

**FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

(Stock code 2258)

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

To the Board of Directors and Shareholders of Foxtron Vehicle Technologies Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Foxtron Vehicle Technologies Co., Ltd. and its subsidiary (the “Group”) as of March 31, 2024 and 2023, and consolidated statements of comprehensive income, changes in equity, and cash flows for the three months ended March 31, 2024 and 2023, as well as the notes to the consolidated financial statements (including a summary of material accounting policies). According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard (IAS) 34 "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission, the preparation of these consolidated financial statements is the responsibility of the management, while our responsibility, as auditors, is to conclude on the consolidated financial statements based on our review.

Scope of Review

Our review was conducted in accordance with the Standard on Review Engagements 2410, Review of Financial Information Performed by the Independent Auditor of the Entity in the Republic of China. The review procedures included inquiries (primarily with personnel responsible for financial and accounting matters), analytical procedures, and other review procedures. The scope of the review is substantially less than that of an audit; therefore, we may not detect all material matters that would be identified in an audit, and thus, we do not express an audit opinion.

Qualified Conclusion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024 and 2023, and its consolidated financial performance and consolidated cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard (IAS) 34 "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission.

Hsu, Chieh-Ju

Hsu, Sheng-Chung

For and on Behalf of PricewaterhouseCoopers, Taiwan

May 8, 2024

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

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

FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023

Expressed in thousands of New Taiwan Dollars

| Assets | Notes | March 31, 2024 | | December 31, 2023 | | March 31, 2023 | |
|--|-------------|----------------------|------------|----------------------|------------|----------------------|------------|
| | | Amount | % | Amount | % | Amount | % |
| Current assets | | | | | | | |
| 1100 Cash and cash equivalents | 6(1) | \$ 4,716,909 | 23 | \$ 6,553,115 | 31 | \$ 3,820,139 | 28 |
| 1136 Financial assets at amortized cost -current | 6(2) and 9 | 3,203,553 | 15 | 3,048,725 | 14 | 3,551 | — |
| 1140 Contract assets - current | 6(16) and 7 | 258,095 | 1 | 246,560 | 1 | 69,955 | — |
| 1170 Accounts receivable, net | 6(3) | 3,030 | — | 127,336 | 1 | 27,322 | — |
| 1180 Accounts receivable, net – related parties | 7 | 364,553 | 2 | 125,371 | — | 2,507 | — |
| 1200 Other receivables | | 21,342 | — | 26,625 | — | 6,392 | — |
| 1220 Income tax assets - current | | 4,590 | — | 2,677 | — | 789 | — |
| 130X Inventories | 6(4) | 837,456 | 4 | 606,918 | 3 | 372,261 | 3 |
| 1410 Prepayments | 6(5) | 497,461 | 2 | 393,278 | 2 | 503,883 | 4 |
| 11XX Total current assets | | <u>9,906,989</u> | <u>47</u> | <u>11,130,605</u> | <u>52</u> | <u>4,806,799</u> | <u>35</u> |
| Non-current assets | | | | | | | |
| 1600 Property, plant and equipment | 6(6) | 2,273,819 | 11 | 1,167,477 | 6 | 931,276 | 7 |
| 1755 Right-of-use assets | 6(7) and 7 | 306,543 | 1 | 197,325 | 1 | — | — |
| 1780 Intangible assets | 6(8) | 7,029,434 | 34 | 7,213,662 | 34 | 6,986,807 | 51 |
| 1840 Deferred income tax assets | | 1,190,696 | 6 | 1,075,457 | 5 | 544,540 | 4 |
| 1900 Other non-current assets | 6(9) and 8 | 215,956 | 1 | 460,168 | 2 | 381,822 | 3 |
| 15XX Total non-current assets | | <u>11,016,448</u> | <u>53</u> | <u>10,114,089</u> | <u>48</u> | <u>8,844,445</u> | <u>65</u> |
| 1XXX Total assets | | <u>\$ 20,923,437</u> | <u>100</u> | <u>\$ 21,244,694</u> | <u>100</u> | <u>\$ 13,651,244</u> | <u>100</u> |

(Continued)

FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023

Expressed in thousands of New Taiwan Dollars

| Liabilities and Equity | Notes | March 31, 2024 | | December 31, 2023 | | March 31, 2023 | |
|--|-------|----------------------|------------|----------------------|------------|----------------------|------------|
| | | Amount | % | Amount | % | Amount | % |
| Current liabilities | | | | | | | |
| 2130 Contract liabilities - current | 6(16) | \$ 79,762 | 1 | \$ 13,345 | — | \$ 110,287 | 1 |
| 2170 Accounts payable | | 224,884 | 1 | 551,074 | 3 | 105,968 | 1 |
| 2180 Accounts payable – related parties | 7 | 452,967 | 2 | 84,394 | — | 6,895 | — |
| 2200 Other payables | | 443,421 | 2 | 573,317 | 3 | 134,777 | 1 |
| 2220 Other payables – related parties | 7 | 136,955 | 1 | 72,704 | — | 45,388 | — |
| 2250 Provisions for liabilities - current | 6(10) | 7,254 | — | 3,802 | — | 727 | — |
| 2280 Lease liabilities - current | 7 | 60,612 | — | 81,748 | 1 | — | — |
| 2300 Other current liabilities | 9 | 43,397 | — | 78,292 | — | 7,089 | — |
| 21XX Total current liabilities | | 1,449,252 | 7 | 1,458,676 | 7 | 411,131 | 3 |
| Non-current liabilities | | | | | | | |
| 2527 Contract liabilities - non-current | 6(16) | 276,499 | 1 | 129,315 | 1 | 129,315 | 1 |
| 2550 Provisions for liabilities - non-current | 6(10) | 13,106 | — | 8,770 | — | 1,713 | — |
| 2570 Deferred income tax liabilities | | 341,567 | 2 | 333,598 | 1 | — | — |
| 2580 Lease liabilities - non-current | | 246,648 | 1 | 142,664 | 1 | — | — |
| 2600 Other non-current liabilities | | 1,512 | — | 1,470 | — | 1,287 | — |
| 25XX Total non-current liabilities | | 879,332 | 4 | 615,817 | 3 | 132,315 | 1 |
| 2XXX Total liabilities | | 2,328,584 | 11 | 2,074,493 | 10 | 543,446 | 4 |
| Equity | | | | | | | |
| Equity attributable to owners of parent | | | | | | | |
| Share capital | | | | | | | |
| 3110 Ordinary share | 6(13) | 17,413,140 | 83 | 17,413,140 | 82 | 15,913,140 | 117 |
| Capital surplus | | | | | | | |
| 3200 Capital surplus | 6(14) | 6,056,904 | 29 | 6,053,782 | 28 | 35,321 | — |
| Retained earnings | | | | | | | |
| 3350 Accumulated deficit | 6(15) | (4,874,715) | (23) | (4,295,580) | (20) | (2,840,663) | (21) |
| Other equity | | | | | | | |
| 3400 Other equity | | (476) | — | (1,141) | — | — | — |
| 31XX Total equity attributable to owners of the parent | | 18,594,853 | 89 | 19,170,201 | 90 | 13,107,798 | 96 |
| 3XXX Total equity | | 18,594,853 | 89 | 19,170,201 | 90 | 13,107,798 | 96 |
| Significant contingent liabilities and unrecognized contract commitments | | | | | | | |
| 3X2X Total liabilities and equity | | \$ 20,923,437 | 100 | \$ 21,244,694 | 100 | \$ 13,651,244 | 100 |

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

FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

Expressed in thousands of New Taiwan Dollars
(except for loss per share amount)

| Items | Notes | For the Three Months Ended March 31, 2024 | | For the Three Months Ended March 31, 2023 | |
|--|--------------------|--|-------|--|---------|
| | | Amount | % | Amount | % |
| 4000 Operating revenue | 6(16) | \$ 822,161 | 100 | \$ 51,830 | 100 |
| 5000 Operating costs | 6(4)(17)(18) and 7 | (702,557) | (85) | (39,676) | (77) |
| 5900 Gross profit from operations | | 119,604 | 15 | 12,154 | 23 |
| Operating expenses | | | | | |
| 6100 Selling expenses | | (5,294) | (1) | (5,456) | (10) |
| 6200 General and administrative expenses | | (137,058) | (17) | (112,324) | (217) |
| 6300 Research and development expenses | | (727,692) | (89) | (444,721) | (858) |
| 6000 Total operating expenses | | (870,044) | (107) | (562,501) | (1,085) |
| 6900 Operating loss | | (750,440) | (92) | (550,347) | (1,062) |
| Total non-operating income and expenses | | | | | |
| 7100 Interest income | | 23,178 | 3 | 2,131 | 4 |
| 7010 Other income | 7 and 9 | 45,283 | 6 | 8,413 | 16 |
| 7020 Other gains and losses | | (3,901) | — | (1,053) | (2) |
| 7050 Finance costs | | (525) | — | — | — |
| 7000 Total non-operating income and expenses | | 64,035 | 9 | 9,491 | 18 |
| 7900 Loss before income tax | | (686,405) | (83) | (540,856) | (1,044) |
| 7950 Income tax benefit | 6(19) | 107,270 | 13 | 68,421 | 132 |
| 8200 Profit (loss) | | \$ (579,135) | (70) | \$ (472,435) | (912) |
| Other comprehensive income | | | | | |
| Components of other comprehensive income that will be reclassified to profit or loss | | | | | |
| 8361 Exchange differences on translation | | 665 | — | — | — |
| 8360 Components of other comprehensive income that will be reclassified to profit or loss | | 665 | — | — | — |
| 8300 Other comprehensive (loss) income | | \$ 665 | — | \$ — | — |
| 8500 Total comprehensive loss | | \$ (578,470) | (70) | \$ (472,435) | (912) |
| Loss attributable to: | | | | | |
| 8610 Owners of parent | | \$ (579,135) | (70) | \$ (472,435) | (912) |
| Comprehensive loss attributable to: | | | | | |
| 8710 Owners of parent | | \$ (578,470) | (70) | \$ (472,435) | (912) |
| Loss per share | | | | | |
| 9750 Basic and diluted loss per share | 6(20) | \$ (0.33) | | \$ (0.30) | |

