

**FOXTRON VEHICLE TECHNOLOGIES CO., LTD.**  
**AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT**  
**AUDITORS' REVIEW REPORT**  
**SEPTEMBER 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 subsidiaries (the “Group”) as of September 30, 2024 and 2023, and the consolidated statements of comprehensive income for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, and the consolidated statements of changes in equity and cash flows for the nine months ended September 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 September 30, 2024 and 2023, its consolidated financial performance and consolidated cash flows for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, and its consolidated cash flows for the nine months ended September 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

November 8, 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 SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEETS**  
**SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023**

Expressed in thousands of New Taiwan Dollars

			September 30, 2024		December 31, 2023		September 30, 2023	
Assets		Notes	Amount	%	Amount	%	Amount	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 5,699,185	29	\$ 6,553,115	31	\$ 2,733,016	21
1136	Financial assets at amortized cost - current	6(2) and 9	66,823	—	3,048,725	14	3,551	—
1140	Contract assets - current	6(16) and 7	244,550	1	246,560	1	144,948	1
1170	Accounts receivable, net	6(3)	2,654	—	127,336	1	152,334	1
1180	Accounts receivable, net – related parties	7	372,831	2	125,371	—	624	—
1200	Other receivables		55,805	—	26,625	—	10,495	—
1220	Income tax assets - current		8,963	—	2,677	—	1,469	—
130X	Inventories	6(4)	1,002,175	5	606,918	3	356,356	3
1410	Prepayments	6(5) and 7	496,851	2	393,278	2	404,635	3
11XX	Total current assets		7,949,837	39	11,130,605	52	3,807,428	29
Non-current assets								
1600	Property, plant and equipment	6(6)	3,753,453	18	1,167,477	6	945,157	7
1755	Right-of-use assets	6(7) and 7	394,058	2	197,325	1	210,071	2
1780	Intangible assets	6(8)	6,788,000	33	7,213,662	34	7,078,881	54
1840	Deferred income tax assets		1,312,435	6	1,075,457	5	674,651	5
1900	Other non-current assets	6(9)	309,863	2	460,168	2	443,061	3
15XX	Total non-current assets		12,557,809	61	10,114,089	48	9,351,821	71
1XXX	Total assets		\$ 20,507,646	100	\$ 21,244,694	100	\$ 13,159,249	100

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**FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND ITS SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEETS**  
**SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023**

Expressed in thousands of New Taiwan Dollars

Liabilities and Equity			September 30, 2024		December 31, 2023		September 30, 2023	
			Amount	%	Amount	%	Amount	%
Current liabilities								
2130	Contract liabilities - current	6(16) and 7	\$ 33,296	—	\$ 13,345	—	\$ 79,459	1
2170	Accounts payable		430,965	2	551,074	3	198,326	2
2180	Accounts payable – related parties	7	276,717	1	84,394	—	11,773	—
2200	Other payables		614,354	3	573,317	3	332,450	3
2220	Other payables – related parties	7	30,338	—	72,704	—	26,150	—
2250	Provisions for liabilities - current	6(10)	33,551	—	3,802	—	2,362	—
2280	Lease liabilities - current	6(7)	80,437	—	81,748	1	55,111	—
2300	Other current liabilities	9	79,490	—	78,292	—	16,896	—
21XX	Total current liabilities		1,579,148	6	1,458,676	7	722,527	6
Non-current liabilities								
2527	Contract liabilities - non-current	6(16)	276,499	2	129,315	1	129,315	1
2550	Provisions for liabilities - non-current	6(10)	44,584	—	8,770	—	5,892	—
2570	Deferred income tax liabilities		383,866	2	333,598	1	—	—
2580	Lease liabilities - non-current	6(7)	329,489	2	142,664	1	155,047	1
2600	Other non-current liabilities		1,588	—	1,470	—	1,296	—
25XX	Total non-current liabilities		1,036,026	6	615,817	3	291,550	2
2XXX	Total liabilities		2,615,174	12	2,074,493	10	1,014,077	8
Equity								
Equity attributable to owners of parent								
Share capital								
3110	Ordinary share	6(13)	17,413,140	85	17,413,140	82	15,913,140	121
Capital surplus								
3200	Capital surplus	6(14)	6,063,149	30	6,053,782	28	49,380	—
Retained earnings								
3350	Accumulated deficit	6(15)	(5,583,553)	(27)	(4,295,580)	(20)	(3,817,067)	(29)
Other equity								
3400	Other equity		(264)	—	(1,141)	—	(281)	—
31XX	Total equity attributable to owners of the parent		17,892,472	88	19,170,201	90	12,145,172	92
3XXX	Total equity		17,892,472	88	19,170,201	90	12,145,172	92
Significant contingent liabilities and unrecognized contract commitments			9					
3X2X	Total liabilities and equity		\$ 20,507,646	100	\$ 21,244,694	100	\$ 13,159,249	100

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

FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND ITS SUBSIDIARY  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

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

			Three months ended September 30				Nine months ended September 30			
			2024		2023		2024		2023	
Items	Notes		Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue	6(16) and 7	\$	2,500,653	100	\$	305,761	100	\$	6,927,578	100
5000 Operating costs	6(4)(17)(18) and 7		(2,049,772)	(82)		(295,374)	(97)		(5,683,092)	(82)
5900 <b>Gross profit from operations</b>			<u>450,881</u>	<u>18</u>	<u>10,387</u>	<u>3</u>	<u>1,244,486</u>	<u>18</u>	<u>96,379</u>	<u>16</u>
Operating expenses										
6100 Selling expenses			(14,090)	(1)	(7,579)	(2)	(30,066)	—	(21,054)	(4)
6200 General and administrative expenses			(148,726)	(6)	(107,899)	(35)	(420,472)	(6)	(299,292)	(51)
6300 Research and development expenses			(919,462)	(37)	(515,675)	(169)	(2,460,104)	(36)	(1,438,959)	(244)
6000 <b>Total operating expenses</b>			<u>(1,082,278)</u>	<u>(44)</u>	<u>(631,153)</u>	<u>(206)</u>	<u>(2,910,642)</u>	<u>(42)</u>	<u>(1,759,305)</u>	<u>(299)</u>
6900 Operating loss			<u>(631,397)</u>	<u>(26)</u>	<u>(620,766)</u>	<u>(203)</u>	<u>(1,666,156)</u>	<u>(24)</u>	<u>(1,662,926)</u>	<u>(283)</u>
Total non-operating income and expenses										
7100 Interest income			22,078	1	541	—	68,177	1	11,596	2
7010 Other income	7		49,273	2	566	—	91,545	1	9,000	2
7020 Other gains and losses	7 and 9		10,777	—	(5,879)	(2)	34,981	1	(4,246)	(1)
7050 Finance costs			(1,666)	—	(553)	—	(3,231)	—	(555)	—
7000 <b>Total non-operating income and expenses</b>			<u>80,462</u>	<u>3</u>	<u>(5,325)</u>	<u>(2)</u>	<u>191,472</u>	<u>3</u>	<u>15,795</u>	<u>3</u>
7900 Loss before income tax			(550,935)	(23)	(626,091)	(205)	(1,474,684)	(21)	(1,647,131)	(280)
7950 Income tax benefits (expenses)	6(19)		(7,999)	—	73,019	24	186,711	3	198,292	34
8200 Profit (loss)		\$	<u>(558,934)</u>	<u>(23)</u>	<u>(553,072)</u>	<u>(181)</u>	<u>(1,287,973)</u>	<u>(18)</u>	<u>(1,448,839)</u>	<u>(246)</u>

