357</u>
	<u>\$ 17,561</u>	<u>\$ 17,722</u>

c. Retained earnings and dividends policy

According to the surplus distribution policy stipulated in the company's articles of association, if the company has a surplus in its annual final accounts, it shall first withdraw taxes and make up for the accumulated losses over the years, and then withdraw the profits later. 10% It is the statutory surplus reserve, and the special surplus reserve shall be appropriated or transferred in accordance with laws or regulations of the competent authority. If there is still a surplus, the remaining balance shall be added to the accumulated undistributed surplus in previous years. The board of directors shall prepare a specific surplus distribution proposal:

- 1) When the issuance of new shares is adopted, the shares shall be distributed after a resolution of the shareholders' meeting;
- 2) In accordance with the provisions of Article 240, Item 5 of the Company Law, the Board of Directors is authorized to 3 divided 2 The attendance of the above directors, and the resolution of more than half of the directors present, will allocate all or part of the dividends and bonuses or the statutory surplus and capital reserve prescribed in Paragraph 1 of Article 241 of the Company Law to the payment of cash. method and report to the shareholders' meeting.

For the employee and director remuneration distribution policy stipulated in the company's articles of association, please refer to Note 24 (6) Employee remuneration and director remuneration.

The company will consider the company's environment and growth stage, respond to future capital needs and long-term financial planning, and meet shareholders' needs for cash inflows, and make provisions from the net profit after tax for the

current year. 50% The above dividends are distributed to shareholders, of which cash dividends shall not be less than the total amount 10%.

The statutory surplus reserve shall be appropriated until the balance reaches the total paid-in share capital of the company. The statutory surplus reserve may be used to make up for losses. When the company has no losses, the statutory surplus reserve exceeds the actual Total amount of capital received 25% In addition to being allocated to recharge share capital, the remaining part can also be distributed in cash.

The company 2023 and 2022 surplus distribution plan is as follows:

	Earnings distribution plan		Dividends per share (NT\$)	
	2023	2022	2023	2022
Cash dividends	\$ 60,000	\$ 80,000	\$ 0.75	\$ 1.00
Legal reserve	5,777	9,653		
Special reserve	( 4,853)	209		

The above cash dividends were distributed by the board of directors on March 13, 2024 and March 29, 2023, respectively, and the remaining profit distribution items were also resolved at the regular shareholders' meetings on June 19, 2024 and June 21, 2023, respectively.

The appropriation of earnings for 2024 which was proposed by the Company's board of directors on March 7, 2025 were as follows:

	2024
Legal reserve	\$ 9,811
Special reserve	(\$ 4,051)
Cash dividends	\$ 80,000
Cash dividends per share(NT\$)	\$ 1.00

The above-mentioned cash dividend was resolved by the Board of Directors to distribute, and the remaining earnings distribution items were also resolved at the regular shareholders' meeting held on June 18, 2025.

d. Non-controlling interests

	2024	2023
Balance at January 1	\$ 69,048	\$ 104,697
Share of profit for the year	10,351	10,267
Disposal of partial interests of subsidiaries (Note 28)	13,040	-
Adjustment of changes in capital reserves of associated companies using the equity method	121	-
Cash capital increase from non-controlling interests	150	-
No participation in Anhong subsidiaries in proportion to shareholding		
Cash capital increase (Note 27)	-	( 28,807)
Disposal of AVCLOUD TECHNOLOGY subsidiary (Note 27)	-	( 5,193)
Cash dividends distributed by subsidiaries	( 7,612)	( 11,424)
	2024	2023
Other comprehensive gains and losses for the year		
Exchange differences on translating the financial statements of foreign operations	\$ 289	(\$ 236)
Unrealized valuation gains and losses on financial assets measured at fair value through other comprehensive income and losses	-	( 256)
Balance at December 31	<u>\$ 85,387</u>	<u>\$ 69,048</u>

**23. OPERATING REVENUE**

	2024	2023
Revenue from customer contracts		
Sales revenue	<u>\$ 938,840</u>	<u>\$ 1,159,521</u>

a. Explanation of customer contracts

Revenue from merchandise sales comes from the sale of security monitoring systems. When the performance obligations are met, the customer has the right to set a price and use the aforementioned products and bears the main responsibility for resale, and

bears the risk of obsolescence of the goods. This is because the company recognizes revenue when the performance obligations are met. Advances from customers are recognized as contract liabilities before the products are shipped.

b. Balance of contracts

	December 31, 2024	December 31, 2023	January 1, 2023
Notes receivable and net accounts receivable e (Note 11)	<u>\$ 252,050</u>	<u>\$ 217,284</u>	<u>\$ 261,010</u>
Contract liabilities	<u>\$ 18,130</u>	<u>\$ 16,428</u>	<u>\$ 8,618</u>

Contract liabilities arise from sales of goods.

c. Breakdown of customer contract revenue

Please refer to Note 36 for revenue breakdown information.

## 24. NET PROFIT FOR THE YEAR

The net profit for the year includes the following items:

1. Other income

	2024	2023
Rental income	\$ 26,298	\$ 26,304
Service revenue	4,793	14,600
Dividend income	58	116
Write-off of accounts payable two years overdue	667	-
Other	<u>12,911</u>	<u>7,503</u>
	<u>\$ 44,727</u>	<u>\$ 48,523</u>

2. Other profits and losses

	2024	2023
Net foreign currency exchange benefit	\$ 38,960	\$ 702
Gain on disposal of investment	26	779
Gain on disposal of Subsidiaries	-	1,754
Net profit (loss) on financial assets	322	1,520
Miscellaneous expenses	( <u>274</u> )	( <u>302</u> )
	<u>\$ 39,034</u>	<u>\$ 4,453</u>



### 3. Depreciation

	2024	2023
Property, Plant and Equipment	\$ 7,247	\$ 7,281
Investment property	<u>274</u>	<u>271</u>
	<u>\$ 7,521</u>	<u>\$ 7,552</u>
Depreciation expenses summarized by function category		
Operating costs	\$ 2,521	\$ 2,441
Operating expenses	4,726	4,745
Miscellaneous expenses	<u>274</u>	<u>366</u>
	<u>\$ 7,521</u>	<u>\$ 7,552</u>

### 4. Direct operating expenses of investment real estate

	2024	2023
Generate rental income	<u>\$ 332</u>	<u>\$ 332</u>

### 5. Employee benefits expenses

	2024	2023
Short term employee benefits	\$ 122,455	\$ 149,890
Post-employment benefits		
Defined contribution plans	3,375	3,622
Defined benefit plans (Note 21)	( 247 )	( 226 )
Other employee benefits	<u>5,530</u>	<u>5,515</u>
Total employee benefit expenses	<u>\$ 131,113</u>	<u>\$ 158,801</u>
Summary by function category		
Operating costs	\$ 37,616	\$ 29,743
Operating expenses	<u>93,497</u>	<u>129,058</u>
	<u>\$ 131,113</u>	<u>\$ 158,801</u>

### 6. Employee remuneration and director remuneration

In accordance with the Articles of Association, the Company deducts the profit before the distribution of employee and director remuneration from the net profit before tax for the current year. After making up for the losses of previous years, if there is any balance, it shall be allocated to employee remuneration and director remuneration at a rate of not less than 6% and not more than 3% respectively. The estimated employee and director remuneration for 2024 and 2023 were resolved by the Board of Directors on March 7, 2025 and March 13, 2024, respectively, as follows:

Estimation ratio

	2024	2023
Employee compensation	6.1%	6.6%
Remuneration of directors	1.8%	2.1%

Amount

	2024	2023
Employee compensation	\$ 7,100	\$ 4,370
Remuneration of directors	\$ 2,100	\$ 1,400

If there is still a change in the amount after the annual consolidated financial report is released, it will be treated as a change in accounting estimates and will be adjusted and accounted for in the next year.

