

**FOXTRON VEHICLE TECHNOLOGIES CO., LTD.  
AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT  
AUDITORS' REVIEW REPORT  
JUNE 30, 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 June 30, 2024 and 2023, and the consolidated statements of comprehensive income for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023, and the consolidated statements of changes in equity and cash flows for the six months ended June 30, 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.

## **Basis for 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 June 30, 2024 and 2023, its consolidated financial performance and consolidated cash flows for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023, and its consolidated cash flows for the six months ended June 30, 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

August 6, 2024

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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 SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
June 30, 2024, December 31, 2023 And June 30, 2023

Expressed in thousands of New Taiwan Dollars

	Assets	Notes	June 30, 2024		December 31, 2023		June 30, 2023	
			Amount	%	Amount	%	Amount	%
	<b>Current assets</b>							
1100	Cash and cash equivalents	6(1)	\$ 6,903,808	33	\$ 6,553,115	31	\$ 3,425,810	25
1136	Financial assets at amortized cost - current	6(2) and 9	603,551	3	3,048,725	14	3,551	—
1140	Contract assets - current	6(16) and 7	263,730	1	246,560	1	115,954	1
1170	Accounts receivable, net	6(3)	7,218	—	127,336	1	65,314	1
1180	Accounts receivable, net – related parties	7	454,372	2	125,371	—	52,115	—
1200	Other receivables		3,794	—	26,625	—	5,704	—
1220	Income tax assets - current		7,465	—	2,677	—	1,469	—
130X	Inventories	6(4)	675,563	3	606,918	3	439,051	3
1410	Prepayments	6(5) and 7	489,895	2	393,278	2	459,290	4
11XX	<b>Total current assets</b>		<u>9,409,396</u>	<u>44</u>	<u>11,130,605</u>	<u>52</u>	<u>4,568,258</u>	<u>34</u>
	<b>Non-current assets</b>							
1600	Property, plant and equipment	6(6)	3,126,726	15	1,167,477	6	923,155	7
1755	Right-of-use assets	6(7) and 7	322,141	2	197,325	1	16,724	—
1780	Intangible assets	6(8)	6,863,911	32	7,213,662	34	7,016,161	52
1840	Deferred income tax assets		1,291,266	6	1,075,457	5	601,759	4
1900	Other non-current assets	6(9)	163,294	1	460,168	2	422,365	3
15XX	<b>Total non-current assets</b>		<u>11,767,338</u>	<u>56</u>	<u>10,114,089</u>	<u>48</u>	<u>8,980,164</u>	<u>66</u>
1XXX	<b>Total assets</b>		<u>\$ 21,176,734</u>	<u>100</u>	<u>\$ 21,244,694</u>	<u>100</u>	<u>\$ 13,548,422</u>	<u>100</u>

(Continued)

**FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND ITS SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
June 30, 2024, December 31, 2023 And June 30, 2023

Expressed in thousands of New Taiwan Dollars

Liabilities and Equity		Notes	June 30, 2024		December 31, 2023		June 30, 2023	
			Amount	%	Amount	%	Amount	%
Current liabilities								
2130	Contract liabilities - current	6(16) and 7	\$ 62,043	—	\$ 13,345	—	\$ 165,490	1
2170	Accounts payable		221,947	1	551,074	3	228,051	2
2180	Accounts payable – related parties	7	447,223	2	84,394	—	5,330	—
2200	Other payables		609,470	3	573,317	3	240,358	2
2220	Other payables – related parties	7	350,443	2	72,704	—	47,262	—
2230	Income tax liabilities		—	—	—	—	346	—
2250	Provisions for liabilities - current	6(10)	23,052	—	3,802	—	1,363	—
2280	Lease liabilities - current	7	75,424	1	81,748	1	3,455	—
2300	Other current liabilities	9	12,564	—	78,292	—	15,454	—
21XX	Total current liabilities		1,802,166	9	1,458,676	7	707,109	5
Non-current liabilities								
2527	Contract liabilities - non-current	6(16) and 7	276,499	1	129,315	1	129,315	1
2550	Provisions for liabilities - non-current	6(10)	32,131	—	8,770	—	3,411	—
2570	Deferred income tax liabilities		354,698	2	333,598	1	—	—
2580	Lease liabilities - non-current	7	261,103	1	142,664	1	13,410	—
2600	Other non-current liabilities		1,550	—	1,470	—	1,290	—
25XX	Total non-current liabilities		925,981	4	615,817	3	147,426	1
2XXX	Total liabilities		2,728,147	13	2,074,493	10	854,535	6
Equity								
Equity attributable to owners of parent								
Share capital								
3110	Ordinary share	6(13)	17,413,140	82	17,413,140	82	15,913,140	118
Capital surplus								
3200	Capital surplus	6(14)	6,060,027	29	6,053,782	28	46,730	—
Retained earnings								
3350	Accumulated deficit	6(15)	(5,024,619)	(24)	(4,295,580)	(20)	(3,263,995)	(24)
Other equity								
3400	Other equity		39	—	(1,141)	—	(1,988)	—
31XX	Total equity attributable to owners of the parent		18,448,587	87	19,170,201	90	12,693,887	94
3XXX	Total equity		18,448,587	87	19,170,201	90	12,693,887	94
Significant contingent liabilities and unrecognized contract commitments								
3X2X	Total liabilities and equity		\$ 21,176,734	100	\$ 21,244,694	100	\$ 13,548,422	100

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

FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023

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

Items		Notes	Three Months Ended				Six Months Ended			
			June 30, 2024		June 30, 2023		June 30, 2024		June 30, 2023	
			Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue	6(16) and 7	\$ 3,604,764	100	\$ 230,890	100	\$ 4,426,925	100	\$ 282,720	100
5000	Operating costs	6(4)(17)(18) and 7	(2,930,763)	(81)	(157,052)	(68)	(3,633,320)	(82)	(196,728)	(70)
5900	<b>Gross profit from operations</b>		674,001	19	73,838	32	793,605	18	85,992	30
	Operating expenses									
6100	Selling expenses		(10,682)	—	(8,019)	(4)	(15,976)	—	(13,475)	(5)
6200	General and administrative expenses		(134,688)	(4)	(79,069)	(34)	(271,746)	(6)	(191,393)	(68)
6300	Research and development expenses		(812,950)	(23)	(478,563)	(207)	(1,540,642)	(35)	(923,284)	(326)
6000	<b>Total operating expenses</b>		(958,320)	(27)	(565,651)	(245)	(1,828,364)	(41)	(1,128,152)	(399)
6900	Operating loss		(284,319)	(8)	(491,813)	(213)	(1,034,759)	(23)	(1,042,160)	(369)
	Total non-operating income and expenses									
7100	Interest income		22,921	1	8,924	4	46,099	1	11,055	4
7010	Other income	7	(3,011)	—	21	—	42,272	1	8,434	3
7020	Other gains and losses	7 and 9	28,105	1	2,686	1	24,204	1	1,633	1
7050	Finance costs		(1,040)	—	(2)	—	(1,565)	—	(2)	—
7000	<b>Total non-operating income and expenses</b>		46,975	2	11,629	5	111,010	3	21,120	8
7900	Loss before income tax		(237,344)	(6)	(480,184)	(208)	(923,749)	(20)	(1,021,040)	(361)
7950	Income tax benefit	6(19)	87,440	2	56,852	25	194,710	4	125,273	44
8200	Profit (loss)		\$ (149,904)	(4)	\$ (423,332)	(183)	\$ (729,039)	(16)	\$ (895,767)	(317)