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

FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

Expressed in thousands of New Taiwan Dollars

| | Notes | Ordinary share | Capital surplus | Accumulated deficit | Exchange differences on translation of foreign financial statements | Total equity |
|--|-----------|----------------------|---------------------|-----------------------|--|----------------------|
| <u>2023</u> | | | | | | |
| Balance as of January 1 | | \$ 15,576,000 | \$ — | \$ (2,368,228) | \$ — | \$ 13,207,772 |
| Profit (loss) | | — | — | (472,435) | — | (472,435) |
| Total comprehensive income (loss) | | — | — | (472,435) | — | (472,435) |
| Issuance of employee restricted stocks | 6(12)(13) | 337,140 | 33,148 | — | — | 370,288 |
| Share-based payments | 6(12)(14) | — | 2,173 | — | — | 2,173 |
| Balance as of March 31 | | <u>\$ 15,913,140</u> | <u>\$ 35,321</u> | <u>\$ (2,840,663)</u> | <u>\$ —</u> | <u>\$ 13,107,798</u> |
| <u>2024</u> | | | | | | |
| Balance as of January 1 | | \$ 17,413,140 | \$ 6,053,782 | \$ (4,295,580) | \$ (1,141) | \$ 19,170,201 |
| Profit (loss) | | — | — | (579,135) | — | (579,135) |
| Other comprehensive income | | — | — | — | 665 | 665 |
| Total comprehensive income (loss) | | — | — | (579,135) | 665 | (578,470) |
| Share-based payments | 6(12) | — | 3,122 | — | — | 3,122 |
| Balance as of March 31 | | <u>\$ 17,413,140</u> | <u>\$ 6,056,904</u> | <u>\$ (4,874,715)</u> | <u>\$ (476)</u> | <u>\$ 18,594,853</u> |

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

FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND ITS SUBSIDIARY
SUBSIDIARY CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

Expressed in thousands of New Taiwan Dollars

| | Notes | For the Three Months Ended March 31, 2024 | For the Three Months Ended March 31, 2023 |
|---|-------|--|--|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Loss before tax for the year | | \$ (686,405) | \$ (540,856) |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Depreciation | 6(17) | 117,061 | 78,083 |
| Amortisation | 6(17) | 224,073 | 212,206 |
| Expected credit loss (profit) | 12(2) | (535) | 36 |
| Finance costs | | 525 | — |
| Interest income | | (23,178) | (2,131) |
| Share-based payments | 6(12) | 3,122 | 35,321 |
| Profit on disposal of property, plant and equipment | | (59) | — |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Contract assets | | (11,545) | (12,300) |
| Accounts receivable | | 124,860 | (27,322) |
| Accounts receivable – related parties | | (239,190) | (1,617) |
| Other receivables | | 5,283 | 3,978 |
| Inventories | | (235,108) | (100,349) |
| Prepayments | | (104,178) | 12,166 |
| Changes in operating liabilities | | | |
| Contract liabilities | | 213,601 | 85,152 |
| Accounts payable | | (326,190) | (21,697) |
| Accounts payable – related parties | | 368,573 | 3,714 |
| Other payables | | (256,333) | 56,014 |
| Other payables – related parties | | (16,736) | (93,961) |
| Provisions for liabilities | | 7,788 | 401 |
| Other current liabilities | | (34,895) | (9,722) |
| Net defined benefit liability | | 41 | (148) |
| Cash outflow generated from operations | | (869,425) | (323,032) |
| Interest received | | 23,178 | 2,131 |
| Interest paid | | (525) | — |
| Income tax paid | | (1,913) | (137) |
| Net cash used in operating activities | | (848,685) | (321,038) |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| (Increase) decrease in financial assets at amortized cost - current | | (154,828) | (4) |
| Acquisition of property, plant and equipment | 6(21) | (749,520) | (261,425) |
| Disposal of property, plant and equipment | | 59 | — |
| Acquisition of intangible assets | | (39,845) | (150,870) |
| Increase in guaranteed deposits | | (3,899) | (62) |
| Net cash used in investing activities | | (948,033) | (412,361) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Payments of lease liabilities | | (40,261) | — |
| Net cash flows from (used in) financing activities | | (40,261) | — |
| Effect of exchange rate changes on cash and cash equivalents | | 773 | — |
| Net increase (decrease) in cash and cash equivalents | | (1,836,206) | (733,399) |
| Cash and cash equivalents at beginning of period | | 6,553,115 | 4,553,538 |
| Cash and cash equivalents at end of period | | \$ 4,716,909 | \$ 3,820,139 |

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

FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

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

1. History and Organization

Foxtron Vehicle Technologies Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the design and manufacture of vehicles and related components. As of March 31, 2024, Hon Hai Precision Ind. Co., Ltd. holds 46% equity interest in the Group, and is the Group’s ultimate parent company.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on May 8, 2024.

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

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

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

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

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

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

None.

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

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

| <u>New Standards, Interpretations and Amendments</u> | <u>Effective date by International Accounting Standards Board</u> |
|---|---|
| Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture' | To be determined by International Accounting Standards Board |
| IFRS 17, 'Insurance contracts' | January 1, 2023 |
| Amendments to IFRS 17, 'Insurance contracts' | January 1, 2023 |
| Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information' | January 1, 2023 |
| Amendments to IFRS 18, 'Presentation and Disclosure in Financial Statements' | January 1, 2027 |
| Amendments to IAS 21, 'Lack of exchangeability' | January 1, 2025 |

Apart from the following, the Group has assessed that the standards and interpretations have no significant impact on the financial condition and performance of the Group:

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 "Presentation and Disclosure in Financial Statements" replaced IAS 1 and updated the structure of the comprehensive income statement, including new disclosures for measuring managerial performance and enhancing the principles for aggregation and disaggregation applied in the primary financial statements and notes.

4. Summary of Material Accounting Policies

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard (IAS) 34 "Interim Financial Reporting" as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

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

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of

judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

B. Subsidiaries included in the consolidated financial statements:

| Investor | Subsidiary | Main Business Activities | Ownership (%) | | | Note |
|--|---|--|-------------------|----------------------|-------------------|------|
| | | | March 31, 2024 | December 31, 2023 | March 31, 2023 | |
| Foxtron Vehicle Technologies Co., Ltd. | Foxtron Vehicle Technologies (Hangzhou) Co., Ltd. | Research and development of vehicles parts; manufacturing and wholesale of vehicle parts and accessories | 100 | 100 | — | Note |

Note: On April 20, 2023, the Company acquired 100% of the share capital of Foxtron Vehicle Technologies (Hangzhou) Co., Ltd. for RMB 10 million. The acquisition is an asset acquisition transaction.

(4) Foreign currency translation

The functional currency of the Group is determined by the primary economic environment in which the Company operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary items denominated in foreign currencies are translated at the closing rate at the balance sheet date. Exchange differences arising upon translation at the balance sheet date are recognized in profit or loss.
- (c) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses.'

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognized in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realized within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the reporting period.

(6) Cash equivalents

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

(7) Financial assets at amortized cost

A. Financial assets at amortized cost are those that meet all of the following criteria:

- (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
- (b) The assets' contractual cash flows represent solely payments of principal and interest.

B. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.

C. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

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

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

(9) Impairment of financial assets

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

(10) De-recognition of financial assets

The Group de-recognizes financial assets when the contractual rights to the cash flows from the assets expire.

(11) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the moving weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(12) Property, plant and equipment

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

The estimated useful lives of property, plant and equipment are as follows:

| | |
|-------------------|-----------|
| Molding equipment | 3-5 years |
| Other equipment | 2-9 years |

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

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable;
- (b) Variable lease payments that depend on an index or a rate;
- (c) Amounts expected to be payable by the lessee under residual value guarantees;
- (d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- (e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date;
- (c) Any initial direct costs incurred by the lessee; and
- (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease and recognize the difference in profit or loss.

(14) Intangible assets

A. Car model technology is stated at acquisition cost based on the technical value and amortized on a straight-line basis over the estimated useful life of 8 years.

B. Internally generated intangible assets—research and development expenditures

(a) Research expenditures are recognized as an expense as incurred.

(b) Development expenditures that do not meet the following criteria are recognized as expenses as incurred, but are recognized as intangible assets when the following criteria are met:

- i. It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- ii. An entity intends to complete the intangible asset and use or sell it;
- iii. An entity has the ability to use or sell the intangible asset;
- iv. It can be demonstrated how the intangible asset will generate probable future economic benefits;
- v. Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- vi. The expenditure attributable to the intangible asset during its development can be reliably measured.

(c) Upon being available for use, internally generated intangible assets are amortized using the units of production method over their estimated benefits.