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FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND ITS SUBSIDIARY  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023

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

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2024		2023		2024		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	(303)	—	1,707	1	877	—	(281)	—
8360	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	(303)	—	1,707	1	877	—	(281)	—
8300	<b>Other comprehensive (loss) income</b>	<u>\$ (303)</u>	<u>—</u>	<u>\$ 1,707</u>	<u>1</u>	<u>\$ 877</u>	<u>—</u>	<u>\$ (281)</u>	<u>—</u>
8500	<b>Total comprehensive loss</b>	<u>\$ (559,237)</u>	<u>(23)</u>	<u>\$ (551,365)</u>	<u>(180)</u>	<u>\$ (1,287,096)</u>	<u>(18)</u>	<u>\$ (1,449,120)</u>	<u>(246)</u>
Loss attributable to:									
8610	Owners of parent	<u>\$ (558,934)</u>	<u>(23)</u>	<u>\$ (553,072)</u>	<u>(181)</u>	<u>\$ (1,287,973)</u>	<u>(18)</u>	<u>\$ (1,448,839)</u>	<u>(246)</u>
<b>Comprehensive loss attributable to:</b>									
8710	Owners of parent	<u>\$ (559,237)</u>	<u>(23)</u>	<u>\$ (551,365)</u>	<u>(180)</u>	<u>\$ (1,287,096)</u>	<u>(18)</u>	<u>\$ (1,449,120)</u>	<u>(246)</u>
<b>Loss per share</b>									
9750	Basic and diluted loss per share	<u>\$ (0.32)</u>		<u>\$ (0.35)</u>		<u>\$ (0.74)</u>		<u>\$ (0.91)</u>	

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

FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND ITS SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE NINE MONTHS ENDED SEPTEMBER 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 as of January 1, 2023		\$ 15,576,000	\$ —	\$ (2,368,228)	\$ —	\$ 13,207,772
Profit (loss)		—	—	(1,448,839)	—	(1,448,839)
Other comprehensive income		—	—	—	(281)	(281)
Total comprehensive income (loss)		—	—	(1,448,839)	(281)	(1,449,120)
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)	—	7,473	—	—	7,473
Balance at September 30, 2023		\$ 15,913,140	\$ 49,380	\$ (3,817,067)	\$ (281)	\$ 12,145,172
<u>2024</u>						
Balance as of January 1, 2024		\$ 17,413,140	\$ 6,053,782	\$ (4,295,580)	\$ (1,141)	\$ 19,170,201
Profit (loss)		—	—	(1,287,973)	—	(1,287,973)
Other comprehensive income		—	—	—	877	877
Total comprehensive income (loss)		—	—	(1,287,973)	877	(1,287,096)
Share-based payments	6(12)	—	9,367	—	—	9,367
Balance at September 30, 2024		\$ 17,413,140	\$ 6,063,149	\$ (5,583,553)	\$ (264)	\$ 17,892,472

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



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

Expressed in thousands of New Taiwan Dollars

		Nine months ended September 30	
	Notes	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax for the year		\$ (1,474,684)	\$ (1,647,131)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(17)	475,000	258,657
Amortization	6(17)	732,158	638,122
Expected credit losses (reversal on gains)	12(2)	(1,203)	272
Finance costs		3,231	555
Interest income		(68,177)	(11,596)
Share-based payments	6(14)	9,367	40,621
Loss on disposal of property, plant and equipment		74	—
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets		1,956	(87,282)
Accounts receivable		126,008	(142,780)
Accounts receivable – related parties		(247,529)	266
Other receivables		(29,179)	(125)
Inventories		(394,511)	(84,444)
Prepayments		(103,994)	111,414
Changes in operating liabilities			
Contract liabilities		167,135	54,324
Accounts payable		(120,112)	70,698
Accounts payable – related parties		192,323	8,592
Other payables		53,814	159,945
Other payables – related parties		(42,975)	(30,460)
Provisions for liabilities		65,563	6,215
Other current liabilities		1,198	85
Net defined benefit liability		117	(16)
Cash outflow generated from operations		(654,420)	(654,068)
Interest received		68,177	11,596
Interest paid		(3,231)	(9)
Income tax paid		(6,287)	(1,299)
Net cash used in operating activities		(595,761)	(643,780)

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

Expressed in thousands of New Taiwan Dollars

		Nine months ended September 30	
	Notes	2024	2023
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Disposal (acquisition) of financial assets at amortized cost - current		\$ 2,981,902	\$ (4)
Acquisition of property, plant and equipment	6(21)	(2,879,903)	(513,330)
Disposal of property, plant and equipment		282	—
Acquisition of intangible assets		(306,496)	(668,860)
Increase in other non-current assets		—	(91)
Decrease in guaranteed deposits		2,405	7,318
Net cash used in investing activities		(201,810)	(1,174,967)
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Payments of lease liabilities		(57,522)	(1,664)
Other liabilities		—	(123)
Net cash used in financing activities		(57,522)	(1,787)
Effect of exchange rate changes on cash and cash equivalents		1,163	12
Net decrease in cash and cash equivalents		(853,930)	(1,820,522)
Cash and cash equivalents at beginning of period		6,553,115	4,553,538
Cash and cash equivalents at end of period		\$ 5,699,185	\$ 2,733,016

(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  
NINE MONTHS ENDED SEPTEMBER 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 Innovation Board of Taiwan Stock Exchange on November 20, 2023. The Company and its subsidiaries (hereinafter collectively referred to as “the Group”) are primarily engaged in the design and manufacturing of automobiles and their parts. As of September 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 November 8, 2024.

