

Mosa Industrial Corp. and Subsidiaries

**Financial Statements and
Independent Auditors' Report**
2024 and 2023

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§Table of content§

	Item	Page	Financial Statement Note No.
I.	Cover	1	-
II.	Table of Contents	2~3	-
III.	Declaration for Consolidated Financial Statements of Affiliates	4	-
IV.	Independent Auditors' Report	5~8	-
V.	Consolidated Statement of Balance Sheet	9	-
VI.	Consolidated Statement of Comprehensive Income	10~11	-
VII.	Consolidated Statement of Changes in Equity	12	-
VIII.	Consolidated Statement of Cash Flows	13~14	-
IX.	Notes to Consolidated Financial Statements		
	(I) Company Profile	15	I
	(II) Date and Procedure for Approval of Financial Statements	15	II
	(III) Application of Newly Issued and Amended Standards and Interpretations	15~18	III
	(IV) Summary of Significant Accounting Policies	18~31	IV
	(V) Significant Accounting Judgments, Estimates and Key Sources of Assumption Uncertainty	31~32	V
	(VI) Description of Significant Accounting Items	32~56	V~XXVI
	(VII) Related Party Transactions	56	XXVII
	(VIII) Assets Pledged as Collateral	56	XXXIII
	(IX) Significant Contingent Liabilities and Unrecognized Contractual Commitments	56	XXXIV
	(X) Significant Losses to Disasters	-	-
	(XI) Significant Post-Term Events	-	-
	(XII) Information on financial assets and liabilities denominated in foreign currencies with significant influence	56~57	XXX
	(XIII) Additional disclosures		
	1. Information on Major Transactions	57~58	XXXI
	2. Information on Investee Companies	57~58	XXXI

3. Information on Investments in Mainland China	58	XXXI
4. Information on Major Shareholders	58~59	XXXI
(XIV) Department information	59~60	XXXII

Declaration for Consolidated Financial Statements of Affiliates

The entities that are required to be included in the 2024 consolidated financial statements of the Company (from January 1 to December 31, 2024), under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, a separate set of combined financial statements will not be prepared.

Declared as above

Company name: Mosa Industrial Corp.

Person in charge: Wang Te-Hsin

March 7, 2025

Independent Auditors' Report

To: Mosa Industrial Corp.

Audit opinion

We have reviewed the accompanying consolidated balance sheets of Mosa Industrial Corp. (the "Company") and its subsidiaries (collectively, the "Group") for the years ended December 31, 2024 and 2023 and the relevant consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies "(collectively referred to as the consolidated financial statements)".

In our opinion, the accompanying consolidated financial statements were prepared, in all material respects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations endorsed and effected issued into effect by the Financial Supervisory Commission, for a fair presentation of Mosa Industrial Group's consolidated financial position as of December 31, 2024 and 2023 and consolidated financial performance and consolidated cash flows from January 1 to December 31, 2024 and 2023, respectively.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. Our responsibility under those standards is further described in the section of "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements". The personnel from our public accounting firm who are subject to the requirements for independence has maintained independence from Mosa Industrial Corporation in accordance with the Code of Professional Ethics for Certified Public Accountants and have fulfilled other ethical responsibilities

accordingly. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2024 consolidated financial statements of Mosa Industrial Group. These matters were addressed in our audit of the consolidated financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

Key audit matters of the consolidated financial statements of the Group for the 2024, are stated as follows:

Operating revenue

The revenue sources of Mosa Industrial Group are the consumer goods sector and the industrial product sector. The sales revenue of some of the important customers has increased significantly compared to the previous year, because the aforementioned operating revenue is listed as a key audit item. The accounting policy for the recognition of operating income is disclosed in Note 4.

The main audit procedures we performed for said matter are as follows:

1. Understand and evaluate the appropriateness of the design and implementation of risk-related internal control over operating procedures related to operating revenue recognition and collection, and test the effective and continuing operation of related operations in the middle of the year.
2. For key customers with specific risk characteristics, subsequent collections were verified or corresponding documents such as orders and delivery notes were examined to confirm the authenticity of operating revenue.

Other Matters

We have issued an auditor's report with an unqualified opinion on the 2024 and 2023 parent company only financial statements prepared by Mosa Industrial Corporation.

Responsibilities of the management and the governing body for the consolidated financial statements

The responsibilities of the management are to prepare the consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS and IAS, as well as IFRIC and SIC interpretations endorsed and entered into effect by the FSC, and to maintain necessary internal control associated with the preparation in order to ensure that the financial statements are free from material misstatement arising from fraud or error.

In preparing the consolidated financial statements, management is also responsible for assessing Mosa Industrial Group's ability to continue as a going concern, disclosure of relevant matters and adoption of the going concern basis of accounting unless management either intends to liquidate Mosa Industrial Group or to cease operations or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatement may arise from frauds or errors. If the misstated individual amount or the aggregate sum can be reasonably expected to influence the economic decision of the users of consolidated financial statements, it is deemed material.