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FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023

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

Items	Notes	Three Months Ended				Six Months Ended			
		June 30, 2024		June 30, 2023		June 30, 2024		June 30, 2023	
		Amount	%	Amount	%	Amount	%	Amount	%
<b>Other comprehensive income</b>									
Components of other comprehensive income that will be reclassified to profit or loss									
8361 Exchange differences on translation		515	—	(1,988)	(1)	1,180	—	(1,988)	(1)
8360 <b>Components of other comprehensive income that will be reclassified to profit or loss</b>		515	—	(1,988)	(1)	1,180	—	(1,988)	(1)
8300 <b>Other comprehensive (loss) income</b>		\$ 515	—	\$ (1,988)	(1)	\$ 1,180	—	\$ (1,988)	(1)
8500 <b>Total comprehensive loss</b>		\$ (149,389)	(4)	\$ (425,320)	(184)	\$ (727,859)	(16)	\$ (897,755)	(318)
Loss attributable to:									
8610 Owners of parent		\$ (149,904)	(4)	\$ (423,332)	(183)	\$ (729,039)	(16)	\$ (895,767)	(317)
<b>Comprehensive loss attributable to:</b>									
8710 Owners of parent		\$ (149,389)	(4)	\$ (425,320)	(184)	\$ (727,859)	(16)	\$ (897,755)	(318)
<b>Loss per share</b>									
9750 Basic and diluted loss per share	6(20)	\$ (0.09)		\$ (0.27)		\$ (0.42)		\$ (0.56)	

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

FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED JUNE 30, 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 at January 1		\$ 15,576,000	\$ —	\$ (2,368,228)	\$ —	\$ 13,207,772
Profit (loss)		—	—	(895,767)	—	(895,767)
Other comprehensive income		—	—	—	(1,988)	(1,988)
Total comprehensive income (loss)		—	—	(895,767)	(1,988)	(897,755)
Issuance of employee restricted stocks	6(12)(13)	337,140	33,148	—	—	370,288
Adjustment of organizational structure		—	8,759	—	—	8,759
Share-based payments	6(12)(14)	—	4,823	—	—	4,823
Balance at June 30		\$ 15,913,140	\$ 46,730	\$ (3,263,995)	\$ (1,988)	\$ 12,693,887
<u>2024</u>						
Balance at January 1		\$ 17,413,140	\$ 6,053,782	\$ (4,295,580)	\$ (1,141)	\$ 19,170,201
Profit (loss)		—	—	(729,039)	—	(729,039)
Other comprehensive income		—	—	—	1,180	1,180
Total comprehensive income (loss)		—	—	(729,039)	1,180	(727,859)
Share-based payments	6(12)	—	6,245	—	—	6,245
Balance at June 30		\$ 17,413,140	\$ 6,060,027	\$ (5,024,619)	\$ 39	\$ 18,448,587

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



**FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND ITS SUBSIDIARIES**  
**SUBSIDIARY CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023**

Expressed in thousands of New Taiwan Dollars

	Notes	Six Months Ended	
		June 30, 2024	June 30, 2023
<b>Cash flows from operating activities</b>			
Loss before tax for the year		\$ (923,749)	\$ (1,021,040)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(17)	277,186	158,109
Amortisation	6(17)	485,167	424,437
Expected credit loss	12(2)	524	115
Finance costs		1,565	3
Interest income		(46,099)	(11,055)
Share-based payments	6(14)	6,245	37,971
Profit on disposal of property, plant and equipment		(171)	—
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets		(17,245)	(58,389)
Accounts receivable		119,833	(57,094)
Accounts receivable – related parties		(329,165)	(51,242)
Other receivables		22,842	4,666
Inventories		(69,092)	(167,139)
Prepayments		(96,609)	56,759
Changes in operating liabilities			
Contract liabilities		195,882	140,355
Accounts payable		(329,128)	100,354
Accounts payable – related parties		362,829	2,149
Other payables		(71,901)	77,903
Other payables – related parties		(8,954)	(9,348)
Provisions for liabilities		42,611	2,735
Other current liabilities		(65,728)	(1,357)
Net defined benefit liability		80	(11)
Cash outflow generated from operations		(443,077)	(371,119)
Interest received		46,099	11,055
Interest paid		(1,565)	—
Income tax paid		(4,314)	(1,068)
Net cash used in operating activities		(402,857)	(361,132)

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**FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND ITS SUBSIDIARIES**  
**SUBSIDIARY CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023**

Expressed in thousands of New Taiwan Dollars

	Notes	Six Months Ended	
		June 30, 2024	June 30, 2023
<b>Cash flows from investing activities</b>			
Disposal (acquisition) of financial assets at amortized cost - current		\$ 2,445,174	\$ (4)
Acquisition of property, plant and equipment	6(21)	(1,504,980)	(352,797)
Disposal of property, plant and equipment		171	—
Acquisition of intangible assets		(135,416)	(392,455)
Increase in other non-current assets		—	(27,662)
Decrease (increase) in refundable deposit		(9,906)	7,138
Adjustment of organizational structure		—	1,673
Net cash flows used in (coming from) investing activities		795,043	(764,107)
<b>Cash flows from financing activities</b>			
Payments of lease liabilities		(42,372)	(578)
Other liabilities		—	(134)
Net cash flows from (used in) financing activities		(42,372)	(712)
Effect of exchange rate changes on cash and cash equivalents		879	(1,777)
Net increase (decrease) in cash and cash equivalents		350,693	(1,127,728)
Cash and cash equivalents at beginning of period		6,553,115	4,553,538
Cash and cash equivalents at end of period		\$ 6,903,808	\$ 3,425,810

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  
SIX MONTHS ENDED JUNE 30, 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 established in the Republic of China on November 6, 2020, and was listed on the Taiwan Innovation Board of Taiwan Stock Exchange on November 20, 2023. The Company and its subsidiary (hereinafter collectively referred to as “the Group”) are primarily engaged in the design and manufacturing of automobiles and their parts. As of June 30, 2024, Hon Hai Precision Industry 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 August 6, 2024.