3. Application of New and Revised Standards 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 on 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 which are endorsed by the FSC and will become applicable in 2025 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:

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. The accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. The accounting principles of all amounts previously recognized in other comprehensive income in relation to the subsidiary shall be as same as the basis of dispose of related assets or liabilities, which means any gain or loss previously recognized as other comprehensive income upon disposal of the related assets or liabilities will be reclassified to profit or loss when control of the subsidiary is lost.

B. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Main Business Activities	Ownership (%)			Note
			September 30, 2024	December 31, 2023	September 30, 2023	
Foxtron Vehicle Technologies Co., Ltd.	Foxtron Vehicle Technologies (Hangzhou) Co., Ltd.	Research and development of vehicles parts; manufacturing and wholesale of vehicle parts and accessories	100	100	100	(a)
Foxtron Vehicle Technologies Co., Ltd.	Foxtron Vehicle Technologies USA, Inc.	The Group engages in activities such as accepting orders for complete vehicles and components, vehicle regulatory certifications, and quality assurance.	100	—	—	(b)

(a) On April 20, 2023, the Group acquired 100% of the share capital of Foxtron Vehicle Technologies (Hangzhou) Co., Ltd. for RMB 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 Group operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Group'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 are classified as current if they meet one of the following criteria:

- (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 labour, other direct costs and related production overheads. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(12) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.



- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives or the units of production method to allocate their cost over their estimated benefits. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

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

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

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

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
  - (a) Fixed payments, less any lease incentives receivable;
  - (b) Variable lease payments that depend on an index or a rate;
  - (c) Amounts expected to be payable by the lessee under residual value guarantees;
  - (d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
  - (e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
  - (a) The amount of the initial measurement of lease liability;
  - (b) Any lease payments made at or before the commencement date;

- (c) Any initial direct costs incurred by the lessee; and
- (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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

(14) Intangible assets

- A. Car model technology is stated at acquisition cost based on the technical value and amortized on a straight-line basis over the estimated useful life of 8 years.
- B. Internally generated intangible assets—research and development expenditures
  - (a) Research expenditures are recognized as an expense as incurred.
  - (b) Development expenditures that do not meet the following criteria are recognized as expenses as incurred, but are recognized as intangible assets when the following criteria are met:
    - i. It is technically feasible to complete the intangible asset so that it will be available for use or sale;
    - ii. An entity intends to complete the intangible asset and use or sell it;
    - iii. An entity has the ability to use or sell the intangible asset;
    - iv. It can be demonstrated how the intangible asset will generate probable future economic benefits;
    - v. Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
    - vi. The expenditure attributable to the intangible asset during its development can be reliably measured.
  - (c) Upon being available for use, internally generated intangible assets are amortized using the units of production method over their estimated benefits.
- C. Patents are amortized on a straight-line basis over their estimated useful lives of 3~14 years.
- D. Computer software is stated at cost and amortized on a straight-line basis over the period of 2 to 5 years.

(15) Impairment of non-financial assets

- A. The Group assesses on each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the

amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

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

(16) Accounts and notes payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and those resulting from operating and non-operating activities.
- B. The short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(17) De-recognition of financial liabilities

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

(18) Provisions

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

(19) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high- quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on defined benefit plan are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognized immediately in profit or loss.
- iv. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed

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

Employees' compensation and directors' and supervisors' compensation are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequent 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 the 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 of 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 September 30, 2024, the Group recognized deferred tax assets amounting to \$1,312,435 °

6. Details of Significant Accounts

(1) Cash and cash equivalents

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 30	\$ 30	\$ 30
Demand deposits	4,299,155	6,553,085	2,332,986
Time deposits	1,400,000	—	400,000
	<u>\$ 5,699,185</u>	<u>\$ 6,553,115</u>	<u>\$ 2,733,016</u>

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

(2) Financial assets at amortized cost

Items	September 30, 2024	December 31, 2023	September 30, 2023
Current items:			
Restricted assets	\$ 66,823	\$ 48,725	\$ 3,551
Time deposits with maturity over three months	—	3,000,000	—
	<u>\$ 66,823</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 September 30	
	2024	2023
Interest income	<u>\$ 8,896</u>	<u>\$ —</u>
	Nine Months Ended September 30	
	2024	2023
Interest income	<u>\$ 34,110</u>	<u>\$ —</u>

(3) Accounts receivable

	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable	\$ 2,753	\$ 128,826	\$ 152,507
Less: Allowance for doubtful accounts	(99)	(1,490)	(173)
	<u>\$ 2,654</u>	<u>\$ 127,336</u>	<u>\$ 152,334</u>

A. As of September 30, 2024, December 31, 2023, and September 30, 2023, accounts receivable was 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

	September 30, 2024	December 31, 2023	September 30, 2023
Raw materials	\$ 623,523	\$ 210,983	\$ 156,037
Work in progress	195,901	60,867	207,832
Finished goods	947	3,184	—
Inventory in transit	190,148	338,418	3,867
Subtotal	<u>1,010,519</u>	<u>613,452</u>	<u>367,736</u>
Less: Allowance for inventory valuation losses	(8,344)	(6,534)	(11,380)
	<u>\$ 1,002,175</u>	<u>\$ 606,918</u>	<u>\$ 356,356</u>

The cost recognized as expense for the year:

	Three months ended September 30	
	2024	2023
Cost of goods sold	\$ 2,023,071	\$ 286,373
Valuation losses	1,011	5,024
Warranty costs	23,454	3,486
Other service costs	2,236	491
	<u>\$ 2,049,772</u>	<u>\$ 295,374</u>
	Nine Months Ended September 30	
	2024	2023
Cost of goods sold	\$ 5,612,556	\$ 471,368
Valuation losses	1,810	8,976
Warranty costs	66,273	6,225
Other service costs	2,453	5,533
	<u>\$ 5,683,092</u>	<u>\$ 492,102</u>



(5) Prepayments

	September 30, 2024	December 31, 2023	September 30, 2023
Excess business tax paid	\$ 384,261	\$ 372,668	\$ 369,854
Prepayments to suppliers	88,291	14,891	17,798
Other prepayments	24,299	5,719	16,983
	<u>\$ 496,851</u>	<u>\$ 393,278</u>	<u>\$ 404,635</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	1,337,833	398,526	1,279,382	3,015,741
Disposal	—	(355)	—	(355)
Transfers	661,153	151,046	(812,943)	(744)
Depreciation	(362,210)	(66,488)	—	(428,698)
Net exchange difference	—	32	—	32
September 30, 2024	<u>\$ 2,511,823</u>	<u>\$ 629,213</u>	<u>\$ 612,417</u>	<u>\$ 3,753,453</u>
September 30, 2024				
Cost	\$ 3,694,624	\$ 759,653	\$ 612,417	\$ 5,066,694
Accumulated depreciation	(1,182,801)	(130,440)	—	(1,313,241)
	<u>\$ 2,511,823</u>	<u>\$ 629,213</u>	<u>\$ 612,417</u>	<u>\$ 3,753,453</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	101,961	49,362	35,308	186,631
Transfers	1,431	—	(1,431)	—
Depreciation	(218,123)	(26,007)	—	(244,130)
Net exchange difference	—	3	—	3
September 30, 2023	<u>\$ 792,288</u>	<u>\$ 102,323</u>	<u>\$ 50,546</u>	<u>\$ 945,157</u>
September 30, 2023				
Cost	\$ 1,530,072	\$ 157,538	\$ 50,546	\$ 1,738,156
Accumulated depreciation	(737,784)	(55,215)	—	(792,999)
	<u>\$ 792,288</u>	<u>\$ 102,323</u>	<u>\$ 50,546</u>	<u>\$ 945,157</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 : 1~20 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:

	September 30, 2024	December 31, 2023	September 30, 2023
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 150,289	\$ —	\$ —
Buildings	242,316	195,876	210,071
Other equipment	1,453	1,449	—
	<u>\$ 394,058</u>	<u>\$ 197,325</u>	<u>\$ 210,071</u>

	Three months ended September 30	
	2024	2023
	Depreciation	Depreciation
Land	\$ 1,935	\$ —
Buildings	14,528	13,812
Other equipment	168	—
	<u>\$ 16,631</u>	<u>\$ 13,812</u>

	Nine Months Ended September 30	
	2024	2023
	Depreciation	Depreciation
Land	\$ 3,740	\$ —
Buildings	42,109	14,527
Other equipment	453	—
	<u>\$ 46,302</u>	<u>\$ 14,527</u>

D. During the periods from July 1 to September 30, 2024, from July 1 to September 30, 2023, from Jan. 1 to September 30, 2024, and from Jan. 1 to September 30, 2023, the additions to the right-of-use assets owned by the Group were \$88,548, \$207,159, \$243,035 and \$224,460, respectively.

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

	Three months ended September 30	
	2024	2023
<u>Items affecting current profit or loss</u>		
Interest expense on lease liabilities	\$ 1,310	\$ 553
Expense on short-term lease contracts	\$ 1,051	\$ 16,826
Expenses for leases of low-value assets	\$ 3	\$ —

	Nine Months Ended September 30	
	2024	2023
<u>Items affecting current profit or loss</u>		
Interest expense on lease liabilities	\$ 2,875	\$ 555
Expense on short-term lease contracts	\$ 20,429	\$ 46,159
Expenses for leases of low-value assets	\$ 20	\$ —

F. During the periods from July 1 to September 30, 2024, from July 1 to September 30, 2023, from January 1 to September 30, 2024, and from January 1 to September 30, 2024, the total cash outflows for leases and rentals of the Group were \$17,514, \$17,919, \$80,846 and \$47,832, 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	—	55,157	—	55,157
Additions - from internal development	—	—	251,339	251,339
Amortization	(11,541)	(33,712)	(686,905)	(732,158)
September 30, 2024	<u>\$ 31,186</u>	<u>\$ 120,019</u>	<u>\$ 6,636,795</u>	<u>\$ 6,788,000</u>
September 30, 2024				
Cost	\$ 90,000	\$ 229,144	\$ 8,588,004	\$ 8,907,148
Accumulated amortization and impairment	(58,814)	(109,125)	(1,951,209)	(2,119,148)
	<u>\$ 31,186</u>	<u>\$ 120,019</u>	<u>\$ 6,636,795</u>	<u>\$ 6,788,000</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	—	6,942	—	6,942
Additions - from internal development	—	—	661,918	661,918
Amortization	(13,725)	(25,569)	(598,828)	(638,122)
September 30, 2023	<u>\$ 47,302</u>	<u>\$ 81,028</u>	<u>\$ 6,950,551</u>	<u>\$ 7,078,881</u>
September 30, 2023				
Cost	\$ 90,000	\$ 147,157	\$ 8,013,919	\$ 8,251,076
Accumulated amortization and impairment	(42,698)	(66,129)	(1,063,368)	(1,172,195)
	<u>\$ 47,302</u>	<u>\$ 81,028</u>	<u>\$ 6,950,551</u>	<u>\$ 7,078,881</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 September 30, 2024, and 2023, there are no further indications of impairment, and no impairment losses have been recognized.
- B. Details of amortization on intangible assets are as follows:

	Three months ended September 30	
	2024	2023
Operating costs	\$ 32,460	\$ 1,539
Operating expenses	214,531	212,146
Total	<u>\$ 246,991</u>	<u>\$ 213,685</u>
	Nine Months Ended September 30	
	2024	2023
Operating costs	\$ 90,655	\$ 2,578
Operating expenses	641,503	635,544
Total	<u>\$ 732,158</u>	<u>\$ 638,122</u>

(9) Other non-current assets

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Prepayments for business equipment	\$ 302,263	\$ 450,175	\$ 434,468
Guarantee deposits	7,600	9,993	8,593
	<u>\$ 309,863</u>	<u>\$ 460,168</u>	<u>\$ 443,061</u>

(10) Provisions

	<u>2024</u>	<u>2023</u>
	<u>Provisions for warranties</u>	<u>Provisions for warranties</u>
Balance on January 1, 2024	\$ 12,572	\$ 2,039
Current additions to provisions for liabilities	68,057	6,424
Current usage of provisions for liabilities	(710)	(10)
Current reversal of unused amounts	(1,784)	(199)
Balance on September 30, 2024	<u>\$ 78,135</u>	<u>\$ 8,254</u>

Provisions for liabilities analysis is as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Current	<u>\$ 33,551</u>	<u>\$ 3,802</u>	<u>\$ 2,362</u>
Non-current	<u>\$ 44,584</u>	<u>\$ 8,770</u>	<u>\$ 5,892</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 July 1 to September 30, 2024 and 2023, and from January 1 to September 30, 2024 and 2023, the pension costs recognized by the Group under the aforementioned pension plan were \$49, \$5, \$145, and \$16, respectively.
- (c) For the year 2025, the Group anticipates contributing \$0 to the retirement plan.

## B. Defined contribution plan

- (a) Effective July 1, 2005, the Group has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Group contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in 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 July 1 to September 30, 2024 and 2023, and from January 1 to September 30, 2024 and 2023, the pension costs recognized by the Group under the aforementioned pension plan were \$11,140, \$9,095, \$31,213 and \$25,577, respectively. (Of these amounts, the portions recognized as internally generated intangible assets were \$1,830, \$5,111, \$4,621 and \$13,184, respectively.)