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

1. Identify and assess the risks of material misstatement arising from fraud or error within the consolidated financial statements; design and execute countermeasures in response to said risks, and obtain sufficient and appropriate audit evidence to provide a basis of our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.
2. Obtain a necessary understanding of internal control relevant to the audit in order to design audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mosa Industrial Group's internal control.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting, based on the audit evidence obtained, and whether a material uncertainty exists related to events or conditions that may cast significant doubt on Mosa Industrial Group's ability to continue as a going concern. If we are of the opinion that a material uncertainty

exists, we shall remind users of the consolidated financial statements to pay attention to relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Mosa Industrial Group no longer able to continue as a going concern.

5. Evaluate the overall presentation, structure, and content of the consolidated financial statements (including relevant notes), and whether the consolidated financial statements adequately present the relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within the Group, to express an opinion on the consolidated financial statements. We are responsible for guiding, supervising, and performing the audit and forming an audit opinion on the Group.

The matters communicated between us and the governing body include the planned scope and times of the audit and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provided the governing body with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and communicated with them all relationships and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with those charged with governance, we determine the key audit matters for our audit of Mosa Industrial Group's 2024 consolidated financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine not to communicate specific matters in the auditor's because the adverse consequences of such communication would reasonably be expected to outweigh the public interest benefits that would be enhanced.

Deloitte Touche

CPA, Wu Li-Tung

CPA, Chiang Shu-Ching

The Financial Supervisory Commission

R.O.C. Approved No.

Tai-Cai-Zheng-Liu-Zi No. 0920123784

The Financial Supervisory Commission

R.O.C. Approved No.

Jin-Guan-Zheng-Shen-Zi No. 1000028068

March 7, 2025

Mosa Industrial Corp. and Subsidiaries
Consolidated Statement of Balance Sheet
For the Years Ended December 31, 2024 and 2023

Unit: NT\$ Thousand

Code	Asset	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
	Current asset				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 772,121	11	\$ 933,674	12
1110	Current financial assets at fair value through profit or loss (Notes 4, 7 and 16)	545	-	545	-
1150	Notes receivable - non-related parties (Notes 4, 8 and 20)	388,116	6	210,293	3
1170	Accounts receivable - non-related parties (Notes 4, 8 and 20)	195,014	3	158,828	2
1200	Other receivables (Note 4)	19,571	-	14,815	-
1220	Current tax assets (Note 4 and 22)	1,906	-	85	-
130X	Inventories (Notes 4 and 9)	315,831	4	391,738	5
1410	Pre-payments	57,507	1	56,111	1
1479	Other current assets	<u>14,466</u>	<u>-</u>	<u>12,140</u>	<u>-</u>
11XX	Total current assets	<u>1,765,077</u>	<u>25</u>	<u>1,778,229</u>	<u>23</u>
	Non-current assets				
1550	Investment under the equity method (Notes 4 and 11)	223	-	688	-
1600	Property, plant and equipment (Notes 4, 12 and 28)	4,255,468	59	4,561,077	60
1755	Right-of-use assets (Note 4 and 13)	1,023,920	14	1,036,552	14
1780	Intangible assets (Note 4 and 14)	3,201	-	3,948	-
1840	Deferred tax assets (Note 4 and 22)	33,598	1	40,603	1
1915	Pre-payments for equipment	80,152	1	147,156	2
1920	Guarantee deposits paid	<u>11,587</u>	<u>-</u>	<u>13,600</u>	<u>-</u>
15XX	Total non-current assets	<u>5,408,149</u>	<u>75</u>	<u>5,803,624</u>	<u>77</u>
1XXX	Total assets	<u>\$ 7,173,226</u>	<u>100</u>	<u>\$ 7,581,853</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2100	Short-term bank loans (Note 15)	\$ 260,846	4	\$ 295,296	4
2110	Short-term bill payable (Note 15)	29,928	-	-	-
2130	Contract liabilities - Current (Notes 4 and 20)	9,616	-	8,654	-
2150	Note payable - non related parties	60	-	1,709	-
2170	Accounts payable - non related parties	117,672	2	66,445	1
2200	Other payables (Note 17)	150,169	2	142,532	2
2230	Current tax liabilities (Notes 4 and 22)	-	-	18,214	-
2280	Lease liabilities - current (Note 4 and 13)	16,746	-	15,785	-
2320	Current portion of long-term bank loans (Notes 15 and 28)	114,125	2	101,875	2
2399	Other current liabilities	<u>16,850</u>	<u>-</u>	<u>17,588</u>	<u>-</u>
21XX	Total current liabilities	<u>716,012</u>	<u>10</u>	<u>668,098</u>	<u>9</u>
	Non-current liabilities				
2530	Bonds payables (Notes 4 and 16)	533,300	7	523,906	7
2540	Long-term bank loans (Note 15 and 28)	907,125	13	1,016,125	13
2570	Deferred tax liabilities (Notes 4 and 22)	2,065	-	-	-
2580	Lease liabilities - non-current (Note 4 and 13)	1,055,093	15	1,061,314	14
2645	Deposits received	<u>10</u>	<u>-</u>	<u>10</u>	<u>-</u>
25XX	Total non-current liabilities	<u>2,497,593</u>	<u>35</u>	<u>2,601,355</u>	<u>34</u>
2XXX	Total liabilities	<u>3,213,605</u>	<u>45</u>	<u>3,269,453</u>	<u>43</u>
	Equity attributable to owners of the company				
3110	Common stock	2,027,883	28	2,027,883	27
3200	Capital surplus	2,086,402	29	2,086,402	27
	Retained earnings				
3310	Legal reserves	198,115	3	243,636	3
3320	Special reserves	4,639	-	4,501	-
3350	Losses to be compensated	(353,050)	(5)	(45,383)	-
3400	Other equities	<u>(4,368)</u>	<u>-</u>	<u>(4,639)</u>	<u>-</u>
3XXX	Total equity	<u>3,959,621</u>	<u>55</u>	<u>4,312,400</u>	<u>57</u>
	Total liabilities and equity	<u>\$ 7,173,226</u>	<u>100</u>	<u>\$ 7,581,853</u>	<u>100</u>