C. Patents are amortized on a straight-line basis over their estimated useful lives of 3~14 years.

D. Computer software is stated at cost and amortized on a straight-line basis over the period of 2 to 5 years.

(15) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

B. The recoverable amounts of intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

(16) Accounts and notes payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and those resulting from operating and non-operating activities.

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

(17) De-recognition of financial liabilities

The Group de-recognizes financial liabilities when its obligations specified in the contract are discharged, cancelled, or expire.

(18) Provisions

Provisions for warranty are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(19) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan

assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high- quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

- ii. Remeasurements arising on defined benefit plan are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognized immediately in profit or loss.
- iv. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed

C. Employees' compensation and directors' and supervisors' compensation

Employees' compensation and directors' and supervisors' compensation are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the fair value per share estimated using a valuation technique specified in IFRS 2, 'Share-based Payment'.

(20) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(21) Income tax

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

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. The interim period income tax expense is calculated according to pretax income times effective income tax rate, and the related information is disclosed accordingly.

(22) Share capital

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

(23) Revenue recognition

A. Sales of goods

The Group sells electric buses and electric vehicles. Sales are recognized when control of the products has transferred, being when the products are delivered to the buyer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. The amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the Group. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective

evidence showing that all acceptance provisions have been satisfied. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date.

B. Service revenue

Service revenue mainly arises from providing technical support services and is recognized under the percentage-of-completion method. The stage of completion is determined based on the proportion of costs invested to the estimated total costs for each individual contract. If the outcome of a contract cannot be reasonably estimated, revenue is recognized only to the extent of expenses incurred that are expected to be recovered. Any changes in construction contract consideration or estimated construction total costs are accounted for as changes in accounting estimates.

(24) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(25) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

Accounting estimates are based on the situation at the balance sheet date to estimate future events, though there could be differences between the actual events and estimation. Estimates and assumptions on the risk of possible critical adjustments to the carrying amount of assets and liabilities for the next fiscal year are as follows:

A. Impairment assessment of tangible and intangible assets (excluding goodwill)

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilized and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

B. Realizability of deferred tax assets

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Assessment of the realizability of deferred tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred tax assets.

As of March 31, 2023, the Group recognized deferred tax assets amounting to \$1,190,696.

6. Details of Significant Accounts

(1) Cash and cash equivalents

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|-----------------|---------------------|---------------------|---------------------|
| Cash on hand | \$ 30 | \$ 30 | \$ 30 |
| Demand deposits | 3,516,879 | 6,553,085 | 2,692,109 |
| Time deposits | 1,200,000 | — | 1,128,000 |
| | <u>\$ 4,716,909</u> | <u>\$ 6,553,115</u> | <u>\$ 3,820,139</u> |

Details of the Group's restricted cash which is classified as 'other non-current assets' and 'financial assets at amortized cost – current' are provided in Notes 8 and 9.

(2) Financial assets at amortized cost

| Items | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---|---------------------|---------------------|-----------------|
| Current items: | | | |
| Restricted assets | \$ 3,553 | \$ 48,725 | \$ 3,551 |
| Time deposits with maturity over three months | 3,200,000 | 3,000,000 | — |
| | <u>\$ 3,203,553</u> | <u>\$ 3,048,725</u> | <u>\$ 3,551</u> |

Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

| | For the Three Months Ended | |
|-----------------|----------------------------|----------------|
| | March 31, 2024 | March 31, 2023 |
| Interest income | <u>\$ 8,383</u> | <u>\$ —</u> |

(3) Accounts receivable

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---------------------------------------|-----------------|-------------------|------------------|
| Accounts receivable | \$ 3,902 | \$ 128,826 | \$ 27,347 |
| Less: Allowance for doubtful accounts | (872) | (1,490) | (25) |
| | <u>\$ 3,030</u> | <u>\$ 127,336</u> | <u>\$ 27,322</u> |

A. As of March 31, 2024, December 31, 2023, and March 31, 2023, accounts receivable were all from contracts with customers. As of January 1, 2023, the balance of accounts receivable from contracts with customers amounted to \$915.

B. The Group has no accounts receivable pledged to others as collateral.

C. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(4) Inventories

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|--|-------------------|----------------------|-------------------|
| Raw materials | \$ 354,390 | \$ 210,983 | \$ 198,376 |
| Work in progress | 416,229 | 60,867 | 102,608 |
| Finished goods | 4,915 | 3,184 | 73,813 |
| Inventory in transit | 75,478 | 338,418 | — |
| Subtotal | 851,012 | 613,452 | 374,797 |
| Less: Allowance for inventory valuation losses | (13,556) | (6,534) | (2,536) |
| | <u>\$ 837,456</u> | <u>\$ 606,918</u> | <u>\$ 372,261</u> |

The cost recognized as expense for the year:

| | For the Three Months Ended | |
|---------------------|----------------------------|------------------|
| | March 31, 2024 | March 31, 2023 |
| Cost of goods sold | \$ 687,599 | \$ 36,438 |
| Valuation losses | 7,022 | 132 |
| Warranty costs | 7,834 | 401 |
| Other service costs | 102 | 2,705 |
| | <u>\$ 702,557</u> | <u>\$ 39,676</u> |

(5) Prepayments

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|--------------------------|-------------------|----------------------|-------------------|
| Excess business tax paid | \$ 413,171 | \$ 372,668 | \$ 360,169 |
| Prepayments to suppliers | 79,004 | 14,891 | 128,250 |
| Other prepayments | 5,286 | 5,719 | 15,464 |
| | <u>\$ 497,461</u> | <u>\$ 393,278</u> | <u>\$ 503,883</u> |

(6) Property, plant and equipment

| | Molding equipment | Other equipment | Construction in progress and equipment under acceptance | Total |
|-----------------------------|----------------------|-------------------|--|---------------------|
| January 1, 2024 | | | | |
| Cost | \$ 1,695,638 | \$ 210,404 | \$ 145,978 | \$ 2,052,020 |
| Accumulated depreciation | (820,591) | (63,952) | — | (884,543) |
| | <u>\$ 875,047</u> | <u>\$ 146,452</u> | <u>\$ 145,978</u> | <u>\$ 1,167,477</u> |
| January 1, 2024 | \$ 875,047 | \$ 146,452 | \$ 145,978 | \$ 1,167,477 |
| Additions | 457,738 | 48,195 | 699,004 | 1,204,937 |
| Transfers | 778 | 4,532 | (778) | 4,532 |
| Depreciation | (92,065) | (11,075) | — | (103,140) |
| Net exchange difference | — | 13 | — | 13 |
| March 31, 2024 | <u>\$ 1,241,498</u> | <u>\$ 188,117</u> | <u>\$ 844,204</u> | <u>\$ 2,273,819</u> |
| March 31, 2024 | | | | |
| Cost | \$ 2,154,154 | \$ 263,144 | \$ 844,204 | \$ 3,261,502 |
| Accumulated depreciation | (912,656) | (75,027) | — | (987,683) |
| | <u>\$ 1,241,498</u> | <u>\$ 188,117</u> | <u>\$ 844,204</u> | <u>\$ 2,273,819</u> |
| | Molding equipment | Other equipment | Construction in progress and equipment under acceptance | Total |
| January 1, 2023 | | | | |
| Cost | \$ 1,426,680 | \$ 108,173 | \$ 16,669 | \$ 1,551,522 |
| Accumulated depreciation | (519,661) | (29,208) | — | (548,869) |
| | <u>\$ 907,019</u> | <u>\$ 78,965</u> | <u>\$ 16,669</u> | <u>\$ 1,002,653</u> |
| January 1, 2023 | \$ 907,019 | \$ 78,965 | \$ 16,669 | \$ 1,002,653 |
| Additions | 300 | 4,546 | 1,860 | 6,706 |
| Depreciation | (70,937) | (7,146) | — | (78,083) |
| March 31, 2023 | <u>\$ 836,382</u> | <u>\$ 76,365</u> | <u>\$ 18,529</u> | <u>\$ 931,276</u> |
| March 31, 2023 | | | | |
| Cost | \$ 1,426,980 | \$ 112,719 | \$ 18,529 | \$ 1,558,228 |
| Accumulated depreciation | (590,598) | (36,354) | — | (626,952) |
| | <u>\$ 836,382</u> | <u>\$ 76,365</u> | <u>\$ 18,529</u> | <u>\$ 931,276</u> |

(7) Lease arrangements - lessee

A. The Group's leased assets include land, buildings, and other equipment, with the lease periods as follows:

| | |
|-----------------|-------------|
| Land | : 20 years |
| Buildings | : 1~5 years |
| Other equipment | : 1~6 years |

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise certain dormitories and offices.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

| | March 31, 2024 |
|-----------------|----------------------------|
| | Carrying amount |
| Land | \$ 123,139 |
| Buildings | 182,085 |
| Other equipment | 1,319 |
| | <u>\$ 306,543</u> |
| | For the Three Months Ended |
| | March 31, 2024 |
| | Depreciation |
| Buildings | \$ 13,791 |
| Other equipment | 130 |
| | <u>\$ 13,921</u> |

D. For the three months ended March 31, 2024, the additions to right-of-use assets amounted to \$123,139.

E. The information on profit and loss accounts relating to lease contracts is as follows:

| | For the Three Months Ended | |
|---|----------------------------|----------------|
| | March 31, 2024 | March 31, 2023 |
| <u>Items affecting current profit or loss</u> | | |
| Interest expense on lease liabilities | \$ 525 | \$ — |
| Expense on short-term lease contracts | \$ 9,660 | \$ 14,837 |
| Expenses for leases of low-value assets | \$ 14 | \$ 3 |