## (12) Share-based payment

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

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

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

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

	2024		2023	
	Stock option quantity (in thousands)	Weighted average exercise price (NT\$)	Stock option quantity (in thousands)	Weighted average exercise price (NT\$)
Stock options outstanding at the beginning of the period on January 1	12,686	\$ 10	—	\$ —
Stock options granted during the period	—	—	46,728	10
Stock options exercised during the period	—	—	(33,714)	10
Stock options outstanding at the end of the period on September 30	12,686	\$ 10	13,014	\$ 10

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

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

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

	Three months ended September 30	
	2024	2023
Equity-settled	\$ 3,122	\$ 2,650

  

	Nine Months Ended September 30	
	2024	2023
Equity-settled	\$ 9,367	\$ 40,621

### (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 September 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 thousands)	Number of shares (in thousands)
As of January 1	1,741,314	1,557,600
Employee stock options exercised	—	33,714
As of September 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 NT\$10 per share, totaling \$337,140. The effective date of the capital increase was on January 31, 2023. The registration of the capital increase had been completed on March 30, 2023.

### (14) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. In accordance with the relevant provisions of the Securities and Exchange Act, when additional paid-in capital mentioned above is 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	—	9,367	9,367
As of September 30	<u>\$ 6,041,907</u>	<u>\$ 21,242</u>	<u>\$ 6,063,149</u>

  

2023			
	Share premium	Employee stock options	Total
As of January 1	\$ —	\$ —	\$ —
Share-based payments	—	40,621	40,621
Employee stock optionsexercised	33,148	(33,148)	—
Adjustment of organizational structure	8,759	—	8,759
As of September 30	<u>\$ 41,907</u>	<u>\$ 7,473</u>	<u>\$ 49,380</u>

(15) Accumulated deficit

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

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

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

- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their

share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

- C. For the information relating to employees' compensation and directors' and supervisors' compensation, refer to Note 6(18).
- D. 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 September 30, 2024	Taiwan	Mainland China	Japan	Total
Revenue recognized at a point in time	\$ 2,487,399	\$ 1,672	\$ 1,644	\$ 2,490,715
Revenue recognized over time	9,884	—	54	9,938
<b>Total</b>	<b>\$ 2,497,283</b>	<b>\$ 1,672</b>	<b>\$ 1,698</b>	<b>\$ 2,500,653</b>

Three months ended September 30, 2023	Taiwan	Mainland China	Japan	Total
Revenue recognized at a point in time	\$ 304,080	\$ —	\$ —	\$ 304,080
Revenue recognized over time	1,681	—	—	1,681
<b>Total</b>	<b>\$ 305,761</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 305,761</b>

Nine Months Ended September 30, 2024	Taiwan	Mainland China	Japan	Total
Revenue recognized at a point in time	\$ 6,895,066	\$ 1,672	\$ 13,815	\$ 6,910,553
Revenue recognized over time	16,971	—	54	17,025
<b>Total</b>	<b>\$ 6,912,037</b>	<b>\$ 1,672</b>	<b>\$ 13,869</b>	<b>\$ 6,927,578</b>

Nine Months Ended September 30, 2023	Taiwan	Mainland China	Japan	Total
Revenue recognized at a point in time	\$ 505,275	\$ —	\$ —	\$ 505,275
Revenue recognized over time	83,206	—	—	83,206
<b>Total</b>	<b>\$ 588,481</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 588,481</b>

- (a) The sale of electric buses is considered a sale of variable consideration. The sales revenues from the electric bus bodies for the three months ended September 30, 2024 and 2023,

and for the nine months ended September 30, 2024 and 2023, were \$92,830, \$303,187, \$167,141 and \$503,402, respectively. Of these amounts, the amounts of sales considered as variable consideration were \$12,350, \$86,454, \$32,205 and \$144,869, 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 September 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:

	September 30, 2024	December 31, 2023	September 30, 2023
Contract assets - current:			
Service contracts	\$ —	\$ 1,115	\$ 228
Sales contracts	244,550	245,445	144,720
Total	<u>\$ 244,550</u>	<u>\$ 246,560</u>	<u>\$ 144,948</u>
Contract liabilities - current:			
Service contracts	\$ (1,328)	\$ —	\$ —
Sales contracts	(31,968)	(13,345)	(79,459)
Contract liabilities - non-current:			
Sales contracts	(276,499)	(129,315)	(129,315)
Total	<u>\$ (309,795)</u>	<u>\$ (142,660)</u>	<u>\$ (208,774)</u>

- (a) Contract assets - service contracts pertain to services rendered but not yet billed; contract assets - sales contracts have variable consideration that is highly probable that a significant reversal will not occur; and contract liabilities represents advance salesreceipts. Refer to Note 7 for the information on related parties.
- (b) The amounts of revenue recognized during the periods for the three months ended September 30, 2024 and 2023, and for the nine months ended September 30, 2024 and 2023, from contract liabilities at the beginning of the period were \$0, \$971, \$13,345 and \$25,135, respectively.

(17) Expenses by nature

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

	Three Months Ended September 30	
	2024	2023
Employee benefits expenses	\$ 284,266	\$ 112,453
Depreciation	197,814	100,548
Amortization	246,991	213,685
	<u>\$ 729,071</u>	<u>\$ 426,686</u>

  

	Nine Months Ended September 30	
	2024	2023
Employee benefits expenses	\$ 798,403	\$ 403,014
Depreciation	475,000	258,657
Amortization	732,158	638,122
	<u>\$ 2,005,561</u>	<u>\$ 1,299,793</u>

(18) Employee benefit expense

	Three Months Ended September 30	
	2024	2023
Wages and salaries	\$ 303,265	\$ 234,379
Share-based payments	3,122	2,650
Labour and health insurance fees	19,571	16,440
Pension costs	11,189	9,100
Other personnel expenses	2,427	1,625
	<u>\$ 339,574</u>	<u>\$ 264,194</u>

  

<b>Summarized as follows by listed account:</b>		
Operating costs and expenses	\$ 284,266	\$ 112,453
Internally generated intangible assets	55,308	151,741
<b>Total</b>	<u>\$ 339,574</u>	<u>\$ 264,194</u>

	Nine Months Ended September 30	
	2024	2023
Wages and salaries	\$ 835,341	\$ 683,974
Share-based payments	9,367	40,621
Labour and health insurance fees	59,509	54,793
Pension costs	31,358	25,593
Other personnel expenses	6,427	1,857
	<u>\$ 942,002</u>	<u>\$ 806,838</u>

**Summarized as follows by listed account:**

Operating costs and expenses	\$ 798,403	\$ 403,014
Internally generated intangible assets	143,599	403,824
<b>Total</b>	<u>\$ 942,002</u>	<u>\$ 806,838</u>