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

Chairman: Wang Te-Hsin

Manager: Wang Te-Hsin

Accounting Officer: Hsieh Chun-Hsiang

Mosa Industrial Corp. and Subsidiaries
Consolidated Statement of Comprehensive Income
From January 1 to December 31, 2024 and 2023

Unit: NT\$ thousands, except loss per share which is expressed in NTD.

Code		2024		2023	
		Amount	%	Amount	%
4000	Net operating revenue (Notes 4 and 20)	\$ 1,144,554	100	\$ 1,304,718	100
5000	Operating costs (Notes 9 and 21)	<u>1,338,328</u>	<u>117</u>	<u>1,406,299</u>	<u>108</u>
5900	Gross loss	(<u>193,774</u>)	(<u>17</u>)	(<u>101,581</u>)	(<u>8</u>)
	Operating expenses (Note 21)				
6100	Selling expenses	29,525	3	29,162	2
6200	General and administrative expenses	98,786	9	100,390	8
6300	R&D expenses	43,653	4	47,217	4
6450	Expected credit impairment losses (gains) (Note 8)	(<u>16,983</u>)	(<u>2</u>)	<u>59,467</u>	<u>4</u>
6000	Total operating expenses	<u>154,981</u>	<u>14</u>	<u>236,236</u>	<u>18</u>
6900	Net operating loss	(<u>348,755</u>)	(<u>31</u>)	(<u>337,817</u>)	(<u>26</u>)
	Non-operating revenues and expenses				
7010	Other revenues (Note 21)	14,366	1	24,280	2
7100	Interest Income	7,082	1	4,992	-
7020	Other gains or losses (Note 21)	23,091	2	(52,342)	(4)
7050	Financial costs (Note 21)	(58,549)	(5)	(54,896)	(4)
7060	Share of profit or loss of associates accounted for using equity method	(<u>465</u>)	<u>-</u>	(<u>630</u>)	<u>-</u>
7000	Total non-operating income and expenses	(<u>14,475</u>)	(<u>1</u>)	(<u>78,596</u>)	(<u>6</u>)
7900	Net loss before tax	(363,230)	(32)	(416,413)	(32)
7950	Income tax gains (Notes 4 and 22)	(<u>10,180</u>)	(<u>1</u>)	(<u>45,351</u>)	(<u>4</u>)
8200	Net loss for the year	(<u>353,050</u>)	(<u>31</u>)	(<u>371,062</u>)	(<u>28</u>)

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Code		2024		2023	
		Amount	%	Amount	%
	Other comprehensive income (Note 4)				
8360	Items that may subsequently be reclassified to profit or loss				
8361	Exchange differences arising from the translation of financial statements of foreign operations	\$ 271	-	(\$ 138)	-
8500	Total comprehensive income of the current year	(\$ 352,779)	(31)	(\$ 371,200)	(28)
	Earnings per loss (Note 23)				
9750	Basic	(\$ 1.74)		(\$ 1.87)	
9850	Diluted	(\$ 1.74)		(\$ 1.87)	

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

Chairman:
Wang Te-Hsin

Manager:
Wang Te-Hsin

Accounting Officer:
Hsieh Chun-Hsiang

Mosa Industrial Corp. and Subsidiaries
Consolidated Statement of Changes in Equity
From January 1 to December 31, 2024 and 2023