F. For the three months ended March 31, 2024, the Group's total cash outflow for leases amounted to \$50,460.

(8) Intangible assets

| | Patents | Computer software | Car model technology costs | Total |
|---|------------------|-------------------|----------------------------|---------------------|
| January 1, 2024 | | | | |
| Cost | \$ 90,000 | \$ 173,987 | \$ 8,336,665 | \$ 8,600,652 |
| Accumulated amortization and impairment | (47,273) | (75,413) | (1,264,304) | (1,386,990) |
| | <u>\$ 42,727</u> | <u>\$ 98,574</u> | <u>\$ 7,072,361</u> | <u>\$ 7,213,662</u> |
| January 1, 2024 | \$ 42,727 | \$ 98,574 | \$ 7,072,361 | \$ 7,213,662 |
| Additions - from internal development | — | — | 39,845 | 39,845 |
| Amortization | (4,575) | (10,191) | (209,307) | (224,073) |
| March 31, 2024 | <u>\$ 38,152</u> | <u>\$ 88,383</u> | <u>\$ 6,902,899</u> | <u>\$ 7,029,434</u> |
| March 31, 2024 | | | | |
| Cost | \$ 90,000 | \$ 173,987 | \$ 8,376,510 | \$ 8,640,497 |
| Accumulated amortization | (51,848) | (85,604) | (1,473,611) | (1,611,063) |
| | <u>\$ 38,152</u> | <u>\$ 88,383</u> | <u>\$ 6,902,899</u> | <u>\$ 7,029,434</u> |

| | Patents | Computer software | Car model technology costs | Total |
|---|------------------|-------------------|----------------------------|---------------------|
| January 1, 2023 | | | | |
| Cost | \$ 90,000 | \$ 140,215 | \$ 7,352,001 | \$ 7,582,216 |
| Accumulated amortization and impairment | (28,973) | (40,560) | (464,540) | (534,073) |
| | <u>\$ 61,027</u> | <u>\$ 99,655</u> | <u>\$ 6,887,461</u> | <u>\$ 7,048,143</u> |
| January 1, 2023 | \$ 61,027 | \$ 99,655 | \$ 6,887,461 | \$ 7,048,143 |
| Additions - from acquired separately | — | 1,798 | — | 1,798 |
| Additions - from internal development | — | — | 149,072 | 149,072 |
| Amortization | (4,575) | (8,299) | (199,332) | (212,206) |
| March 31, 2023 | <u>\$ 56,452</u> | <u>\$ 93,154</u> | <u>\$ 6,837,201</u> | <u>\$ 6,986,807</u> |
| March 31, 2023 | | | | |
| Cost | \$ 90,000 | \$ 142,013 | \$ 7,501,073 | \$ 7,733,086 |
| Accumulated amortization and impairment | (33,548) | (48,859) | (663,872) | (746,279) |
| | <u>\$ 56,452</u> | <u>\$ 93,154</u> | <u>\$ 6,837,201</u> | <u>\$ 6,986,807</u> |

A. At the end of the financial reporting period, the Group assesses the impairment of the recoverable amount of vehicle technology costs, using the value in use as the basis for calculating the recoverable amount. The value in use is estimated based on the cash flows from the Group's future product life cycle financial forecasts. The discount rates used in 2023 and 2022 were 16.54% and 14.07% respectively. As of March 31, 2024, and 2023, there are no further indications of impairment and no impairment losses have been recognized.

B. Details of amortization on intangible assets are as follows:

| | For the Three Months Ended | |
|--------------------|----------------------------|-------------------|
| | March 31, 2024 | March 31, 2023 |
| Operating costs | \$ 10,557 | \$ 582 |
| Operating expenses | 213,516 | 211,624 |
| Total | <u>\$ 224,073</u> | <u>\$ 212,206</u> |

(9) Other non-current assets

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|-------------------------------------|-------------------|-------------------|-------------------|
| Prepayments for business equipments | \$ 202,059 | \$ 450,175 | \$ 366,138 |
| Guarantee deposits | 13,897 | 9,993 | 15,684 |
| | <u>\$ 215,956</u> | <u>\$ 460,168</u> | <u>\$ 381,822</u> |

(10) Provisions

| | 2024 | 2023 |
|---|---------------------------|---------------------------|
| | Provisions for warranties | Provisions for warranties |
| Balance on January 1, 2024 | \$ 12,572 | \$ 2,039 |
| Current additions to provisions for liabilities | 7,969 | 401 |
| Current usage of provisions for liabilities | (46) | — |
| Current reversal of unused amounts | (135) | — |
| Balance on March 31, 2024 | <u>\$ 20,360</u> | <u>\$ 2,440</u> |

Provisions for liabilities analysis is as follows:

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|-------------|------------------|-------------------|-----------------|
| Current | <u>\$ 7,254</u> | <u>\$ 3,802</u> | <u>\$ 727</u> |
| Non-current | <u>\$ 13,106</u> | <u>\$ 8,770</u> | <u>\$ 1,713</u> |

Provision for warranty arising from the sales of electric buses is adjusted and calculated by considering attrition rates of parts and components in the future or other factors that affect product quality when the Group has a present legal or constructive obligation, and it is probable that an outflow of economic resources will be required to settle the obligation. The Group accrues liabilities for parts and components with warranty obligations and the amount of the obligation can be reliably estimated. Most of the warranties provided by the Group last for 3 to 8 years. The Group's provision for warranty is calculated based on purchasing costs of the new products.

(11) Pensions

A. Defined benefit plan

- (a) The Group has established a defined benefit retirement plan applicable to employees transferred on November 6, 2020. Employees who meet the retirement criteria are covered under this plan. Additionally, the Company estimates the balance of the retirement fund account before the end of each fiscal year. If the balance is insufficient to cover the estimated retirement payments for employees qualifying the next year, the Company will make up the difference by the end of March of the following year.
- (b) For the three months ended March 31, 2024, and 2023, the retirement costs recognized under this pension scheme were \$48 and \$5, respectively.
- (c) For the year 2024, the Group anticipates contributing \$0 to the retirement plan.

B. Defined contribution plan

- (a) Effective July 1, 2005, the Group has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Group contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lumpsum upon termination of employment.
- (b) The subsidiaries in mainland China have defined contribution pension plans and contribute an amount monthly based on 21% of employees’ monthly salaries and wages to an independent fund administered by a government agency. The plan is administered by the government of mainland China. Other than the monthly contributions, the Group does not have further pension liabilities.
- (c) For the three months ended March 31, 2024, and 2023, the pension costs recognized under this scheme were \$9,817 and \$7,949, respectively, of which the amounts capitalized as intangible assets generated internally were \$1,323 and \$3,762, respectively.

(12) Share-based payment

A. Share-based payment agreement for the year 2024:

| Type of arrangement | Grant date | Quantity granted | Vesting conditions |
|------------------------|------------|-------------------|--------------------|
| Employee stock options | 2023.1.18 | 46,728,000 shares | Note |

Note: Employees who were granted the employee stock options starting from the date of grant and employees who will serve until September 30, 2025 can exercise their employee stock options in batches at the ratio of 72.15% and 27.85%, respectively.

B. Details of the share-based payment arrangements are as follows:

| | 2024 | | 2023 | |
|---|--------------------------------------|--|--------------------------------------|--|
| | Stock option quantity (in thousands) | Weighted average exercise price (NT\$) | Stock option quantity (in thousands) | Weighted average exercise price (NT\$) |
| Stock options outstanding at the beginning of the period on January 1 | 12,686 | \$ 10 | — | \$ — |
| Stock options granted during the period | — | — | 46,728 | 10 |
| Stock options exercised during the period | — | — | (33,714) | 10 |
| Stock options outstanding at the end of the period on March 31 | <u>12,686</u> | <u>\$ 10</u> | <u>13,014</u> | <u>\$ 10</u> |

C. The fair value of stock options granted is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

| Type of agreement | Grant date | Stock price (NT\$) | Exercise price (NT\$) | Expected volatility (%) | Expected term | Risk-free interest rate | Fair value per unit (NT\$) |
|------------------------|------------|--------------------|-----------------------|-------------------------|---------------|-------------------------|----------------------------|
| Employee stock options | 2023.1.18 | \$ 10.86 | \$ 10 | 32.00 ~34.04 | 0.08 ~2.78 | 0.87 ~1.08 | \$0.9832 ~2.7880 |

D. Expenses incurred on share-based payment transactions are shown below:

| | For the Three Months Ended | |
|----------------|----------------------------|----------------|
| | March 31, 2024 | March 31, 2023 |
| Equity-settled | \$ 3,122 | \$ 35,321 |

(13) Share capital

A. The Group was jointly established by Hon Hai Precision Ind. Co., Ltd. and HUA-CHUANG AUTOMOBILE INFORMATION TECHNICAL CENTER CO., LTD. (Haitec) on November 6, 2020. As of March 31, 2024, the Group's authorized capital is \$25,000,000, divided into 2,500,000 thousand shares, with a paid-up capital of \$17,413,140, at a par value of NT\$10 per share. The adjustment of the number of ordinary shares outstanding at the beginning and end of the period is as follows:

| | 2024 | 2023 |
|----------------------------------|------------------------------------|------------------------------------|
| | Number of shares (in thousands) | Number of shares (in thousands) |
| As of January 1 | 1,741,314 | 1,557,600 |
| Employee stock options exercised | — | 33,714 |
| As of March 31 | 1,741,314 | 1,591,314 |

B. The Group issued 33,714 thousand ordinary shares relative to the exercise of employee stock options in accordance with the employee stock options plan with the subscription price of NT\$10 per share, totaling \$337,140. The effective date of the capital increase was on January 31, 2023. The registration of the capital increase had been completed on March 30, 2023.

