

YEN SUN TECHNOLOGY CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
with Independent Auditors' Report
For the Years Ended December 31, 2024 and 2023

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Notice to readers

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

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Representation Letter

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

YEN SUN TECHNOLOGY CORP.

By

CHEN, KUAN-HUNG

Chairman

March 6, 2025

INDEPENDENT AUDITORS' REPORT

To the Board of Directors

YEN SUN TECHNOLOGY CORP.

Opinion

We have audited the consolidated financial statements of YEN SUN TECHNOLOGY CORP. and its subsidiaries (the “Group”), 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 ended December 31, 2024 and 2023, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 of the current period. 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. We have judged the matters described below to be the key and it matters to be communicated in our report.

1. Loss allowance of accounts receivable

Please refer to Note 4(7) for significant accounting policies on loss allowance of accounts receivable and Note 5(1) for significant accounting assumptions and judgment, and major sources of estimation uncertainty. Information regarding the loss allowance of accounts receivable is shown in Note 6(4) of the consolidated financial statements.

Description of key audit matter:

The Group selling cross-industry products and giving some customer longer credit term. The management has subjective and significant judgments with the loss allowance of receivables. Therefore, this is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included testing the Group's internal control activities related to collection and inspecting the collection records after balance sheet date; inspecting and analyzing the receivable aging report; understating the assumptions made by the management and the industrial credit status, and considering the adequacy of the Group's disclosures in the accounts in order to evaluate the appropriateness of loss allowances recognized under default risk and expected credit loss model.

2. Valuation of inventory

Please refer to Note 4(8) for significant accounting policies on inventories and Note 5(2) for significant accounting assumptions and judgment, and major sources of estimation uncertainty. Information regarding the inventory is shown in Note 6(6) of the consolidated financial statements.

Description of key audit matter:

The sales of the Group is affected by the selling seasons and consumers preference of products in the home appliance division, and the demand fluctuation of the automotive market and electronic information product in the electronic cooling division. Therefore, the sale fluctuate greatly may result in the book value of inventory exceeds its net realizable value. In addition, the subjective judgment of the management involves the relevant inventory valuation, so the inventory valuation is one of the important evaluation matters for the accountant to audit the consolidated financial statement.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included analyzing the changes of inventory turnover; evaluating the rationality of the Group's accounting policies, such as the policy of provision for inventory valuation and obsolescence; understanding the selling prices adopted by the management for evaluating the rationality of net realizable value of inventories ; for inventory with a long storage age, review the appropriateness of provision for inventory losses, to evaluate the appropriateness of provision and the adequacy of the Group's disclosures in the accounts made by the management.

Other Matter

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

Responsibilities of Management and Those Charged with Governance for the 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 with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Groups internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the reviews resulting in this independent auditors' review report are Hsu, Chen-Lung and Chen, Yung-Hsiang.

KPMG

Kaohsiung, Taiwan (Republic of China)

March 6, 2025

Notes to Readers

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

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

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

YEN SEN TECHNOLOGY CORP. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollar)

		December 31, 2024		December 31, 2023				December 31, 2024		December 31, 2023	
Assets		Amount	%	Amount	%	Liabilities and equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(1))	\$ 340,613	10	552,397	16	2100	Short-term borrowings (note 6(12) and 8)	\$ 2,824	-	500	-
1110	Current financial assets measured at fair value through profit or loss (note 6(2) and (14))	-	-	459	-	2170	Accounts payable	791,568	22	710,613	21
1151	Notes receivables, net (note 6(4) and (21))	37,207	1	17,731	1	2200	Other payables	233,172	6	216,641	6
1170	Accounts receivable, net (note 6(4) and (21))	906,485	25	748,545	22	2230	Current income tax liabilities	131,694	4	107,315	3
1220	Current income tax assets	585	-	-	-	2280	Current lease liabilities (note 6(15))	36,103	1	32,766	1
130X	Inventories (note 6(6))	748,958	21	767,391	22	2321	Bonds payable, current portion (note 6(14) and 8)	-	-	119,578	3
1476	Other financial assets-current (note 6(5) and 8)	16,737	-	16,637	-	2322	Long-term borrowings, current portion (note 6(13) and 8)	37,622	1	24,032	1
1479	Other current assets (note 6(11))	71,412	2	52,028	2	2399	Other current liabilities (note 6(13) (16)and (21))	34,128	1	36,407	1
		<u>2,121,997</u>	<u>59</u>	<u>2,155,188</u>	<u>63</u>		Current Assets	<u>1,267,111</u>	<u>35</u>	<u>1,247,852</u>	<u>36</u>
Non-Current Assets							Non-current liabilities:				
1510	Financial asset at fair value through profit or loss- non-current (note 6(2)(14))	151	-	-	-	2530	Bonds payable (note 6(14) and 8)	60,052	2	-	-
1517	Non-current financial assets at fair value through other comprehensive income (note 6(3))	44,954	1	43,369	1	2540	Long-term borrowings (note 6(13) and 8)	412,916	11	411,964	12
1600	Property, plant and equipment (note 6(7) and 8)	1,096,833	31	930,303	27	2570	Deferred tax liabilities (note 6(18))	18,133	1	22,777	1
1755	Right-of-use assets (note 6(8) and 8)	212,711	6	230,527	7	2580	Non-current lease liabilities (note 6(15))	160,572	5	181,259	5
1780	Intangible assets (note 6(10))	7,531	-	8,298	-	2630	Long-Term Deferred Revenue (note 6(13))	6,532	-	6,656	-
1840	Deferred income tax assets (note 6(18))	23,734	1	27,568	1	2640	Net defined benefit liability, non-current (note 6(17))	-	-	5,752	-
1975	Net defined benefit assets - non-current (note 6(17))	1,195	-	-	-	2645	Guarantee deposit received	7,818	-	1,569	-
1980	Other non-current financial assets (note 6(5) and 8)	32,859	1	42,043	1		Total non-current liabilities	666,023	19	629,977	18
1990	Other non-current assets-others (notes 6(11))	25,369	1	11,925	-		Total liabilities	1,933,134	54	1,877,829	54
	Total non-current asset	1,445,337	41	1,294,033	37		Equity attributable to owners of parent (note 6(14)(19)):				
						3100	Capital stock	786,753	22	763,238	22
						3200	Capital surplus	190,272	5	267,531	8
						3300	Retained earnings	641,398	18	536,371	16
						3400	Other equity interest	25,606	1	16,025	-
						3500	Treasury stock	(11,773)	-	(11,773)	-
							Total equity attributable to owners of parent	1,632,256	46	1,571,392	46
							Non-controlling interests				
						36XX	Non-controlling interests	1,944	-	-	-
							Total equity	1,634,200	46	1,571,392	46
							Total liabilities and equity	<u>\$ 3,567,334</u>	<u>100</u>	<u>3,449,221</u>	<u>100</u>
Total Assets		<u>\$ 3,567,334</u>	<u>100</u>	<u>3,449,221</u>	<u>100</u>						

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

YEN SEN TECHNOLOGY CORP AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years Ended December 31, 2024 and 2023

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

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenues (note 6(21))	\$ 3,863,430	100	3,632,719	100
5000	Operating costs (note 6(6)(17) and 12)	3,167,314	82	3,029,824	83
5900	Gross profit from operations	696,116	18	602,895	17
6000	Operating expenses (note 6(17)(22) and 12) :				
6100	Selling expenses	182,651	5	216,147	6
6200	General and administrative expenses	136,787	4	164,293	5
6300	Research and development expenses	172,131	4	160,859	4
6450	Expected credit impairment loss (note 6(4)(5))	5,192	-	8,476	-
	Total operating expenses	496,761	13	549,775	15
6900	Net operating income	199,355	5	53,120	2
7000	Non-operating income and expenses(notes 6 (23)) :				
7100	Interest income	5,512	-	3,925	-
7010	Other income	23,401	1	32,302	1
7020	Other gains and losses	43,051	1	270,595	7
7050	Finance costs	(6,699)	-	(11,804)	-
	Total non-operating income and expenses	65,265	2	295,018	8
7900	Profit before income tax from continuing operations:	264,620	7	348,138	10
7950	Income tax expense (notes 6(18))	43,914	1	56,348	2
8200	Net Profit	220,706	6	291,790	8
8300	Other comprehensive income :				
8310	items that will not be reclassified to profit or loss				
8311	Re-measurements of the defined benefit plans(notes 6(17))	(3,592)	-	1,098	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(19))	1,585	-	7,079	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (notes 6(18))	(1,165)	-	1,833	-
	Total items that will not be reclassified to profit or loss	(842)	-	6,344	-
8360	Items that will be reclassified to profit or loss				
8361	Exchange differences on translation (note 6(19))	8,335	-	(15,086)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total items that will be reclassified to profit or loss	8,335	-	(15,086)	-
8300	Other comprehensive income, net	7,493	-	(8,742)	-
8500	Comprehensive income	\$ 228,199	6	283,048	8
	Net profit attributable to:				
8610	Owners of the parent company	\$ 220,810	6	291,790	8
8620	Non-controlling interests	(104)	-	-	-
	Net profit for the period	\$ 220,706	6	291,790	8
	Total comprehensive income attributable to:				
8710	Owners of the parent company	\$ 228,356	6	283,048	8
8720	Non-controlling interests	(157)	-	-	-
	Total comprehensive income for the period	\$ 228,199	6	283,048	8
	Basic earnings per share (in dollar, note 6(20))				
9750	Total basic earnings per share	\$ 2.87		4.08	
9850	Diluted earnings per share	\$ 2.75		3.64	

YEN SUN TECHNOLOGY CORP. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years Ended December 31, 2024 and 2023

(expressed in thousands of New Taiwan Dollar)

	Equity attributable to owners of parent												
	Retained earnings						Other equity interest		Total	Treasury stock	Total owners' equity attributable to parent company	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains from financial assets measured at fair value through other comprehensive income					
Balance at January 1, 2023	\$ 701,669	164,367	82,199	3,798	310,168	396,165	18,392	7,473	25,865	(11,773)	1,276,293	-	1,276,293
Profit	-	-	-	-	291,790	291,790	-	-	-	-	291,790	-	291,790
Other comprehensive income	-	-	-	-	1,098	1,098	(15,086)	5,246	(9,840)	-	(8,742)	-	(8,742)
Total comprehensive income	-	-	-	-	292,888	292,888	(15,086)	5,246	(9,840)	-	283,048	-	283,048
Earnings allocation and distribution:													
Provision of legal reserve	-	-	20,510	-	(20,510)	-	-	-	-	-	-	-	-
Cash dividend of common stock	-	-	-	-	(152,682)	(152,682)	-	-	-	-	(152,682)	-	(152,682)
	-	-	20,510	-	(173,192)	(152,682)	-	-	-	-	(152,682)		(152,682)
Convert of convertible Bond	61,569	103,164	-	-	-	-	-	-	-	-	164,733	-	164,733
Balance as of December 31, 2023	763,238	267,531	102,709	3,798	429,864	536,371	3,306	12,719	16,025	(11,773)	1,571,392	-	1,571,392
Profit	-	-	-	-	220,810	220,810	-	-	-	-	220,810	(104)	220,706
Other comprehensive income	-	-	-	-	(2,035)	(2,035)	8,388	1,193	9,581	-	7,546	(53)	7,493
Total comprehensive income	-	-	-	-	218,775	218,775	8,388	1,193	9,581	-	228,356	(157)	228,199
Earnings allocation and distribution:													
Provision of legal reserve	-	-	29,289	-	(29,289)	-	-	-	-	-	-	-	-
Cash dividend of common stock	-	-	-	-	(113,748)	(113,748)	-	-	-	-	(113,748)	-	(113,748)
	-	-	29,289	-	(143,037)	(113,748)	-	-	-	-	(113,748)		(113,748)
Add of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	2,101	2,101
Convert of convertible Bond	23,515	36,490	-	-	-	-	-	-	-	-	60,005	-	60,005
Capital reserve allotment of cash dividends	-	(113,749)	-	-	-	-	-	-	-	-	(113,749)	-	(113,749)
Balance as of December 31, 2024	\$ 786,753	190,272	131,998	3,798	505,602	641,398	11,694	13,912	25,606	(11,773)	1,632,256	1,944	1,634,200

YEN SEN TECHNOLOGY CORP AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and 2023
(expressed in thousands of New Taiwan Dollar)

	2024	2023
Cash flows from (used in) operating activities :		
Profit (Loss) before tax	\$ 264,620	348,138
Adjustments:		
Adjustments to reconcile profit (loss)		
Expected credit impairment loss (reversal gain)	5,192	8,476
Depreciation expense	119,436	119,908
Amortization expense	2,578	2,149
Net profit on financial assets or liabilities at fair value through profit or loss	94	(1,586)
Interest expense	6,699	11,804
Interest income	(5,512)	(3,925)
Loss on disposal of property, plant and equipment	75	(232)
Investment profit on disposal of subsidiary	-	(269,643)
Increase (decrease) on provision	221	(639)
Unrealized foreign exchange (gain) loss	(24,889)	19,869
Deferred Profits amortized as profits	(1,019)	(849)
Profit from lease modification	-	(23)
Total adjustments to reconcile profit:	<u>102,875</u>	<u>(114,691)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(19,124)	11,694
Accounts receivable	(132,115)	(19,043)
Inventories	25,647	44,803
Other current assets	(18,452)	(12,488)
Other financial assets	152	2,675
Net defined benefit assets	(10,539)	-
Total net changes in operating assets:	<u>(154,431)</u>	<u>27,641</u>
Net changes in operating liabilities:		
Accounts payable	62,245	89,120
Other payable	(15,464)	36,395
Other current liabilities	(2,838)	5,490
Net defined benefit liability	-	(497)
Total net changes in operating liabilities	<u>43,943</u>	<u>130,508</u>
Total changes in operating assets and liabilities	<u>(110,488)</u>	<u>158,149</u>
Total adjustments	<u>(7,613)</u>	<u>43,458</u>
Cash inflow generated from operating	<u>257,007</u>	<u>391,596</u>
Interest received	5,529	3,878
Interest paid	(6,123)	(9,635)
Income taxes paid	<u>(18,337)</u>	<u>(26,406)</u>
Net cash flows from (used in) operating activities	<u>238,076</u>	<u>359,433</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(4,000)
Acquisition of property, plant and equipment	(203,587)	(271,575)
Proceeds from disposal of property, plant and equipment	80	-
Net cash flow on disposal of subsidiary	-	276,688
Decrease (increase) in guarantee deposits paid	(98)	2,223
Acquisition of intangible assets	(1,791)	(3,608)
Decrease (increase) in restricted deposit	9,483	26,311
Decrease (increase) in prepayments for equipment	<u>(25,369)</u>	<u>(11,925)</u>
Net cash flows from (used in) investing activities:	<u>(221,282)</u>	<u>14,114</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	2,312	400
Proceeds from long-term borrowings	45,000	348,580
Repayment of long-term borrowings	(31,858)	(155,239)
Payment of lease liabilities	(34,576)	(31,184)
Increase (decrease) in guarantee deposit received	6,720	(4,588)
Cash dividend of common stock	(227,497)	(152,682)
Changes in non-controlling interests	2,101	-
Net cash flows from (used in) financing activities	<u>(237,798)</u>	<u>5,287</u>
Effect of exchange rate changes on cash and cash equivalents	<u>9,220</u>	<u>(7,207)</u>
Net increase (decrease) in cash and cash equivalents	<u>(211,784)</u>	<u>371,627</u>
Cash and cash equivalents at beginning of period	<u>552,397</u>	<u>180,770</u>
Cash and cash equivalents at end of period	<u><u>\$ 340,613</u></u>	<u><u>552,397</u></u>