There is no difference between the actual amount of employee compensation and director's compensation for 2024 and 2023 and the amount recognized in the consolidated financial report for 2024 and 2023.

For information on employee remuneration and director remuneration decided by the company's board of directors, please go to the "Public Information Observation Station" of the Taiwan Stock Exchange.

**25. INCOME TAX**

a. The main components of income tax expense recognized in profit and loss

	2024	2023
Current income tax		
Generated in the year	\$ 14,772	\$ 19,054
Adjustments for prior years	198	148
	<u>14,970</u>	<u>19,202</u>
Deferred income tax		
Generated in the year	<u>10,465</u>	<u>1,267</u>
Income tax expense recognized in profit or loss	<u>\$ 25,435</u>	<u>\$ 20,469</u>

The reconciliation between accounting income and income tax expenses is as follows:

	<u>2024</u>	<u>2023</u>
Net profit before tax	<u>\$ 135,964</u>	<u>\$ 89,339</u>
Net loss before tax is calculated based on the statutory tax rate income tax	\$ 27,192	\$ 17,867
Items that should be adjusted when determining taxable income	320	2,835
Tax-free income	( 12)	( 23)
Undistributed Earnings Levy	-	390
Deduction of unrecognized losses	( 2,390)	( 2,913)
Unrecognized temporary differences	127	2,408
Impact of different tax rates on companies operating in other jurisdictions	-	183
Other	-	( 426)
Adjustments for prior years' tax	<u>198</u>	<u>148</u>
Income tax expense recognized in profit or loss	<u>\$ 25,435</u>	<u>\$ 20,469</u>

b. Income tax recognized in other comprehensive profits and losses

	<u>2024</u>	<u>2023</u>
<u>Deferred income tax</u>		
Generated in the year:		
— Determination of remeasurement numbers for benefit plans	<u>\$ 419</u>	( <u>\$ 208</u> )

c. Income tax assets and liabilities for the current period

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current income tax assets		
Tax refund receivable	<u>\$ 2,736</u>	<u>\$ 1,269</u>
Current income tax liabilities		
Income tax payable	<u>\$ 4,974</u>	<u>\$ 7,715</u>

d. Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2024

	Beginning balance	Recognized in profit or loss	Recognized in Other Compre-hensive profit and loss	Ending balance
<u>Deferred income tax assets</u>				
Temporary difference				
Allowance for doubtful debt losses	\$ 1,546	\$ -	\$ -	\$ 1,546
Provision	4,327	-	-	4,327
Unrealized exchange loss	1,121	( 1,121 )	-	-
Allowance for inventory depreciation losses	<u>20,276</u>	( <u>88</u> )	<u>-</u>	<u>20,188</u>
	<u>\$ 27,270</u>	( <u>\$ 1,209</u> )	<u>\$ -</u>	<u>\$ 26,061</u>

<u>Deferred income tax assets</u>				
Temporary difference				
Defined benefit plans	\$ 3,799	\$ 49	\$ 419	\$ 4,267
Unrealized exchange benefits	<u>2,952</u>	<u>9,207</u>	<u>-</u>	<u>12,159</u>
	<u>\$ 6,751</u>	<u>\$ 9,256</u>	<u>\$ 419</u>	<u>\$ 16,426</u>

2023

	Beginning balance	Recognized in profit or loss	Recognized in Other Compre-hensi ve profit and loss	Loss of control	Ending balance
<u>Deferred income tax assets</u>					
Temporary difference					
Allowance for doubtful debt losses	\$ 1,593	( \$ 47 )	\$ -	\$ -	\$ 1,546
Provision	4,327	-	-	-	4,327
Unrealized exchange loss	682	439	-	-	1,121
Allowance for inventory depreciation losses	<u>20,926</u>	( <u>650</u> )	<u>-</u>	<u>-</u>	<u>20,276</u>
	<u>\$ 27,528</u>	( <u>\$ 258</u> )	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,270</u>

<u>Deferred income tax assets</u>					
Temporary difference					
Defined benefit plans	\$ 3,236	\$ 1,034	( \$ 208 )	( \$ 263 )	\$ 3,799
Unrealized exchange benefits	<u>2,977</u>	( <u>25</u> )	<u>-</u>	<u>-</u>	<u>2,952</u>
	<u>\$ 6,213</u>	<u>\$ 1,009</u>	( <u>\$ 208</u> )	( <u>\$ 263</u> )	<u>\$ 6,751</u>

- e. The amount of unused loss deductions that are not recognized as deferred income tax assets in the consolidated balance sheet

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Loss deduction		
2029 due	\$ 38,402	\$ 47,027
2030 due	4,595	4,595
2031 due	1,854	5,054
2032 due	2,968	2,968
2033 due	<u>6,134</u>	<u>6,134</u>
	<u>\$ 53,953</u>	<u>\$ 65,778</u>
Can reduce temporary differences		
Allowance for doubtful debts	\$ 2,855	\$ 2,855
Allowance for inventory impairment losses	<u>1,556</u>	<u>-</u>
	<u>\$ 4,411</u>	<u>\$ 2,855</u>

- f. Income tax assessment situation

The profit-making enterprise income tax return of the merged company shall be approved by the tax collection authority for the following years:

	<u>Approval year</u>
AV TECH CORPORATION	2022
AVTECH Security	2022
CHIEFTRON	2022
INTERNATIONAL	
YesGo Tech	2022
Shengtike Investment	2022
Q.S.C. Industry	2022

## 26. EARNINGS PER SHARE

		Unit: NT per share
	<u>2024</u>	<u>2023</u>
Basic earnings per share	<u>\$ 1.25</u>	<u>\$ 0.73</u>
Diluted earnings per share	<u>\$ 1.25</u>	<u>\$ 0.73</u>

The net profit and weighted average number of common shares used to calculate earnings per share are as follows:

<u>Net income for the year</u>		
	<u>2024</u>	<u>2023</u>
Net profit attributable to the owners of the company	<u>\$ 100,178</u>	<u>\$ 58,603</u>
Used to calculate basic and diluted earnings per share	<u>\$ 100,178</u>	<u>\$ 58,603</u>
<u>Number of Shares</u>		Unit: Thousand shares
	<u>2024</u>	<u>2023</u>
Weighted average of ordinary shares used for calculating basic earnings per share	80,000	80,000
Impacts of potential ordinary shares with dilution effect	<u>319</u>	<u>217</u>
Employee compensation	<u>80,319</u>	<u>80,217</u>

If the merged companies have the option to pay employee compensation in stocks or cash, then when calculating diluted earnings per share, it is assumed that the employee compensation will be in the form of stock issuance, and the weighted average number of outstanding shares will be included when the potential ordinary shares have a dilutive effect, so as to Calculate diluted earnings per share. in the following year when calculating diluted earnings per share before deciding on the number of shares to be issued for employee compensation, the dilutive effect of these potential common shares will also continue to be considered.

## **27. BRANCH INVESTMENT SUBSIDIARY**

In October 2023, the board of directors of Anhong Electronics approved a capital increase of RMB 14,142,000. The base date for the cash capital increase is November 10, 2023. On November 8, 2023, the board of directors of the merged company decided to abandon its participation in the cash capital increase, which will make CHIEFTRON INTERNATIONAL The company and Elcom reduced its shareholding ratio from 65.00% to 36.42%, and lost control of the subsidiary.

The board of directors of the merged company approved the dissolution and liquidation of Elcom on November 14, 2023.

The merged company sold the equity of AVCLOUD TECHNOLOGY on December 11, 2023, resulting in the comprehensive shareholding ratio being reduced from 50% to 22%, and losing control of the subsidiary.

a. Consideration received

	Anhong Electronic Technology	AVCLOUD TECHNOLOGY
Cash	\$ -	\$ 2,660
Obtain equity	<u>52,884</u>	<u>-</u>
	<u>\$ 52,884</u>	<u>\$ 2,660</u>

b. Analysis of assets and liabilities out of control

	Anhong Electronic Technology	AVCLOUD TECHNOLOGY
Current assets		
Cash and cash equivalents	\$ 74,302	\$ 3,135
Accounts receivable	121,872	10,856
Inventory	32,842	5,233
Other current assets	22,599	1,707
Non-current assets		
Financial assets measured at fair value through other comprehensive profit or loss	-	294
Property, plant and equipment	621	497
Investments accounted for using equity method	-	3,313
Other non-current assets	9,498	143
Current liabilities		
Accounts payable	( 57,981 )	( 5,012 )
Short- term debt	-	( 4,500 )
Other current liabilities	( 121,546 )	( 469 )
Unearned receipts	-	( 4,546 )
Non-current liabilities		
Other non-current liabilities	<u>-</u>	<u>( 263 )</u>
	<u>\$ 82,207</u>	<u>\$ 10,388</u>

c. (Loss) profits from disposal of subsidiaries

	Anhong Electronic Technology	AVCLOUD TECHNOLOGY
Consideration received	\$ 52,884	\$ 2,660
Fair value of remaining investment	-	2,287
Net assets on disposal	( 82,207 )	( 10,388 )
non-controlling interests	<u>28,807</u>	<u>5,193</u>
Disposal (loss) of benefits	<u>( \$ 516 )</u>	<u>( \$ 248 )</u>

d. Net cash outflow from disposal of subsidiaries

	Anhong Electronic Technology	AVCLOUD TECHNOLOGY
Consideration received in cash and cash equivalents	\$ -	\$ 2,660
Less: Cash and covenants from disposal cash balance	( 74,302) (\$ 74,302)	( 3,135) (\$ 475)

## 28. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

YesGo processed a cash capital increase on March 22, 2024. Shengtai Technology Investment did not subscribe according to its shareholding ratio. Instead, Shengtike Investment increased its shareholding in the company, which increased the combined company's comprehensive shareholding ratio from 56.70% to 79.68%. Please refer to Note 13.

The Merged Company sold part of its equity interest in AVTECH Security Corporation in June and July 2024, resulting in a decrease in its shareholding ratio in AVTECH Security Corporation from 96 % to 90.04 %. Please refer to Note 13.

The Merged Company sold part of its equity interest in CHIEFTRON INTERNATIONAL in August 2024, resulting in a decrease in its shareholding in CHIEFTRON INTERNATIONAL from 84.11% to 82.31%. Please refer to Note 13.

The Merged Company sold part of its equity interest in Q.S.C. Industry in December 2024, resulting in a decrease in its shareholding in Q.S.C. Industry from 100.00% to 88.35%. Please refer to Note 13.

As the above transactions did not change the control of the merged company over these subsidiaries, the merged company treated them as equity transactions.

	CHIEFTRON INTERNATI ONAL	Q.S.C. Industry	AVTECH Security Corporation	Total
Consideration received	\$ 7,191	\$ 2,067	\$ 3,000	\$ 12,258
The carrying amount of the subsidiary's net assets is calculated based on the change in relative equity and the amount that should be transferred out of non-controlling equity	( 7,325)	( 2,256)	( 3,459)	( 13,040)
Equity Transaction Difference	( \$ 134)	( \$ 189)	( \$ 459)	( \$ 782)



Equity transaction

difference adjustment

account

Capital reserve - the

difference between the

actual price of equity

acquired or disposed of

by subsidiaries and the

book value

\$ -

\$ -

(\$ 40)

(\$ 40)

Retained earnings

( 134)

( 189)

( 419)

( 742)

( 134)

( 189)

( 459)

( 782)

## 29. CAPITAL MANAGEMENT

The capital structure management strategy of the merged company is based on the industrial scale, future growth and product development blueprint of the merged company's business, defining the corresponding capital expenditures for the required factory equipment; and then calculating the required working capital and Cash is used to make an overall asset scale plan for the various scales required for the long-term development of the merged company; finally, the appropriate capital structure of the merged company is determined based on the relationship between the operating cycle and cash flow of the merged company's products.

## 30. FINANCIAL INSTRUMENTS

a. Fair value information - financial instruments not measured at fair value

Management of the Merged Company believes that the carrying amounts of financial assets and financial liabilities that are not measured at fair value approximate their fair value.

b. Fair value information - Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u>				
<u>through profit or loss</u>				
Equity Instrument				
Investment				
— Domestic publicly				
traded shares	\$ 1,662	\$ -	\$ -	\$ 1,662
<u>Financial assets at fair value</u>				
<u>through other</u>				
<u>comprehensive</u>				
<u>income</u>				

Domestic unlisted shares	\$ -	\$ -	\$ 49,761	\$ 49,761
Fund beneficiary certificates	<u>6,100</u>	<u>-</u>	<u>-</u>	<u>6,100</u>
	<u>\$ 6,100</u>	<u>\$ -</u>	<u>\$ 49,761</u>	<u>\$ 55,861</u>

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value</u>				
<u>through profit or loss</u>				
Equity Instrument				
Investment				
— Domestic publicly				
traded shares	<u>\$ 3,718</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,718</u>
<u>Financial assets at fair value</u>				
<u>through other</u>				
<u>comprehensive</u>				
<u>income</u>				
Domestic unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>

There were no transfers between Levels 1 and 2 fair value measurement for the years ended December 31, 2024 and 2023.