(14) Capital surplus

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

| 2024 | | | |
|----------------------------------|---------------------|------------------------|---------------------|
| | Share premium | Employee stock options | Total |
| As of January 1 | \$ 6,041,907 | \$ 11,875 | \$ 6,053,782 |
| Share-based payments | — | 3,122 | 3,122 |
| As of March 31 | <u>\$ 6,041,907</u> | <u>\$ 14,997</u> | <u>\$ 6,056,904</u> |
| 2023 | | | |
| | Share premium | Employee stock options | Total |
| As of January 1 | \$ — | \$ — | \$ — |
| Share-based payments | — | 35,321 | 35,321 |
| Employee stock options exercised | 33,148 | (33,148) | — |
| As of March 31 | <u>\$ 33,148</u> | <u>\$ 2,173</u> | <u>\$ 35,321</u> |

(15) Accumulated deficit

A. The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve and special reserve as regulated by the competent authority. However, if the legal reserve has accumulated to an amount equal to the paid-in capital, this provision shall not apply. In addition, after the special reserve is set aside or reversed in accordance with the relevant laws and regulations, the remainder plus the beginning unappropriated earnings comprise the cumulative distributable earnings, which shall be distributed to shareholders according to the distribution plan proposed by the Board of Directors and submitted to the shareholders for approval.

Dividends and bonuses and all or part of capital surplus or legal reserve distributed in the form of cash regulated by Article 241 of the Company Act shall be authorised to be resolved by the Board of Directors with a majority vote at its meeting attended by two-thirds of the total number of directors and reported to the shareholders during their meeting and are not subject to the aforementioned regulations of resolutions from the shareholders.

When planning the Company's dividend distribution plan, the Company considers its profitability, capital requirements for future operating plan and changes in the industrial environment, taking into consideration the shareholder's long-term equity and the Company's long-term financial plan, at least 30% of the Company's distributable earnings for the year shall be appropriated as dividends in the form of cash or shares, and cash dividends shall account for at least 10% of the total dividends distributed.

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

C. For the information relating to employees' compensation and directors' and supervisors' compensation, refer to Note 6(18).

D. The Company's Board of Directors approved the compensation plan for the 2023 fiscal year losses on February 29, 2024, and the shareholders' meeting approved the compensation plan for the 2022 fiscal year losses on June 30, 2023. The Company had no earnings for distribution because of the accumulated losses for both years. Details on these Board and shareholder resolutions can be found at the 'Market Observation Post System' on the Taiwan Stock Exchange website.

(16) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Company's revenues come from the provision of goods and services transferred over time and at a point in time, with income broken down by the following main product lines and geographical regions:

For the three months ended March 31, 2024

| | Taiwan | Japan | Total |
|---------------------------------------|-------------------|------------------|-------------------|
| Revenue recognized at a point in time | \$ 810,631 | \$ 11,016 | \$ 821,647 |
| Revenue recognized over time | 514 | — | 514 |
| Total | <u>\$ 811,145</u> | <u>\$ 11,016</u> | <u>\$ 822,161</u> |

For the three months ended March 31, 2023

| | Taiwan | Total |
|---------------------------------------|------------------|------------------|
| Revenue recognized at a point in time | \$ 40,211 | \$ 40,211 |
| Revenue recognized over time | 11,619 | 11,619 |
| Total | <u>\$ 51,830</u> | <u>\$ 51,830</u> |

- (a) Sales of electric buses are considered variable consideration sales. Revenue from these bus sales for the three months ended March 31, 2024 and 2023 was \$48,325 and \$40,043, respectively, of which \$13,179 and \$11,683 were from variable consideration, based on the maximum subsidy available from the relevant Department of Transportation units, with any shortfall deducted from the payment. The Group assesses that a significant reversal of this variable consideration is highly unlikely, but payment is contingent upon the customer receiving government subsidies.
- (b) As of March 31, 2023, the customer had not obtained the aforementioned subsidy of variable consideration, the supporting documents with added value rate of more than 50% had been prepared by the Group and were still in the review process by the competent authority. In accordance with the Group's submission experience and records in previous years, it is highly possible to obtain supporting documents with added value rate of more than 50%.

B. Contract assets and liabilities

Contract assets and liabilities related to customer contract revenue recognized by the Company are as follows:

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|-----------------------------|---------------------|----------------------|---------------------|
| Contract assets - current: | | | |
| Service contracts | \$ 1,150 | \$ 1,115 | \$ 784 |
| Sales contracts | 256,945 | 245,445 | 69,171 |
| Total | <u>\$ 258,095</u> | <u>\$ 246,560</u> | <u>\$ 69,955</u> |
| Contract liabilities - | | | |
| Service contracts | \$ (11,830) | \$ — | \$ (17,890) |
| Sales contracts | (67,932) | (13,345) | (92,397) |
| Contract liabilities - non- | | | |
| Sales contracts | (276,499) | (129,315) | (129,315) |
| Total | <u>\$ (356,261)</u> | <u>\$ (142,660)</u> | <u>\$ (239,602)</u> |

- (a) Contract assets - service contracts pertain to services rendered but not yet billed; contract assets - sales contracts have variable consideration that is highly probable that a significant reversal will not occur; and contract liabilities represents advance salesreceipts. Refer to Note 7 for the information on related parties.
- (b) The initial contract liabilities at the beginning of the period recognized as revenue during the three months ended March 31, 2024 and 2023 were \$13,345 and \$7,244, respectively.

(17) Expenses by nature

The additional disclosure information relating to operating costs and operating expenses is asfollows:

| | For the Three Months Ended | |
|----------------------------|----------------------------|-------------------|
| | March 31, 2024 | March 31, 2023 |
| Employee benefits expenses | \$ 252,364 | \$ 204,495 |
| Depreciation | 117,061 | 78,083 |
| Amortization | 224,073 | 212,206 |
| | <u>\$ 593,498</u> | <u>\$ 494,784</u> |

(18) Employee benefit expense

| | For the Three Months Ended | |
|--|----------------------------|-------------------|
| | March 31, 2024 | March 31, 2023 |
| Wages and salaries | \$ 256,599 | \$ 283,757 |
| Share-based payments | 3,122 | 35,321 |
| Labour and health insurance fees | 21,687 | 22,818 |
| Pension costs | 9,865 | 7,954 |
| Other personnel expenses | 459 | 26 |
| | <u>\$ 291,732</u> | <u>\$ 349,876</u> |
| Summarized as follows by listed account: | | |
| Operating costs and expenses | \$ 252,364 | \$ 204,495 |
| Internally generated intangible assets | 39,368 | 145,381 |
| Total | <u>\$ 291,732</u> | <u>\$ 349,876</u> |

A. According to the Company's Articles of Incorporation, if there is a balance after deducting accumulated losses based on the profit status of the year, the Company shall allocate 5% to 7% for employee compensation; director compensation is determined based on the contribution of the directors and the usual level in the industry.

B. As of the three months ended March 31, 2024 and 2023, the Group has incurred net losses, hence no employee compensation was allocated, and no director compensation was estimated.

(19) Income tax

A. Income tax benefit

Components of income tax benefit:

| | For the Three months ended | |
|---|----------------------------|--------------------|
| | March 31, 2024 | March 31, 2023 |
| Deferred tax: | | |
| Origination and reversal of temporary differences | \$ (107,270) | \$ (68,421) |
| Income tax benefit | <u>\$ (107,270)</u> | <u>\$ (68,421)</u> |

B. The Company's business income tax has been assessed by the tax authority up to the fiscal year 2022.

(20) Loss per share

| | For the Three months ended March 31, 2024 | | |
|--|---|--|-----------------------------|
| | Amount after tax | Weighted average number of ordinary shares outstanding (shares in thousands) | Loss per share (in dollars) |
| <u>Basic and diluted loss per share</u> | | | |
| Net loss attributable to shareholders of the parent company's common stock | \$ (579,135) | 1,741,314 | \$ (0.33) |

| | For the Three months ended March 31, 2023 | | |
|--|---|--|-----------------------------|
| | Amount after tax | Weighted average number of ordinary shares outstanding (shares in thousands) | Loss per share (in dollars) |
| <u>Basic and diluted loss per share</u> | | | |
| Net loss attributable to shareholders of the parent company's common stock | \$ (472,435) | 1,579,950 | \$ (0.30) |

The employee share options was not included in the calculation of diluted loss per share as it will have an anti-dilutive effect because of loss incurred for the three months ended March 31, 2024.

(21) Supplemental cash flow information

A. Investing activities with partial cash payments:

| | For the Three Months Ended | |
|---|----------------------------|----------------|
| | March 31, 2024 | March 31, 2023 |
| Purchase of property, plant and equipment | \$ 1,204,937 | \$ 6,706 |
| Add: Opening balance of payable on equipment | 60,023 | 120,161 |
| Add: Ending balance of payable on equipment | 202,059 | 366,138 |
| Less: Opening balance of payable on equipment | (267,324) | (10,149) |
| Less: Ending balance of payable on equipment | (450,175) | (221,431) |
| Cash paid during the period | \$ 749,520 | \$ 261,425 |

B. Financing activities with no cash flow effects:

As described in Note 6(12), the shares issued amounting to \$337,140 arose from the exercise of employee share options for the three months ended March 31, 2024.