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollar unless otherwise specified)

1. Company history

Yen Sun Technology Corporation (the “Company”) was incorporated in March 10, 1987 as a company limited by shares under the Company Act of the Republic of China (R.O.C.). Registered address was No.329, Feng Ren Rd., Ren Wu Dist., Kaohsiung City 814, Taiwan (R.O.C.). The consolidated financial statements comprise the Company and subsidiaries (jointly referred to the Group). The major business activities of the Group are the manufacture and sale of home appliances and electronic cooling products such as electric fans, electric cookers, induction cookers, juice machines, bowl dryers, water dispensers, dehumidifiers, electric heaters and other home appliances, cooling fans, heat sink and thermal modules.

2. Approval date and procedures of the consolidated financial statements

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

3. New standards, amendments and interpretations adopted

(1) The impact of new and revised International Financial Reporting Standards and Interpretations endorsed by the Financial Supervisory Commission, R.O.C. ("FSC")

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

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendment to IFRS 16 “Sale and leaseback transaction”

(2) The impact of IFRS endorsed by FSC but not adopted yet

The Group has evaluated that the adoption of following new amendments, which will be effective from January 1, 2025, will not have a significant impact on its consolidated financial statements.

- Amendments to IAS 21 “Lack of Exchangeability”

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

(3) Newly released or amended standards and interpretations not yet endorsed by the FSC:

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

New, Amended and Revised Standards and Interpretations	Main revisions	Effective Date Issued by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The standard introduces three categories of income and expense, two income statement subtotals and a single note on the measurement of management's performance.</p> <p>These three revisions and strengthened guidance on how to segment information in financial statements lay the foundation for providing users with better and more consistent information and will impact all companies.</p> <ul style="list-style-type: none"> · More structured income statements: Under current standards, companies use different formats to express their operating results, making it difficult for investors to compare the financial performance of different companies. The new standard adopts a more structured income statement, introduces a new definition of "operating profit" subtotal, and stipulates that all income and expenses will be classified into three new different categories based on the company's main operating activities. · Management-defined performance measures (MPM): The new standard introduces the definition of management performance measures, requiring companies to explain why each measurement indicator provides useful information and how it is calculated in a single note to the financial statements and how to reconcile measures to amounts recognized under IFRS accounting standards. · More segmented information: The new standard includes guidance on how companies can enhance the grouping of information in financial statements. This includes guidance on whether the information should be included in the main financial statements or further broken down in the notes. 	January 1, 2027

The Group is continuing to evaluate the impact of the above standards and interpretations on the financial position and operating results. The relevant impact will be disclosed when the evaluation is completed.

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 - “Amendments to the Classification and Measurement of Financial Instruments”
- IFRS Accounting Standards “Annual Improvements-Volume 11
- Amendments to IFRS 9 and IFRS 7 – “Contracts Referencing Nature-dependent Electricity”

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

4. Summary of significant accounting policies:

The significant accounting policies presented in the financial statements are summarized as follows. The following accounting policies were applied consistently throughout the presented periods in the financial statements.

(1) Statement of compliance

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

(2) Basis of preparation

A. Basis of measurement

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

- (a) Financial instruments at fair value through profit or loss are measured at fair value;
- (b) Financial assets at fair value through other comprehensive income are measured at fair value;
- (c) The defined benefit liabilities are measured at present value of the defined benefit obligation less the fair value of the plan assets, limited as explained in Note 4(17).

B. Functional and presentation currency

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

(3) Basis of consolidation

A. Principles of preparation of the consolidated financial statements

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

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

B. List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Business activity	Shareholding		Explanation
			December 31, 2024	December 31, 2023	
The Company	YEN SUN TECH INTERNATIONAL (SAMOA) CORP.	Investment holding	100%	100%	-
The Company	LUCRATIVE INT'L GROUP INC.	Investment holding	100%	100%	-
The Company	YEN JIU TECHNOLOGY CORP. ("YEN JIU")	Sales and manufacture of home appliances products	100%	100%	-
The Company	Y.S. Europe GmbH	Industrial electronic ventilation, thermal module, and smart living system business and application engineering services	81.25%	-	Note 1
YEN SUN TECH INTERNATIONAL (SAMOA) CORP.	YEN HUNG INTERNATIONAL CORP.	Investment holding	100%	100%	-
YEN SUN TECH INTERNATIONAL (SAMOA) CORP.	YEN TONG TECH INTERNATIONAL (SAMOA) CORP.	Investment holding	-	100%	Note2
YEN HUNG INTERNATIONAL CORP.	Y.H. TECH INTERNATIONAL CORP.	Investment holding	100%	100%	-
Y.H. TECH INTERNATIONAL CORP.	DARSON ELECTRONICS (DONGGUAN) LTD. ("DARSON")	Manufacture of electronic cooling products	100%	100%	-
LUCRATIVE INT'L GROUP INC.	YEN GIANT METAL (DONGGUAN) CO., LTD. ("YEN GIANT")	Sales and manufacture of electronic cooling fan and heat sink and thermal module products	100%	100%	-

Note 1: The subsidiary completed its registration process in 2024.

Note 2: The subsidiary completed its dissolution process in 2024.

C. Subsidiaries excluded from the consolidated financial statements: None.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

(4) Foreign currencies

A. Foreign currency transactions

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

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

- (a) An investment in equity securities designated as at fair value through other comprehensive income;
- (b) A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- (c) Qualifying cash flow hedges to the extent that the hedges are effective.

B. Foreign operations

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

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

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

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current

- A. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- B. It is held primarily for the purpose of trading;
- C. It is expected to be realized within 12 months after the reporting period; or
- D. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- A. It is expected to be settled in the normal operating cycle;
- B. It is held primarily for the purpose of trading;
- C. It is due to be settled within 12 months after the reporting period; or
- D. The Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(6) Cash and cash equivalents

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

(7) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A. Financial assets

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

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

(a) Financial assets measured at amortized cost

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

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

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

(b) Fair value through other comprehensive income (FVOCI)

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

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

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

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

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

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

(c) Fair value through profit or loss (FVTPL)

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

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

(d) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

(e) Assessment whether contractual cash flows are solely payments of principal and interest.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes

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Notes to the Consolidated Financial Statements (Continued)

assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows ;
- terms that may adjust the contractual coupon rate, including variable rate features ;
- prepayment and extension features ; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

(f) Impairment of financial assets

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

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

- debt securities that are determined to have low credit risk at the reporting date ; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and

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Notes to the Consolidated Financial Statements (Continued)

analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

If there is a low risk of default on financial asset, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations, the financial asset would be considered low credit risk.

When the contract amount is past due 30 days or the borrower is unlikely to pay its credit obligations to the Group in full, the Group considers the credit risk on a financial asset has increased significantly or a financial asset to be in default.

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

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(g) Derecognition of financial assets

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

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and

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Notes to the Consolidated Financial Statements (Continued)

rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(b) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(c) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

(d) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

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Notes to the Consolidated Financial Statements (Continued)

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

(e) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(f) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(g) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

C. Derivative financial instruments

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

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

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Notes to the Consolidated Financial Statements (Continued)

(8) Inventories

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

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

(9) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

When the use of a property changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(10) Property, plant and equipment

A. Recognition and measurement

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

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

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

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Notes to the Consolidated Financial Statements (Continued)

B. Subsequent expenditure

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

C. Depreciation

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

Land is not depreciated.

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

- (a) buildings: 1 to 60 years
- (b) machinery equipment: 1 to 10 years
- (c) mold equipment: 1 to 10 years
- (d) others: 1 to 17 years

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

D. Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(11) Leases

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

A. As a lessee

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

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

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Notes to the Consolidated Financial Statements (Continued)

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

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

- (a) fixed payments, including in-substance fixed payments;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable under a residual value guarantee; and
- (d) payments for purchase or termination options that are reasonably certain to be exercised.

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

- (a) there is a change in future lease payments arising from the change in an index or rate; or
- (b) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- (c) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- (d) there is a change of its assessment on whether it will exercise a extension or termination option; or
- (e) there is any lease modification.

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

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

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

The Group chose not to recognize the right-of-use assets and lease liabilities of short-term leases and low-value underlying asset lease of office and office equipment. The Group recognizes the lease payments related to these leases as expenses on a straight-line basis during the lease term.

B. As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case,

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Notes to the Consolidated Financial Statements (Continued)

then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(12) Intangible assets

A. Recognition and measurement

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

B. Subsequent expenditure

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

C. Amortization

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

The estimated useful lives for current and comparative periods are as follows:

- (a) Patents: 10 to 20 years
- (b) Computer software cost: 1 to 6 years
- (c) Technology licensing: 10 years

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

(13) Impairment of non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

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

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

(14) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(15) Recognition of revenue

A. Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. Group's main types of revenue are explained below.

(a) Sale of goods

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and

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loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group grants its customers the right to return the product within certain term. Therefore, the Group reduces revenue by the amount of expected returns and recognizes a refund liability and a right to the returned goods. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. At each reporting date, the Group reassesses the estimated amount of expected returns.

The Group's obligation to provide a refund for faulty electronic components under the standard warranty terms is recognized as a provision for warranty; please refer to Note 4(14).

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

A contract liability is recognized when receipt of a prepayment from a customer. Contract liability is recognized as revenue when control over the property has been transferred to the customer.

(b) Financing components.

The group expects the period between the transfer of every contracted goods to the customers and payment by the customers will not exceeds over 1 year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

B. Contract costs

(a) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

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Notes to the Consolidated Financial Statements (Continued)

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is 1 year or less.

(b) Costs to fulfill a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

- (i) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- (ii) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (iii) the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfill the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(16) Government grants and government assistance

The Group recognizes an unconditional government grant related to a biological asset in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

The loans obtained from financial institutions with government credit guarantees are valued at fair value of market rates by the company. The difference between this fair value and the amount received is recognized as deferred income. In the duration of the loan, this deferred income is systematically recognized as other income based on established procedures.

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(17) Employee benefits

A. Defined contribution plans

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

B. Defined benefit plans

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

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

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

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

C. Short-term employee benefits

A short-term employee benefit is based on undiscounted part and will be recognized as expenses as the related service is provided.

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D. Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(18) Income taxes

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

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

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

- A. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- B. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- C. taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

- A. the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- B. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (a) the same taxable entity; or
 - (b) different taxable entitle which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(19) Earnings per share

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

(20) Operating segments

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

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Notes to the Consolidated Financial Statements (Continued)

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(1) The loss allowance of trade receivables

The Group has estimated the loss allowance of trade receivables that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to Note 6(4).

(2) Valuation of inventory

Since inventory must be measured between the lower cost and net realizable value, the Group assesses the amount of inventory due to normal wear and tear, obsolescence or no market sales value on the reporting date, and writes down the cost of inventory to net realizable value. This inventory evaluation is mainly based on the product demand in specific period in the future as the basis for estimation, so it may cause significant changes due to rapid industrial changes. Please refer to Note 6 (6) for further description of inventory valuation.

6. Explanation of significant accounts

(1) Cash and cash equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash and petty cash	\$ 2,365	2,235
Demand deposits and Checking deposits	283,248	411,698
Demand deposits	<u>55,000</u>	<u>138,464</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u><u>\$ 340,613</u></u>	<u><u>552,397</u></u>

Please refer to Note 6(24) for the exchange rate risk, sensitivity analysis and credit risk of the financial assets and liabilities of the Group.

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Financial assets at fair value through profit or loss, mandatorily measured at fair value		
Derivatives not designated as hedges		
Convertible bond (Embedded derivatives)	<u>\$ 151</u>	<u>459</u>

(3) Financial assets at fair value through other comprehensive income—Non-current

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Equity instruments at fair value through other comprehensive income:		
Foreign un-listed stocks —		
Y.S. Tech U.S.A Inc.	\$ 29,787	27,828
Domestic un-listed stocks —		
CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD.	<u>15,167</u>	<u>15,541</u>
Total	<u>\$ 44,954</u>	<u>43,369</u>

The Group intends to hold this equity Instrument for long-term strategic purposes and not for trade intend therefore the Group designated this investment as equity securities at fair value through other comprehensive income.

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of December 31, 2024 and 2023.

For information of market risk, please refer to Note 6(24).

None of the above financial assets at fair value through other comprehensive profit or loss have been provided as collateral.