2) Reconciliation of financial instruments at Level 3 fair value measurement

January 1 to December 31, 2024

Financial assets	Through profit and loss fair value measurement Financial products	Measured at fair value through other comprehensive profit or loss Equity instruments	Total
Beginning balance	\$ -	\$ 50,000	\$ 50,000
Recognized in other comprehensive income			
-Not implemented	-	( 239)	( 239)
Ending balance	<u>\$ -</u>	<u>\$ 49,761</u>	<u>\$ 49,761</u>

January 1 to December 31, 2023

Financial assets	Through profit and loss fair value measurement Financial products	Measured at fair value through other comprehensive profit or loss Equity instruments	Total
Beginning balance	\$ -	\$ 1,959	\$ 1,959
Recognized in other comprehensive income			
-Not implemented	-	( 600)	( 600)
Purchases	111,102	50,000	161,102
Disposal	( 111,448)	( 1,064)	( 112,512)
Foreign exchange gain	346	-	346
Loss of control	-	( 295)	( 295)
Ending balance	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>

3) Valuation techniques and inputs applied to Level 3 fair value measurement  
Financial Instruments

Domestic and foreign unlisted equity investment in December 31, 2024 and 2023 uses the asset method to measure its fair value. The asset method estimates fair value based on the net asset value provided by the invested company.

c. Classification of financial instruments

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Measured at fair value through profit or loss		
Mandatorily at fair value through profit or loss	\$ 1,662	\$ 3,718
Financial assets at amortized cost (Note 1)	1,582,977	1,464,411
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	\$ 55,861	\$ 50,000
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	151,116	91,000

Note 1 : The balance includes cash and cash equivalents, notes receivable, accounts receivable, other receivables and deposits and other financial assets measured at amortized cost.

Note 2 : The balance includes accounts payable, other payables (excluding dividends payable to employees, remuneration payable to directors and supervisors, and salaries and bonuses payable) and deposits, which are financial liabilities measured at amortized cost.

d. Objectives and policy of financial risk management

The Merged Company's main financial instruments include equity and debt instrument investments, accounts receivable and accounts payable. The Merged Company's financial management department provides services to all business units, coordinates operations in domestic and international financial markets, and supervises and manages financial risks related to the Merged Company's operations. These risks include market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Merged Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see "a. foreign currency risk" below) and interest rates (see "b. interest rate risk" below).

There is no change in the Merged Company's exposure to market risks of financial instruments and how such exposure is managed and measured.

a. Foreign currency risk

The Merged Company engages in sales and purchase transactions denominated in foreign currencies, which exposes the Merged Company to risks arising from exchange rate fluctuations.

Please refer to Note 34 for the carrying amount of the merged company's monetary assets and monetary liabilities denominated in non-functional currency on the balance sheet date (including the monetary items denominated in non-functional currency that have been eliminated in the consolidated financial statements).

Sensitivity analysis

The Merged Company is mainly affected by fluctuations in the exchange rate of the US dollar.

The following table details the merged company's sensitivity analysis when the exchange rate of the New Taiwan Dollar (the functional currency) against the U.S. dollar increases and decreases by 1%. 1% is the sensitivity ratio used within the group when reporting exchange rate risks to key management. It also represents management's assessment of the reasonably possible range of changes in foreign currency exchange rates. The sensitivity analysis only includes outstanding foreign currency monetary items, and their year-end translation is adjusted for a 1% change in exchange rates. The positive numbers in the table below represent the amount by which the net profit before tax will increase when the New Taiwan dollar depreciates by 1% relative to the US dollar; when the New Taiwan dollar appreciates by 1% relative to the US dollar, the impact on the net profit before tax will be the same amount. negative number.

	USD Impact (Note)	
	2024	2023
Profit or loss	\$ 5,058	\$ 5,614

Note: Mainly derived from the merged company's US dollar-denominated cash and cash equivalents that are outstanding on the balance sheet date and have not been cash flow hedging, financial assets measured at amortized cost, receivables, payables and others Payables.

b. Interest rate risk

Individuals in the merged company hold both fixed and floating interest rate bank deposits, thus creating interest rate exposure. The merged company pays attention to changes in market risk interest rates at any time and adjusts interest rate policies to manage interest rate risks.

The book amount of the financial assets of the merged company subject to interest rate risk on the balance sheet date is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
With interest rate risk of fair value		
— Financial assets	\$ 870,473	\$ 652,425
Interest rate risk with cash flows		
— Financial assets	458,431	593,198

#### Sensitivity analysis

The sensitivity analysis below is based on the interest rate exposure of non-derivative instruments at the balance sheet date. For floating interest rate assets, the analysis method assumes that the amount of assets outstanding on the balance sheet date is all outstanding during the reporting period. The rate of change used by the Company when reporting interest rates internally to key management is Interest rate increases or decreases 100 Basis point, which also represents management's assessment of the reasonably possible range of changes in interest rates.

If the interest rate increases/decreases by 100 basis points, with all other variables remaining unchanged, the Merged Company's net profit before tax for 2024 and 2023 will increase/decrease by \$4,584,000 and \$5,932,000 respectively, mainly due to the Merged Company's variable-rate bank deposits and variable-rate financial assets measured at amortized cost - current.

## 2) Credit risk

Credit risk refers to the risk that a counterparty defaults on its contractual obligations, resulting in financial losses to the Group. As of the balance sheet date, the maximum credit risk exposure of the merged company that may result in financial losses due to the failure of the counterparty to perform its obligations and the financial guarantee provided by the combined company mainly comes from the carrying amount of financial assets recognized in the consolidated balance sheet.

In order to maintain the quality of accounts receivable, the merged company has established operational-related credit risk management procedures. The risk assessment of individual customers takes into account a number of factors that may affect the customer's ability to pay, including the customer's financial status, the merged company's internal credit rating, historical transaction records and current economic conditions. The merged company continues to monitor credit exposure and the credit rating of counterparties, and distributes the total transaction amount to customers with qualified credit ratings, and controls credit exposure through counterparty credit limit limits that are reviewed and approved by relevant departments every year.