- A. According to the Group's Articles of Incorporation, if there is a balance after deducting accumulated losses based on the profit status of the year, the Group shall allocate 5% to 7% for employee compensation; director compensation is determined based on the contribution of the directors and the usual level in the industry.
- B. For the nine months ended September 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 September 30	
	2024	2023
Current tax:		
Income tax based on the income for the period	\$ —	\$ (127)
Underestimation of income tax for the previous years	—	—
Deferred tax:		
Origination and reversal of temporary differences	7,999	(72,892)
Income tax expense (benefit)	<u>\$ 7,999</u>	<u>\$ (73,019)</u>

		Nine Months Ended September 30	
		2024	2023
Current tax:			
Income tax based on the income for the period	\$	—	\$ 240
Underestimation of income tax for the previous years		61	—
Deferred tax:			
Origination and reversal of temporary differences		(186,772)	(198,532)
Income tax benefit	\$	(186,711)	\$ (198,292)

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 September 30, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding	Loss per share (in dollars)
<u>Basic and diluted loss per</u>			
Net loss attributable to shareholders of the parent company's common stock	\$ (558,934)	1,741,314	\$ (0.32)

Three Months Ended September 30, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding	Loss per share (in dollars)
<u>Basic and diluted loss per</u>			
Net loss attributable to shareholders of the parent company's common stock	\$ (553,072)	1,591,314	\$ (0.35)

Nine Months Ended September 30, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding	Loss per share (in dollars)
<u>Basic and diluted loss per</u>			
Net loss attributable to shareholders of the parent company's common stock	\$ (1,287,973)	1,741,314	\$ (0.74)

	Nine Months Ended September 30, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding	Loss per share (in dollars)
<u>Basic and diluted loss per</u>			
Net loss attributable to shareholders of the parent company's common stock	\$ (1,448,839)	1,587,596	\$ (0.91)

During the periods for the three months ended September 30, 2024, and for the nine months ended September 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:

	Nine Months Ended September 30	
	2024	2023
Purchase of property, plant and equipment	\$ 3,015,741	\$ 186,631
Add: Opening balance of payable on equipment	60,023	120,161
Add: Ending balance of payable on equipment	302,263	434,468
Less: Opening balance of payable on equipment	(47,949)	(6,499)
Less: Ending balance of payable on equipment	(450,175)	(221,431)
Cash paid during the period	\$ 2,879,903	\$ 513,330

B. Financing activities with no cash flow effects:

As described in Note 6(12), the shares issued amounting to \$337,140 arose from the exercise of employee share options on January 18, 2024.

## 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 Technology 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.	"
SHARP JUSDA LOGISTICS CORPORATION	_"
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)	"
Sharp (Taiwan) Electronics Corporation	"
Yonglin Foundation (Yonglin)	Other related parties



(2) Significant related party transactions

A. Operating revenue

		Three Months Ended September 30	
		2024	2023
Sales of goods:			
Luxgen	\$	2,393,983	\$ —
Other related parties		69,930	—
Hon Hai Technology Group		1,388	—
Other		10,550	—
Sales of services:			
Luxgen		8,629	1,713
Hon Hai Technology Group		72	18
	\$	2,484,552	\$ 1,731
		Nine Months Ended September 30	
		2024	2023
Sales of goods:			
Luxgen	\$	6,712,571	\$ —
Other related parties		89,910	—
Hon Hai Technology Group		1,389	—
Yulon Group		—	71
Other		10,550	—
Sales of services:			
Luxgen		11,458	73,147
Hon Hai Technology Group		3,624	7,966
Other		145	—
	\$	6,829,647	\$ 81,184

- (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) During the fiscal year 2024, other product sales included the purchase of electric buses by Hon Hai Precision Industry Co., Ltd. and its Employee Welfare Committee under a tripartite agreement with the Company. In compliance with relevant regulations, the vehicle registration was processed under Hon Hai Precision Industry Co., Ltd., while the Employee Welfare Committee made the payments.
- (d) As of September 30, 2024, and 2023, the revenue from contracted but unfulfilled service obligations was \$4,406 and \$8,120, respectively.

## B. Purchases

		Three Months Ended September 30	
		2024	2023
Purchases of goods:			
Hon Hai Technology Group	\$	45,301	\$ 8,118
Associates of Hon Hai Technology Group		1,779	2,575
Yulon Group		5,828	1,395
	\$	<u>52,908</u>	<u>\$ 12,088</u>
		Nine Months Ended September 30	
		2024	2023
Purchases of goods:			
Hon Hai Technology Group	\$	179,159	\$ 10,796
Associates of Hon Hai Technology Group		34,188	9,683
Yulon Group		13,573	4,193
	\$	<u>226,920</u>	<u>\$ 24,672</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

	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable:			
Luxgen	\$ 345,034	\$ 90,570	\$ 624
Yonglin	18,881	34,865	—
Hon Hai Technology Group	1,360	—	—
Other	7,754	—	—
Less: Allowance for doubtful accounts	(198)	(64)	—
Total	<u>\$ 372,831</u>	<u>\$ 125,371</u>	<u>\$ 624</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

	September 30, 2024	December 31, 2023	September 30, 2023
Luxgen	<u>\$ —</u>	<u>\$ 1,116</u>	<u>\$ 228</u>

#### E. Contract liabilities

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Sales contracts			
Yonglin	\$ 31,968	\$ —	\$ —
Service contracts			
Luxgen	1,313	—	—
Total	<u>\$ 33,281</u>	<u>\$ —</u>	<u>\$ —</u>

#### F. Payables to related parties

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Yulon Motor	\$ 245,546	\$ 54,762	\$ 51
Hon Hai Technology Group	26,897	22,856	7,974
Associates of Hon Hai Technology Group	1,281	5,364	2,414
Yulon Group	2,993	1,412	1,334
Total	<u>\$ 276,717</u>	<u>\$ 84,394</u>	<u>\$ 11,773</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>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Yulon Group	\$ 7,355	\$ 94,469	\$ 123,375
Associates of Hon Hai Technology Group	—	57	—
Total	<u>\$ 7,355</u>	<u>\$ 94,526</u>	<u>\$ 123,375</u>

#### H. Other payables

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Yulon Group	\$ 4,664	\$ 52,548	\$ 6,983
Hon Hai Technology Group	23,538	18,817	19,167
Associates of Hon Hai Technology Group	2,136	1,339	—
Total	<u>\$ 30,338</u>	<u>\$ 72,704</u>	<u>\$ 26,150</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

- (a) The Group leases offices from Hon Hai. Rental contracts are typically made for periods of 2 years. Rents are paid quarterly or annually.
- (b) During the periods for the three months ended September 30, 2024 and 2023, and for the nine months ended September 30, 2024 and 2023, the Company acquired right-of-use

assets of \$88,548, \$207,159, \$88,548 and 207,159 from related parties.