(4) Notes and accounts receivable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Notes receivable from operating activities	\$ 37,207	17,731
Accounts receivables—measured as amortized cost	914,628	758,495
Less: Allowance for impairment	<u>(8,143)</u>	<u>(9,950)</u>
	<u>\$ 943,692</u>	<u>766,276</u>
Book as:		
Notes receivable	\$ 37,207	17,731
Accounts receivable, net	<u>906,485</u>	<u>748,545</u>
	<u>\$ 943,692</u>	<u>766,276</u>

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The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevant industry information. The exposures to credit risk and expected credit losses for trade receivables were determined as follows:

December 31, 2024			
	Carrying amount of Notes and accounts receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not over due	\$ 862,580	0.09%	746
Overdue less than 90 days	81,293	2.58%	2,099
Overdue 91 to 180 days	3,967	33.96%	1,347
Overdue 181 to 240 days	168	73.81%	124
Overdue 241 days	3,827	100.00%	3,827
	<u>\$ 951,835</u>		<u>8,143</u>

December 31, 2023			
	Carrying amount	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not over due	\$ 747,082	0.08%	623
Overdue less than 90 days	20,206	2.58%	522
Overdue 91 to 180 days	25	20.00%	5
Overdue 181 to 240 days	347	67.44%	234
Overdue 241 days	8,566	100.00%	8,566
	<u>\$ 776,226</u>		<u>9,950</u>

The movement in the provision for impairment loss with respect to trade receivables was as follows :

	2024	2023
Balance at January 1	\$ 9,950	19,881
Impairment losses recognized (reversed)	5,196	8,471
Amounts written off	(7,042)	(5,443)
Effect of subsidiary sold	-	(12,905)
Foreign exchange losses	39	(54)
Balance at December 31	<u>\$ 8,143</u>	<u>9,950</u>

None of the abovementioned financial assets have been provided as collateral.

Please refer to Note 6(24) for credit risk.

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Notes to the Consolidated Financial Statements (Continued)

(5) Other financial assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Refundable deposits	\$ 10,416	10,120
Other receivables — Other	14,711	14,612
Restricted deposits	24,470	33,953
Less: Loss allowance-Others	<u>(1)</u>	<u>(5)</u>
	<u>\$ 49,596</u>	<u>58,680</u>

Book as:

Other financial assets — current	\$ 16,737	16,637
Other financial assets — non-current	<u>32,859</u>	<u>42,043</u>
	<u>\$ 49,596</u>	<u>58,680</u>

Please refer to Note 6(24) for credit risk. The abovementioned financial assets pledged as collateral for borrowings are disclosed in Note 8.

(6) Inventories

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Raw materials and supplies	\$ 244,055	243,319
Work in progress	239,434	255,887
Finished goods and Merchandise inventories	<u>265,469</u>	<u>268,185</u>
	<u>\$ 748,958</u>	<u>767,391</u>

The cost of inventories recognized as the cost of goods sold and expenses in 2024 and 2023 were \$3,165,937 thousand and \$2,969,688 thousand, respectively. Recognition of inventory impairment losses in 2024 and 2023 due to write-off of inventories to net realizable value was \$1,377 thousand and \$60,136 thousand, and has been recognize under operating costs.

None abovementioned inventories were pledged as collateral.

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Notes to the Consolidated Financial Statements (Continued)

(7) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows:

	Land	Buildings and Structures	Machinery and equipment	Mold Equipment	Miscellaneous equipment	Construction in progress	Total
Cost or deemed cost :							
Balance at January 1, 2024	\$ 291,848	231,325	322,152	468,703	126,495	294,710	1,735,233
Additions	-	2,371	21,274	23,473	4,862	198,555	250,535
Disposals	-	-	(6,100)	(4,501)	(6,079)	-	(16,680)
Effect of movements in exchange rates	-	923	4,023	3,161	634	-	8,741
Balance at December 31, 2024	<u>\$ 291,848</u>	<u>234,619</u>	<u>341,349</u>	<u>490,836</u>	<u>125,912</u>	<u>493,265</u>	<u>1,977,829</u>
Balance at January 1, 2023	\$ 291,848	225,213	312,501	462,977	120,243	57,636	1,470,418
Additions	-	7,425	15,210	16,381	7,424	237,074	283,514
Disposals	-	(841)	(3,433)	(9,021)	(849)	-	(14,144)
Effect of movements in exchange rates	-	(472)	(2,126)	(1,634)	(323)	-	(4,555)
Balance at December 31, 2023	<u>\$ 291,848</u>	<u>231,325</u>	<u>322,152</u>	<u>468,703</u>	<u>126,495</u>	<u>294,710</u>	<u>1,735,233</u>
Accumulated depreciation and impairment :							
Balance at January 1, 2024	\$ -	88,994	208,870	416,811	90,255	-	804,930
Depreciation for the year	-	16,515	32,060	26,950	11,948	-	87,473
Disposals	-	-	(6,047)	(4,473)	(6,005)	-	(16,525)
Effect of movements in exchange rates	-	707	1,891	2,092	428	-	5,118
Balance at December 31, 2024	<u>\$ -</u>	<u>106,216</u>	<u>236,774</u>	<u>441,380</u>	<u>96,626</u>	<u>-</u>	<u>880,996</u>
Balance at January 1, 2023	\$ -	73,925	182,661	398,630	80,122	-	735,338
Depreciation for the year	-	16,278	30,582	27,938	11,186	-	85,984
Disposals	-	(841)	(3,398)	(8,684)	(834)	-	(13,757)
Effect of movements in exchange rates	-	(368)	(975)	(1,073)	(219)	-	(2,635)
Balance at December 31, 2023	<u>\$ -</u>	<u>88,994</u>	<u>208,870</u>	<u>416,811</u>	<u>90,255</u>	<u>-</u>	<u>804,930</u>
Carrying amounts :							
Balance at December 31, 2024	<u>\$ 291,848</u>	<u>128,403</u>	<u>104,575</u>	<u>49,456</u>	<u>29,286</u>	<u>493,265</u>	<u>1,096,833</u>
Balance at January 1, 2023	<u>\$ 291,848</u>	<u>151,288</u>	<u>129,840</u>	<u>64,347</u>	<u>40,121</u>	<u>57,636</u>	<u>735,080</u>
Balance at December 31, 2023	<u>\$ 291,848</u>	<u>142,331</u>	<u>113,282</u>	<u>51,892</u>	<u>36,240</u>	<u>294,710</u>	<u>930,303</u>

In 2024 and 2023, the capitalized amount that related to the construction of the new factory of the Group were \$10,301 thousand and \$3,821 thousand, which was calculated based on the capitalization rate of 1.82% and 1.84%.

Please refer to Note 6(23) for detail of disposal gain and loss.

In addition, for the information of asset that have been used as collateral for the long-term and short-term borrowing. Please refer to Note 8.

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Notes to the Consolidated Financial Statements (Continued)

(8) Right-of-use assets

The cost and accumulated depreciation of the Group's lease of Buildings, construction and transportation equipment, etc., its movements were as follows:

	Land	Buildings	Transportation equipment	Total
Right-of-use assets cost:				
Balance at January 1, 2024	\$ 138,850	213,429	3,203	355,482
Additions	-	14,650	325	14,975
Decrease	(115)	-	(607)	(722)
Effect of movements in exchange rates	-	5,481	-	5,481
Balance at December 31, 2024	<u>\$ 138,735</u>	<u>233,560</u>	<u>2,921</u>	<u>375,216</u>
Balance at January 1, 2023	\$ 139,355	211,565	3,927	354,847
Additions	-	4,716	2,595	7,311
Decrease	(505)	-	(3,319)	(3,824)
Effect of movements in exchange rates	-	(2,852)	-	(2,852)
Balance at December 31, 2023	<u>\$ 138,850</u>	<u>213,429</u>	<u>3,203</u>	<u>355,482</u>
Accumulated Depreciation:				
Balance at January 1, 2024	\$ 4,595	119,659	701	124,955
Additions	2,861	30,816	1,051	34,728
Decrease	-	-	(607)	(607)
Effect of movements in exchange rates	-	3,429	-	3,429
Balance at December 31, 2024	<u>\$ 7,456</u>	<u>153,904</u>	<u>1,145</u>	<u>162,505</u>
Balance at January 1, 2023	\$ 1,731	91,460	1,979	95,170
Additions	2,864	29,905	992	33,761
Decrease	-	-	(2,270)	(2,270)
Effect of movements in exchange rates	-	(1,706)	-	(1,706)
Balance at December 31, 2023	<u>\$ 4,595</u>	<u>119,659</u>	<u>701</u>	<u>124,955</u>
Carrying amounts:				
Balance at December 31, 2024	<u>\$ 131,279</u>	<u>79,656</u>	<u>1,776</u>	<u>212,711</u>
Balance at January 1, 2023	<u>\$ 137,624</u>	<u>120,105</u>	<u>1,948</u>	<u>259,677</u>
Balance at December 31, 2023	<u>\$ 134,255</u>	<u>93,770</u>	<u>2,502</u>	<u>230,527</u>

In 2024, the capitalized depreciation expense of right-of-use assets for the Group amounted to \$2,765 thousand. Additionally, for the information of the right-of-use assets pledged as collateral for long-term loans, please refer to Note 8.

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Notes to the Consolidated Financial Statements (Continued)

(9)Investment Property

The movements of investment property are as follows:

	Owne d property	Building and construction	
	Building and construction	Land	Total
Cost & recognized as cost			
Balance at January 1, 2023	\$ 38,474	7,429	45,903
Disposal	(38,596)	(7,453)	(46,049)
Effect of movements in exchange rates	122	24	146
Balance at December 31, 2023	<u>\$ -</u>	<u>-</u>	<u>-</u>
Accumulated Depreciation:			
Balance at January 1, 2023	\$ 34,589	1,143	35,732
Depreciation of current portion	20	143	163
Effect of subsidiary sold	(34,720)	(1,290)	(36,010)
Effect of movements in exchange rates	111	4	115
Balance at December 31, 2023	<u>\$ -</u>	<u>-</u>	<u>-</u>
Carrying amounts:			
Balance at January 1, 2023	<u>\$ 3,885</u>	<u>6,286</u>	<u>10,171</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>-</u>	<u>-</u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

(10) Intangible assets

The cost, amortization and impairment loss of the Group's intangible assets are as follows:

	Computer software	Other	Total
Cost:			
Balance at January 1,2024	\$ 54,511	1,846	56,357
Acquisition	1,791	-	1,791
Disposal	(13,033)	(1,600)	(14,633)
Effect of movements in exchange rates	<u>37</u>	<u>-</u>	<u>37</u>
Balance at December 31, 2024	<u>\$ 43,306</u>	<u>246</u>	<u>43,552</u>
Balance at January 1,2023	\$ 48,602	1,846	50,448
Acquisition	5,918	-	5,918
Effect of movements in exchange rates	<u>(9)</u>	<u>-</u>	<u>(9)</u>
Balance at December 31, 2023	<u>\$ 54,511</u>	<u>1,846</u>	<u>56,357</u>
Accumulated amortization and impairment losses:			
Balance at January 1,2024	\$ 46,213	1,846	48,059
Amortization of current portion	2,578	-	2,578
Disposal	(13,033)	(1,600)	(14,633)
Effect of movements in exchange rates	<u>17</u>	<u>-</u>	<u>17</u>
Balance at December 31, 2024	<u>\$ 35,775</u>	<u>246</u>	<u>36,021</u>
Balance at January 1,2023	\$ 44,205	1,712	45,917
Amortization of current portion	2,015	134	2,149
Effect of movements in exchange rates	<u>(7)</u>	<u>-</u>	<u>(7)</u>
Balance at December 31, 2023	<u>\$ 46,213</u>	<u>1,846</u>	<u>48,059</u>
Carrying amounts:			
Balance at December 31, 2024	<u>\$ 7,531</u>	<u>-</u>	<u>7,531</u>
Balance at January 1,2023	<u>\$ 4,397</u>	<u>134</u>	<u>4,531</u>
Balance at December 31, 2023	<u>\$ 8,298</u>	<u>-</u>	<u>8,298</u>

None of any Group's intangible asset was pledged as collateral.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

(11) Other current assets and Other non-current assets

The other current assets others and other non-current assets of the Group were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Prepayment for purchases	\$ 15,900	9,155
Prepaid expense	6,263	6,266
Prepayments for equipment	25,369	11,925
Income tax refund receivable	45,313	34,354
Assets for right to recover product to be returned & Others	<u>3,936</u>	<u>2,253</u>
	<u>\$ 96,781</u>	<u>63,953</u>
Current	\$ 71,412	52,028
Non-current	<u>25,369</u>	<u>11,925</u>
	<u>\$ 96,781</u>	<u>63,953</u>

(12) Short-term borrowings

The short-term borrowings were summarized as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Letter of credit borrowing	<u>\$ 2,824</u>	<u>500</u>
Unused short-term credit lines	<u>\$ 1,286,480</u>	<u>1,052,817</u>
Range of interest rates	<u>5.88%</u>	<u>6.90%</u>

For the collateral information of Group using asset as collateral for bank borrowings, please refer to Note 8.

Please refer to Note 6(24) for the interest rate risk, exchange rate risk and sensitivity analysis of the financial liabilities of the Group.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

(13) Long-term borrowings

The details of long-term borrowings were as follows:

December 31, 2024				
	<u>Currency</u>	<u>Interest rate range</u>	<u>Maturity period</u>	<u>Amount</u>
Unsecured bank borrowings	NTD	1.38%~1.75%	2027.7.15~2030.2.15	\$ 152,272
Secured bank loans	NTD	1.63%~1.88%	2028.5.15~2033.2.15	<u>298,266</u>
				450,538
Less: current portion				<u>37,622</u>
Total				<u>\$ 412,916</u>
Unused long-term credit lines				<u>\$ 310,420</u>
December 31, 2023				
	<u>Currency</u>	<u>Interest rate range</u>	<u>Maturity period</u>	<u>Amount</u>
Unsecured bank borrowings	NTD	1.38%~1.75%	2027.7.15-2030.2.15	\$ 167,485
Secured bank loans	NTD	1.63%~1.95%	2033.2.15-2034.7.26	<u>268,511</u>
				435,996
Less: current portion				<u>24,032</u>
Total				<u>\$ 411,964</u>
Unused long-term credit lines				<u>\$ 349,420</u>

A. Government low-interest loan

In 2022, the Group acquired low-interest loan from “Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan” which host by Executive Yuan, R.O.C. (Taiwan). As of December 31, 2024 and 2023, the loan amount were \$456,122 thousand and \$434,413 thousand, respectively; the loan is recognized and measured at market interest rates, the difference between the actual repayment preferential interest rate shall be handled according to government subsidy, please refer to Note 4(16).