In order to mitigate credit risks, the management of the merged company has assigned a dedicated department to be responsible for the determination of credit limits, credit approval and other monitoring procedures to ensure that appropriate actions are taken to collect overdue receivables. The merged company will also use certain credit enhancement tools, such as advance payment, to reduce credit risk. In addition, the merged company will review the recoverable amount of receivables one by one on the balance sheet date to ensure that appropriate impairment losses have been made for uncollectible receivables. Accordingly, the management of the merged company believes that the credit risk of the merged company has been significantly reduced.

The objects of accounts receivable cover many customers and are scattered in different industries and geographical regions. The merged company continuously evaluates the financial status of its accounts receivable customers and will purchase accounts receivable insurance contracts when necessary.

Except for its top three customers, the merged company does not have significant credit risk exposure to any single counterparty or any group of counterparties with similar characteristics. Among the accounts receivable as of December 31, 2024 and 2023, the total accounts receivable of the top three sales customers of the combined company are NT\$ 53,202 thousand and NT\$ 55,409 thousand respectively. The concentration of credit risk on individual trading objects did not exceed 3% of total monetary assets as of December 31, 2024 and 2023.

### 3) Liquidity risk

The merged company manages and maintains sufficient cash and cash equivalents to support the group's operations and mitigate the impact of cash flow fluctuations. The management of the merged company monitors the use of the bank's comprehensive financing line and ensures compliance with the terms of the credit line contract.

As of December 31, 2024 and 2023, the merged company has no unused financing quota. Please refer to the description of the financing limit in (b) below

a) Liquidity and interest risk rate tables for non-derivative financial liabilities

The following liquidity and interest rate risk table details the remaining contract maturity analysis of the merged company's non-derivative financial liabilities with agreed repayment periods. It is based on the earliest date when the merged company may be required to repay, and is based on the undiscounted cash flow of financial liabilities. Prepared, which includes cash flows from interest and principal.

December 31, 2024

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-2 Years
<u>Non-derivative</u> <u>financial</u> <u>liabilities</u>				
Non-interest bearing	\$ <u>120,205</u>	\$ <u>57,603</u>	\$ <u>11,085</u>	\$ <u>-</u>

December 31, 2023

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-2 Years
<u>Non-derivative</u> <u>financial</u> <u>liabilities</u>				
Non-interest bearing	\$ <u>61,902</u>	\$ <u>51,291</u>	\$ <u>5,945</u>	\$ <u>-</u>

b) Financing amount

	December 31, 2024	December 31, 2023
Unsecured Bank Comprehensive Financing Line		
Amount unused	\$ <u>-</u>	\$ <u>61,910</u>



### 31. TRANSACTIONS WITH RELATED PARTIES

Transactions, account balances, income and losses between the Company and its subsidiaries (which are related parties of the Company) are all eliminated on consolidation and are therefore not disclosed in this note. The transactions between the merged company and other related parties are as follows.

a. Related parties and their relationship with the Company:

<u>Related Party</u>	<u>Relationship with the merged company</u>
CPCAM FRANCE SARL (CPCAM)	Subsidiary of a significant investor
Junyi Investment Co., Ltd. (Junyi)	Investors with significant influence
AVCLOUD TECHNOLOGY CORPORATION (AVCLOUD TECHNOLOGY)	Associate (Notes 13 and 27)
ITsESG Data Corporation (ITsESG Data)	Associate (Notes 13 and 27)
Anhong Electronic Technology (Shenzhen) Co., Ltd. (Anhong Electronic)	Associate (Notes 13 and 27)
Rong Jin Technology Co., Ltd (Rong Jin)	Substantial related party
Shenghua Technology Co., Ltd. (Shenghua)	Substantial related party
GIGA ELECTRONICS CORP. (GIGA)	Substantial related party
Fuwei Global Co., Ltd. (Fuwei)	Substantial related party
Qiaotai Investment Co., Ltd.	Substantial related party
Qiao Sheng Investment Co., Ltd.	Substantial related party
Atlancube LTD	Substantial related party
Huaying Charity Foundation	Substantial related party
Rulin Investment Co., Ltd.	Substantial related party

b. Operating Revenue

Item	Related Party Category	2024	2023
Sales revenue	Substantial related party		
	Shenghua	\$ 7,839	\$ 9,195
	Other	2,099	2,265
	Associate		
	Anhong Electronic	1,053	3,766
	AVCLOUD	4,793	-
	TECHNOLOGY		
	Other	2,313	1,057
		<u>\$ 18,097</u>	<u>\$ 16,283</u>

Sales to related parties will be handled in accordance with normal transaction conditions.

c. Purchase

Related Party Category	2024	2023
Substantial related party		
Zhi Fang	\$ -	\$ 2,082
Other	514	-
Associate		
Anhong Electronic	12,511	3,197
Other	70	-
	<u>\$ 13,095</u>	<u>\$ 5,279</u>

Purchases from related parties will be handled according to normal transaction conditions.

d. Receivables from related parties (excluding loans to related parties)

Item	Related Party Category	December 31, 2024	December 31, 2023
Accounts receivable	Associate		
	Anhong Electronic	\$ 184	\$ 3,922
	Other	588	587
	Substantial related party		
	Fuwei	11,110	-
	Other	2,348	634
	Subsidiary of a significant investor	726	739
Allowance for losses	Subsidiary of a significant investor	( 723)	( 139)
		<u>\$ 14,233</u>	<u>\$ 5,743</u>

The outstanding receivables from related parties are not guaranteed. No provision for losses was made for receivables from related parties in 2024 and 2023.

e. Other receivables from related parties

Item	Related Party Category	December 31, 2024	December 31, 2023
Other accounts receivable	Substantial related party		
	Shenghua	\$ 471	\$ -

f. Amounts payable to related parties

Item	Related Party Category	December 31, 2024	December 31, 2023
Accounts payable	Associate	\$ 1,054	\$ 1,451
	Substantial related party	9,035	5,410
		<u>\$ 10,089</u>	<u>\$ 6,861</u>

g. Other payables

Item	Related Party Category	2024	2023
Fees payable	Substantial related party	<u>\$ 1,050</u>	<u>\$ -</u>

h. Operating rental income

Item	Related Party Category	2024	2023
Other income	Substantial related party		
	Shenghua	\$ 3,937	\$ 3,937
	Other	60	150
	Associate	1,013	-
	Investors with significant influence	<u>36</u>	<u>36</u>
		<u>\$ 5,046</u>	<u>\$ 4,123</u>

The merged company rents out the premises to related parties for office use, and charges are paid on a monthly or annual basis at a price agreed upon by both parties.

i. Other income

Item	Related Party Category	2024	2023
Other income	Substantial related party		
	Shenghua	\$ 4,707	\$ 4,890
	Fuwei	2,063	369

Other Associate	-	212
	101	-
	<u>\$ 6,871</u>	<u>\$ 5,471</u>

j. Other expenses

Item	Related Party Category	2024	2023
Other expenses	Substantial related party	<u>\$ 3,001</u>	<u>\$ -</u>

k. Rewards for key management

The total remuneration of directors and other key management is as follows:

	2024	2023
Short term employee benefits	<u>\$ 16,100</u>	<u>\$ 15,113</u>

The remuneration of directors and other key management personnel is determined by the Remuneration Committee based on individual performance and market trends.