7. Related Party Transactions

(1) Names of related parties and relationship

| <u>Names of related parties</u> | <u>Relationship with the Company</u> |
|---|---|
| Hon Hai Precision Ind. Co., Ltd. and its subsidiaries (Hon Hai Group) | Group that has control over the Company |
| Hon Hai Precision Ind. Co., Ltd. (Hon Hai) | Parent company of the Company |
| Jusda International Logistics (Taiwan) Co., Ltd. (Jusda) | Subsidiary of the group that has control over the Company |
| Scienbizip Consulting (Far East) Co., Ltd. | " |
| Nanjing Futeng New Energy Automobile Technology | " |
| Futaihua Industrial (Shenzhen) Co., Ltd. | " |
| Cloud Network Technology Singapore Pte. Ltd. | " |
| FORTUNE BAY TECHNOLOGY PTE. LTD. | " |
| Yulon Motor Co., Ltd. and its subsidiaries (Yulon Group) | Group that has significant influence over the Company |
| Yulon Motor Co., Ltd. (Yulon Motor) | Entity that has significant influence over the Company |
| Hua-Chuang Automobile Information Technical Center Co., Ltd. (Hua-Chuang) | " |
| Luxgen Motor Co., Ltd. (Luxgen) | Subsidiary of the group that has significant influence over the Company |
| Yueki Industrial Co., Ltd. (Yueki Industrial) | " |
| Y-Teks Co., Ltd. (Y-Teks) | " |
| Uni Auto Parts Manufacture Co., Ltd. | " |
| Yue Sheng Industrial Co., Ltd. (Yue Sheng Industrial) | " |
| Yufong Property Management Co., Ltd. | " |
| Luxgen Taipei Motor Co., Ltd. | " |
| Chuang Jie New Energy Vehicle (HZ) Limited | " |
| Yulon Motor Co., Ltd. (China) | " |
| Luxgen (Hangzhou) Motor Sales Co., Ltd. (Luxgen Hangzhou) | " |
| Linker Vision Co., Ltd. | Associate of Hon Hai Technology Group |
| Pan-International Industrial Corp. (Pan-International) | " |
| Maxnerva Technology Service Inc. (Maxnerva) | " |
| GENERAL INTERFACE SOLUTION LIMITED (GIS) | " |
| Yonglin Foundation (Yonglin) | Other related parties |

(2) Significant related party transactions

A. Operating revenue

| | For the Three Months Ended | |
|---------------------------------------|----------------------------|------------------|
| | March 31, 2024 | March 31, 2023 |
| Sales of goods: | | |
| Luxgen | \$ 756,763 | \$ — |
| Sales of services: | | |
| Luxgen | 57 | 10,820 |
| Associate of Hon Hai Technology Group | 145 | — |
| | <u>\$ 756,965</u> | <u>\$ 10,820</u> |

- (a) Services are sold based on the price lists in force and terms that would be available to third parties.
- (b) Except for those circumstances wherein there are no similar transactions for reference and the prices and credit periods are negotiated by both parties, other prices for the Group's sales and provision of services to the abovementioned related parties are similar to the prices for sales and provision of services to third parties.
- (c) As of March 31, 2024, and 2023, the revenue from contracted but unfulfilled service obligations was \$7,197 and \$61,869, respectively.

B. Purchases

| | For the Three Months Ended | |
|--|----------------------------|-----------------|
| | March 31, 2024 | March 31, 2023 |
| Purchases of goods: | | |
| Hon Hai Technology Group | \$ 42,592 | \$ 933 |
| Yulon Group | 3,123 | 1,510 |
| Associates of Hon Hai Technology Group | 22,442 | 2,915 |
| | <u>\$ 68,157</u> | <u>\$ 5,358</u> |

Apart from cases where no comparable transactions exist and the terms are negotiated between the parties, the Company purchases goods from the above-mentioned related parties at market prices, with purchases made on general commercial terms and conditions from associates.

C.Receivables from related parties

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---------------------------------------|-------------------|----------------------|-----------------|
| Accounts receivable: | | | |
| Yonglin | \$ — | \$ 34,865 | \$ — |
| Luxgen | 364,690 | 90,570 | 2,433 |
| Yulon Group | — | — | 74 |
| Less: Allowance for doubtful accounts | (137) | (64) | — |
| Total | <u>\$ 364,553</u> | <u>\$ 125,371</u> | <u>\$ 2,507</u> |

The receivables are due 30 to 60 days after monthly billings. The receivables are unsecured in nature and bear no interest.

D.Contract assets - service contracts

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|--------|-----------------|----------------------|----------------|
| Luxgen | <u>\$ 1,150</u> | <u>\$ 1,116</u> | <u>\$ 269</u> |

E. Contract liabilities

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|-------------------|------------------|----------------------|------------------|
| Sales contracts | | | |
| Yonglin | \$ 67,932 | \$ — | \$ — |
| Service contracts | | | |
| Luxgen | 11,830 | — | 17,890 |
| Total | <u>\$ 79,762</u> | <u>\$ —</u> | <u>\$ 17,890</u> |

F. Payables to related parties

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|--|-------------------|----------------------|-----------------|
| Yulon Group | \$ 7,270 | \$ 56,174 | \$ 1,167 |
| Hon Hai Technology Group | 19,365 | 22,856 | 933 |
| Yulon Motor | 419,077 | — | 2,338 |
| Associates of Hon Hai Technology Group | 7,255 | 5,364 | 2,457 |
| Total | <u>\$ 452,967</u> | <u>\$ 84,394</u> | <u>\$ 6,895</u> |

The payables are due 30 to 90 days after the date of purchase or the date the service has been provided. The payables bear no interest.

G.Prepayments

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---|------------------|----------------------|------------------|
| Yulon Group | \$ 48,904 | \$ 94,469 | \$ 84,330 |
| Associates of Hon Hai Technology Group | 30 | 57 | — |
| Total | <u>\$ 48,934</u> | <u>\$ 94,526</u> | <u>\$ 84,330</u> |

H.Other payables

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---|-------------------|----------------------|------------------|
| Yulon Motor | \$ — | \$ — | \$ 25,009 |
| Hon Hai | — | — | 14,697 |
| Hon Hai Technology Group | 16,193 | 18,817 | 3,610 |
| Yulon Group | 120,643 | 52,548 | 2,072 |
| Associates of Hon Hai Technology Group | 119 | 1,339 | — |
| Total | <u>\$ 136,955</u> | <u>\$ 72,704</u> | <u>\$ 45,388</u> |

Other Payables mainly consist of prototype costs, advances made on behalf of others, management service fees, design and development fees, and payables for equipment.

Lease transactions - lessee

- The Group leases offices from Hon Hai. Rental contracts are typically made for periods of 2years. Rents are paid quarterly or annually.
- There were no instances of obtaining right-of-use assets from related parties for the three months ended March 31, 2024, and 2023.
- The Group leased office space from Yulon Group for the three months ended March 31, 2024, and 2023, with lease contracts not exceeding 12 months.
- Rent expense

| | For the Three Months Ended | |
|-------------|----------------------------|------------------|
| | March 31, 2024 | March 31, 2023 |
| Yulon Motor | <u>\$ 6,160</u> | <u>\$ 12,500</u> |

- Lease liabilities

| | March 31, 2024 |
|---------|-------------------|
| Hon Hai | <u>\$ 168,925</u> |

The Group incurred interest expenses related to lease liabilities totaling \$481 for the three months ended March 31, 2024.

I. Other costs and expenses

| | | For the Three Months Ended | |
|--|----|----------------------------|----------------|
| | | March 31, 2024 | March 31, 2023 |
| Labor Costs | | | |
| — Hon Hai Technology Group | \$ | — | \$ 1,294 |
| — Yulon Group | | 7,919 | — |
| — Associates of Hon Hai Technology Group | | 227 | — |
| Other Costs and Expenses | | | |
| — Yulon Motor | | 356,768 | — |
| — Hon Hai Technology Group | | 5,331 | 2,582 |
| — Yulon Group | | 6,002 | 3,461 |
| Total | \$ | 376,247 | \$ 7,337 |

Other Costs and Expenses primarily include transportation costs, trial run costs, subcontracting fees, and non-critical component costs.

J. Non-operating income

| | | For the Three Months Ended | |
|--------------------------|----|----------------------------|----------------|
| | | March 31, 2024 | March 31, 2023 |
| Haitec | \$ | — | \$ 8,413 |
| Hon Hai Technology Group | | 51 | — |
| Yulon Group | | 31 | — |
| Total | \$ | 82 | \$ 8,413 |

Non-operating Income for the period from January 1 to March 31, 2023, was due to relocation subsidies paid by the Taoyuan City Government due to expropriations for the Aerotropolis project, with Haitec transferring the corresponding subsidy for the equipment owned by the Group to the Group.