As of December 31, 2024 and 2023, the balance of deferred assistance profits were \$7,412 thousand and \$7,675 thousand, recognized as other current liabilities-other: \$880 thousand and \$1,019 thousand, and Long-term deferred revenue: \$6,532 thousand and \$6,656 thousand, respectively.

B. Collateral

Assets pledged as collateral for long-term borrowings are disclosed in Note 8.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

(14) Bonds payable

The details of secured convertible bonds were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Total convertible corporate bonds issued	\$ 300,000	300,000
Add: Interest payable refund	490	681
Less: Accumulated conversion amount	(239,800)	(179,100)
Less: Unamortized discounted bonds payable	(638)	(2,003)
Less: Due within one year	<u>-</u>	<u>(119,578)</u>
Issued bonds payable balance at year-end	<u>\$ 60,052</u>	<u>-</u>
Embedded derivative instruments – call and put rights, included in financial liabilities at fair value through profit or loss	<u>\$ 151</u>	<u>459</u>
Equity component – conversion options, included in capital surplus– stock options	<u>\$ 7,503</u>	<u>15,068</u>

The original recognized effective interest rate of the aforementioned convertible bonds payable component is 0.85%. Please refer to Note 6 (23) for the amount of recognized interest expenses.

For the information of bondholder exercise puttable option that converts bonds payable into ordinary shares for the years ended December 31, 2024 and 2023, please refer to Note 6 (19).

The company issued the sixth domestic secured convertible bonds on September 30, 2021, with a total amount of \$300,000 thousands. The main terms are as follows:

1. Total issuance: \$300,000 thousand NTD
2. Issued price: issued at 110.95% of par value
3. Issue period: 5 years, expired date will be September 30, 2026
4. Interest rate: 0%
5. Conversion subject: common stock of the company
6. Conversion price and its adjustment:

The conversion price at the time of issuance is set at \$30 per share. However, after the issuance, if one of the following conditions is met, the conversion price shall be adjusted according to the formula stipulated in the issuance terms:

- a. When an increase in the company's issued or private offering shares of common stock.
Except for various securities issued or private offering by the company that have conversion rights or options for exchange or new issued shares for employees' compensation.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

- b. When the company pays cash dividends of ordinary shares.
- c. When the company re-issues or private offering various value securities with common stock conversion rights or stock options at a conversion or subscription price lower than the current price per share.
- d. When the reduction of the ordinary shares is not caused by capital reduction that is due to decrease in treasury stock.

The conversion price on December 31, 2024 was \$25.30 per share.

7. Conversion period:

Started from the next day since the convertible bonds have issued for three months until the maturity date, except for following condition: (1) suspension period of the transfer of ordinary shares which according to law; (2) the period of before 15 business days of the date of the transfer suspension of stock dividend, cash dividends and cash capital increase subscription till interest distribute reference date.;(3) started from capital reduction reference date until the day before the share exchange trade date;(4) The period from the start date of the suspension of conversion/subscription of the stock change nominal value to the day before the trading day before the start of the exchange of new shares, the creditor may not request conversion, may request the company to convert the convertible bonds into ordinary shares of the company in accordance with these measures at any time.

8. Bondholder's puttable option:

Three years after the issued date of the convertible bonds will be seen as reference date on which the holders sold back in advance. The company shall send a letter to the TPEx to announce the exercise of the bondholder's puttable option 40 days before the reference date. The holders of the bonds may inform the company's stock agency, to redeem the bonds held by it in cash at 100.75% of the bond's nominal value (with an annual yield of 0.25%).

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

9. The company's redemption option:

- (1) The conversion of the bonds from the next day of three months from the issuance day to 40 days before the expiry of the issue period, if the closing price of the company's ordinary shares in 30 consecutive business days exceeds the current conversion price by 30% (inclusive) or more. In the case, the company may redeem the circulating convertible bonds in cash at the bond nominal value.
- (2) From the next day of three months from the issuance day to 40 days before the expiry of the issue period, when the circulating bonds is less than 10% of the original issuance total, the company may recover the convertible bonds in cash with the nominal value of the bonds.

10. Repayment at maturity:

Except the convertible bonds that have been redeemed, sold back, converted or purchased and cancelled by the company at the securities firm, interest compensation will be added as bond's nominal value at maturity (interest compensation at maturity is 1.256% of the nominal value, the real yield rate is 0.25%), which will be repaid in cash in lump sum

11. Collateral:

The First Commercial Bank acts as the guarantor for the convertible bonds. The real estates, plants, equipment and deposits will be provided as the collaterals of the First Commercial Bank. Please refer to Note 8 for details.

(15) Lease liabilities

The details of lease liabilities were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current	<u>\$ 36,103</u>	<u>32,766</u>
Non-current	<u>\$ 160,572</u>	<u>181,259</u>

For maturity analysis, please refer to Note 6 (25) Financial Instruments.

The amounts recognized in profit or loss were as follows :

	<u>2024</u>	<u>2023</u>
Interest on lease liabilities	<u>\$ 5,023</u>	<u>5,976</u>
Expenses relating to short-term leases	<u>\$ 518</u>	<u>791</u>
Expenses relating to leases of low-value assets (Excluding short-term leases of low-value assets)	<u>\$ 524</u>	<u>439</u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

The amounts recognized in the statement of cash flows for the Group were as follow :

	2024	2023
Total cash outflow for leases	\$ 40,641	38,390

A. Lease of land, Building and construction

Group leases buildings for its factory and warehouse. The leases typically run for a period of 3 to 50 years. Some leases include an option to renew the lease after the end of the contract term.

B. Other leases

The Group leases transportation and equipment, with lease terms of 2 to 5 years. The Group also leases office and office equipment with contract terms of 1 to 3 years. These leases are short-term or leases of low-value items. The Group decided not to recognize right-of-use assets and lease liabilities for these leases.

(16) Other current liabilities

The details of other current liabilities were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Advance receipts	\$ 6,316	9,230
Guarantee deposit received	471	-
Provision for warranties	653	432
Refund liabilities	12,597	6,931
Other	<u>14,091</u>	<u>19,814</u>
	<u>\$ 34,128</u>	<u>36,407</u>

In addition, the movements in provision for warranties are as follows:

	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 432	1,071
Provisions made during the year	561	547
Provisions used and reversed during the year	<u>(340)</u>	<u>(1,186)</u>
Balance at December 31	<u>\$ 653</u>	<u>432</u>

The provision for warranties relates mainly to home appliance sold. The provision is based on estimates made from historical warranty data associated with similar products and services. The Group expects to settle the majority of the liability over the next year.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

(17)Employee benefits

A. Defined benefit plans

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Present value of defined benefit obligations	\$ 33,656	31,716
Fair value of plan assets	<u>(34,851)</u>	<u>(25,964)</u>
Net defined benefit liabilities	<u><u>\$ (1,195)</u></u>	<u><u>5,752</u></u>

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the 6 months prior to retirement.

(a) Composition of plan assets

The Group set aside pension funds in accordance with the legislation from the managed by the Bureau of Labor Funds. The annual budget for the allocation of the minimum income cannot be lower than the income calculated based on the interest rate of the banks' two-year time deposit in accordance with the legislation "Management and Utilization of the Labor Pension Funds".

The Group's labor pension reserve account balance in Bank of Taiwan amounted to \$34,851 thousand as of December 31, 2024. The utilization of the labor pension fund assets includes the asset allocation and yield of the fund. Please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(b)Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Group were as follows:

	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 31,716	32,426
Current service and interest cost	562	678
Re-measurement of the net defined benefit liability		
— Actuarial loss (gain) arising from experience	1,115	45
— Actuarial loss (gain) based on demographic assumptions	4,795	(1,023)
Benefits paid	<u>(4,532)</u>	<u>(410)</u>
Defined benefit obligations at December 31	<u><u>\$ 33,656</u></u>	<u><u>31,716</u></u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

(c) Movements of defined benefit plan assets fair value

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	<u>2024</u>	<u>2023</u>
Fair value of plan assets at January 1	\$ 25,964	25,079
Interest income	402	435
Re-measurement of net defined benefit liability		
— Return on plan assets(excluding current interest cost)	2,318	120
Contributions paid by the employer	10,699	740
Benefits paid	(4,532)	(410)
Fair value of plan assets at December 31	<u><u>\$ 34,851</u></u>	<u><u>25,964</u></u>

(d) Cost recognized in profit or loss

The details of Cost recognized in profit or loss were as follows:

	<u>2024</u>	<u>2023</u>
Current service cost	\$ 70	118
Interest cost on net defined benefit liability	90	125
	<u><u>\$ 160</u></u>	<u><u>243</u></u>
Operating cost	\$ 125	190
Selling expenses	35	53
	<u><u>\$ 160</u></u>	<u><u>243</u></u>

(e) Actuarial assumptions

The following are the Group's principal actuarial assumptions:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Discount rate	1.750%	1.625%
Future salary increase rate	3.000%	1.000%

The expected amount of contributions for the following year after the reporting date is \$220 thousand. The weighted-average lifetime of the defined benefit obligation is 10.08 years.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

(f) Sensitivity analysis

The impact of changes in the key actuarial assumptions used in determining the present value of defined benefit obligations as of December 31, 2024 and 2023, is as follows:

	Influences of defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2024		
Discount rate	\$ (717)	740
Change in future salary	714	(695)
December 31, 2023		
Discount rate	(672)	694
Change in future salary	682	(663)

The above sensitivity analysis analyzing the effects of changes in single assumptions is based on other assumptions remaining unchanged. In actuality, changes in some assumptions may be linked together. The sensitivity analysis and calculation of the net pension liability on the balance sheet were performed using the same approach. There is no change in the method and assumptions used in the preparation of sensitivity analysis.

B. Defined contribution plans

The Company and its subsidiary YEN JIU Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Group's entities other than those described in the previous paragraph are based on their respective local regulation of defined contribution plans, the accrued expenses should be recognized as current expenses.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance for the years ended December 31, 2024 and 2023 was as follow:

	2024	2023
Operating cost	\$ 14,896	14,284
Selling expenses	2,826	2,526
General and administrative expenses	2,947	2,784
Research and development expenses	4,679	4,022
Total	\$ 25,348	23,616

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

(18) Income tax

A. Tax expense

The amounts of income tax expense were as follows:

	<u>2024</u>	<u>2023</u>
Current tax expense		
Current portion	\$ 44,549	55,757
Adjusted current income tax of previous period	<u>(929)</u>	<u>-</u>
	<u>43,620</u>	<u>55,757</u>
Deferred income tax benefit		
Origination and reversal of temporary differences	456	(9,574)
Change in unrecognized deductible temporary differences	<u>(162)</u>	<u>10,165</u>
	<u>294</u>	<u>591</u>
Income tax expense	<u>\$ 43,914</u>	<u>56,348</u>

The Group did not directly recognize the income tax in equity in 2024 and 2023.

Tax which recognize under other comprehensive income is shown as follows:

	<u>2024</u>	<u>2023</u>
Equity at fair value through other comprehensive income		
-Remeasurement of defined benefit plans	\$ (1,557)	-
-Unrealized gains (losses) from investments in equity instruments	<u>392</u>	<u>1,833</u>
	<u>\$ (1,165)</u>	<u>1,833</u>

Reconciliation of income tax and profit before tax is as follows:

	<u>2024</u>	<u>2023</u>
Profit (loss) before tax	<u>\$ 264,620</u>	<u>348,138</u>
Income tax using the Company's domestic tax rate	\$ 52,924	69,627
Effect of tax rates in foreign jurisdiction	555	(47,636)
Unrecognized deferred tax assets on current tax losses	1,125	-
Recognition of previously unrecognized tax losses	-	(4,836)
Changes in unrecognized temporary differences	(162)	10,165
Investment tax credit	(5,984)	-
Prior period income tax adjustment	(929)	-
Estimated income tax on subsidiary earnings repatriation	-	26,843
Non-deductible expenses and Others	<u>(3,615)</u>	<u>2,185</u>
Total	<u>\$ 43,914</u>	<u>56,348</u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

B. Deferred tax assets and liabilities

(a) Unrecognized deferred tax asset

Deferred tax assets have not been recognized in respect of the following items:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Employee benefits	\$ -	5,752
Tax losses	4,370	-
Temporary differences- related to investments in subsidiaries	683	-
Unrealized inventory loss and Others	<u>76,275</u>	<u>74,666</u>
	<u>\$ 81,328</u>	<u>80,418</u>

In December 31, 2024 and 2023, deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

According to the regulations of each respective registered country, losses can be used to offset taxable income for the current year. As of December 31, 2024, the tax losses of the Group that have not been recognized as deferred tax assets, along with their expiration periods, are as follows:

<u>Subsidiary</u>	<u>Declared Year</u>	<u>Losses not yet deducted</u>	<u>Final Year for Deduction</u>
DARSON	2024	\$ 3,916	2029
ELECTRONICS (DONGGUAN) LTD. ("DARSON")			
Y.S. Europe GmbH	2024	<u>454</u>	Indefinite
		<u>\$ 4,370</u>	

In December 31, 2024 and 2023, temporary differences that related to subsidiaries investment, due to the Group being able to control the reversal time of temporary differences an believe it is very unlikely to be reversal in the foreseeable future. Therefore, the deferred income tax liabilities that will not be recognize by Group are \$ 383,013 thousand and \$ 336,163 thousand, respectively.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

(b) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities were as follows:

Deferred tax assets:

	Unrealized inventory loss	Unrealized foreign exchange loss	Other	Total
Balance at January 1, 2024	\$ 9,148	2,239	16,181	27,568
Recognized in profit or loss	(1,796)	(2,239)	(327)	(4,362)
Impact of exchange rate changes	-	-	528	528
Balance at December 31, 2024	<u>\$ 7,352</u>	<u>-</u>	<u>16,382</u>	<u>23,734</u>
Balance at January 1, 2023	\$ 9,518	233	566	10,317
Recognized in profit or loss	(370)	2,006	15,615	17,251
Balance at December 31, 2023	<u>\$ 9,148</u>	<u>2,239</u>	<u>16,181</u>	<u>27,568</u>

Deferred tax liabilities :

	Determine the benefit plan	Unrealized exchange gain	Fair value gains	Others	Total
Balance at January 1, 2024	\$ -	-	4,919	17,858	22,777
Recognized in profit or loss	1,796	1,046	-	(6,910)	(4,068)
Recognized in other comprehensive income	(1,557)	-	392	-	(1,165)
Impact of exchange rate changes	-	-	-	589	589
Balance at December 31, 2024	<u>\$ 239</u>	<u>1,046</u>	<u>5,311</u>	<u>11,537</u>	<u>18,133</u>
Balance at January 1, 2023	\$ -	-	3,086	16	3,102
Recognized in profit or loss	-	-	-	17,842	17,842
Recognized in other comprehensive income	-	-	1,833	-	1,833
Balance at December 31, 2023	<u>\$ -</u>	<u>-</u>	<u>4,919</u>	<u>17,858</u>	<u>22,777</u>

The Company's income tax returns for all fiscal years up to 2022 have been examined and approved by the R.O.C tax Authority.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

(19) Capital and other equity

A. Share capital

As of December 31, 2024 and 2023, the total value of authorized ordinary shares were both amounted to \$ 1,500,000 thousand, 150,000 thousand shares with par value \$10, respectively. Issued shares were 78,675 thousand shares, 76,324 thousand shares, respectively. All the capital was fully paid in.