3. Application of New Standards, Amendments and Interpretations

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, 'Amendments to the Classification and Measurement of Financial Instruments'	January 1, 2026
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by 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
IFRS 19, 'Subsidiaries without Public Accountability: Disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026

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:

A. Amendments to IFRS 9 and IFRS 7, 'Amendments to the Classification and Measurement of Financial Instruments'

These amendments are explained as follows:

- (a) Clarification of the recognition and derecognition dates of certain financial assets and liabilities: The amendment allows entities to consider financial liabilities (or parts thereof) as extinguished before the settlement date when using an electronic payment system to settle the liability in cash, provided that all of the following conditions are met:
  - i. The entity does not have the ability to revoke, stop, or cancel the payment instruction.
  - ii. The entity does not have the practical ability to obtain cash for settlement due to the payment instruction.
  - iii. The settlement risk associated with the electronic payment system is not significant.
- (b) Clarification and enhancement of guidance for assessing whether financial assets meet the Solely Payments of Principal and Interest (SPPI) criterion: This includes contracts with terms that change cash flows based on contingent events (e.g., interest rates linked to ESG targets), instruments without recourse features, and contract-linked instruments.

- (c) Additional disclosure requirements for instruments with terms that can change cash flows: For certain instruments with features linked to environmental, social and governance (ESG) targets, the following should be disclosed:
  - i. A qualitative description of the contingent nature of the terms.
  - ii. Quantitative information on the range of potential changes in contractual cash flows resulting from such terms.
  - iii. The total carrying amount of financial assets and the amortized cost of financial liabilities under such terms.
- (d) Updates to the disclosure requirements for equity instruments designated through irrevocable option at fair value through other comprehensive income (FVOCI): Fair value should be disclosed for each category of such instruments rather than for each individual item. Additionally, the fair value gains or losses recognized in other comprehensive income during the reporting period should be disclosed, showing separately the amounts related to derecognized investments and those related to investments still held at the end of the reporting period. Also, accumulated gains or losses transferred to equity upon derecognition of investments during the reporting period should be disclosed.

#### B. 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 consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### (1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers 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.

A. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Main Business Activities	Ownership (%)			Note
			2024 June 30	2023 December 31	2023 June 30	
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	100	(a)
Foxtron Vehicle Technologies Co., Ltd.	Foxtron Vehicle Technologies USA, Inc.	Engaging in the business of receiving orders for complete vehicles and parts, vehicle certification, and quality assurance.	100	—	—	(b)

- (a) On April 20, 2023, the Company acquired 100% of the share capital of Foxtron Vehicle Technologies (Hangzhou) Co., Ltd. for CNY 10 million. The acquisition is an asset acquisition transaction.
- (b) On April 15, 2024, the Group injected USD 1.2 million to establish Foxtron Vehicle Technologies USA, Inc., holding 100% of its equity. It has been included in the consolidated financial statements since its establishment.

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

The Group classifies all assets that do not meet the above criteria as non-current.

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.

The Group classifies all liabilities that do not meet the above criteria as non-current.

(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 labor, 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 recognising 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

#### Significant Accounting Estimates and Assumptions

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:

#### (1) 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.

(2) 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 June 30, 2024, the Group recognized deferred tax assets amounting to \$1,291,266 thousands.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	June 30, 2024	December 31, 2023	June 30, 2023
Cash on hand	\$ 30	\$ 30	\$ 30
Demand deposits	6,303,778	6,553,085	3,425,780
Time deposits	600,000	—	—
	<u>\$ 6,903,808</u>	<u>\$ 6,553,115</u>	<u>\$ 3,425,810</u>

Details of the Group's restricted cash which is classified as 'financial assets at amortized cost – current' is provided in Note 9.

(2) Financial assets at amortized cost

Items	June 30, 2024	December 31, 2023	June 30, 2023
Current items:			
Restricted assets	\$ 3,551	\$ 48,725	\$ 3,551
Time deposits with maturity over three months	600,000	3,000,000	—
	<u>\$ 603,551</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:

	Three Months Ended	
	June 30, 2024	June 30, 2023
Interest income	<u>\$ 16,831</u>	<u>\$ —</u>
	Six Months Ended	
	June 30, 2024	June 30, 2023
Interest income	<u>\$ 25,214</u>	<u>\$ —</u>



(3) Accounts receivable

	June 30, 2024	December 31, 2023	June 30, 2023
Accounts receivable	\$ 8,993	\$ 128,826	\$ 65,377
Less: Allowance for doubtful accounts	(1,775)	(1,490)	(63)
	<u>\$ 7,218</u>	<u>\$ 127,336</u>	<u>\$ 65,314</u>

A. As of June 30, 2024, December 31, 2023, and June 30, 2023, the 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

	June 30, 2024	December 31, 2023	June 30, 2023
Raw materials	\$ 440,361	\$ 210,983	\$ 155,571
Work in progress	201,318	60,867	289,784
Finished goods	3,644	3,184	—
Inventory in transit	37,573	338,418	52
Subtotal	<u>682,896</u>	<u>613,452</u>	<u>445,407</u>
Less: Allowance for inventory valuation losses	(7,333)	(6,534)	(6,356)
	<u>\$ 675,563</u>	<u>\$ 606,918</u>	<u>\$ 439,051</u>

The cost recognized as expense for the year:

	Three Months Ended	
	June 30, 2024	June 30, 2023
Cost of goods sold	\$ 2,901,886	\$ 148,557
(Gain from price recovery) Valuation losses	(6,223)	3,820
Warranty costs	34,985	2,338
Other service costs	115	2,337
	<u>\$ 2,930,763</u>	<u>\$ 157,052</u>

  

	Six Months Ended	
	June 30, 2024	June 30, 2023
Cost of goods sold	\$ 3,589,485	\$ 184,995
Valuation losses	799	3,952
Warranty costs	42,819	2,739
Other service costs	217	5,042
	<u>\$ 3,633,320</u>	<u>\$ 196,728</u>

From April 1 to June 30, 2024, due to the sale of certain inventories with a net realizable value

below cost, the net realizable value of the inventory recovered, resulting in a reduction in the cost of goods sold.

(5) Prepayments

	June 30, 2024	December 31, 2023	June 30, 2023
Excess business tax paid	\$ 395,994	\$ 372,668	\$ 365,663
Prepayments to suppliers	66,554	14,891	75,827
Other prepayments	27,347	5,719	17,800
	<u>\$ 489,895</u>	<u>\$ 393,278</u>	<u>\$ 459,290</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	1,122,706	343,180	740,450	2,206,336
Transfers	373,262	152,200	(525,053)	409
Depreciation	(217,548)	(29,967)	—	(247,515)
Net exchange difference	—	19	—	19
June 30, 2024	<u>\$ 2,153,467</u>	<u>\$ 611,884</u>	<u>\$ 361,375</u>	<u>\$ 3,126,726</u>
June 30, 2024				
Cost	\$ 3,191,606	\$ 705,803	\$ 361,375	\$ 4,258,784
Accumulated depreciation	(1,038,139)	(93,919)	—	(1,132,058)
	<u>\$ 2,153,467</u>	<u>\$ 611,884</u>	<u>\$ 361,375</u>	<u>\$ 3,126,726</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	12,640	37,607	—	50,247
January 1, 2023	1,431	—	26,227	27,658
Additions	(141,841)	(15,554)	—	(157,395)
Net exchange difference	—	(8)	—	(8)
June 30, 2023	<u>\$ 779,249</u>	<u>\$ 101,010</u>	<u>\$ 42,896</u>	<u>\$ 923,155</u>
June 30, 2023				
Cost	\$ 1,440,751	\$ 145,767	\$ 42,896	\$ 1,629,414
Accumulated depreciation	(661,502)	(44,757)	—	(706,259)
	<u>\$ 779,249</u>	<u>\$ 101,010</u>	<u>\$ 42,896</u>	<u>\$ 923,155</u>