K. Property transactions

(1) Acquisition of property and equipment

| | | For the Three Months Ended | |
|--|----|----------------------------|----------------|
| | | March 31, 2024 | March 31, 2023 |
| Yulon Group | \$ | 296,396 | \$ 300 |
| Associates of Hon Hai Technology Group | | 63 | — |
| Total | \$ | 296,459 | \$ 300 |

(2) Acquisition of intangible assets

| | | For the Three Months Ended | |
|-------------|----|----------------------------|----------------|
| | | March 31, 2024 | March 31, 2023 |
| Yulon Group | \$ | — | \$ 3,267 |

(3) Key management compensation

| | For the Three Months Ended | |
|------------------------------|----------------------------|------------------|
| | March 31, 2024 | March 31, 2023 |
| Short-term employee benefits | \$ 5,756 | \$ 30,463 |
| Post-employment benefits | 28 | 263 |
| | 2 | |
| Share-based payments | 3,122 | 2,173 |
| Total | <u>\$ 9,160</u> | <u>\$ 32,899</u> |

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

| Asset Name | Carrying Value | | | Nature of Security |
|---|----------------|-------------------|----------------|----------------------|
| | March 31, 2024 | December 31, 2023 | March 31, 2023 | |
| Time Deposits (listed under "Other Non- Current Assets") | \$ — | \$ — | \$ 7,000 | Customs Guarantee |

Refer to Note 9 for the details of performance guarantee of government grants.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Contract Commitments

A. The Group participated in the Ministry of Economic Affairs' technology research and development subsidy program, which spanned from December 1, 2020, to November 30, 2022. As of December 31, 2022, the Group was required to deposit a performance bond of \$128,000, which was secured by a bank guarantee. By March 31, 2024, and 2023, the Group had applied for and received subsidy amounts of \$128,000 each year. However, some of these funds are listed as restricted deposits (classified under "Financial Assets at Amortized Cost—Current") due to uncompleted projects, totaling \$3,553 and \$3,551 respectively.

B. The Group participated in the Ministry of Economic Affairs' Taiwan Industry Innovation Platform Program (TIIP), running from January 1, 2023, to June 30, 2029. This program was approved on May 18, 2023, and the subsidy contract was completed on September 22, 2023. Based on the progress of the plan, the Group obtained subsidies totaling \$269,474.

As of March 31, 2024, the Group had cumulatively applied for \$180,000 in subsidies and recognized deferred government grants of \$0 (listed under "Other Current Liabilities") and government grant benefits of \$45,174 (listed under "Other Income").

(2) Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

| | March 31, 2024 | March 31, 2023 |
|-------------------------------|---------------------|---------------------|
| Property, plant and equipment | <u>\$ 1,382,785</u> | <u>\$ 1,246,520</u> |

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide maximum returns for shareholders and to reduce the gearing ratio and cost of capital positively.

(2) Financial instruments

A. Financial instruments by category

| | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
|---|-----------------------|--------------------------|-----------------------|
| <u>Financial assets</u> | | | |
| Financial assets at amortized cost | | | |
| Cash and cash equivalents | \$ 4,716,909 | \$ 6,553,115 | \$ 3,820,139 |
| Financial assets at amortized cost | 3,203,553 | 3,048,725 | 3,551 |
| Contract assets - current | 258,095 | 246,560 | 69,955 |
| Accounts receivable (including related parties) | 367,583 | 252,707 | 29,829 |
| Other receivables | 21,342 | 26,625 | 6,392 |
| Guarantee deposits | 13,897 | 9,993 | 15,684 |
| | <u>\$ 8,581,379</u> | <u>\$ 10,137,725</u> | <u>\$ 3,945,550</u> |
| | <u>March 31, 2024</u> | <u>December 31, 2023</u> | <u>March 31, 2023</u> |
| <u>Financial liabilities</u> | | | |
| Financial liabilities at amortized cost | | | |
| Contract liabilities | \$ 356,261 | \$ 142,660 | \$ 239,602 |
| Accounts payable (including related parties) | 677,851 | 635,468 | 112,863 |
| Other payables | 580,376 | 646,021 | 180,165 |
| Guarantee deposits received | 400 | 400 | — |
| | <u>\$ 1,614,888</u> | <u>\$ 1,424,549</u> | <u>\$ 532,630</u> |

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

- (b) Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

The Group's businesses involve some non-functional currency operations (the Group's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

| | March 31, 2024 | | | | | |
|--|--|------------------|------------|------------------------|--------------------------------|--|
| | | | Book value | Sensitivity analysis | | |
| (Foreign currency: functional currency) | Foreign currency amount (in thousands) | Exchange rate | (NTD) | Degree of variation | Effect on profit or loss | Effect on other comprehens ive income |
| <u>Financial assets</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD:NTD | 4,213 | 32.00 | \$ 134,820 | 1 % | \$ 1,348 | — |
| RMB:NTD | 11,358 | 4.408 | 50,065 | 1 % | 501 | — |
| <u>Foreign operations</u> | | | | | | |
| RMB:NTD | 7,248 | 4.408 | 31,948 | 1 % | — | 319 |
| <u>Financial liabilities</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD:NTD | 4,019 | 32.00 | \$ 128,612 | 1 % | \$ 1,286 | — |
| RMB:NTD | 75,515 | 4.408 | 332,868 | 1 % | 3,329 | — |

| | December 31, 2023 | | | | | | | |
|--|---|-------------------|------------|------------------------|--------------------------------|--------------------------------|-------|-------|
| (Foreign currency: functional currency) | Foreign currency amount (in thousands) | Exchan ge rate | Book value | | Sensitivity analysis | | | |
| | | | (NTD) | Degree of variation | Effect on profit or loss | Effect on other comprehe | | |
| <u>Financial assets</u> | | | | | | | | |
| <u>Monetary items</u> | | | | | | | | |
| USD:NTD | 382 | 30.71 | \$ | 11,731 | 1 % | \$ | 117 | — |
| RMB:NTD | 2,014 | 4.327 | | 8,715 | 1 % | | 87 | — |
| <u>Foreign operations</u> | | | | | | | | |
| RMB:NTD | 9,221 | 4.327 | | 39,898 | 1 % | | — | 399 |
| <u>Financial liabilities</u> | | | | | | | | |
| <u>Monetary items</u> | | | | | | | | |
| USD:NTD | 4,309 | 30.71 | \$ | 132,329 | 1 % | \$ | 1,323 | — |
| RMB:NTD | 111,783 | 4.327 | | 483,685 | 1 % | | 4,837 | — |
| | March 31, 2023 | | | | | | | |
| (Foreign currency: functional currency) | Foreign currency amount (in thousands) | Exchange rate | Book value | | Sensitivity analysis | | | |
| | | | (NTD) | Degree of variation | Effect on profit or loss | | | |
| <u>Financial assets</u> | | | | | | | | |
| <u>Monetary items</u> | | | | | | | | |
| USD:NTD | 3,511 | | 30.45 | \$ | 106,910 | 1 % | \$ | 1,069 |
| RMB:NTD | 4,157 | | 4.431 | | 18,420 | 1 % | | 184 |
| <u>Financial liabilities</u> | | | | | | | | |
| <u>Monetary items</u> | | | | | | | | |
| USD:NTD | 300 | | 30.45 | \$ | 9,135 | 1 % | \$ | 91 |
| RMB:NTD | 4,233 | | 4.431 | | 18,756 | 1 % | | 188 |

The Group's monetary items are significantly affected by exchange rate fluctuations, with total recognized exchange gains and losses (both realized and unrealized) for the periods from January 1 to March 31, 2024, and 2023, amounting to losses of \$3,960 and \$1,031, respectively (listed under "Other Gains and Losses").

Price risk

The Company does not engage in investments with significant price risk, and hence, does not face substantial market risks related to price volatility.

Cash flow and fair value interest rate risk

The Company has not invested in interest-bearing products and has no borrowings, thereby facing no cash flow risks due to interest rate changes.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company due to the failure of customers or counterparties of financial instruments to meet their contractual obligations.

The Company's credit policies are clearly defined internally, and each operational unit must perform management and credit risk analysis for every new customer before setting payment terms and delivery conditions. Internal risk control involves assessing the financial condition, past experience, and other factors to evaluate the credit quality of customers.

The limit for individual risks is determined by the board of directors based on internal or external ratings and is regularly monitored for credit limit usage. The primary credit risks arise from cash and cash equivalents, deposits held at banks and financial institutions, and other financial instruments. Since the Company's counterparties are banks with good credit ratings, there are no significant credit risks.

- ii. The Company assumes that if payment terms are overdue by more than 90 days according to the contract, it indicates a significant increase in credit risk from the initial recognition of the financial asset; if overdue by more than 360 days, it is considered a default.
- iii. The indicators used by the Company to determine credit impairments for debt instrument investments are as follows:
- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) Default or delinquency in interest or principal repayments;
 - (iii) Adverse changes in national or regional economic conditions that are expected to cause a default.
- iv. The ageing analysis of accounts receivable (including related parties) that were past due but not impaired is as follows:

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|--------------|-------------------|-------------------|------------------|
| Not past due | \$ 368,592 | \$ 251,295 | \$ 29,585 |
| 0 to 90 days | — | 2,966 | 269 |
| | <u>\$ 368,592</u> | <u>\$ 254,261</u> | <u>\$ 29,854</u> |

The above ageing analysis was based on past due date.

- v. The Company assesses the overdue credit risk of accounts receivable and contract assets as follows:
- (i) Assess the ECLs on an individual basis if a significant default has occurred to certain customers.