Reconciliation of share outstanding for 2024 and 2023 was as follows (The 766 thousand shares of treasury stock buyback has been deducted):

(Expressed in thousands of shares)	2024	2023
Balance at January 1	75,558	69,401
Conversion of convertible bonds	2,351	6,157
Balance at December 31	<u>77,909</u>	<u>75,558</u>

For the year ended December 31, 2024, due to the exercise the puttable option by the holders of convertible bonds, the Group converted the bonds payable with a par value of \$60,700 thousand into 2,351 thousand common shares and issued with the par value of \$23,515 thousand; considering the discount of bonds payable and interest compensation of \$481 thousand and the amount of financial assets measured at fair value through profit and loss: \$214 thousand and additional paid-in capital - bond payable stock option of \$7,565 thousand will be recognized as additional paid-in capital - conversion excess of par of bond payable of \$44,055 thousand. As of December 31, 2024, there were 40 thousand common shares still pending for legal registration procedures.

For the year ended December 31, 2023, due to the exercise the puttable option by the holders of convertible bonds, the Group converted the bonds payable with a par value of \$167,700 thousand into 6,157 thousand common shares and issued with the par value of \$61,569 thousand; considering the discount of bonds payable and interest compensation of \$2,388 thousand and the amount of financial assets measured at fair value through profit and loss: \$579 thousand and additional paid-in capital - bond payable stock option of \$20,902 thousand will be recognized as additional paid-in capital - conversion excess of par of bond payable of \$124,066 thousand. The related legal registration procedures have been completed.

B. Capital surplus

Capital surplus was as follows :

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Convertible bonds- premium from conversion	\$ 149,985	219,679
Expired share option	18,643	18,643
Treasury stock transactions	14,141	14,141
Conversion option of convertible bonds	7,503	15,068
	<u>\$ 190,272</u>	<u>267,531</u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

On March 6, 2025, and March 4, 2024, the Company's board of directors approved to distribute cash dividends from capital surplus, amounting to \$54,536 thousand (\$0.7 per share) and \$113,749 thousand (\$1.5 per share). For further information, please refer to Market Observation Post System: (<https://mops.twse.com.tw/mops/web/index>)

C. Retained earnings

Base on the Company's article of incorporation, if the Company's annual final accounts show surplus, it shall first pay the taxes, offset past annual loss, and then set 10% as regulatory surplus reserve. However, it is not applicable if the statutory surplus reserve has reached our Company's paid-up capital. Also based on the Company's operational needs and regulatory requirements, provisions shall be make for special reserve. If there are still surplus left, the board of directors shall draft a surplus distribution proposal by combining it with the undistributed surplus at the beginning of period and submit to the shareholders meeting for approval.

If all or a part of the company's distribution of dividends and bonuses or statutory surplus reserves and capital reserves is in the form of cash; it will be authorized when the board of directors to be present with more than two-thirds, and more than half them agrees. And report to the shareholders meeting.

The dividends policy shall first take into consideration its operating environment, financial program, company's sustainable operation and development and the biggest interests of stockholders as follows:

The company is currently in the stage of active market development. In order to support the growth of the company, the company's dividends can continue to operate in the future as the principle, and after comprehensively considering and improving the financial structure, maintaining stable dividends and protecting shareholders' reasonable compensation and other conditions, the board of directors prepare a plan in accordance with the articles of association and deliver it after approval by the shareholders' general meeting and the competent authority.

Distribution ratio of cash dividends and stock dividends:

The distribution of dividends of the company's shareholders will be based on the stock dividends, cash dividends, or both two ways of issuance. When dividends being distribute, an appropriate ratio of cash and stock dividends shall be set up. Only cash dividends shall be paid at a rate not less than 10% of the current year's distribution.

(a) Legal reserve

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

(b) Special reserve

During the first-time adoption of the IFRSs endorsed by the FSC, Company choosing to apply exemptions granted under IFRS 1 “First-time Adoption of International Financial Reporting Standards”. The cumulative conversion adjustment (benefit) under the account of shareholders’ equity is zeroed on the conversion date and the amount of retained earnings increased by \$3,798 thousand

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders’ equity. And when using, disposing or reclassifying the relevant assets, the surplus may be redistributed according to the proportion of the original special surplus reserve.

Therefore, the amount of special reserve were both \$3,798 thousand in December 31, 2024 and 2023.

According to previous paragraph, when the Company distributes distributable earnings, the difference between the net deduction of other shareholders’ equity that occurred in the current year and the special reserve balance mentioned in the previous paragraph. From the current profit and loss and the undistributed earnings in the previous period shall be reclassified as a special reserve; the amount of other shareholders’ equity deductions accumulated in the previous period shall be reclassified as a special reserve from the previous undistributed earnings. When there is a reversal in the amount of deductions for other shareholders’ equity afterwards, could distribute the same amount of aforementioned earnings.

(c) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2023 and 2022 had been approved during the board meeting on March 4, 2024 and March 8, 2023, respectively. The relevant dividend distributions to shareholders were as follows:

	2023		2022	
	Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to ordinary shareholder:				
Cash	\$ 1.5	<u>113,748</u>	2.2	<u>152,682</u>

The amounts of cash dividends on the appropriations of earnings for 2024 had been approved during the board meeting on March 6, 2025. The relevant dividend distributions to shareholders were as follows:

	2024	
	Amount per share	Total amount
Distributing cash dividends from undistributed earnings to common stockholders.		
Cash	\$ 1.6	<u>124,655</u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

D. Other equity, net of tax

	Foreign exchange differences arising from foreign operation	Unrealized gains(losses) on financial assets measured at FVOCI	Minority interests	Total
Balance at January 1, 2024	\$ 3,306	12,719	-	16,025
Exchange differences arising from the translation of net assets of foreign operations	8,388	-	(53)	8,335
Unrealized gains and losses on financial assets measured at fair value through other comprehensive income (FVOCI)	-	1,193	-	1,193
Balance at December 31, 2024	<u>\$ 11,694</u>	<u>13,912</u>	<u>(53)</u>	<u>25,553</u>

	Foreign exchange differences arising from foreign operation	Unrealized gains(losses) on financial assets measured at FVOCI	Minority interests	Total
Balance at January 1, 2023	\$ 18,392	7,473	-	25,865
Exchange differences arising from the translation of net assets of foreign operations	(15,086)	-	-	(15,086)
Unrealized gains and losses on financial assets measured at fair value through other comprehensive income (FVOCI)	-	5,246	-	5,246
Balance at December 31, 2023	<u>\$ 3,306</u>	<u>12,719</u>	<u>-</u>	<u>16,025</u>

E. Treasury shares

In accordance with Article 28-2 of the Securities and Exchange Act, the company bought back a total of 766,000 treasury shares for the transfer of shares to employees, at a cost of \$ 11,773 thousand. As of December 31, 2024 and 2023, the total number of none cancelled shares was 766,000 shares.

In accordance with the provisions of Securities and Exchange Act, treasury stocks that held by the Company shall not be pledged, and shall not have shareholder rights before being transferred.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

(20) Earnings per share

The calculation of basic earnings per share and diluted earnings per share were as follows :

	2024	2023
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	\$ 220,810	291,790
Weighted average number of ordinary shares outstanding during the period (thousand)	77,001	71,500
Earnings per share	\$ 2.87	4.08
Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company	\$ 220,810	291,790
Effect of potentially dilutive common stock-Convertible Bonds	630	229
Profit(loss) attributable to ordinary shareholders of the Company (After adjusted effected amount of potentially dilutive common stock)	\$ 221,440	292,019
Weighted-average number of common shares(thousand)	77,001	71,500
Effect of convertible bonds	138	176
Effect of employee share bonus	3,288	8,603
Weighted average number of ordinary shares outstanding during the period(After adjusted effected amount of potentially dilutive common stock)(thousand)	80,427	80,279
Diluted earnings per share	\$ 2.75	3.64

(21) Revenue from contracts with customers

A. Details of revenue

	2024		
	Home Appliances Department	Electronics Cooling Department	Total
Primary geographical markets:			
Domestic	\$ 589,227	939,462	1,528,689
Mainland China	-	551,283	551,283
Germany	-	1,476,156	1,476,156
America	5,680	109,264	114,944
Japan	8,709	1,101	9,810
South Korea	-	68,777	68,777
Others	3,475	110,296	113,771
	\$ 607,091	3,256,339	3,863,430

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

2024			
	Home Appliances Department	Electronics Cooling Department	Total
Major products :			
Cooling fan and module	\$ -	3,242,032	3,242,032
Product of home appliances–air series	390,974	-	390,974
Product of home appliances–water series	178,311	-	178,311
Others	37,806	14,307	52,113
	\$ 607,091	3,256,339	3,863,430
2023			
	Home Appliances Department	Electronics Cooling Department	Total
Primary geographical markets:			
Domestic	\$ 561,484	1,085,734	1,647,218
Mainland China	1,011	465,528	466,539
Germany	676	1,028,613	1,029,289
America	9,930	254,778	264,708
Japan	10,355	949	11,304
South Korea	-	72,477	72,477
Others	19,089	122,095	141,184
	\$ 602,545	3,030,174	3,632,719
Major products :			
Cooling fan and module	\$ -	3,005,142	3,005,142
Product of home appliances–air series	374,566	-	374,566
Product of home appliances–water series	184,698	-	184,698
Others	43,281	25,032	68,313
	\$ 602,545	3,030,174	3,632,719

B. Contract balance

	December 31, 2024	December 31, 2023	January 1, 2023
Notes and accounts receivable	\$ 951,835	776,226	811,399
Less: allowance for impairment	(8,143)	(9,950)	(19,881)
Total	\$ 943,692	766,276	791,518

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

Contract liabilities- unearned sales	\$	<u>6,316</u>	<u>9,230</u>	<u>13,757</u>
revenue				

Please refer to Note 6(4) for notes and accounts receivable impairment.

The unearned revenue at January 1 of the 2024 and 2023 will be recognized as revenue, which is \$7,293 thousand and \$8,351 thousand, respectively.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. Contract liabilities-Unearned Revenue was classified under other current liabilities.

(22) Employee compensation and directors' and supervisors' remuneration

According to the Company's articles of association, the Company should contribute 1% to 10% of the profit as employee compensation and a less than 5% as directors' remuneration when there is profit for the year. However, certain amounts of the profits should be reserved if there is an accumulated deficit from operations in previous years in advance of the appropriation of the employee bonuses. The aforementioned employee bonuses will be distributed in cash or stock to employees who satisfy certain specifications of the Company and its affiliates.

For the 2024 and 2023, the Company accrued the compensation of employees amounted to \$ 5,338 thousand and \$ 6,936 thousand, respectively and the remuneration of directors' amounted to \$2,669 thousand and \$3,468 thousand, respectively. The compensation of employees, remuneration of directors were estimated as the Company's net income before tax, excluding compensation of employees and remuneration of directors, multiplied by the appropriate percentage in compliance with the Company's articles. These expenses recognized under operating costs or operating expenses for the respective period.

The numbers of shares to be distributed were calculated based on the closing price of the Company's ordinary shares one day before the date of the meeting of Board of Director. Related information would be available at the Market Observation Post System website. (<https://mops.twse.com.tw/mops/web/index>).

There is no amount difference between the amount of compensation for employees and directors estimated in the aforementioned consolidated financial report of 2024 and 2023.

(23) Non-operating income and expenses

A. Interest income

The details of interest income were as follows:

	2024	2023
Interest income from bank deposits	\$ 5,489	3,908
Other interest income	23	17
	<u>\$ 5,512</u>	<u>3,925</u>

B. Other income

The details of other income were as follows:

	2024	2023
Income from selling samples	\$ 6,679	6,948
Rent income	528	4,224
Mold income	2,942	5,119
Others	13,252	16,011
	<u>\$ 23,401</u>	<u>32,302</u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

C. Other gains and losses

The details of other gains and losses were as follows:

	<u>2024</u>	<u>2023</u>
Net profit on foreign exchange gains	\$ 43,220	(676)
Gains on disposals of investments (note)	-	269,643
Net loss on disposal of property, plant and equipment	(75)	232
Putable option of bonds payable/Net profit on value of putable option	(94)	1,586
Others	-	(190)
	<u><u>\$ 43,051</u></u>	<u><u>270,595</u></u>

Note: In 2023, the Group separately sold its subsidiaries, SHANGHAI YENSUN, and dissolved its subsidiary, Yen Sun Technology (BVI). The gains on disposal of investments amounted to \$268,256 thousand and \$1,387 thousand, respectively.

D. Finance costs

The details of finance costs were as follows:

	<u>2024</u>	<u>2023</u>
Interest expense		
Bank loan	\$ (8,519)	(7,777)
Lease liability	(5,023)	(5,976)
Amortization of discount on bonds payable	(693)	(1,872)
Less: capitalisation of interest	7,536	3,821
	<u><u>\$ (6,699)</u></u>	<u><u>(11,804)</u></u>

(24) Financial instruments

A. Credit risk

(a) Credit risk exposure

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

(b) Concentration of credit risk

The major customers of the Group are centralized in industries within similar areas and dealers. To reduce concentration of credit risk, the Group evaluates those customers' financial positions and requires customers to provide collateral, if necessary.