### 32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets have provided guarantees for customs duties on purchased goods and imported goods:

	December 31, 2024	December 31, 2023
Pledged time deposits (classified as financial assets at amortized cost- non-current )	<u>\$ 17,600</u>	<u>\$ 17,600</u>

### 33. MAJOR CONTINGENCIES

In addition to other notes, the contingencies of the consolidated company as of the balance sheet date are as follows:

AVTECH Security Corporation and Wulian Wisdom Co., Ltd. (hereinafter referred to as Wulian Wisdom Company) had a property rights dispute over patent infringement. Wulian Wisdom Company filed a lawsuit claiming that AVTECH Security Corporation infringed its patent rights. The Intellectual Property and Commercial Court ruled in favor of Shengtai Ankong at the first instance on January 9, 2024. Wulian Wisdom Company was dissatisfied and filed an appeal on February 5, 2024, which was rejected by the Intellectual Property and Commercial Court on February 12, 2025.

### 34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information is summarized and expressed in terms of foreign currencies other than the functional currencies of each individual entity of the merged company. The exchange rates disclosed refer to the exchange rates at which such foreign currencies are converted into the functional currencies. The foreign currency assets and liabilities with significant impact are as follows:

December 31, 2024

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying amount</u>
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 18,958	32.785	\$ 621,538
Foreign currency assets			
<u>Monetary items</u>			
USD	3,531	32.785	115,764

December 31, 2023

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Carrying amount</u>
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 20,343	30.705	\$ 624,632
Foreign currency assets			
<u>Monetary items</u>			
USD	2,060	30.705	63,252

Unrealized foreign currency exchange gains and losses with significant impact are as follows:

	<u>2024</u>		<u>2023</u>	
Foreign Currency	<u>Exchange Rate</u>	<u>Net gain (loss) on exchange</u>	<u>Exchange Rate</u>	<u>Net gain (loss) on exchange</u>
USD	32.785 (USD:NTD)	\$ <u>26,959</u>	30.705 (USD:NTD)	( \$ <u>5,069</u> )

### **35. SEPARATELY DISCLOSED ITEMS**

#### **a. Information on significant transactions and b. Information on reinvestment business**

- 1) Loans of funds to others: None.
- 2) Endorsement guarantee for others: Table 1.
- 3) Situation of securities held at the end of the period (excluding investment subsidiaries, affiliated enterprises and joint venture control parts): Table 2.
- 4) The cumulative purchase or sale of the same securities amounted to NT\$300 million or 20% and above of the paid-in capital: None.
- 5) The amount of real estate acquired reaches NT\$300 million or paid-in capital amount 20% Above: None.
- 6) The amount of real estate disposed of amounted to NT\$300 million or paid-in capital amount 20% Above: None.
- 7) The amount of imports and sales with related persons amounted to NT\$100 million or paid-in capital 20% Above: None.
- 8) Amounts receivable from related parties amount to NT\$100 million or paid-in capital 20% Above: None.
- 9) Engaged in derivatives trading: None.
- 10) Invested company information: Table 3.
- 11) Others: Business relationships and important transactions and amounts between the parent company and its subsidiaries and between subsidiaries: Table 4.

#### **c. Information on investments in mainland China**

- 1) Name of the invested company in mainland China, main business items, paid-in capital, investment method, capital remittances, shareholding ratio, investment profits and losses, book amount of investments at the end of the period, repatriated investment profits and losses, and investment limits in mainland China: Table 5.
- 2) The following major transaction matters that occurred directly or indirectly through the third region with mainland invested companies, as well as their prices, payment terms, and unrealized profits and losses:
  - a) Purchase amount and percentage and closing balance and percentage of related payables: Table 6.

- b) Amount and percentage of sales and closing balance and percentage of related accounts receivable: None.
- c) The amount of property transactions and the amount of profits and losses generated therefrom: None.
- d) Ending balance of bills endorsed for guarantee or collateral provided and its purpose: None.
- e) The maximum balance, ending balance, interest rate range and total interest for the year of financial facilities: None.
- f) Other transactions that have a significant impact on the current year's profits and losses or financial status, such as the provision or receipt of services, etc.: None.

d. Information on major shareholders: Table 7.

### **36. SEGMENT INFORMATION**

Information provided to key operating decision makers to allocate resources and evaluate department performance, focusing on each type of product or service delivered or provided. The reportable departments of the merged company are as follows:

Security Monitoring System Department - Manufacturing and Sales of Security Monitoring Systems

Electronic Materials Department - Wholesale Electronic Materials

Investment Department - Investment in New Ventures

The merged company revenue and operating results are analyzed by reportable segment as follows:

	Security monitoring system	Electronic Materials	Investment department	Total
<u>2024</u>				
Revenue from external customers	\$ 212,687	\$ 726,153	\$ -	\$ 938,840
Inter-segment revenue	<u>42,840</u>	<u>-</u>	<u>-</u>	<u>42,840</u>
departmental revenue	<u>\$ 255,527</u>	<u>\$ 726,153</u>	<u>\$ -</u>	<u>981,680</u>
internal write-off				( <u>42,840</u> )
Consolidated revenue				<u>\$ 938,840</u>
Segment income (loss)	( <u>\$ 40,424</u> )	<u>\$ 49,693</u>	( <u>\$ 124</u> )	\$ 9,145
Interest and other income				77,942
Share of profits of associates				
accounted for using the equity method				9,843
Other gains and losses				<u>39,034</u>
Net profit before tax				<u>\$ 135,964</u>
<u>2023</u>				
Revenue from external customers	\$ 207,323	\$ 952,198	\$ -	\$ 1,159,521
Inter-segment revenue	<u>49,389</u>	<u>18,824</u>	<u>-</u>	<u>68,213</u>
departmental revenue	<u>\$ 256,712</u>	<u>\$ 971,022</u>	<u>\$ -</u>	<u>1,227,734</u>
internal write-off				( <u>68,213</u> )
Consolidated revenue				<u>\$ 1,159,521</u>
Segment income (loss)	( <u>\$ 47,857</u> )	<u>\$ 59,951</u>	( <u>\$ 125</u> )	\$ 11,969
Interest and other income				70,236
Share of profits of associates				
accounted for using the equity method				2,681
Other gains and losses				<u>4,453</u>
Net profit before tax				<u>\$ 89,339</u>

Inter-department sales are determined by taking into account market conditions.

Departmental profits refer to the profits earned by each department, excluding other profits and losses, other income and income tax expenses. This measure is provided to the chief operating decision-maker for the purpose of allocating resources to departments and measuring their performance.