(7) Leasing 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:

	June 30, 2024	
	Carrying amount	
Land	\$	152,225
Buildings		168,295
Other equipment		1,621
	\$	322,141
	Three Months Ended	
	June 30, 2024	
	Depreciation	
Land	\$	1,805
Buildings		13,790
Other equipment		155
	\$	15,750
	Six Months Ended	
	June 30, 2024	
	Depreciation	
Land	\$	1,805
Buildings		27,581
Other equipment		285
	\$	29,671

D. During the periods from April 1 to June 30, 2024, and from January 1 to June 30, 2024, the additions to the right-of-use assets owned by the Group were \$31,348 and \$154,487, respectively.

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

	Three Months Ended	
	June 30, 2024	June 30, 2023
<u>Items affecting current profit or loss</u>		
Interest expense on lease liabilities	\$ 1,040	\$ 2
Expense on short-term lease contracts	\$ 9,718	\$ 14,496
Expenses for leases of low-value assets	\$ 3	\$ —

	Six Months Ended	
	June 30, 2024	June 30, 2023
<u>Items affecting current profit or loss</u>		
Interest expense on lease liabilities	\$ 1,565	\$ 2
Expense on short-term lease contracts	\$ 19,378	\$ 29,333
Expenses for leases of low-value assets	\$ 17	\$ 3

F. During the periods from April 1 to June 30, 2024, and from January 1 to June 30, 2024, the total cash outflows for leases and rentals of the Group were \$12,872 and \$63,332, respectively.

(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 acquired separately	—	29,917	—	29,917
Additions - from internal development	—	—	105,499	105,499
Amortization	(8,358)	(21,114)	(455,695)	(485,167)
June 30, 2024	<u>\$ 34,369</u>	<u>\$ 107,377</u>	<u>\$ 6,722,165</u>	<u>\$ 6,863,911</u>
June 30, 2024				
Cost	\$ 90,000	\$ 203,904	\$ 8,442,164	\$ 8,736,068
Accumulated amortization and impairment	(55,631)	(96,527)	(1,719,999)	(1,872,157)
	<u>\$ 34,369</u>	<u>\$ 107,377</u>	<u>\$ 6,722,165</u>	<u>\$ 6,863,911</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	—	6,046	—	6,046
Additions - from internal development	—	—	386,409	386,409
Amortization	(9,150)	(16,748)	(398,539)	(424,437)
June 30, 2023	<u>\$ 51,877</u>	<u>\$ 88,953</u>	<u>\$ 6,875,331</u>	<u>\$ 7,016,161</u>
June 30, 2023				
Cost	\$ 90,000	\$ 146,261	\$ 7,738,410	\$ 7,974,671
Accumulated amortization and impairment	(38,123)	(57,308)	(863,079)	(958,510)
	<u>\$ 51,877</u>	<u>\$ 88,953</u>	<u>\$ 6,875,331</u>	<u>\$ 7,016,161</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 June 30, 2024, and 2023, there are no further indications of impairment, and no impairment losses have been recognized.

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

	Three Months Ended	
	June 30, 2024	June 30, 2023
Operating costs	\$ 47,638	\$ 457
Operating expenses	213,456	211,774
Total	<u>\$ 261,094</u>	<u>\$ 212,231</u>
	Six Months Ended	
	June 30, 2024	June 30, 2023
Operating costs	\$ 58,195	\$ 1,039
Operating expenses	426,972	423,398
Total	<u>\$ 485,167</u>	<u>\$ 424,437</u>

(9) Other non-current assets

	June 30, 2024	December 31, 2023	June 30, 2023
Prepayment for equipment	\$ 143,387	\$ 450,175	\$ 413,714
Refundable deposit	19,907	9,993	8,651
	<u>\$ 163,294</u>	<u>\$ 460,168</u>	<u>\$ 422,365</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	43,483	2,739
Current usage of provisions for liabilities	(208)	(4)
Current reversal of unused amounts	(664)	—
Balance on June 30, 2024	<u>\$ 55,183</u>	<u>\$ 4,774</u>

Provisions for liabilities analysis is as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Current	<u>\$ 23,052</u>	<u>\$ 3,802</u>	<u>\$ 1,363</u>
Non-current	<u>\$ 32,131</u>	<u>\$ 8,770</u>	<u>\$ 3,411</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 Group 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 Group will make up the difference by the end of March of the following year.
- (b) For the periods from April 1 to June 30, 2024 and 2023, and from January 1 to June 30, 2024 and 2023, the pension costs recognized by the Group under the aforementioned pension plan were \$48, \$6, \$96, and \$11, respectively.
- (c) The Group anticipates contributing \$0 to the retirement plan in 2025.

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 lump sum 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 periods from April 1 to June 30, 2024 and 2023, and from January 1 to June 30, 2024 and 2023, the pension costs recognized by the Group under the aforementioned pension plan were \$10,256, \$8,533, \$20,073 and \$16,482, respectively. (Of these amounts, the portions recognized as internally generated intangible assets were \$1,468, \$4,311, \$2,791 and \$8,073, 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 thousand shares)	Weighted average exercise price (TWD)	Stock option quantity (in thousand shares)	Weighted average exercise price (TWD)
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 June 30	<u>12,686</u>	\$ 10	<u>13,014</u>	\$ 10



C. pricing model. Relevant information is as follows:

Type of agreement	Grant date	Stock price (TWD)	Exercise price (TWD)	Expected volatility (%)	Expected term	Risk-free interest rate	Fair value per unit (TWD)
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:

	Three Months Ended	
	June 30, 2024	June 30, 2023
Equity-settled	\$ 3,123	\$ 2,650

  

	Six Months Ended	
	June 30, 2024	June 30, 2023
Equity-settled	\$ 6,245	\$ 37,971

### (13) Share capital

- A. The Group was jointly established by Hua-chuang Automobile Information Technical Center Co., Ltd. (hereinafter referred to as “Haitec”) and Hon Hai Precision Industry Co., Ltd. (hereinafter referred to as “Hon Hai”) on November 6, 2020. As of June 30, 2024, the Group's authorized capital was \$25,000,000, divided into 2,500,000 thousand shares, with a paid-in capital of \$17,413,140, and a par value of \$10 per share. The reconciliation of the number of outstanding ordinary shares at the beginning and end of the period is as follows:

	2024	2023
	Number of shares (in thousand shares)	Number of shares (in thousand shares)
As of January 1	1,741,314	1,557,600
Employee stock options exercised	—	33,714
As of June 30	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 \$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. In accordance with the relevant provisions of the Securities and Exchange Act, when additional paid-in capital mentioned above are converted into capital, the total amount used for such conversion each year shall not exceed 10% of the paid-in capital. 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	6,245	—	6,245
As of June 30	<u>\$ 6,048,152</u>	<u>\$ 11,875</u>	<u>\$ 6,060,027</u>
2023			
	Share premium	Employee stock options	Total
As of January 1	\$ —	\$ —	\$ —
Share-based payments	—	37,971	37,971
Employee stock options exercised	33,148	(33,148)	—
Adjustment of organizational structure	8,759	—	8,759
As of June 30	<u>\$ 41,907</u>	<u>\$ 4,823</u>	<u>\$ 46,730</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 authorized 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. On May 23, 2024, the Company's shareholders' meeting approved the 2023 loss compensation plan. Due to accumulated losses, there were no earnings available for distribution. For details regarding the resolution of the shareholders' meeting, please refer to the Market Observation Post System of the Taiwan Stock Exchange.

#### (16) Operating revenue

##### A. Disaggregation of revenue from contracts with customers

The Group'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:

Three months ended June 30, 2024	Taiwan	Japan	Total
Revenue recognized at a point in time	\$ 3,597,036	\$ 1,155	\$ 3,598,191
Revenue recognized over time	6,573	—	6,573
	\$ 3,603,609		
Total		\$ 1,155	\$ 3,604,764
Three months ended June 30, 2023	Taiwan	Total	
Revenue recognized at a point in time	\$ 160,984	\$ 160,984	
Revenue recognized over time	69,906	69,906	
Total	\$ 230,890	\$ 230,890	
Six months ended June 30, 2024	Taiwan	Japan	Total
Revenue recognized at a point in time	\$ 4,407,667	\$ 12,171	\$ 4,419,838
Revenue recognized over time	7,087	—	7,087
Total	\$ 4,414,754	\$ 12,171	\$ 4,426,925
Six months ended June 30, 2023	Taiwan	Total	
Revenue recognized at a point in time	\$ 201,195	\$ 201,195	
Revenue recognized over time	81,525	81,525	
Total	\$ 282,720	\$ 282,720	

- (a) The sale of electric buses is considered a sale of variable consideration. The sales revenues from the electric bus bodies for the periods from April 1 to June 30, 2024 and 2023, and from January 1 to June 30, 2024 and 2023, were \$25,986, \$160,172, \$74,311 and \$200,215, respectively. Of these amounts, the amounts of sales considered as

variable consideration were \$6,676, \$46,732, \$19,855 and \$58,415, respectively. According to the contract, the variable consideration is based on the maximum subsidy obtainable from the relevant agencies under the Ministry of Transportation. Any unmet portion will be deducted from the payment. The Group has assessed that it is highly probable that there will not be a significant reversal of the variable consideration. However, payment will be made only after the customer receives the subsidy from government agencies."

- (b) As of June 30, 2024, 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 Group are as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Contract assets - current:			
Service contracts	\$ 1,175	\$ 1,115	\$ 92
Sales contracts	262,555	245,445	115,862
Total	<u>\$ 263,730</u>	<u>\$ 246,560</u>	<u>\$ 115,954</u>
Contract liabilities - current:			
Service contracts	\$ —	\$ —	\$ (971)
Sales contracts	(62,043)	(13,345)	(164,519)
Contract liabilities - non-current:			
Sales contracts	(276,499)	(129,315)	(129,315)
Total	<u>\$ (338,542)</u>	<u>\$ (142,660)</u>	<u>\$ (294,805)</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 sales receipts. Refer to Note 7 for the information on related parties.
- (b) The amounts of revenue recognized during the periods from April 1 to June 30, 2024 and 2023, and from January 1 to June 30, 2024 and 2023, from contract liabilities at the beginning of the period were \$0, \$16,920, \$13,345 and \$24,164, respectively.

(17) Expenses by nature

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

	Three Months Ended	
	June 30, 2024	June 30, 2023
Employee benefits expenses	\$ 261,773	\$ 86,066
Depreciation	160,125	80,026
Amortization	261,094	212,231
	<u>\$ 682,992</u>	<u>\$ 378,323</u>
	Six Months Ended	
	June 30, 2024	June 30, 2023
Employee benefits expenses	\$ 514,137	\$ 290,561
Depreciation	277,186	158,109
Amortization	485,167	424,437
	<u>\$ 1,276,490</u>	<u>\$ 873,107</u>

(18) Employee benefit expense

	Three Months Ended	
	June 30, 2024	June 30, 2023
Wages and salaries	\$ 275,477	\$ 165,838
Share-based payments	3,123	2,650
Labor and health insurance fees	18,251	15,535
Pension costs	10,304	8,539
Other personnel expenses	3,541	206
	<u>\$ 310,696</u>	<u>\$ 192,768</u>
Summarized as follows by listed account		
Operating costs and expenses	\$ 261,773	\$ 86,066
Internally generated intangible assets	48,923	106,702
Total	<u>\$ 310,696</u>	<u>\$ 192,768</u>

	Six Months Ended	
	June 30, 2024	June 30, 2023
Wages and salaries	\$ 532,076	\$ 449,595
Share-based payments	6,245	37,971
Labor and health insurance fees	39,938	38,353
Pension costs	20,169	16,493
Other personnel expenses	4,000	232
	<u>\$ 602,428</u>	<u>\$ 542,644</u>
Summarized as follows by listed account		
Operating costs and expenses	\$ 514,137	\$ 290,561
Internally generated intangible assets	88,291	252,083
Total	<u>\$ 602,428</u>	<u>\$ 542,644</u>

A. According to the Group's Articles of Incorporation, after deducting accumulated losses from the profit for the year, if there is a remaining balance, 5% to 7% of it should be allocated as employee compensation.

For the six months ended June 30, 2024 and 2023, the Group incurred net losses, and therefore no employee compensation was estimated.