As of December 31, 2024 and 2023, major customers of the Group were significant concentrating on certain customers, which accounted for 34.37% and 19.20% of the notes and accounts receivable from different customer, respectively.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

(c) Credit risk of receivable and debt instrument investment

For credit risk exposure of notes and accounts receivable. Please refer to Note 6 (4). Other financial assets measured with amortized cost include other receivables, restricted bank deposits, and guarantee deposit paid. The following presents whether loss reserves and credit impairments for the above financial assets measured in 12-month expected credit losses (ECL) or lifetime expected credit losses (ECL) were credit-impaired:

	December 31, 2024		
	Financial assets measured at amortized cost		
	12-month ECL	Lifetime ECL-unimpaired	Lifetime ECL-impaired
Refundable deposits	\$ 10,416	-	-
Other receivable	11,223	3,487	1
Restricted Deposit	24,470	-	-
Loss allowance	-	-	(1)
Amortized cost	<u>\$ 46,109</u>	<u>3,487</u>	<u>-</u>
Carrying amount	<u>\$ 46,109</u>	<u>3,487</u>	<u>-</u>

	December 31, 2023		
	Financial assets measured at amortized cost		
	12-month ECL	Lifetime ECL-unimpaired	Lifetime ECL-impaired
Refundable deposits	\$ 10,120	-	-
Other receivable	8,131	6,476	5
Restricted Deposit	33,953	-	-
Loss allowance	-	-	(5)
Amortized cost	<u>\$ 52,204</u>	<u>6,476</u>	<u>-</u>
Carrying amount	<u>\$ 52,204</u>	<u>6,476</u>	<u>-</u>

The following presents the movement of the provision for impairment with respect to the financial assets measured with amortized cost in 2024 and 2023:

	2024			
	12-month ECL	Lifetime ECL- unimpaired	Lifetime ECL-impaired	Total
Balance at January 1	\$ -	-	5	5
Reversal of Impairment	-	-	(4)	(4)
Loss				
Balance at December 31	<u>\$ -</u>	<u>-</u>	<u>1</u>	<u>1</u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

2023

	12-month ECL	Lifetime ECL- unimpaired	Lifetime ECL-impaired	Total
Balance at January 1	\$ -	-	-	-
Reversal of Impairment Loss	-	-	5	5
Balance at December 31	<u>\$ -</u>	<u>-</u>	<u>5</u>	<u>5</u>

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contract ed cash flow	Within 6 months	6-12 months	1-2 years	2-5 years	over 5 years
December 31, 2024							
Non-derivative financial liabilities							
Bank loan (Including Long- and Short-term borrowing) (floating rate)	\$ 453,362	484,465	21,753	24,856	89,938	224,907	123,011
Accounts payable (non-interest bearing)	791,568	791,568	791,568	-	-	-	-
Other payables (non-interest bearing)	233,172	233,172	233,172	-	-	-	-
Bonds payable (fixed interest rate)	60,052	60,956	-	-	60,956	-	-
Lease liability (maturity within one year) (fixed interest rate)	196,675	234,358	20,940	19,012	32,828	26,975	134,603
Guarantee deposits (non-interest bearing)	8,289	8,289	-	471	7,818	-	-
	<u>\$1,743,118</u>	<u>1,812,808</u>	<u>1,067,433</u>	<u>44,339</u>	<u>191,540</u>	<u>251,882</u>	<u>257,614</u>
December 31, 2023							
Non-derivative financial liabilities							
Bank loan (Including Long- and Short-term borrowing) (floating rate)	\$ 436,496	470,092	11,225	18,845	43,494	237,737	158,791
Accounts payable (non-interest bearing)	710,613	710,613	710,613	-	-	-	-
Other payables (non-interest bearing)	216,641	216,641	216,641	-	-	-	-
Bonds payable, current portion (fixed interest rate)	119,578	122,418	-	122,418	-	-	-
Lease liability (maturity within one year) (fixed interest rate)	214,025	255,436	20,257	17,244	36,416	41,361	140,158
Guarantee deposits (non-interest bearing)	1,569	1,569	-	-	1,569	-	-
	<u>\$1,698,922</u>	<u>1,776,769</u>	<u>958,736</u>	<u>158,507</u>	<u>81,479</u>	<u>279,098</u>	<u>298,949</u>

The Group does not expect the cash flows would occur significantly earlier or at significantly different amounts.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

C. Foreign currency risk

(a) Exposure to foreign currency risk

Group's financial assets and liabilities exposed to significant foreign currency risk as follows:

	December 31, 2024			December 31, 2023			
	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount	
Financial assets							
Monetary items							
USD	\$	38,183	32.785	1,251,834	34,187	30.705	1,049,702
EUR		675	34.14	23,060	387	33.98	13,139
CNY		1,140	4.478	5,099	65,006	4.327	281,286
Non-monetary item							
USD		909	32.785	29,787	906	30.705	27,828
Financial liabilities							
Monetary items							
USD		22,432	32.785	735,417	21,771	30.705	668,516
EUR		1	34.14	30	29	33.98	987
CNY		924	4.478	4,139	3,148	4.327	13,622
TWD		19,419	1	19,419	25,725	1	25,725

(b) Sensitivity analysis

The foreign currency risk was mainly incurred from the translation of cash and cash equivalents, accounts receivables (including related parties), other receivables (including related parties), restricted deposits, loans, accounts payable (including related parties), and other payables (including related parties). As of December 31, 2024 and 2023, if the exchange rate of the NTD versus the USD, CNY and EUR had increased or decreased by 1%, given no changes in other factors, the impact were as follow:

	<u>NTD Appreciate 1%</u>	<u>NTD Depreciate 1%</u>
Net profits after tax, 2024	Decrease in profits \$4,324 thousand	Increase in profits \$4,324 thousand
Net profits after tax, 2023	Decrease in profits \$5,288 thousand	Increase in profits \$5,288 thousand

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

(c) Foreign exchange gain and loss on monetary items

The exchange gains and losses (including realized and unrealized) of the currency items of the Group are converted into the functional currency of the company's new Taiwan dollar (the currency of Group's currency) and exchange rate information as follows:

	2024		2023	
	Exchange (loss) gain	Average exchange rate	Exchange (loss) gain	Average exchange rate
TWD	\$ 31,364	-	(15,036)	-
CNY	11,856	4.46	14,360	4.39
	<u>\$ 43,220</u>		<u>(676)</u>	

D. Interest rate analysis

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

Sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. The method of analysis assumes that the amount of liabilities in circulation on the reporting date is in circulation throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.25% and other factors remained unchanged, the Group's net income would have increased or decreased as follows:

	<u>Interest increase 0.25%</u>	<u>Interest decrease 0.25%</u>
Net profit after tax, 2024	Net profit decrease \$918 thousand	Net profit increase \$918 thousand
Net profit after tax, 2023	Net profit decrease \$887 thousand	Net profit increase \$887 thousand

E. Other price risk

If the equity securities price changes on the reporting date (adopt the same basis of analysis for both periods, with the assumption that other variable factors remain unchanged), the impact on the comprehensive gain or loss items are as follows:

Equity price at reporting date	2024		2023	
	Other comprehensive income After tax	Net income	Other comprehensive income After tax	Net income
Increase 3%	<u>\$ 1,170</u>	<u>-</u>	<u>1,134</u>	<u>-</u>
Decrease 3%	<u>\$ (1,170)</u>	<u>-</u>	<u>(1,134)</u>	<u>-</u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

F. Fair value of financial instruments

(a) Fair value hierarchy

The fair value of financial assets at fair value through profit or loss, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured lease liabilities, disclosure of fair value information is not required:

	December 31, 2024				
	Carrying Amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial asset at fair value through profit or loss					
Put/ call right of Convertible Bond	\$ <u>151</u>	-	151	-	151
Financial assets at FVOCI					
Foreign unlisted stock	\$ 29,787	-	-	29,787	29,787
Domestic unlisted stock	<u>15,167</u>	-	-	15,167	15,167
Subtotal	<u>\$ 44,954</u>				
Financial assets at amortized cost					
Cash and cash equivalent	\$ 340,613	-	-	-	-
Notes and accounts receivables	943,692	-	-	-	-
Other Financial assets -current	16,737	-	-	-	-
Other Financial assets -non current	<u>32,859</u>	-	-	-	-
Subtotal	<u>\$ 1,333,901</u>				
Financial liabilities at amortized cost					
Short-term borrowing	\$ 2,824	-	-	-	-
Account payable	791,568	-	-	-	-
Other payable	233,172	-	-	-	-
Long- term borrowing (Current portion)	37,622	-	-	-	-
Lease liability— current	36,103	-	-	-	-
Long -term borrowing	412,916	-	-	-	-
Lease liability— non current	160,572	-	-	-	-
Corporate bonds	60,052	-	59,189	-	59,189
Deposits received	<u>8,289</u>	-	-	-	-
Subtotal	<u>\$ 1,743,118</u>				

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

	Carrying Amount	December 31, 2023			
		Fair value			Total
		Level 1	Level 2	Level 3	
Financial asset at fair value through profit or loss					
Put/ call right of Convertible Bond	\$ <u>459</u>	-	459	-	459
Financial assets at FVOCI					
Foreign unlisted stock	\$ 27,828	-	-	27,828	27,828
Domestic unlisted stock	<u>15,541</u>	-	-	15,541	15,541
Subtotal	<u>\$ 43,369</u>				
Financial assets at amortized cost					
Cash and cash equivalent	\$ 552,397	-	-	-	-
Notes and accounts receivables	766,276	-	-	-	-
Other Financial assets -current	16,637	-	-	-	-
Other Financial assets -non current	<u>42,043</u>	-	-	-	-
Subtotal	<u>\$ 1,377,353</u>				
Financial liabilities at amortized cost					
Short-term borrowing	\$ 500	-	-	-	-
Account payable	710,613	-	-	-	-
Other payable	216,641	-	-	-	-
Long- term borrowing (Current portion)	24,032	-	-	-	-
Lease liability— current	32,766	-	-	-	-
Long -term borrowing	411,964	-	-	-	-
Lease liability— non current	181,259	-	-	-	-
Corporate bonds with put rights executed within one year	119,578	-	117,503	-	117,503
Deposits received	<u>1,569</u>	-	-	-	-
Subtotal	<u>\$ 1,698,922</u>				

When merging the Group's statutory assets and the fair value of liabilities, the market-observable input value is used. The level of fair value is based on the input of the evaluation technology and the relative classification is as follows:

Level 1: Public quotation of the same assets or debts in the active market (None been adjust).

Level 2: In addition to the public quotes included in Level 1, the input parameters of assets or liabilities are observable directly (price) or indirectly (derived from price).

Level 3: The input parameters of assets or debts are not based on observable market data (Non-observable parameters).

(b) Valuation techniques for financial instruments not measured at fair value

The methodology and assumptions used by the Company to estimate financial instrument measured at amortized cost, except for convertible bonds payable — liability portion use the discounted cash flows to estimate fair values, because of the short maturities of these instruments, the Company estimates that the carrying amount is a reasonable approximation of fair value.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

(c) Valuation techniques for financial instruments measured at fair value

Non-derivative financial instruments:

If a financial instrument has a quoted price in an active market, the quoted price is used as fair value. Quoted prices of major stock exchanges and quoted prices of government bonds are the basis for measuring the fair value of stocks listed on an exchange, stocks listed on the OTC, and debt instruments with quoted prices in an active market.

Except for the above-mentioned financial instruments with active markets, the fair value of the remaining financial instruments is obtained through evaluation or reference with counterparty quotations.

The equity instruments held by the Group without public quotes are based on the comparable company method to estimate fair value. The main assumptions are based on the net equity value of being-investors and the equity multiplier derived from the market quotes of comparable listed (counter) companies. The estimate has adjusted the discount effect of the lack of market liquidity.

Derivative financial instruments:

The redemption right and the puttable right of the convertible bond of the Company are evaluated by binary tree method.

(d) Transfers between Level 1 and Level 2

In 2024 and 2023, there was no transfer in the fair value grade of financial instruments assessed by the Group.

(e) Movement of financial assets through other comprehensive income categorized within Level 3.

	Financial assets measured at fair value through other comprehensive income	
	Investment of equity instruments without active market	
Balance at January 1, 2024	\$	43,369
Recognized in other comprehensive profit or loss		1,585
Balance at December 31, 2024	\$	44,954
Balance at January 1, 2023	\$	32,290
Acquisition		4,000
Recognized in other comprehensive profit or loss		7,079
Balance at December 31, 2023	\$	43,369

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

The gains or losses were reported in the unrealized valuation gains (losses) of financial assets measured at fair value through other comprehensive income, which is the outcome of assets that still hold by Group for the year ended December 31, 2024 and 2023.