As the amounts of segment assets and liabilities are not provided to operating decision makers, they are not presented.



**AV TECH CORPORATION, LTD.AND SUBSIDIARIES**  
**ENDORSEMENT GUARANTEE FOR OTHERS**  
**FROM JANUARY 1 TO DECEMBER 31, 2024**  
**(In thousands of NT\$ and foreign currency)**

Table 1

No. (Note1)	Name of the endorser's company	Endorsement object		Limit of endorsemen t for single enterprise	Maximum endorsemen t balance for the current period	Ending endorsemen t balance	Amount Actually Drawn	Amount of endorseme nt secured by property	Ratio of accumulate endorsemen t amount to net value of latest financial statement (%)	Maximum limit Of endorsemen t	Endorse ment of the parent compan y to the subsidi ary compan y	Endorse ment of the Subsidi ary compan y to the parent compan y	Endorse ment to Mainlan d China	Note
		Name of Company	Relations hip (Note 2)											
0	AV TECH CORPOR ATION	CHIEFTRON INTERNATIO NAL	2	\$ 80,000  (Note3)	\$ 45,000	\$ -	\$ -	\$ -	2.01	\$ 80,000  (Note3)	Y	-	-	-

Note 1 : Fill in by the issuer 0, Invested companies by company type by Arabic numerals1 Start numbering in sequence.

Note 2 : The relationship between the endorser and the person being endorsed and guaranteed is as follows: 7 species, just mark the species:

- (1) A company with business dealings.
- (2) The company directly and indirectly holds shares with voting rights exceeding 50% The company.
- (3) Shares that directly and indirectly hold voting rights in the company exceed 50% The company.
- (4) The company directly and indirectly holds voting rights of up to 90% The above company space.
- (5) Based on the needs of contracting projects, peers in the same industry or jointly establish a company that provides mutual insurance in accordance with the provisions of the contract.
- (6) Based on the needs of contracting projects, peers in the same industry or jointly establish a company that provides mutual insurance in accordance with the provisions of the contract.
- (7) Among peers, the performance guarantee for pre-sale housing sales contracts is jointly and severally guaranteed in accordance with consumer protection laws and regulations.

Note 3 : The total amount of endorsement guarantee shall not exceed the actual paid-in capital of the endorsement guarantee company 10 %.

Note 4 : The total amount of endorsement guarantee shall not exceed 100% of the company's net worth, and the cumulative amount of endorsement guarantee for a single enterprise shall not exceed 25% of the company's net worth.

**AV TECH CORPORATION, LTD.AND SUBSIDIARIES**  
**SITUATION OF SECURITIES HELD AT THE END OF THE PERIOD**  
**DECEMBER 31, 2024**  
**(In Thousands of New Taiwan Dollars)**

Table 2

Name of Held Company	Type and Name of Marketable Securities	Relationship with the issuer of securities	Financial Statement Account	End of the Period				Highest in the term Number of shares held (in thousands)	Note
				Number of Shares (in thousands )	Carrying amount	Percentage of Ownership	Fair Value		
AV TECH CORPORATION, LTD	<u>Domestic publicly traded shares</u>								
	Crystalvue Medical Corporation	—	Financial assets at fair value through profit or loss	11	\$ 934	-	\$ 934	11	—
	TTY BIOPHARM COMPANY LIMITED	—	"	10	728	-	728	10	—
	<u>Fund beneficiary certificates</u>								—
	Yuanta US Bond 20 Years	—	Financial assets at fair value through other comprehensive income	10	2,824	-	2,824	10	—
	Cathay Pacific US Bond 20 Year	—	"	10	3,276	-	3,276	10	
	<u>Domestic Non-publicly traded shares</u>								
	WK Technology Fund IX II Ltd.		"	5,000	49,761	4.45%	49,761	5,000	
	<u>Corporate bond</u>								
	APPLE Inc. Overseas corporate bond due in 2045		Financial assets measured at amortized cost	500	15,972	-	14,847	500	
	APPLE Inc. Overseas corporate bond due in 2046		"	400	12,972	-	12,329	400	
	APPLE Inc. Overseas corporate bond due in 2047		"	300	9,463	-	8,720	300	
	TSMC Arizona Overseas corporate bond due in 2029		"	200	6,502	-	6,411	200	
	TSMC Arizona Overseas corporate bond due in 2032		"	600	19,396	-	19,082	600	
YesGo Tech	Domestic Non-publicly traded shares								
	Rong Jin Technology Co., Ltd	—	Financial assets at fair value through other comprehensive income	300	-	10%	-	300	—

Note: For information related to investment-related enterprises and subsidiaries, please refer to Table 3 and Table 5.

**AV TECH CORPORATION, LTD.AND SUBSIDIARIES**  
**INVESTED COMPANY INFORMATION**  
**FROM JANUARY 1 TO DECEMBER 31, 2024**  
**(In thousands of NT\$ and foreign currency, unless otherwise specified)**

Table 3

Name of investor company	Name of Investee Company	Location	Main Business Activities	Original Investment Amount		Held at the End of The Period			Net Income (Loss) of the Investee	Investment Profit (Loss) Recognized in the Current Period	Note
				Name of investor company	Name of Investee Company	Location	Main Business Activities	Original Investment Amount			
AV TECH CORPORATION, Ltd.	CHIEFTRON INTERNATIONAL	Taiwan	Semiconductor Components Agent	\$ 182,887	\$ 190,079	14,915,000	82.31	\$ 352,434	\$ 61,012	\$ 50,993	Notes 1 and 7
	Shengtike Investment	Taiwan	General investment industry	80,000	80,000	8,000,000	100.00	62,548	6,905	6,905	Note 1
	AVTECH Security Corporation	Taiwan	Production and sales of surveillance and anti-theft systems	93,000	96,000	4,535,520	90.04	52,190	7,596	7,301	Notes 1 and 3
	Q.S.C. Industry	Taiwan	Electrical and audio-visual electronic product manufacturing	27,933	30,000	1,505,000	88.53	17,405	3,083	3,083	Notes 1 and 8
Shengtike Investment	GIGA	Taiwan	Development and sales of consumer electronics products	8,000	8,000	800,000	25.00	6,444	1,897	474	Note 2
	ITsESG Data	Taiwan	Software development and sales	5,742	5,742	125,000	25.00	6,352	20,260	5,030	Notes 2 and 5
	YesGo	Taiwan	Automation product research and development	12,700	12,700	113,393	22.68	916	( 711 )	( 210 )	Notes 1 and 6
	AVCLOUD TECHNOLOGY	Taiwan	Sales and installation of surveillance and security products	1,760	1,760	176,000	22.00	2,729	4,465	982	Note 2
	Info-Tech Corp	Taiwan	Software development and sales	2,000	2,000	62,000	51.67	865	449	232	Notes 1 and 4
	AirTag Technology	Taiwan	Business management consultant	-	3,000	-	-	-	149	-	Note 9
Q.S.C. Industry	YesGo	Taiwan	Automation product research and development	2,850	-	285,000	57.00	2,304	( 711 )	( 322 )	Notes 1 and 6

Note 1 : It is a subsidiary and has been eliminated when preparing consolidated financial statements.