- (ii) The remaining customers are grouped according to the Company's credit standards. Expected credit losses are estimated based on different groups using either a loss rate method or a provision matrix.
- (iii) Adjust the loss rates constructed from historical and recent information by taking into account the business cycle indicators of the National Development Council and forecasts of the Basel Committee on Banking Supervision.
- (iv) As of March 31, 2024, December 31, 2023, and March 31, 2023, the provision for losses on accounts receivable (including related parties) and contract assets was estimated using the loss rate method or provision matrix as follows:

| | Group 1 | Group 2 | Group 3 and 4 | Total |
|--------------------|------------|------------|---------------|------------|
| March 31, 2024 | | | | |
| Expected loss rate | 0.0375% | 0.0875% | 9.633%~22% | |
| Total book value | \$ 365,840 | \$ 257,213 | \$ 3,859 | \$ 626,912 |
| Loss allowance | \$ 137 | \$ 225 | \$ 872 | \$ 1,234 |
| December 31, | | | | |
| Expected loss rate | 0.0375 % | 0.0875 % | 10.92%~24.66% | |
| Total book value | \$ 91,686 | \$402,780 | \$ 6,570 | \$ 501,036 |
| Loss allowance | \$ 34 | \$ 353 | \$ 1,382 | \$ 1,769 |
| March 31, 2023 | | | | |
| Expected loss rate | 0.0375 % | 0.0875 % | — % | |
| Total book value | \$ 3,542 | \$ 96,328 | \$ — | \$ 99,870 |
| Loss allowance | \$ 1 | \$ 85 | \$ — | \$ 86 |

Group 1: Standard Poor's, Fitch's, or Moody's rating of A-level, or rated as A-level in accordance with the Group's credit policies for those that have no external credit ratings.

Group 2: Standard Poor's or Fitch's rating of BBB, Moody's rating of Baa, or rated as B or C in accordance with the Group's credit policies for those that have no external credit ratings.

Group 3: Standard Poor's or Fitch's rating of BB + and below, or Moody's rating of Ba1 and below.

Group 4: Rated as other than A, B, or C in accordance with the Group's credit policies for those that have no external credit ratings.

- vi. The changes in the allowance for credit losses on accounts receivable (including related parties) and contract assets are summarized as follows:

| | 2024 | 2023 |
|--------------------------|----------|-------|
| As of January 1 | \$ 1,769 | \$ 50 |
| (Reversal of impairment) | | |
| Impairment loss | (535) | 36 |
| As of March 31 | \$ 1,234 | \$ 86 |

(c) Liquidity risk

- i. Cash flow forecasts are executed by each operational unit within the Company and are consolidated by the finance department. The finance department monitors the Company's forecasted working capital requirements to ensure there are sufficient funds to meet operational needs and maintains adequate unutilized borrowing facilities at all times.
- ii. The table below represents the Group's non-derivative financial liabilities and derivative financial liabilities settled on a net or gross basis, grouped by their respective maturity dates. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date; derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the expected maturity date. The contract cash flows disclosed in the table are the undiscounted amounts.

| | Within 1 year | 1 to 2 years | 2 to 5 years | Over 5 years | Total |
|--------------------------------------|---------------|--------------|--------------|--------------|------------|
| Non-derivative Financial Liabilities | | | | | |
| March 31, 2024 | | | | | |
| Lease liabilities | \$ 64,110 | \$ 64,100 | \$ 95,118 | \$ 106,659 | \$ 329,987 |
| Non-derivative Financial Liabilities | | | | | |
| December 31, 2023 | | | | | |
| Lease liabilities | \$ 56,960 | \$ 56,956 | \$ 87,844 | \$ — | \$ 201,760 |

March 31, 2023: None.

(3) Fair value information

- A. As of March 31, 2024, December 31, 2023, and March 31, 2023, the Group did not have any financial or non-financial instruments measured at fair value.
- B. The carrying amounts of the Group's financial instruments not measured at fair value (cash and cash equivalents, other current assets, other non-current assets, other payables and other current liabilities) are approximate to their fair values.

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.

- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 1.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 2.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

None.

(3) Information on investments in Mainland China

- 1. Basic information: Refer to table 3.
- 2. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Refer to table 4.

14. Segment Information

(1) General information

The Group operates in a single industry and the Board of Directors evaluates performance and allocates resources for the Company as a whole, identifying the Company as a single reportable segment.

(2) Information about segment profit or loss, assets and liabilities

The Group operates business only in a single industry. The Group's information about segment profit or loss, assets and liabilities is in agreement with those shown in the financial statements. Refer to the balance sheets and statements of comprehensive income.

FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND ITS SUBSIDIARIES
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2024

Table 1

Expressed in thousands of New Taiwan Dollars
(Unless Specified Otherwise)

| Company Name | Related Party | Nature of Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/Accounts Payable or Receivable | | |
|--|------------------------|--|-----------------------------|------------|---|------------------|----------------------|------------------|--------------------------------------|---|------|
| | | | Purchases/Sa les | Amount | Percentage of Total Purchases/ (Sales) amount (%) | Payment Terms | Unit Price | Payment Terms | Ending Balance | Percentage of Total Notes/Trade Receivables (Payables) (%) | Note |
| Foxtron Vehicle Technologies Co., Ltd. | Luxgen Motor Co., Ltd. | A subsidiary of the Group that has significant influence on the Company. | Sales of goods and services | \$ 756,820 | 92 | Note 1 | Note 2 | Note 2 | \$ 364,690 | 99 | |

Note 1: Goods sales are settled on a net 7 days basis, and service income is settled on a net 45 days basis from the end of the month in which the invoice is issued.

Note 2: Except for transactions for which no comparable market transactions exist and where terms are negotiated between both parties, other transactions are similar to general trading terms.

FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND ITS SUBSIDIARIES
RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
AS OF MARCH 31, 2024

Table 2

Expressed in thousands of New Taiwan
Dollars
(Unless Specified Otherwise)

| Company Name | Related Party | Nature of Relationships | Ending Balance | Turnover Days | Overdue | | Amounts Received in Subsequent Period | Allowance for Bad Debts |
|--|------------------------|--|----------------|---------------|---------|---------------------------------------|---------------------------------------|-------------------------|
| | | | | | Amount | Action Taken | | |
| Foxtron Vehicle Technologies Co., Ltd. | Luxgen Motor Co., Ltd. | A subsidiary of the Group that has significant influence on the Company. | \$ 364,690 | 13 | \$ — | Collect Payments in Subsequent Period | \$ 364,665 | \$ 137 |

FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND ITS SUBSIDIARIES
INFORMATION ON INVESTMENT IN MAINLAND CHINA—BASIC INFORMATION
FOR THE THREE MONTHS ENDED MARCH 31, 2024

Table 3

Expressed in
thousands of New
Taiwan Dollars
(Unless Specified
Otherwise)

| Investee Company | Main Businesses and Products | Total Amount of Paid-in Capital | Method of Investment (Note 1) | Accumulated Outflow of Investment from Taiwan as of January 1, 2024 | Investment Flows | | Accumulated Outflow of Investment from Taiwan as of March 31, 2024 | Net Income (Losses) of the Investee Company | Percentage of Ownership | Share of Profits/Losses | Carrying Amount as of Balance as of March 31, 2024 | Accumulated Inward Remittance of Earnings as of March 31, 2024 | Note |
|---|--|---------------------------------------|-------------------------------------|--|------------------|--------|---|--|-------------------------------|----------------------------|---|---|-----------|
| | | | | | Outflow | Inflow | | | | | | | |
| Foxtron Vehicle Technologies (Hangzhou) Co., Ltd. | Engaged in the research and development of automobile parts; manufacturing and wholesale of automobile parts and accessories | \$ 44,080 | (1) | \$ 44,361 | \$ — | \$ — | \$ 44,361 | \$ (8,614) | 100 | \$ (8,614) | \$ 31,948 | \$ — | Note 2, 3 |

| Company Name | Accumulated Investment in Mainland China as of March 31, 2024 (Note 5) | Investment Amounts Authorized by Investment Commission, MOEA (Note 5) | Upper Limit on Investment |
|--|--|---|------------------------------|
| Foxtron Vehicle Technologies Co., Ltd. | \$ 44,361 | \$ 44,080 | \$ 11,156,912 |

Note 1: The methods of investment are classified into the following three types:

- (1). Direct investment in Mainland China
- (2). Re-investment in Mainland China through a company in a third area (please specify the company in a third area)
- (3). Other methods

Note 2: Foxtron Vehicle Technologies (Hangzhou) Co., Ltd. has been approved by the Investment Commission, MOEA, for an investment of RMB 10,000,000, which was invested on April 20, 2023.

Note 3: The investment gain or loss for this period is recognized based on the financial statements reviewed by the auditors.

Note 4: The investment limit for the Company in Mainland China is restricted to 60% of the net value.

Note 5: The approved investment amount by the Investment Commission, MOEA, and the cumulative end-of-period amount transferred from Taiwan to Mainland China for investment both total RMB 10,000,000, adjusted for currency exchange variances.

FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND ITS SUBSIDIARIES
INFORMATION ON MAJOR SHAREHOLDERS
AS OF MARCH 31, 2024

Table 4

| Shareholders | Shares | |
|--|--------------------|----------------------|
| | Total Shares Owned | Ownership Percentage |
| Hon Hai Precision Industry Co., Ltd. | 794,400,000 | 45.62 % |
| HUA-CHUANG AUTOMOBILE INFORMATION TECHNICAL CENTER CO., LTD. | 763,200,000 | 43.83 % |