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

The Group's fair value have been classified as Level3 and only contains single significant unobservable inputs. Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between Significant and fair value measurement
Financial assets at fair value through other comprehensive income -equity investments without an active market: Y.S.Tech U.S.A Inc.	Comparable listed company approach	<ul style="list-style-type: none"> ·Lack of market liquidity discount (14.39% and 30.00% on December 31, 2024 and 2023, respectively) ·Valuation multiples (1.88 and 2.00 on December 31, 2024 and 2023, respectively) ·Stock price volatility (29.35% and 45.92% on December 31, 2024 and 2023, respectively) 	<ul style="list-style-type: none"> ·The higher the lack of market liquidity discount is, the lower the fair value will be. ·The higher the valuation multiples is, the higher the fair value will be. ·The lower the stock price volatility is, the higher the fair value will be.
Financial assets at fair value through other comprehensive income -equity investments without an active market: CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD.	Net assets value	<ul style="list-style-type: none"> ·Net assets value ·Discount for minority interest (18.80% and 16.64% on December 31, 2024 and 2023, respectively) ·Lack of market liquidity discount interest (10% on December 31, 2024 and 2023, respectively) 	<ul style="list-style-type: none"> ·The higher the net assets value is, the higher the fair value will be. The higher the discount for minority interest is, the lower the fair value will be. The higher the lack of market liquidity discount is, the lower the fair value will be.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

- (g) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The group measure the fair value of financial instruments is reasonable, but the use of different evaluation models or evaluation parameters may outcome with different results. For level 3 fair value measurements, changing one or more assumptions will have the following effects:

			Changes in fair value reflected in OCI	
	Inputs	Fluctuation in inputs	Favorable	Unfavorable
Balance at December 31, 2024				
Financial assets at fair value through other comprehensive income-				
Investment of equity instruments without an active market - Y.S.Tech U.S.A Inc	Market illiquidity discount rate 14.39%	10%	\$ 3,476	(3,476)
	Valuation multiples 1.88	5%	1,495	(1,495)
	Stock price volatility 29.35%	5%	1,420	(1,383)
Financial assets at fair value through other comprehensive income-				
Investment of equity instruments without an active market	Discount for minority interest 18.80%	1%	\$ 187	(187)
-CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD	Market illiquidity discount rate 10%	10%	1,685	(1,685)
Balance at December 31, 2023				
Financial assets at fair value through other comprehensive income-				
Investment of equity instruments without an active market	Market illiquidity discount rate 30.00%	10%	\$ 3,983	(3,969)
— Y.S.Tech U.S.A Inc.				
	Valuation multiples 2.00	5%	1,400	(1,400)
	Stock price volatility 45.92%	5%	1,505	-
Financial assets at fair value through other comprehensive income-				
Investment of equity instruments without an active market	Discount for minority interest 16.64%	1%	\$ 186	(186)
-CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD	Market illiquidity discount rate 10%	10%	1,727	(1,727)

The Group's favorable and unfavorable changes refer to changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

(25) Financial risk management

A. Overview

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

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

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

B. Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the General administration department, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's financial risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors

C. Credit risk

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

- (a) Trade and other receivables

The Risk Management Committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval from the Risk Management Committee; these limits are reviewed quarterly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

(b) Deposits

The exposure to credit risk for the bank deposits is monitored by the Group's finance department. The Group only deals with counterparties and financial institutions which with good credit rating. The Group expected counterparty above will not fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

(c) Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. For details of financial guarantees provided by the Group for subsidiaries as of December 31, 2024 and 2023, please refer to Note 13.

D. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

As of December 31, 2024 and 2023, the Group's unused credit line were amounted to \$ 1,596,900 thousand and \$1,402,237 thousand, respectively.

E. Market risk

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

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk. All such transactions are carried out within the guidelines set by the Boards.

(a) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the US Dollar (USD), and China Yuan (RMB). The currencies used in these transactions are same as above. The Group uses forward exchange contracts with a maturity of less than one year from the reporting date to hedge its currency risk. When necessary, forward exchange contracts are rolled over at the maturity date.

Interest is denominated in the currency of the principal. Normally, the currency of Group's borrowing is the same as the currency of the cash flow generated by the operations, which is mainly NTD and US dollar. This provides an economic hedge without derivatives being entered into, and therefore, derivatives has not been adopted.

Regarding monetary assets and liabilities denominated in other foreign currencies, when a short-term unbalance occurs, the Group purchases or sells foreign currencies at the spot exchange rate to ensure that net risk exposure remains at an acceptable

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

level.

(b) Interest rate risk

The Group adopts a policy of ensuring its exposure with fixed rate or floating rate, by assess with international economic situation or market interest rate. Control interest rate risk with a appropriate combination of fixed rate and floating rate.

(c) Market risk of equity instruments

The main part of the equity securities held by the Group is classified as financial assets measured at fair value through other comprehensive profit and loss. Therefore, such assets are measured at fair value, so the Group will be exposed to the risk of changes of it.

(26) Capital management

The Group meets its objectives in managing its capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders and interest of other related parties and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares or sell assets to settle any liabilities

The Group and other entities in the same industry use the debt-to-equity ratio to manage their capital. This ratio is the total net debt divided by the total capital. The net debts from the balance sheet are derived from the total liabilities, less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, other equity.

In 2024, the Company's capital management strategy is consistent with the prior year. The Group's debt-to-equity ratio at the end of the reporting period as at December 31, 2024 and 2023 is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Total liabilities	\$ 1,933,134	1,877,829
Less: cash and cash equivalents	<u>340,613</u>	<u>552,397</u>
Net liabilities	<u>\$ 1,592,521</u>	<u>1,325,432</u>
Total equity	<u>\$ 1,634,200</u>	<u>1,571,392</u>
Adjusted equity	<u>\$ 3,226,721</u>	<u>2,896,824</u>
Liabilities-to-equity ratio	<u>49.35%</u>	<u>45.75%</u>

As of December 31, 2024, the decrease in the liabilities-to-equity ratio is primarily attributed to the continuous conversion of corporate bonds, leading to a reduction in liabilities. Additionally, the disposal of subsidies during this period resulted in an increase in cash, cash equivalents and retained earnings.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

(27) Investing and financing activities not affecting current cash flow

The reconciliation of liabilities from financing activities is as follows:

	January 1, 2024	Cash flows	Non-cash changes				December 31, 2024
			foreign exchange movement	Interest amortized	Right-of- use asset addition amount	Other movement (Note 1)	
Short-term loans	\$ 500	2,312	12	-	-	-	2,824
Long-term loans (current portion)	435,996	13,142	-	2,156	-	(756)	450,538
Bonds payable	119,578	-	-	693	-	(60,219)	60,052
Lease liability (Current and non-current)	214,025	(34,576)	2,366	-	14,975	(115)	196,675
Guarantee deposits received	1,569	6,720	-	-	-	-	8,289
Total liabilities from financing activities	<u>\$ 771,668</u>	<u>(12,402)</u>	<u>2,378</u>	<u>2,849</u>	<u>14,975</u>	<u>(61,090)</u>	<u>718,378</u>

Note 1: Recognized as deferred income: \$ 756 thousand, corporate bond converted as shares: \$ 60,219 thousand and amount of lease modification \$ 115 thousand.

	January 1, 2023	Cash flows	Non-cash changes				December 31, 2023
			foreign exchange movement	Interest amortized	Right-of- use asset addition amount	Other movement (Note2)	
Short-term loans	\$ 100	400	-	-	-	-	500
Long-term loans (current portion)	248,136	193,341	-	-	-	(5,481)	435,996
Bonds payable, current portion	283,018	-	-	1,872	-	(165,312)	119,578
Lease liability (Current and non-current)	240,796	(31,184)	(1,321)	-	7,311	(1,577)	214,025
Guarantee deposits received	6,172	(4,588)	(15)	-	-	-	1,569
Total liabilities from financing activities	<u>\$ 778,222</u>	<u>157,969</u>	<u>(1,336)</u>	<u>1,872</u>	<u>7,311</u>	<u>(172,370)</u>	<u>771,668</u>

Note 2: Recognized as deferred income: \$ 5,481 thousand, corporate bond converted as shares: \$ 165,312 thousand and amount of lease modification \$ 1,577 thousand.

(28) Disposal subsidiaries

The Group disposed of its subsidiary-SHANGHAI YENSUN. The disposal was completed on November 8, 2023, the Group lost control of the subsidiary.

1. Received consideration

	SHANGHAI YENSUN
Cash and cash equivalents	<u>\$ 276,688</u>

2. Analysis of assets and liabilities which lost control

	SHANGHAI YENSUN
Current asset	
Cash and cash equivalents	\$ 388
Investment Property	10,039
Other receivables and Others	9,549
Current liabilities	
Other current liabilities	(407)
Disposal net asset	<u>\$ 19,569</u>

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

3. Gain on disposal

	SHANGHAI YENSUN
Received consideration	\$ 276,688
Disposal net asset	(19,569)
Cumulative exchange difference reclassified from equity to gains and losses, due to disposal subsidiary	<u>11,137</u>
Gain on disposal (recognize as Other gain and loss)	<u><u>\$ 268,256</u></u>

4. Net cash inflow of disposal

	SHANGHAI YENSUN
Received consideration with cash and cash equivalents	\$ 276,688
Less : balance of cash and cash equivalents from disposals	<u>(388)</u>
	<u><u>\$ 276,300</u></u>

7. Transaction with related parties

(1) Endorsement and guarantee

The Group loan from financial institutions on December 31, 2024 and 2023. According to the requirements of some contracts, the major management staff of the Group should provide a joint guarantee, which were both \$ 80,000 thousand.

(2) Compensation of major management staff

The information on major management staff compensation was as follows:

	2024	2023
Short-term employee benefits	\$ 12,665	12,821
Post-employment benefits	182	187
Termination benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
	<u><u>\$ 12,847</u></u>	<u><u>13,008</u></u>

As of December 31, 2024 and 2023, the Group provided 1 rental cars for the use of main management and been recognized as right of use assets of transportation equipment, which originally cost \$2,595 thousand.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

8. Pledged assets

The carrying values of pledged assets were as follows:

Pledged Assets	Purpose	December 31, 2024	December 31, 2023
Deposit account (Reserve account) (Recorded in other financial assets)	Long-term/short-term borrowing, customs taxes, bonds payable and other repayment accounts	\$ 10,152	19,662
Time deposit (Recorded in other financial assets)	Guarantee of sales channel and short-term borrowing	14,318	14,291
Land (Recorded Property, plant and equipment)	Guarantee of long-term/short-term borrowings and bonds payable	291,848	291,848
Buildings (Recorded Property, plant and equipment)	Guarantee of long-term/short-term borrowings	97,287	106,147
Right-of-use assets (Note)	Guarantee of long-term borrowing	26,234	27,472
		<u>\$ 439,839</u>	<u>459,420</u>

Note: The Group prepaid royalty to obtain superfices from Taiwan Sugar Corporation as collateral.

9. Significant Commitments and Contingencies

(1) Unrecognized contingencies of contracts

	December 31, 2024	December 31, 2023
Acquisition of property, plant and equipment	<u>\$ 150,652</u>	<u>230,452</u>

(2) The Company's outstanding standby letter of credit are as follows :

	December 31, 2024	December 31, 2023
Purchases of raw materials	<u>\$ 42,406</u>	<u>34,242</u>

10. Losses due to major disasters: None

11. Subsequent events:

To enrich operating capital, strengthen financial structure, and meet long-term operational development funding needs, the Company's Board of Directors approved a private placement of ordinary shares on March 6, 2025. The total issuance is limited to a maximum of 20,000 thousand shares, with a par value of \$10 per share

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

12. Other

- (1) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function By item	2024			2023		
	Recorded as operating cost	Recorded as operating expenses	Total	Recorded as operating cost	Recorded as operating expenses	Total
Employee benefits						
Salary	284,165	194,252	478,417	272,432	210,711	483,143
Labor and health insurance	25,346	16,776	42,122	23,575	16,128	39,703
Pension	15,021	10,487	25,508	14,474	9,385	23,859
Remuneration of directors	-	3,833	3,833	-	4,692	4,692
Others	24,688	11,802	36,490	19,338	8,031	27,369
Depreciation	69,335	50,101	119,436	67,728	52,180	119,908
Amortization	30	2,548	2,578	14	2,135	2,149

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

13. Supplementary Disclosures

(1) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company for the year ended December 31, 2024.

A. Loans to other parties: None

B. Guarantees and endorsements to others parties:

No.	Endorser/ guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note2)	Parent company endorsements/ guarantees to third parties on behalf of subsidia	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Company name	Relationship with the endorser/ guarantor										
1	DARSON ELECTRONI CS (DONGGUA N) LTD.	Yen Sun Technology (BVI) Corp.	Subsidiary	53,067 (Note 1)	27,988 (CNY 6,250,000)	-	-	-	-	53,067 (Note 2)	N	N	N

(Note 1) For a single enterprise, the limit is not more than 50% of the DARSON ELECTRONICS (DONGGUAN) LTD.'s net worth.

(Note 2) Not exceeding 50% of the DARSON ELECTRONICS (DONGGUAN) LTD.'s net worth.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

C. Securities owned as of December 31, 2024(excluding investment in subsidiaries, associates and joint ventures):

Name of security holder	Name of security and type	Relationship with company	Account title	December 31, 2024				Interim highest percentage of ownership	Remarks
				Units (shares)	Carrying Value	Percentage of ownership	Fair value		
The Company	Y.S. Tech U.S.A Inc. stock	-	Financial assets at FVOCI— non-current	114,000	29,787	19.00%	29,787	19.00%	
The Company	CHENG TA HSIUNG CONSTRUCTION & DEVELOPMENT CO., LTD.	-	Financial assets at FVOCI— non-current	2,250,000	15,167	5.00%	15,167	5.00%	-

D. Accumulated trading amount of a single security in excess of \$300 million or 20% of paid in capital: None

E. Acquisition of property, plant and equipment that excess of \$300 million or 20% of paid in capital:

The company that acquires the real estate	Title of the property	Date	Transaction amount	Payment situation	Counterparty	Relation	If the counterparty is a related party, the previous transfer data:				Reference basis for price determination	Purpose of acquisition and usage	Other agreement
							Holder	Relation with the issuers	Date of transfer	Amount			
The Company	Building	September 13,2022 And August 16, 2024	558,430 thousand (tax included)	Monthly payment after acceptance according to project progress	DARMAW CONSTRUCTI ON CO., LTD.	-	Not appliable	Not appliable	Not appliable	Not appliable	Price comparison and negotiation	New factory	None

F. Disposal of property, plant and equipment in excess of \$300 million or 20% of paid in capital: None.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

G. Sales to and purchases from related parties in excess of \$100 million or 20% of paid in capital was as follows:

Purchasing (selling) company	Counter party	Relation-ship	Detail of transaction				Circumstances of and reasons for deviation from regular trading conditions		Resulting receivables (payables)		Remarks
			Purchase (sale)	Amount (Note3)	% of net purchase (sales)	Credit line	Unit price	Period for credit	Balance (Note3)	Percentage of notes and accounts receivable (payable)	
The Company	YEN JIU TECHNOLOGY CORP.	Subsidiary	Purchase	463,204	20.05%	(Note 1)	Single supplier	(Note 1)	(2,560)	0.41%	
The Company	Y.H. Tech International Corp.	Sub-Subsidiary	Purchase	561,916	24.32%	(Note 1)	Single supplier	(Note 1)	(270,643)	43.27%	
The Company	Yen Sun Tech International (Samoa) Corp.	Subsidiary	Purchase	367,333	15.90%	(Note 1)	Single supplier	(Note 1)	55,371	87.92%	
Y.H. Tech International Corp.	DARSON ELECTRONICS (DONGGUAN) LTD.	Sub-Subsidiary	Purchase	564,757	99.07%	(Note 1)	Single supplier	(Note 1)	(151,254)	100.00%	
Yen Sun Tech International (Samoa) Corp.	YEN GIANT METAL (DONGGUAN) CO., LTD.	Sub-Subsidiary	Purchase	361,762	98.45%	(Note 1)	Single supplier	(Note 1)	63,608	100.00%	
YEN JIU TECHNOLOGY CORP	The Company	Ultimate parent company	Sale	463,204	100.00%	(Note 1)	Product sales	(Note 1)	2,560	100.00%	
Y.H. Tech International Corp.	The Company	Ultimate parent company	Sale	561,916	100.00%	(Note 1)	Product sales	(Note 1)	270,643	100.00%	
Yen Sun Tech International (Samoa) Corp.	The Company	Ultimate parent company	Sale	367,333	99.98%	(Note 1)	Product sales	(Note 1)	(55,371) (Note 2)	100.00% (Note 4)	
DARSON ELECTRONICS (DONGGUAN) LTD.	Y.H. Tech International Corp.	Sub-Subsidiary	Sale	564,757	100.00%	(Note 1)	Product sales	(Note 1)	151,254	100.00%	
YEN GIANT METAL (DONGGUAN) CO., LTD.	Yen Sun Tech International (Samoa) Corp.	Sub-Subsidiary	Sale	361,762	41.69%	(Note 1)	Product sales	(Note 1)	(63,608) (Note 2)	100.00% (Note 4)	

(Note 1) The accounts receivable (payment) balance offset with other prepayments (advance receipts) arising from purchasing raw materials monthly.