#### (19) Income tax

##### A. Income tax benefit

Components of income tax benefit:

	Three Months Ended	
	June 30, 2024	June 30, 2023
Current tax:		
Income tax based on the income for the period	\$ —	\$ 367
Underestimation of income tax for the previous year	61	—
Deferred tax:		
Origination and reversal of temporary differences	(87,501)	(57,219)
Income tax benefit	<u>\$ (87,440)</u>	<u>\$ (56,852)</u>

		Six Months Ended	
		June 30, 2024	June 30, 2023
Current tax:			
Income tax based on the income for the period	\$	—	\$ 367
Underestimation of income tax for the previous year		61	—
Deferred tax:			
Origination and reversal of temporary differences		(194,771)	(125,640)
Income tax benefit	\$	(194,710)	\$ (125,273)

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

(20) Loss per share

		Three Months Ended	
		June 30, 2024	
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousand shares)	Loss per share (TWD)
<u>Basic and diluted loss per share</u>			
Net loss attributable to shareholders of the parent company's common stock	\$ (149,904)	1,741,314	\$ (0.09)

		Three Months Ended	
		June 30, 2023	
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousand shares)	Loss per share (TWD)
<u>Basic and diluted loss per share</u>			
Net loss attributable to shareholders of the parent company's common stock	\$ (423,332)	1,591,314	\$ (0.27)

		Six Months Ended	
		June 30, 2024	
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousand shares)	Loss per share (TWD)
<u>Basic and diluted loss per share</u>			
Net loss attributable to shareholders of the parent company's common stock	\$ (729,039)	1,741,314	\$ (0.42)

	Six Months Ended		
	June 30, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousand shares)	Loss per share (TWD)
<u>Basic and diluted loss per share</u>			
Net loss attributable to shareholders of the parent company's common stock	\$ (895,767)	1,585,695	\$ (0.56)

During the periods from April 1 to June 30, 2024, and from January 1 to June 30, 2024, the Group incurred losses. The inclusion of the impact of employee stock options would have an anti-dilutive effect; therefore, it was not included in the calculation of diluted loss per share.

(21) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Six Months Ended	
	June 30, 2024	June 30, 2023
Purchase of property, plant and equipment	\$ 2,206,336	\$ 50,247
Add: Opening balance of payable on equipment	60,023	120,161
Add: Ending balance of payable on equipment	143,387	413,714
Less: Opening balance of payable on equipment	(454,591)	(9,894)
Less: Ending balance of payable on equipment	(450,175)	(221,431)
Cash paid during the period	\$ 1,504,980	\$ 352,797

B. Financing activities with no cash flow effects:

As described in Note 6 (12), employees exercised stock options, and the issuance price of \$337,140 was paid by offsetting debt against the subscription price on January 18, 2023.



7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
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)	"
Hangzhou Hua-chuang Automobile Information Technical Center Co., Ltd.	"
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

	Three Months Ended	
	June 30, 2024	June 30, 2023
Sales of goods:		
Luxgen	\$ 3,561,826	\$ —
Other related parties	19,980	—
Yulon Group	—	71
Sales of services:		
Luxgen	2,772	60,614
Hon Hai Technology Group	3,552	7,948
	<u>\$ 3,588,130</u>	<u>\$ 68,633</u>

  

	Six Months Ended	
	June 30, 2024	June 30, 2023
Sales of goods:		
Luxgen	\$ 4,318,589	\$ —
Other related parties	19,980	—
Yulon Group	—	71
Sales of services:		
Luxgen	2,829	71,434
Hon Hai Technology Group	3,697	7,948
	<u>\$ 4,345,095</u>	<u>\$ 79,453</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 June 30, 2024, and 2023, the revenue from contracted but unfulfilled service obligations was \$7,052 and \$10,259, respectively.

B. Purchases

	Three Months Ended	
	June 30, 2024	June 30, 2023
Purchases of goods:		
Hon Hai Technology Group	\$ 91,266	\$ 1,745
Associate of Hon Hai Technology Group	9,967	4,193
Yulon Group	4,622	1,288
	<u>\$ 105,855</u>	<u>\$ 7,226</u>

	Six Months Ended	
	June 30, 2024	June 30, 2023
Purchases of goods:		
Hon Hai Technology Group	\$ 133,858	\$ 2,678
Associate of Hon Hai Technology Group	32,409	7,108
Yulon Group	7,745	2,798
	<u>\$ 174,012</u>	<u>\$ 12,584</u>

Apart from cases where no comparable transactions exist and the terms are negotiated between the parties, the Group 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

	June 30, 2024	December 31, 2023	June 30, 2023
Accounts receivable:			
Luxgen	\$ 454,600	\$ 90,570	\$ 43,949
Yonglin	—	34,865	—
Hon Hai Technology Group	—	—	8,166
Less: Allowance for doubtful accounts	(228)	(64)	—
Total	<u>\$ 454,372</u>	<u>\$ 125,371</u>	<u>\$ 52,115</u>

These accounts receivable are due 7 to 90 days after the date of sale. The above accounts receivable are not pledged, without payable interest.

#### D. Contract assets - service contracts

	June 30, 2024	December 31, 2023	June 30, 2023
Luxgen	<u>\$ 1,176</u>	<u>\$ 1,116</u>	<u>\$ 92</u>

#### E. Contract liabilities - service contracts

	June 30, 2024	December 31, 2023	June 30, 2023
Sales contracts			
Yonglin	\$ 62,043	\$ —	\$ —
Service contracts			
Luxgen	—	—	971
Total	<u>\$ 62,043</u>	<u>\$ —</u>	<u>\$ 971</u>

#### F. Payables to related parties

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Yulon Motor	\$ 391,577	\$ —	\$ —
Hon Hai Technology Group	43,571	22,856	1,722
Associate of Hon Hai Technology Group	7,935	5,364	3,211
Yulon Group	4,140	56,174	397
Total	<u>\$ 447,223</u>	<u>\$ 84,394</u>	<u>\$ 5,330</u>

The payables are due 14 to 90 days after the date of purchase or the date the service has been provided. The payables bear no interest.

#### G. Prepayments

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Yulon Group	\$ 7,478	\$ 94,469	\$ 119,820
Associate of Hon Hai Technology Group	—	57	—
Total	<u>\$ 7,478</u>	<u>\$ 94,526</u>	<u>\$ 119,820</u>

#### H. Other payables

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Haitec	\$ 208,818	\$ —	\$ —
Yulon Group	100,069	52,548	2,981
Hon Hai	17,745	—	9,015
Hon Hai Technology Group	2,543	18,817	4,312
Associate of Hon Hai Technology Group	119	1,339	279
Yulon Motor	21,149	—	30,675
Total	<u>\$ 350,443</u>	<u>\$ 72,704</u>	<u>\$ 47,262</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.

#### I. Lease transactions - lessee

- The Group leases offices from Hon Hai. Rental contracts are typically made for periods of 2 years. Rents are paid quarterly or annually.
- There were no instances of obtaining right-of-use assets from related parties for the six months ended June 30, 2024, and 2023.
- The Group leased office space from Yulon Group for the six months ended June 30, 2024, and 2023, with lease contracts not exceeding 12 months.

(d) Rent expense

	Three Months Ended	
	June 30, 2024	June 30, 2023
Yulon Motor	\$ 6,291	\$ 10,783
	Six Months Ended	
	June 30, 2024	June 30, 2023
Yulon Motor	\$ 12,451	\$ 23,283

(e) Lease liabilities

	June 30, 2024
Hon Hai	\$ 167,155

During the periods from April 1 to June 30, 2024, and from January 1 to June 30, 2024, the interest expenses arising from the Group's lease liabilities amounted to \$448 and \$929, respectively.