(c) The Group leased office space from Yulon Group for the nine months ended September 30, 2024, and 2023, with lease contracts not exceeding 12 months.

(d) Rent expense

	Three Months Ended September 30	
	2024	2023
Yulon Motor	\$ 1,008	\$ 11,169
Yulon Group	304	1,166
Hon Hai Technology Group	43	—
Total	<u>\$ 1,355</u>	<u>\$ 12,335</u>

  

	Nine Months Ended September 30	
	2024	2023
Yulon Motor	\$ 13,459	\$ 34,452
Yulon Group	885	1,166
Hon Hai Technology Group	43	—
Total	<u>\$ 14,387</u>	<u>\$ 35,618</u>

(e) Lease liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Hon Hai	\$ 156,602	\$ 208,223	\$ 194,297
Yulon Motor	88,814	—	—
Total	<u>\$ 245,416</u>	<u>\$ 208,223</u>	<u>\$ 194,297</u>

During the periods for the three months ended September 30, 2024 and 2023, and for the nine months ended September 30, 2024 and 2023, the interest expenses arising from the Group's lease liabilities amounted to \$679, \$548, \$1,608 and \$548, respectively.

J. Other costs and expenses

	Three Months Ended September 30,	
	2024	2023
Labor Costs		
— Yulon Motor	\$ —	\$ —
— Associates of Hon Hai Technology Group	1,101	—
— Hon Hai Technology Group	9,155	1,155
— Yulon Group	5,882	21,100
Other Costs and Expenses		
— Yulon Motor	1,004,418	143
— Yulon Group	469	2,876
— Associates of Hon Hai Technology Group	32,740	—
— Hon Hai Technology Group	10,520	3,262
	<u>\$ 1,064,285</u>	<u>\$ 28,536</u>
	Nine Months Ended September 30	
	2024	2023
Labor Costs		
— Yulon Motor	\$ —	\$ —
— Associates of Hon Hai Technology Group	1,441	—
— Hon Hai Technology Group	9,439	4,120
— Yulon Group	20,019	27,675
Other Costs and Expenses		
— Yulon Motor	2,794,268	2,437
— Yulon Group	96,363	6,497
— Associates of Hon Hai Technology Group	57,879	—
— Hon Hai Technology Group	23,008	10,854
	<u>\$ 3,002,417</u>	<u>\$ 51,583</u>

The costs for Yulon Motor parts during the periods for the three months ended September 30, 2024 and for the nine months ended September 30, 2024, were \$891,343 and \$2,490,281, respectively. Other costs and expenses primarily consisted of shipping fees, prototyping costs and subcontracting fees.

## K. Non-operating income

	Three Months Ended September 30	
	2024	2023
Hon Hai Technology Group	\$ —	\$ —
Yulon Group	5	28
Associates of Hon Hai Technology Group	15	—
Haitec	—	—
Total	<u>\$ 20</u>	<u>\$ 28</u>

  

	Nine Months Ended September 30	
	2024	2023
Hon Hai Technology Group	\$ 144	\$ —
Yulon Group	69	83
Associates of Hon Hai Technology Group	15	—
Haitec	—	8,413
Total	<u>\$ 228</u>	<u>\$ 8,496</u>

The non-operating Income for the period from January 1 to September 30, 2023, was due to relocation subsidies paid by the Taoyuan City Government due to expropriations for the Aerotropolis project, with Haitec transferring the corresponding subsidy for the equipment owned by the Group to the Group.

## L. Property transactions

### (a) Acquisition of property and equipment

	Three Months Ended September 30	
	2024	2023
Luxgen	\$ —	\$ 90,547
Yulon Group	18,206	1,552
Yulon Motor	47,558	—
Associates of Hon Hai Technology Group	731	—
Total	<u>\$ 66,495</u>	<u>\$ 92,099</u>

		Nine Months Ended September 30	
		2024	2023
Luxgen	\$	32,811	\$ 90,547
Yulon Group		462,315	14,927
Haitec		208,818	—
Yulon Motor		163,134	23,818
Hon Hai Technology Group		—	—
Associates of Hon Hai Technology Group		1,161	—
Total	\$	868,239	\$ 129,292

(b) Acquisition of intangible assets

		Three Months Ended September 30	
		2024	2023
Yulon Motor	\$	71	\$ 3,425
Yue-Seng Industrial Co., Ltd.		—	170
Yulon Group		—	93
Total	\$	71	\$ 3,688

		Nine Months Ended September 30	
		2024	2023
Yulon Motor	\$	71	\$ 6,552
Yue-Seng Industrial Co., Ltd.		—	1,670
Yulon Group		—	93
Total	\$	71	\$ 8,315

(c) Acquisition of financial assets

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

(3) Key management compensation

		Three Months Ended September 30	
		2024	2023
Short-term employee benefits	\$	7,166	\$ 6,175
Post-employment benefits		291	264
Share-based payments		3,122	2,650
Total	\$	10,579	\$ 9,089

	Nine Months Ended September 30	
	2024	2023
Short-term employee benefits	\$ 19,777	\$ 42,915
Post-employment benefits	864	791
Share-based payments	9,367	7,473
Total	<u>\$ 30,008</u>	<u>\$ 51,179</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 September 30, 2024, December 31, 2023 and September 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.

As of September 30, 2024, the Company had cumulatively applied for and received \$250,000 in subsidies and recognized deferred government grant income of \$22,501 (listed under Other Current Liabilities) and government grant income of \$89,098 (listed under Other Income) for the nine months ended September 30, 2024.

C. The Group also participated in the A+ Corporate Innovation R&D Project from April 1, 2024, to March 31, 2027. The project was approved on April 12, 2024, and the subsidy contract was signed in June 2024. The Group is eligible to receive subsidies totaling \$125,000 based on the project execution progress.

As of September 30, 2024, the Group applied for and received \$40,771 in subsidies, all of which were recognized as deferred government grant benefits (reported under "Other Current Liabilities").