Note 2 : Associate.

Note 3 : The merged company sold its controlling stake in AVTECH Security Corporation in June and July 2024, causing the merged company's consolidated shareholding in it to drop from 96.00% to 90.04%.

Note 4 : Shengtike Investment sold its 28% stake in AVCLOUD TECHNOLOGY in December 2023. Due to the loss of control over AVCLOUD TECHNOLOGY, AVCLOUD TECHNOLOGY is no longer included in these financial statements and is transferred to an affiliated company.

Note 5 : In March 2024, Shengtike Investment sold its equity interest in ITsESG Data, causing the Company's overall shareholding ratio to drop from 40.00% to 25.00%.

Note 6 : YesGo increased its capital in cash in March 2024, Shengtike Investment did not increase its capital in accordance with its shareholding ratio, and Q.S.C. Industry now increased its shares in the company, which increased the Company's comprehensive shareholding ratio in it from 56.70% to 79.68%.

Note 7 : The merged Company sold its equity interest in CHIEFTRON INTERNATIONAL in August 2024, causing its overall shareholding ratio to drop from 84.11% to 82.31%.

Note 8 : The merged Company sold its equity interest in Q.S.C. Industry in December 2024, causing the Company's consolidated shareholding ratio to drop from 100.00% to 88.53%.

Note 9 : Shengtike Investment sold all of its shares in AirTag Technology in December 2024. Its original share of losses on Alta exceeded its equity, so it stopped recognizing the related investment losses.

**AV TECH CORPORATION, LTD.AND SUBSIDIARIES**  
**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**  
**FROM JANUARY 1 TO DECEMBER 31, 2024**  
**(In Thousands of New Taiwan Dollars)**

Table 4

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount ( Note 4 )	Transaction terms	% to Total Sales or Assets (Note 3)
0	AV TECH CORPORATION	Q.S.C. Industry	1	Rent revenue	\$ 5,349	Sales revenue	0.57%
	AV TECH CORPORATION	AVTECH Security	1	Rent revenue	3,009	"	0.32%
1	Q.S.C. Industry	AVTECH Security	3	Sales revenue	33,534	"	3.31%

Note 1: The Company and its subsidiaries are coded as follows:

(1) Parent company is coded "0".

(2) The subsidiaries are coded consecutively beginning from “1” in the order presented in the table above.

Note: 2: Nature of relationship is as follows:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Between subsidiaries

Note 3 : The calculation of the ratio of the transaction amount to the consolidated total revenue or total assets. If it is an asset and liability account, it is calculated as the ending balance to the consolidated total assets; if it is a profit and loss account, it is calculated as the cumulative amount of the current period to the consolidated total revenue. calculate.

Note 4 : The company may decide whether to disclose important transactions in this table based on the principle of materiality.

**AV TECH CORPORATION, LTD.AND SUBSIDIARIES**  
**INFORMATION ON INVESTMENTS IN MAINLAND CHINA**  
**FROM JANUARY 1 TO DECEMBER 31, 2024**  
**(In thousands of NT\$ and foreign currency)**

Table 5

Investee Company In Mainland China	Main Business Activities	Paid-in Capital	Method of Investment (Note 1)	Accumulated amount of investment remitted out of Taiwan at the beginning of the period	Remitted or repatriated amount of investment for the period		Accumulated amount of investment remitted out of Taiwan at the end of the period	Net Income (Loss) of the Investee	The company’s direct or indirect investment shareholding ratio	Investment Profit (Loss) Recognized in Current Period (Note 2)	Carrying amount of the investment at the end of the period	Repatriated as of this year investment income
					Investee Company In Mainland China	Main Business Activities						
Anhong Electronic	Production and sales closed-circuit monitoring system and related spare parts	\$ 139,149 (RMB 31,074)	(1)	\$ 22,917 (USD 699)	\$ -	\$ -	\$ 22,917 (USD 699)	\$ 9,216	29.98%	\$ 2,763	\$ 56,925	\$ -

The accumulated investment amount remitted from Taiwan to the mainland at the end of this period	The investment review committee of the Ministry of Economic Affairs approved the investment amount	According to the investment review committee regulations of the Ministry of Economic Affairs, there are investment quotas in mainland China.
\$ 22,917 (USD 699)	\$ 22,917 (USD 699)	\$ 1,371,081 (Note 2)

Note 1 : Investment methods are divided into the following three types, just indicate the type:

- (1) Go directly to the mainland to engage in investment.
- (2) Reinvest in mainland China through third-region companies.
- (3) Other methods.

Note 2 : According to the Investment Review Commission’s “Principles for Review of Investment or Technical Cooperation in the Mainland Area”, the limit for investment in the Mainland is 1% of the net value60%.

Note 3 : The relevant amount is based on December 31, 2024 exchange rate RMB\$1= NT\$4.478 and USD\$1= NT\$32.785 for New Taiwan Dollars.

**AV TECH CORPORATION, LTD.AND SUBSIDIARIES**

**The following major transactions with the mainland investee companies directly or indirectly through third regions and their prices, payment terms, unrealized gains and losses, and other relevant information FROM JANUARY 1 TO DECEMBER 31, 2024**  
**(In thousands of NT\$ and foreign currency)**

Table 6

Name of the Mainland Investee Company	Transaction type	Purchase and sales		Price	Trading conditions		Notes receivable (payable), accounts receivable		Unrealized Gains and Losses	Note
		Amount	Percentage		Payment terms	Comparison with general transactions	Amount	Percentage		
Anhong Electronic	Purchase	\$ 12,511	4.97%	-	Same as normal transaction	-	\$ 1,054	0.79%	\$ -	



**AV TECH CORPORATION, LTD.AND SUBSIDIARIES**  
**INFORMATION ON MAJOR SHAREHOLDERS**  
**DECEMBER 31, 2024**

Table 7

Name of Major Shareholders	Shareholding	
	Number of Shares Held	Percentage of Ownership
Junyi Investment Co., Ltd.	22,215,044	27.76%
Huang Junru	8,842,984	11.05%
Chen Yilin	7,385,781	9.23%

Note: The information on major shareholders in this table is calculated by Taiwan Depository & Clearing Corporation based on the last business day at the end of the current quarter. The total number of ordinary shares and special shares held by the company that has been completed and delivered without entity registration (including treasury shares) reached by shareholders is up to 5% The above information. The share capital recorded in the company's consolidated financial statements and the actual number of shares delivered without entity registration may be different or different due to different preparation and calculation basis.