J. Other costs and expenses

	Three Months Ended	
	June 30, 2024	June 30, 2023
Labor Costs		
— Yulon Motor	\$ 6,110	\$ —
— Associate of Hon Hai Technology Group	113	—
— Hon Hai Technology Group	284	1,671
— Yulon Group	108	6,575
Other Costs and Expenses		
— Yulon Motor	1,433,082	—
— Yulon Group	90,472	2,454
— Associate of Hon Hai Technology Group	25,139	—
— Hon Hai Technology Group	7,156	5,010
	\$ 1,562,464	\$ 15,710

	Six Months Ended	
	June 30, 2024	June 30, 2023
Labor Costs		
— Yulon Motor	\$ 14,029	\$ —
— Associate of Hon Hai Technology Group	340	—
— Hon Hai Technology Group	284	2,965
— Yulon Group	108	6,575
Other Costs and Expenses		
— Yulon Motor	1,789,850	—
— Yulon Group	96,474	5,915
— Associate of Hon Hai Technology Group	25,139	—
— Hon Hai Technology Group	12,487	7,592
	<u>\$ 1,938,711</u>	<u>\$ 23,047</u>

The costs for Yulon Motor parts during the periods from April 1 to June 30, 2024, and from January 1 to June 30, 2023, were \$1,314,068 and \$1,598,938, respectively. Other costs and expenses primarily consisted of shipping fees, prototyping costs and subcontracting fees.

#### K.Non-operating income

	Three Months Ended	
	June 30, 2024	June 30, 2023
Yulon Group	\$ 113	\$ 55
Hon Hai Technology Group	13	—
Haitec	—	—
Total	<u>\$ 126</u>	<u>\$ 55</u>

  

	Six Months Ended	
	June 30, 2024	June 30, 2023
Yulon Group	\$ 144	\$ 55
Hon Hai Technology Group	64	—
Haitec	—	8,413
Total	<u>\$ 208</u>	<u>\$ 8,468</u>

The non-operating income for the period from January 1 to June 30, 2023, was due to relocation subsidies paid by the Taoyuan City Government to Haitec as a result of the Taoyuan Aerotropolis Project. Haitec transferred the corresponding portion of the relocation subsidies related to equipment owned by the Group to the Group.

## L. Property transactions

### (a) Acquisition of property and equipment

		Three Months Ended	
		June 30, 2024	June 30, 2023
Yulon Group	\$	296,099	\$ 13,075
Haitec		208,818	—
Associate of Hon Hai Technology Group		367	—
Total	\$	505,284	\$ 13,075

  

		Six Months Ended	
		June 30, 2024	June 30, 2023
Yulon Group	\$	592,495	\$ 37,193
Haitec		208,818	—
Associate of Hon Hai Technology Group		430	—
Total	\$	801,743	\$ 37,193

### (b) Acquisition of intangible assets - computer software

		Three Months Ended	
		June 30, 2024	June 30, 2023
Yulon Group	\$	—	\$ 1,360

  

		Six Months Ended	
		June 30, 2024	June 30, 2023
Yulon Group	\$	—	\$ 4,627

### (c) Acquisition of financial assets

		Six Months Ended	
		June 30, 2023	
	Listed Item	Target of Transaction	Acquisition Price
— Hon Hai Group	Investments		
Fu Tai Hua	accounted for		
Industry	using the	Foxtron Vehicle	
(Shenzhen) Co.,	equity	Technologies	
Ltd.	method	(Hangzhou) Co., Ltd.	\$ 44,361

### (3) Key management compensation

		Three Months Ended	
		June 30, 2024	June 30, 2023
Short-term employee benefits	\$	6,855	\$ 6,277
Post-employment benefits		291	264
Share-based payments		3,123	2,650
Total	\$	10,269	\$ 9,191

	Three Months Ended	
	June 30, 2024	June 30, 2023
Short-term employee benefits	\$ 12,611	\$ 36,740
Post-employment benefits	573	527
Share-based payments	6,245	4,823
Total	<u>\$ 19,429</u>	<u>\$ 42,090</u>

8. Pledged Assets

None.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Contract Commitments

A. The Group participated in a subsidy program under the Ministry of Economic Affairs' Science and Technology Research and Development Project, which was in effect from December 1, 2020 to November 30, 2022. As of December 31, 2022, a performance bond of \$128,000 was required to be deposited according to the agreement, and this bond has been secured by a written joint and several surety guarantee issued by a bank. As of June 30, 2024, December 31, 2023 and June 30, 2023, the Group had applied for and received \$128,000, \$128,000 and \$128,000 in subsidies, respectively. However, as certain parts of the project have not yet been completed, portions of the subsidy amounting to \$3,551, \$3,551 and \$3,551 have been classified as restricted deposits (listed under Financial Assets Measured at Amortized Cost-Current).

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 thousands. For the period from January 1 to June 30, 2024, the Company had cumulatively applied for and received \$176,425 in subsidies and recognized deferred government grant income of \$— (listed under Other Current Liabilities) and government grant income of \$41,599 (listed under Other Income).

(2) Commitments

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

	June 30, 2024	December 31, 2023	June 30, 2023
Property, plant and equipment	<u>\$ 737,112</u>	<u>\$ 1,124,459</u>	<u>\$ 1,405,512</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

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial assets</u>			
Financial assets at amortized cost			
Cash and cash equivalents	\$ 6,903,808	\$ 6,553,115	\$ 3,425,810
Financial assets at amortized cost	603,551	3,048,725	3,551
Contract assets - current	263,730	246,560	115,954
Accounts receivable (including related parties)	461,590	252,707	117,429
Other receivables	3,794	26,625	5,704
Guarantee deposits	19,907	9,993	8,651
	<u>\$ 8,256,380</u>	<u>\$ 10,137,725</u>	<u>\$ 3,677,099</u>
	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial liabilities</u>			
Financial liabilities at amortized cost			
Contract liabilities	\$ 338,542	\$ 142,660	\$ 294,805
Accounts payable (including related parties)	669,170	635,468	233,381
Other payables	959,913	646,021	287,620
Guarantee deposits received	400	400	—
	<u>\$ 1,968,025</u>	<u>\$ 1,424,549</u>	<u>\$ 815,806</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 program focuses on the unpredictability of financial markets and seeks to minimize 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: TWD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