Unit: NT\$ thousands, except dividends per share, which is expressed in NT\$

Code		Common stock (Note 19)	Capital reserve (Notes 16, 19 and 24)	Retained earnings (Note 19)		Undistributed earnings (losses to be compensated)	Other equities	Total equity
				Legal reserves	Special reserves		Exchange differences arising from the translation of financial statements of foreign operations (Note 4)	
A1	Balance at January 1, 2023	<u>\$ 1,827,883</u>	<u>\$ 1,854,680</u>	<u>\$ 238,056</u>	<u>\$ 4,557</u>	<u>\$ 371,761</u>	<u>(\$ 4,501)</u>	<u>\$ 4,292,436</u>
	Earning appropriation and distribution for 2022							
B1	Legal reserves	<u>-</u>	<u>-</u>	<u>5,580</u>	<u>-</u>	<u>(5,580)</u>	<u>-</u>	<u>-</u>
B3	Special reserves	<u>-</u>	<u>-</u>	<u>-</u>	<u>(56)</u>	<u>56</u>	<u>-</u>	<u>-</u>
B5	Cash dividends to shareholders	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,558)</u>	<u>-</u>	<u>(40,558)</u>
E1	Proceeds from issuing shares	<u>200,000</u>	<u>199,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>399,000</u>
N1	Share-Based Payments	<u>-</u>	<u>8,633</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,633</u>
C5	Recognized equity components from the Company's issuance of convertible bonds	<u>-</u>	<u>24,089</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,089</u>
D1	2023 net loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(371,062)</u>	<u>-</u>	<u>(371,062)</u>
D3	Other comprehensive net income for year 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(138)</u>	<u>(138)</u>
D5	2023 total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(371,062)</u>	<u>(138)</u>	<u>(371,200)</u>
Z1	Balance at December 31, 2023	<u>2,027,883</u>	<u>2,086,402</u>	<u>243,636</u>	<u>4,501</u>	<u>(45,383)</u>	<u>(4,639)</u>	<u>4,312,400</u>
	Earning appropriation and distribution for 2023							
B3	Special reserves	<u>-</u>	<u>-</u>	<u>-</u>	<u>138</u>	<u>(138)</u>	<u>-</u>	<u>-</u>
B13	Legal reserve to offset losses	<u>-</u>	<u>-</u>	<u>(45,521)</u>	<u>-</u>	<u>45,521</u>	<u>-</u>	<u>-</u>
D1	2024 net loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(353,050)</u>	<u>-</u>	<u>(353,050)</u>
D3	Other comprehensive net income for year 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>271</u>	<u>271</u>
D5	2024 total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(353,050)</u>	<u>271</u>	<u>(352,779)</u>
Z1	Balance at December 31, 2024	<u>\$ 2,027,883</u>	<u>\$ 2,086,402</u>	<u>\$ 198,115</u>	<u>\$ 4,639</u>	<u>(\$ 353,050)</u>	<u>(\$ 4,368)</u>	<u>\$ 3,959,621</u>

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

Chairman: Wang Te-Hsin

Manager: Wang Te-Hsin

Accounting Officer: Hsieh Chun-Hsiang

Mosa Industrial Corp. and Subsidiaries
Consolidated Statement of Cash Flows
From January 1 to December 31, 2024 and 2023

Unit: NT\$ Thousand

Code		2024	2023
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Net loss before tax of the current year	(\$ 363,230)	(\$ 416,413)
A20010	Income and expenses		
A20100	Depreciation	407,911	406,592
A20200	Amortization expenses	987	1,057
A20300	Expected credit impairment losses (reversal gain)	(16,983)	59,467
A20900	Financial costs	58,549	54,896
A21200	Interest Income	(7,082)	(4,992)
A21900	Share-based payments	-	8,633
A22300	Share of profit or loss of associates accounted for using equity method	465	630
A22500	Losses on disposal of property, plant and equipment	-	45,385
A23700	Loss on inventory valuation falling and obsolescence	3,707	6,010
A24100	Net foreign exchange gains	(3,575)	(3,887)
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	(177,823)	87,174
A31150	Accounts receivable	(15,396)	171,847
A31180	Other receivables	(4,756)	2,790
A31200	Inventory	71,373	33,416
A31230	Pre-payments	(1,396)	7,370
A31240	Other current assets	(2,326)	9,171
A32125	contract liability	962	(6,621)
A32130	Note payable	(1,649)	-
A32150	Accounts payable	51,034	(57,805)
A32180	Other payables	4,877	(80,515)
A32230	Other current liabilities	(738)	16,393
A33000	Cash from operations	4,911	340,598
A33100	Interest received	7,082	4,992
A33300	Interest paid	(46,509)	(51,160)
A33500	Income tax paid	(784)	(12,156)
AAAA	Net cash inflows (outflows) from operating activities	(35,300)	282,274