(Note 2) Recognized as account prepayments (advance receipts).

(Note 3) When preparing this consolidated financial report, it was eliminated in the consolidation.

(Note 4) The ratio of prepayments (advance receipts) is calculated based on the proportion of the prepayments (advance receipts)

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

H. Receivables from related parties in excess of \$100 million or 20% of issued share capital were as follows:

Name of company the has the receivables	Counterparty	Relationship	Balance of amount	Turnover ratio	Overdue		Amount collected in the subsequent period	Allowance for doubtful accounts	Remarks
					Amount	Status			
DARSON ELECTRONICS (DONGGUAN) LTD.	Y.H. Tech International Corp.	Sub-Subsidiary to Subsidiary	Accounts receivable 151,254 (Note)	3.48%	-	-	90,830	-	
Y.H. Tech International Corp.	The Company	Sub-Subsidiary to parent company	Accounts receivable 270,643 (Note)	2.45%	-	-	93,105	-	

(Note) When preparing this consolidated financial report, it was eliminated in the consolidation.

I. Derivative financial instrument transactions: Please refer to Note 6(2) and Note 6(15)

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

J. Business relationships and significant intercompany transactions:

No.	Name	Counterparty	Relationship (Note)	Details of transaction			
				Subject	Amount	Term of trading	% of total consolidated revenue or total asset
0	The Company	Y.H. Tech International Corp.	1	Purchase	561,916	(Note 2)	14.54%
				Procurement of raw materials	45,638		1.18%
				Accounts payable	270,643		7.59%
0	The Company	Yen Sun Tech International (Samoa) Corp.	1	Purchase	367,333	(Note 2)	9.51%
				Sale	81		-
				Prepayment of purchase	55,371		1.55%
				Accounts receivable	5,899		0.17%
				Procurement of raw materials	17,269		0.45%
0	The Company	Yen Sun Tech International (Samoa) Corp.	1	Other receivables	157	None comparable terms	-
0	The Company	YEN JIU TECHNOLOGY CORP.	1	Purchase	463,204	(Note 2)	11.99%
				Procurement of raw materials	2,934		0.08%
				Accounts payable	2,560		0.07%
				Rental income	5,040		0.13%
2	Y.H. Tech International Corp.	DARSON ELECTRONIC (DONGGUAN) LTD.	3	Purchase	564,757	(Note 2)	14.62%
				Procurement of raw materials	46,383		1.20%
				Accounts payable	151,254		4.24%
3	Yen Sun Tech International (Samoa) Corp.	YEN GIANT METAL (DONGGUAN) CO., LTD.	3	Purchase	361,762	(Note 2)	9.36%
				Sale	82		-
				Accounts receivable	2,677		0.08%
				Procurement of raw materials	17,271		0.45%
				Prepayment of purchase	63,608		1.78%
4	DARSON ELECTRONIC (DONGGUAN) LTD.	YEN GIANT METAL (DONGGUAN) CO., LTD.	3	Purchase	544	None comparable terms	0.01%

Note1: Relationship notes as follows:

1. Parent company to subsidiary
2. Subsidiary to parent company
3. Subsidiary to subsidiary

Note 2: None comparable terms; The payment terms are that the accounts payable shall be offset against prepayment for purchases monthly

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

(2) Information on investees :

Relevant information about investees is as follows: (excluding information on investees in Mainland China)

Name of investor	Name of investee	Location	Business Scope	Original cost of investment		Held at the end of term			The highest shareholding or investment during the period	Net income (loss) of the Investee (Note)	Investment income (less) Recognized (Note)	Remarks
				December 31,2024	December 31,2023	Shares owned	Percentage owned	Carrying value (Note)				
The Company	LUCRATIVE INT'L GROUP INC.	Samoa	Investment holding	8,583	8,583	1,000,000	100%	175,612	100%	31,013	31,013	Subsidiary
The Company	Yen Sun Tech International (Samoa) Corp.	Samoa	Investment holding	32,098	32,098	1,000,000	100%	246,165	100%	5,304	5,304	Subsidiary
The Company	YEN JIU TECHNOLOGY CORP.	Taiwan	Home Appliance OEM Business	122,686	122,686	11,050,000	100%	59,824	100%	1,461	(1,394)	Subsidiary
The Company	Y.S. Europe GmbH	Germany	Industrial electronic ventilation, thermal module, and smart living system business and application engineering services	9,105	-	260,000	81.25%	8,422	81.25%	(558)	(454)	
Yen Sun Tech International (Samoa) Corp.	Yen Hung International Corp.	Samoa	Investment holding	30,179	30,179	1,000,000	100%	239,287	100%	5,104	5,104	Sub-Subsidiary
Yen Sun Tech International (Samoa) Corp.	Yen Tong Tech International (Samoa) Corp.	Samoa	Investment holding	-	1,916	-	-	-	100%	-	-	Sub-Subsidiary
Yen Hung International Corp.	Y.H. Tech International Corp.	ST. Kitts and Nevis	Investment holding	30,179	30,179	1,000,000	100%	239,277	100%	5,104	5,104	Sub-Subsidiary

(Note) When editing this consolidated financial report, it was eliminated in the consolidation.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

(3) Information on investments in Mainland China:

A. Information of investments in Mainland China

Investee company	Main businesses and products	Received capital	Investment method	Accumulated amount invested in Mainland China as of January.1,2024	Invested capital remitted from or repatriated to Taiwan		Accumulated amount invested in Mainland China as of December. 31, 2024	Net income Of investee (Note 3)	The Group's direct or indirect investment ratio	The highest shareholding or investment during the period	Investment gain (loss) recognized by the Group (Note 3)	Book value of the investment as of December. 31, 2024 (Note 3)	Accumulated investment income repatriated to Taiwan as of December. 31, 2024
					Remittance	Repatriation							
DARSON ELECTRONICS (DONGGUAN) LTD.	Manufacturing of Cooling fan	30,179 (USD1,000,000)	Invest through Y.H. Tech International Corp. then invest in Mainland China	30,179 (USD 1,000,000)	-	-	30,179 (USD 1,000,000)	(504)	100%	100%	(545) (Note1)	106,133 (Note1)	-
SHANGHAI CHANSONWATER CO.,LTD.	Development and production of water making machine, pure water machine and purification device	20,503 (USD700 ,000)	Invest through Yen Tong Tech International (Samoa) Corp. then invest in Mainland China	1,916 (USD 60,000)	-	-	1,916 (USD 60,000)	-	-	17.75%	-	-	-
YEN GIANT METAL (DONGGUAN) CO., LTD.	Manufacture of electronic cooling fan and thermal module products	9,008 (CNY2,002 ,000)	Invest through LUCRATIVE INT'L GROUP INC. then invest in Mainland China	8,583 (USD 285,000)	-	-	8,583 (USD 285,000)	31,046	100%	100%	31,013 (Note1)	175,575 (Note1)	-

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

B. Limitation of investment amount to Mainland China

Accumulated investment amount remitted from Taiwan to Mainland China as of December 31, 2024	Investment amount approved by the Investment Commission, Ministry of Economic Affairs	Limit on investment in Mainland China set by the Investment Commission, Ministry of Economic Affairs
183,850 (Note2) (USD 5,608 thousand)	183,850 (Note2) (USD 5,608 thousand)	979,354

(Note 1) Investment gains and losses are recognized in accordance with the financial report audited by the audit firm of the Company.

(Note 2) Translated with the exchange rate of balance sheet date.

(Note 3) When prepared this consolidated financial report, it was eliminated in the consolidation.

C. Significant transactions:

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

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

(4) Information of major shareholders:

	Shares	Shares held	Shares held ratio
Name of major shareholders			
Chen, Chien-Jung		6,106,739	7.76%

The Company applied to Taiwan Depository & Clearing Corporation (“TDCC”) to obtain the information in this form, to explain the following:

- (a) The major shareholders information of this table is calculated by the TDCC on the last business day at the end of each quarter, and the total number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company. The share capital in the consolidated financial report may differ from the actual number of shares that have been issued without physical registration because of different calculation bases.
- (b) Where the stocks are entrusted by shareholders, it will be disclosed by the individual trustee who opened the trust account. As for shareholders' declaration of insider's shareholdings that hold more than 10% of their shares in accordance with the Securities and Exchange Act, the number of stocks owned shall be ones owned by the persons plus ones entrusted where the shareholders have the right to decide how to utilize the trust property, etc. For information on insider's shareholding declarations, please refer to Market Observation Post System.

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

14. Segment Information

(1) General information

The Group has three reportable segments: Taiwan home appliance business segment, Mainland China home appliance business segment, and electronic cooling business segment. Taiwan home appliance business segment produces and sells beverage dispensers, fans, air conditioners, air purifiers, dehumidifiers, tissue machines, ice wine machines, etc. Mainland China home appliance business segment mainly sells induction cookers, pressure cookers, and electronic cookers. Electronic cooling business segment produces and sells cooling fans.

(2) The reportable segments are the Group's strategic divisions.

The Group uses the internal management report of segment's pre-tax profit and loss (excluding non-recurring gains and losses), which reviewed by the operating decision maker as the basis for management resource allocation and performance assessment. Since income tax and non-recurring gains and losses are managed on a Group basis, the Group does not allocate income tax expenses (interests) and non-recurring gains and losses to the reportable segment.

The amount reported by the Group is consistent with the report used by the operating decision maker, and the accounting policies of the operating segment are the same as the summary of important accounting policies described in Note 4. The group transfers the sales and transfers between segments, and each segment considers its self-performance indicators to measure the cost increase.

Reportable segment information is as follows:

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

2024

	Home Appliances	Electronics Cooling	Adjustments And elimination	Total
Revenue :				
Revenue from external customers	\$ 607,091	3,256,339	-	3,863,430
Interest revenue	1,104	4,408	-	5,512
Total revenue	\$ 608,195	3,260,747	-	3,868,942
Reportable segment income	\$ (40,327)	304,947	-	264,620
Interest expenses	\$ 731	5,968	-	6,699
Depreciation and amortization	\$ 27,282	94,732	-	122,014
Reportable segment assets	\$ 809,519	2,757,815	-	3,567,334

2023

	Home Appliances	Electronics Cooling	Adjustments And elimination	Total
Revenue :				
Revenue from external customers	\$ 602,545	3,030,174	-	3,632,719
Interest revenue	689	3,224	12	3,925
Total revenue	\$ 603,234	3,033,398	12	3,636,644
Reportable segment income	\$ (112,027)	201,064	259,101	348,138
Interest expenses	\$ 1,553	10,251	-	11,804
Depreciation and amortization	\$ 29,572	92,322	163	122,057
Reportable segment assets	\$ 981,171	2,468,050	-	3,449,221

YEN SUN TECHNOLOGY COROPERATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

(3) Sales to customers other than consolidated entities :

Product	2024	2023
Cooling fan and module	\$ 3,242,032	3,005,142
Air series	390,974	374,566
Water series	178,311	184,698
Other	52,113	68,313
Total	<u>\$ 3,863,430</u>	<u>3,632,719</u>

(4) Geographic information

The difference information of the Group is as follows. The revenue is classified based on the geographic location of the customer, and the non-current assets are classified according to the geographic location of the asset.

Geographic Area	2024	2023
Sales to customers other than consolidated entities :		
Taiwan	\$ 1,528,689	1,647,219
Germany	1,476,156	1,029,289
America	551,283	466,539
Mainland China	114,944	264,708
Japan	68,777	72,477
South Korea	9,810	11,304
Others	113,771	141,183
	<u>\$ 3,863,430</u>	<u>3,632,719</u>
Non-current assets :		
Taiwan	\$ 1,175,821	1,012,297
Mainland China	166,623	168,756
Total	<u>\$ 1,342,444</u>	<u>1,181,053</u>

Non-current assets include property, plant and equipment, right-of-use assets, investment real estate, intangible assets and other non-current assets, but excluding financial instruments, deferred income tax assets and retirement benefits assets.

(5) Major customers' information

	2024	2023
Customer A from Electronics Cooling Department	\$ 1,476,915	1,028,959
Customer B from Electronics Cooling Department	389,088	586,556
Total	<u>\$ 1,866,003</u>	<u>1,615,515</u>