June 30, 2024						
(Foreign currency: functional currency)	Foreign currency amount		Book value	Sensitivity analysis		
	(expressed in thousands of New Taiwan Dollars)	Exchange rate	(TWD)	Degree of variation	Effect on profit or loss	Effect on other comprehens ive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:TWD	935	32.45	\$ 30,344	1 %	\$ 303	\$ —
CNY:TWD	28,486	4.445	126,618	1 %	1,266	—
<u>Foreign operations</u>						
USD:TWD	1,204	32.45	\$ 39,074	1 %	—	\$ 391
CNY:TWD	9,452	4.445	42,015	1 %	—	420
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:TWD	6,299	32.45	\$ 204,414	1 %	\$ 2,044	\$ —
CNY:TWD	76,276	4.445	339,049	1 %	3,390	—
December 31, 2023						
(Foreign currency: functional currency)	Foreign currency amount		Book value	Sensitivity analysis		
	(expressed in thousands of New Taiwan Dollars)	Exchange rate	(TWD)	Degree of variation	Effect on profit or loss	Effect on other comprehens ive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:TWD	382	30.71	\$ 11,731	1 %	\$ 117	\$ —
CNY:TWD	2,014	4.327	8,715	1 %	87	—
<u>Foreign operations</u>						
CNY:TWD	9,221	4.327	\$ 39,898	1 %	—	\$ 399
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:TWD	4,309	30.71	\$ 132,329	1 %	\$ 1,323	\$ —
CNY:TWD	111,783	4.327	483,685	1 %	4,837	—

(Foreign currency: functional currency)	June 30, 2023					
	Foreign currency amount (expressed in thousands of New Taiwan Dollars)	Exchange rate	Book value	Sensitivity analysis		
			(TWD)	Degree of variation	Effect on profit or loss	Effect on other comprehens ive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:TWD	1,560	31.14	\$ 48,578	1 %	\$ 486	—
<u>Foreign operations</u>						
CNY:TWD	12,937	4.282	\$ 55,396	1 %	—	\$ 554
<u>Foreign operations</u>						
CNY:TWD						
<u>Financial liabilities</u>	919	31.14	\$ 28,618	1 %	\$ 286	—
<u>Monetary items</u>	22,843	4.282	97,814	1 %	978	—

The Group recognized total exchange gains (including both realized and unrealized) due to significant impacts from exchange rate fluctuations on monetary items for the periods from April 1 to June 30, 2024 and 2023, and from January 1 to June 30, 2024 and 2023, amounting to gains of \$27,993, \$2,686, \$24,033 and \$1,655, respectively (listed under Other Gains and Losses).

#### Price risk

The Group 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 Group 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 Group due to the failure of customers or counterparties of financial instruments to meet their contractual obligations.

The Group'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 Group's counterparties are banks with good credit ratings, there are no significant credit risks.

- ii. The Group 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 Group 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:

	June 30, 2024	December 31,	June 30, 2023
Not past due	\$ 463,019	\$ 251,295	\$ 117,451
0 to 90 days	574	2,966	41
	<u>\$ 463,593</u>	<u>\$ 254,261</u>	<u>\$ 117,492</u>

The above ageing analysis was based on past due date.

- v. The Group 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 Group'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 June 30, 2024, the allowance for the doubtful accounts under the accounts receivable (including related parties) and contract assets was estimated based on the loss rate method, or the provision matrix as follows:

	Group 1	Group 2	Group 3 and 4	Total
June 30, 2024				
Expected loss rate	0.0500%	0.1100%	9.63%~22.99%	
Total book value	<u>\$ 456,910</u>	<u>\$ 262,844</u>	<u>\$ 7,859</u>	<u>\$ 727,613</u>
Loss allowance	<u>\$ 229</u>	<u>\$ 289</u>	<u>\$ 1,775</u>	<u>\$ 2,293</u>

	Group 1	Group 2	Group 3 and 4	Total
December 31, 2023				
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
	Group 1	Group 2	Group 3 and 4	Total
June 30, 2023				
Expected loss rate	0.0375%	0.0875%	— %	
Total book value	\$ 78,708	\$ 154,840	\$ —	\$ 233,548
Loss allowance	\$ 30	\$ 135	\$ —	\$ 165

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	524	115
As of June 30	\$ 2,293	\$ 165

(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. All of the Company's non-derivative financial liabilities are due within one year. Additionally, the Company has no derivative financial liabilities.

(3) Fair value information

A. The Group did not have any financial or non-financial instruments measured at fair value as of June 30, 2024 and June 30, 2023.

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

Information related to the names and locations of the investee companies (excluding investee companies in Mainland China) can be found in Table 3.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 4.

B. 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 Group as a whole, identifying the Group 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 SIX MONTHS ENDED JUNE 30, 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		Note
			Purchases /Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
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	\$ 4,321,418	98	Note 1	Note 2	Note 2	\$ 454,600	98	
Foxtron Vehicle Technologies Co., Ltd.	Cloud Network Technology Singapore Pte.Ltd.	A subsidiary of the Group that has controlling interest in the Company.	Purchase	110,018	6	60 days from invoice date	Note 2	Note 2	(28,699)	(4)	

Note 1: Goods sales are settled on a net 7-day basis, and service income is settled on a net 45-day 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 JUNE 30, 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.	\$ 454,600	32	\$ —	Collect Payments in Subsequent Period	\$ 437,914	\$ 228

FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND ITS SUBSIDIARIES  
INFORMATION ON INVESTEEES (NOT INCLUDING THE INVESTEEES IN MAINLAND CHINA)  
AS OF JUNE 30, 2024

Table 3

Expressed in thousands of New Taiwan Dollars (Unless Specified Otherwise)											
Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of June 30, 2024			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				June 30, 2024	Dec. 31, 2023	Shares	%	Carrying Value			
Foxtron Vehicle Technologies Co., Ltd.	Foxtron Vehicle Technologies USA, Inc.	USA	Engaging in the business of receiving orders for complete vehicles and parts, vehicle certification, and quality assurance.	\$ 38,858	—	100,000	100	\$ 39,074	\$ 131	\$ 131	Note

Note: Foxtron Vehicle Technologies USA, Inc. was established on April 15, 2024 with a capital injection of US\$1.2 million and has been consolidated since its establishment.

FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND ITS SUBSIDIARIES  
INFORMATION ON INVESTMENT IN MAINLAND CHINA—BASIC INFORMATION  
FOR THE SIX MONTHS ENDED JUNE 30, 2024

Table 4

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 June 30, 2024	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses	Carrying Amount as of June 30, 2024	Accumulated Inward Remittance of Earnings as of June 30, 2024	Note
					Outflow	Inflow							
Foxtron Vehicle Technologies (Hangzhou) Co., Ltd.	Mainly engaging in vehicle performance improvement and vehicle component design and development.	\$ 44,450	(1)	\$ 44,361	\$ —	\$ —	\$ 44,361	\$ 1,021	100	\$ 1,021	\$ 42,015	\$ —	Note 2, 3

Company Name	Accumulated Investment in Mainland China as of June 30, 2024 (Note 1)	Investment Amounts Authorized by Investment	Upper Limit on Investment
Foxtron Vehicle Technologies Co., Ltd.	\$ 44,361	\$ 44,450	\$ 11,069,152

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 CNY 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 CNY 10,000,000, adjusted for currency exchange variances.

FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND ITS SUBSIDIARIES  
INFORMATION ON MAJOR SHAREHOLDERS  
AS OF JUNE 30, 2024

Table 5

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 %