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Code		2024	2023
	Cash flows from investing activities		
B02700	Acquisition of property, plant and equipment	(\$ 3,979)	(\$ 96,023)
B03800	Decrease (increase) in refundable deposits	2,013	(7,474)
B04500	Acquisition of intangible assets	(239)	(561)
B06600	Decrease in other financial assets	-	9,000
B07100	Increase in pre-payments for equipment	(<u>7,622</u>)	(<u>72,448</u>)
BBBB	Net cash outflows from investing activities	(<u>9,827</u>)	(<u>167,506</u>)
	Cash flows from financing activities		
C00100	Increase in short-term bank loans	1,464,895	1,587,483
C00200	Decrease in short-term bank loans	(1,499,345)	(1,912,464)
C00500	Increase in short-term bills payable	210,000	130,000
C00600	Decrease in net short-term notes payable	(180,000)	(210,399)
C01200	Issuance of convertible bonds	-	545,000
C01600	Proceeds from long-term bank loans	42,000	358,000
C01700	Repayments of long-term bank loans	(138,750)	(595,000)
C04020	Repayment of lease liability principal	(16,318)	(15,508)
C04500	Cash dividends distributed	-	(40,558)
C04600	Proceeds from issuing shares	<u>-</u>	<u>399,000</u>
CCCC	Net cash inflows (outflows) from financing activities	(<u>117,518</u>)	<u>245,554</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>1,092</u>	(<u>563</u>)
EEEE	Increase (decrease) in cash and cash equivalents	(161,553)	359,759
E00100	Beginning cash and cash equivalents balance	<u>933,674</u>	<u>573,915</u>
E00200	Year-end cash and cash equivalents balance	<u>\$ 772,121</u>	<u>\$ 933,674</u>

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

Chairman:
Wang Te-Hsin

Manager:
Wang Te-Hsin

Accounting Officer:
Hsieh Chun-Hsiang

Mosa Industrial Corp. and Subsidiaries
Notes to Consolidated Financial Statements
From January 1 to December 31, 2024 and 2023
(Unless otherwise specified, the amounts are in New Taiwan dollars and foreign currency in thousands.)

I. Company Profile

Mosa Industrial Corp. (hereinafter referred to as "the Company") was established in July 1988 in accordance with the provisions of the Company Act and related laws and regulations. The Company's main business is the research and development, design, manufacture and sales of various mini high pressure chargers and various high pressure containers.

The Company's shares were approved by Taipei Exchange in January 2017 and traded over the counter in the emerging stock market. The Company has been listed on Taiwan Stock Exchange from March 2019.

The consolidated financial statements are expressed in New Taiwan Dollars, the functional currency of the Company.

II. Date and Procedure for Approval of Financial Statements

The consolidated financial statements were approved by the Board of Directors on March 7, 2025.

III. Application of Newly Issued and Amended Standards and Interpretations

(I) First-time application of International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) Interpretations and Standing Interpretations Committee (SIC) Interpretations (hereinafter referred to as "IFRSs") endorsed by the Financial Supervisory Commission (hereinafter referred to as "FSC") and issued into effect

The application of the revised IFRSs approved by the FSC and issued into effect will not result in significant changes in the accounting policies of the Consolidated Entity.

(II) IFRSs approved by the FSC applicable in 2025

Issued / Amended / Revised Standards and Interpretations	Effective Date of IASB Issuance
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 1)
Amended application guidance on the classification	January 1, 2026 (Note 2)

Issued / Amended / Revised Standards and Interpretations
of financial assets under the amendments to IFRS 9 and IFRS 7, "Amendments to Classification and Measurement of Financial Instruments."

Effective Date of IASB Issuance

Note 1: This applies to annual reporting periods beginning January 1, 2025. Upon the initial application of the amendments, prior periods should not be restated. The impact should be recognized in retained earnings or, as appropriate, in the foreign operations translation adjustment under equity on the date of initial application, along with the related affected assets and liabilities.

Note 2: This applies to annual reporting periods beginning January 1, 2026, an enterprise may also choose to early adopt the amendments on January 1, 2025. When initially applying the amendments, retrospective application is required, but there is no need to restate the comparative periods. The impact of the initial application should be recognized on the date of initial application. However, if the enterprise is able to restate the comparative periods without the use of hindsight, it may choose to restate the comparative periods.

As of the date of adoption of this consolidated financial report, the Consolidated Entity assesses that the amendments to the above standards and interpretations will not have a material impact on its financial position and financial performance.

(III) IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC

Issued / Amended / Revised Standards and Interpretations	Effective Date of IASB Issuance (Note)
Annual Improvements to IFRS - Volume 11	January 1, 2026
Amended application guidance on the classification of derecognition of financial liabilities under the amendments to IFRS 9 and IFRS 7, "Amendments to Classification and Measurement of Financial Instruments."	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Involving Natural-Dependent Power"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Not defined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS	January 1, 2023

Issued / Amended / Revised Standards and Interpretations	Effective Date of IASB Issuance (Note)
17 and IFRS 9—Comparative Information”	
IFRS 18 “Expression and Disclosure of Financial Statements”	January 1, 2027
IFRS 19 "Subsidiaries Without Public Accountability: Disclosure"	January 1, 2027

Note: Unless otherwise stated, the above newly issued/amended/amended standards or interpretations shall be effective for annual reporting periods beginning after the respective dates.