(2) Commitments

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Property, plant and equipment	<u>\$ 466,711</u>	<u>\$ 1,124,459</u>	<u>\$ 1,551,376</u>

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
<u>Financial assets</u>			
Financial assets at amortized cost			
Cash and cash equivalents	\$ 5,699,185	\$ 6,553,115	\$ 2,733,016
Financial assets at amortized cost	66,823	3,048,725	3,551
Contract assets - current	244,550	246,560	144,948
Accounts receivable (including related parties)	375,485	252,707	152,958
Other receivables	55,805	26,625	10,495
Guarantee deposits	7,600	9,993	8,593
	<u>\$ 6,449,448</u>	<u>\$ 10,137,725</u>	<u>\$ 3,053,561</u>

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial liabilities</u>			
Financial liabilities at amortized cost			
Contract liabilities	\$ 309,795	\$ 142,660	\$ 208,774
Accounts payable (including related parties)	707,682	635,468	210,099
Other payables	644,692	646,021	358,600
Guarantee deposits received	400	400	—
	<u>\$ 1,662,569</u>	<u>\$ 1,424,549</u>	<u>\$ 777,473</u>

**B. Financial risk management policies**

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreignexchange 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: NTD). The information on assets and liabilities denominated in foreigncurrencies whose values would be materially affected by the exchange rate fluctuations is asfollows:

(Foreign currency: functional currency)	September 30, 2024					
	Foreign currency amount (in thousands)	Exchange rate	Book value	Sensitivity analysis		
			(NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehens ive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	866	31.65	\$ 27,416	1 %	\$ 274	\$ —
RMB:NTD	61,958	4.523	280,238	1 %	2,802	—
<u>Foreign operations</u>						
USD:NTD	1,218	31.65	\$ 38,563	1 %	—	\$ 386
RMB:NTD	8,664	4.523	39,189	1 %	—	392
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	6,468	31.65	\$ 204,709	1 %	\$ 2,047	\$ —
RMB:NTD	146,688	4.523	663,470	1 %	6,635	—

December 31, 2023						
(Foreign currency: functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value	Sensitivity analysis		
			(NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehens ive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	382	30.71	\$ 11,731	1 %	\$ 117	\$ —
RMB:NTD	2,014	4.327	8,715	1 %	87	—
<u>Foreign operations</u>						
RMB:NTD	9,221	4.327	\$ 39,898	1 %	—	\$ 399
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	4,309	30.71	\$ 132,329	1 %	\$ 1,323	\$ —
RMB:NTD	111,783	4.327	483,685	1 %	4,837	—
September 30, 2023						
(Foreign currency: functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value	Sensitivity analysis		
			(NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehens ive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	583	32.27	\$ 18,813	1 %	\$ 188	—
RMB:NTD	2,088	4.415	9,219	1 %	92	—
<u>Foreign operations</u>						
RMB:NTD	11,708	4.415	\$ 51,691	1 %	—	\$ 517
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	2,229	32.27	\$ 71,930	1 %	\$ 719	—
RMB:NTD	9,058	4.415	39,991	1 %	400	—

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 for the three months ended September 30, 2024 and 2023, and for the nine months ended September 30, 2024 and 2023, amounting to gain of \$11,022, loss of \$5,879, gain of \$35,055 and loss of \$4,224, 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:

	September 30, 2024	December 31, 2023	September 30, 2023
Not past due	\$ 375,782	\$ 251,295	\$ 153,007
0 to 90 days	—	2,966	124
	<u>\$ 375,782</u>	<u>\$ 254,261</u>	<u>\$ 153,131</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 September 30, 2024, the provision for losses on accounts receivable (including related parties) and contract assets was estimated using the loss rate method or provision matrix as follows:

	Group 1	Group 2	Group 3 and 4	Total
September 30, 2024				
Expected loss rate	0.0500%	0.1100%	9.63%~22.99%	
Total book value	\$ 354,171	\$ 265,459	\$ 971	\$ 620,601
Loss allowance	\$ 177	\$ 292	\$ 97	\$ 566
	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
September 30, 2023				
Expected loss rate	0.0375%	0.0875%	0%~26%	
Total book value	\$ 851	\$ 296,926	\$ 451	\$ 298,228
Loss allowance	\$ —	\$ 260	\$ 62	\$ 322

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	(1,203)	272
As of September 30	\$ 566	\$ 322

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

13. Supplementary Disclosures

(1) Significant transactions information

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

(2) Information on investees

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 5.

14. Segment Information

(1) General information

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

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

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

FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND ITS SUBSIDIARIES  
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

Table 1

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

			Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		
Company Name	Related Party	Nature of Relationship	Purchases /Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	Note
Foxtron Vehicle Technologies Co., Ltd.	Luxgen Motor Co., Ltd.	A subsidiary of the Group that has significant influence on the Company.	Sales of goods and services	\$ 6,724,029	97	Note 1	Note 2	Note 2	\$ 345,034	92	
Foxtron Vehicle Technologies Co., Ltd.	Cloud Network Technology Singapore Pte. Ltd.	A subsidiary of the Group that has controlling interest in the Company.	Purchase	151,279	5	60 days from invoice date	Note 2	Note 2	(17,109)	(2)	

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

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



FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND ITS SUBSIDIARIES  
RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
AS OF SEPTEMBER 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.	\$ 345,034	41	\$ —	Collect Payments in Subsequent Period	\$ 345,034	\$ 173

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

Table 3

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of September 30, 2024			Expressed in thousands of New Taiwan Dollars (Unless Specified Otherwise)		
				September 30, 2024	Dec. 31, 2023	Shares	%	Carrying Value	Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
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	\$ 38,563	\$ 590	\$ 590	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 NINE MONTHS ENDED SEPTEMBER 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 September 30, 2024	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses	Carrying Amount as of Balance as of September 30, 2024	Accumulated Inward Remittance of Earnings as of September 30, 2024	Note
Foxtron Vehicle Technologies (Hangzhou) Co., Ltd.	Mainly engaging in vehicle performance improvement and vehicle component design and development.	\$ 45,230	(1)	\$ 44,361	\$ —	\$ —	\$ 44,361	\$ (2,502)	100	\$ (2,502)	\$ 39,159	\$ —	Note 2, 3

  

Company Name	Accumulated Investment in Mainland China as of September 30, 2024 (Note 5)	Investment Amounts Authorized by Investment Commission, MOEA (Note 5)	Upper Limit on Investment
Foxtron Vehicle Technologies Co., Ltd.	\$ 44,361	\$ 45,230	\$ 10,735,483

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

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

Note 2: Foxtron Vehicle Technologies (Hangzhou) Co., Ltd. has been approved by the Investment Commission, MOEA, for an investment of RMB 1,000 million which was invested on April 20, 2023.

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

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

Note 5: The approved investment amount by the Investment Commission, MOEA, and the cumulative end-of-period amount transferred from Taiwan to Mainland China for investment both total RMB 1,000 million adjusted for

FOXTRON VEHICLE TECHNOLOGIES CO., LTD. AND ITS SUBSIDIARIES  
INFORMATION ON MAJOR SHAREHOLDERS  
AS OF SEPTEMBER 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 %