IFRS 18 “Expression and Disclosure of Financial Statements”

IFRS 18 will replace IAS 1 "Presentation of Financial Statements." The main changes in the standard include:

- The income statement should categorize revenue and expense items into operating, investing, financing, income tax, and discontinued operations.
- The income statement should report operating income, income before tax before financing, as well as subtotals and totals of income and expenses.
- Provide guidance to strengthen the aggregation and classification requirements: The consolidated company must identify the assets, liabilities, equity, revenues, expenses, and cash flows arising from individual transactions or other matters, and classify and aggregate them based on common characteristics, ensuring that each line item presented in the primary financial statements has at least one similar characteristic. Items with dissimilar characteristics should be separately disclosed in the primary financial statements and the notes. The consolidated company will only label such items as "Other" when no more informative label can be found.
- Disclosure of performance measures defined by management: When the consolidated company communicates publicly outside of the financial statements or communicates to financial statement users its management's view of the consolidated company's overall financial performance, it should disclose in a single note to the financial statements information related to the performance measures defined by management. This includes the description of the measure, how it is calculated, adjustments made to subtotal or total as defined by IFRS accounting standards, and the effects of these adjustments on income tax and non-controlling interests.

Apart from the above impacts, as of the date of adoption of this consolidated financial report, the consolidated company is continuously evaluating other impacts of the each amendments to standards and interpretations on its financial position and financial performance, which will be disclosed when the evaluation is completed.

IV. Summary of Significant Accounting Policies

(I) Compliance statement

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs approved and issued into effect by the FSC.

(II) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments carried at fair value.

Fair value measurements are classified into Levels 1 to 3 based on the observability and significance of the relevant inputs:

1. Level 1 inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that are available at the measurement date.
2. Level 2 inputs: Inputs other than those quoted in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
3. Level 3 inputs: Unobservable inputs of assets or liabilities.

(III) Criteria for distinguishing between current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within 12 months of the balance sheet date; and
3. Cash and cash equivalents (excluding those restricted from being used to exchange or settle liabilities more than 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for trading purposes;
2. Liabilities due for settlement within 12 months of the balance sheet date, and
3. Liabilities that do not have substantial rights to defer the settlement period

to at least 12 months after the balance sheet date.

Assets or liabilities other than those mentioned above are classified as non-current assets or non-current liabilities.

(IV) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and entities (subsidiaries) controlled by the Company. The financial statements of subsidiaries have been adjusted to conform to the accounting policies of the Consolidated Entity. In preparing the consolidated financial statements, all inter-entity transactions, account balances, gains and losses have been eliminated, and the total consolidated gains and losses of the subsidiaries have been attributed to the Company's owners.

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

For details of subsidiaries, shareholding ratio and operating items, see Note 10, Schedules 6 and 7.

(V) Foreign currency

When each entity prepares financial statements, transactions in currencies other than the individual functional currency (foreign currency) are recorded in the functional currency based on the exchange rate at the date of the transaction.

Monetary items denominated in foreign currencies are translated at the closing rate at each balance sheet date. Exchange differences arising from the settlement of monetary items or the translation of monetary items are recognized in profit or loss in the period in which they occur.

Non-monetary items measured at fair value in foreign currencies are translated at the exchange rates prevailing on the date when the fair value was determined, and the resulting exchange differences are recorded in profit or loss for the period. However, if the fair value changes are recognized in other comprehensive income, the resulting exchange differences are included in other comprehensive income.

Non-monetary items denominated in foreign currencies that are measured at

historical cost are translated at the exchange rates prevailing on the dates of transactions and are not retranslated.

In preparing the consolidated financial statements, the assets and liabilities of foreign operations (including subsidiaries that operate in countries or currencies different from those of the Company) are translated into New Taiwan Dollars using the exchange rate at each balance sheet date. Income and expense items are translated at the average exchange rate for the period, and the resulting exchange differences are included in other comprehensive income.

(VI) Inventory

Inventory includes raw materials, work-in-process and finished goods. Inventories are measured at the lower of cost or net realizable value. Comparisons between cost and net realizable value are made on an item-by-item basis, except for inventories of the same type. Net realizable value is the estimated selling price under normal circumstances less the estimated costs to be invested to completion and the estimated costs to complete the sale. The cost of inventories is calculated using the weighted-average method.

(VII) Investment in affiliated companies

An affiliate is an entity over which the Consolidated Company has significant influence, but which is not a subsidiary or a joint venture.

The Consolidated Entity applies the equity method to its investment in affiliated companies. Under the equity method, investments in affiliated companies are initially recognized at cost, and the carrying amount of the investment after acquisition increases or decreases as the Consolidated Entity's share of profits or losses of the affiliated companies and other comprehensive income or loss and profit is distributed. In addition, changes in equity in affiliated companies are recognized on a proportional basis to shareholdings.

The excess of the acquisition cost over the Consolidated Company's share of the net fair value of the identifiable assets and liabilities of the affiliated companies at the date of acquisition is recorded as goodwill, which is included in the carrying amount of the investment and is not amortized. The excess of the Consolidated Entity's share of the net fair value of the identifiable assets and liabilities of the affiliated companies over the cost of acquisition is recorded as profit or loss for the period.

If the Consolidated Entity does not subscribe for new shares of an affiliate in proportion to its shareholding, resulting in a change in its shareholding and

increase or decrease in the net equity of the investment, the increase or decrease is adjusted to capital surplus - changes in the net equity of the affiliate recognized under the equity method and the investment accounted for under the equity method. However, if the ownership interest in an affiliate is reduced as a result of not subscribing for or acquiring shares in proportion to the ownership interest, the amount recognized in other comprehensive income or loss related to that affiliate is reclassified to the proportionate reduction. The accounting treatment is based on the same basis as that required for the direct disposal of the related assets or liabilities by the affiliate. If the former adjustment should be debited to capital surplus and the balance of capital surplus from investments accounted for using the equity method is insufficient, the difference is debited to retained earnings.

The recognition of further losses ceases when the Consolidated Entity's share of losses in an affiliate equals or exceeds its interest in the affiliate (including the carrying amount of its investment in the affiliate under the equity method and other long-term interests that are in substance a component of the Consolidated Entity's net investment in the affiliate). The Consolidated Entity recognizes additional losses and liabilities only to the extent that legal obligations, constructive obligations or payments on behalf of affiliates have been incurred.

In assessing impairment, the Consolidated Entity treats the entire carrying amount of the investment (including goodwill) as a single asset to compare the recoverable amount with the carrying amount and conducts an impairment test. The impairment loss recognized is not allocated to any asset that forms part of the carrying amount of the investment, including goodwill. Any reversal of impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Gains or losses from counter-current, downstream and side-stream transactions between the Consolidated Entity and its affiliates are recognized in the consolidated financial statements only to the extent that they do not relate to the Consolidated Entity's interest in the affiliates.

(VIII) Property, plant and equipment

Property, plant and equipment are recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment under construction are recognized at cost less accumulated impairment losses. Costs include fees for professional services and

borrowing costs that qualify for capitalization. Depreciation of these assets begins when they are completed and in their intended use and are classified in the appropriate category of property, plant and equipment.

Property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component. The Consolidated Entity reviews the estimated useful lives, residual values and depreciation methods at least at the end of each year and defers the effect of changes in applicable accounting estimates.

When property, plant and equipment are derecognized, the difference between the net disposal price and the carrying amount of the assets is recognized in profit or loss.

(IX) Intangible assets

Individually acquired intangible assets with finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis over their useful lives. The Consolidated Entity reviews the estimated useful lives, residual values and amortization methods at least at each year-end and defers the effect of changes in applicable accounting estimates. Intangible assets with indefinite useful lives are stated at cost less accumulated impairment losses.

When intangible assets are derecognized, the difference between the net disposal price and the carrying amount of the assets is recognized in profit or loss of the period.

(X) Impairment of property, plant and equipment, right-of-use assets and intangible assets

The Consolidated Entity assesses at each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets and intangible assets may have been impaired. If any indication of impairment exists, the recoverable amount of the asset is estimated. If the recoverable amount of an individual asset cannot be estimated, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Common assets are allocated to individual cash-generating units on a reasonably consistent basis.

Intangible assets with indefinite useful lives and not yet available for use are tested for impairment at least annually and whenever there is an indication of

impairment.

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

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount (net of amortization or depreciation) that would have been determined if the impairment loss had not been recognized in prior years for that asset or cash-generating unit. Reversal of impairment loss is recognized in profit or loss.

(XI) Financial instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the Consolidated Entity becomes a party to the contractual provisions of the instrument.

In initial recognition, financial assets and financial liabilities that are not measured at fair value through profit or loss are measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial Assets

Regular transactions of financial assets are recognized and derecognized using trade date accounting.

1. Types of measurement

The types of financial assets held by the Consolidated Entity include financial assets carried at amortized cost and financial assets at fair value through profit or loss.

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

Financial assets at fair value through profit or loss include financial assets at fair value through profit or loss, mandatorily measured at fair value, and financial assets designated at fair value through profit or loss. Financial assets at fair value through profit or

loss, mandatorily measured at fair value covers investments in equity instruments that are not designated at fair value through other comprehensive income, and investments in debt instruments not qualified to be measured at amortized cost or designated at fair value through other comprehensive income.

For financial assets measured at fair value through profit or loss are designated at fair value, the dividends and interest generated are recognized as other income and interest income respectively, while the gains or losses arising from remeasurement are recognized as other gains and losses. Please refer to Note 26 for the determination of fair value.

(2) Financial assets measured at amortized cost

The Consolidated Entity's investment financial assets are classified as financial assets carried at amortized cost if both of the following two conditions are met:

- A The financial assets are held under an operating model whose objective is to hold financial assets to collect contractual cash flows; and
- B The terms of the contracts give rise to cash flows at specified dates that are solely for the payment of principal and interest on the outstanding principal amount.

After the initial recognition of financial assets carried at amortized cost (including cash and cash equivalents, notes receivable measured at amortized cost, accounts receivable, other receivables and refundable deposits), the total carrying amount of the financial assets is determined using the effective interest method less any impairment loss measured at amortized cost, and any foreign currency exchange gain or loss is recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets, except for the following two circumstances:

- A Interest income on credit-impaired financial assets acquired or created is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial assets.

B For financial assets that are not acquired or initially impaired but subsequently become impaired, interest income should be calculated by multiplying the effective interest rate by the amortized cost of the financial asset from the next reporting period after the impairment.

Credit-impaired financial assets are those for which the issuer or the debtor has experienced significant financial difficulty, default, a substantial likelihood that the debtor will declare bankruptcy or other financial reorganization, or the disappearance of an active market for the financial assets due to financial difficulties.

Cash equivalents include time deposits that are highly liquid, can be readily converted into a fixed amount of cash, and have an insignificant risk of value fluctuation, with a maturity of 3 months or less from the acquisition date, and are used to meet short-term cash commitments.

2. Impairment of financial assets

The Consolidated Entity assesses impairment losses on financial assets (including accounts receivable) measured at amortized cost on the basis of expected credit losses at each balance sheet date.

Accounts receivable are recognized as an allowance based on the expected credit losses for the duration. Other financial assets are first assessed to determine whether there is a significant increase in credit risk since initial recognition. If there is no significant increase, an allowance for loss is recognized on the basis of expected credit losses over 12 months, and if there is a significant increase, an allowance for loss is recognized on the basis of expected credit losses for the duration.

Expected credit loss is a weighted average credit loss weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from possible defaults within 12 months after the reporting date of the instrument. The expected credit loss over the duration of the instrument represents the expected credit loss arising from all possible defaults over the expected duration of the instrument.

For internal credit risk management purposes, the Consolidated Entity determines, without regard to the collateral held, that a default on a financial

asset has occurred in the following circumstances:

- (1) There is internal or external information indicating that the debtor is unlikely to be able to pay its debts.
- (2) More than 90 days past due, unless there is reasonable and supportable information indicating that a delayed basis of default is more appropriate.

All impairment losses on financial assets are reversed by reducing the carrying amount through an allowance account.

3. Derecognition of financial assets

The Consolidated Entity derecognizes financial assets only when the contractual rights to the cash flows from the financial assets lapse or when the financial assets have been transferred and substantially all the risks and rewards of ownership of the assets have been transferred to other companies.

The difference between the carrying amount of the financial asset and the consideration received is recognized in profit or loss when the financial asset is derecognized as a whole at amortized cost.

Equity Instrument

Debt and equity instruments issued by the Group are classified as financial liabilities or equity based on the substance of the contractual arrangement and the definitions of a financial liability and equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received after deducting direct issue costs.

Financial Liabilities

1. Subsequent measurements

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

2. Derecognition of financial liabilities

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

Convertible bonds

The compound financial instruments (convertible bonds) issued by the Group are based on the substance of the contractual agreement and definitions of financial liabilities and equity instruments, with components classified as financial liabilities and equity on initial recognition.

For the initial recognition, the fair value of the liability component is estimated based on the market interest rate of similar non-convertible instruments and measured at amortized cost using the effective interest method before conversion or maturity. Liability components with embedded non-equity derivative features are measured at fair value.

The conversion right to be classified as equity is equal to the fair value of the compound instrument as a whole less the separately determined fair value for the liability component. When exercising the conversion right, its related liability component and equity amount will be transferred to share capital and capital surplus - premium. If the convertible bonds has not been exercised under conversion right before the maturity date, the amount recognized as equity will be transferred to capital surplus - premium.

Transaction costs related to the issuance of convertible bonds are allocated to the carrying amount of the liability components and equity components (included in equity) in proportion to the allocation of proceeds.

(XII) Revenue recognition

The Consolidated Entity allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes revenue when each performance obligation is satisfied.

If the interval between the transfer of goods or services and the receipt of consideration is less than one year, the transaction price is not adjusted for significant financial components of the contract.

Revenue from the sale of merchandise is recognized as revenue and accounts receivable when the merchandise arrives at the customer's designated location, when it is shipped or when it is picked up, and when the customer obtains control over the merchandise.

The consideration received from the customer before the customer obtains control over the goods is recognized as a contract liability.

(XIII) Leasing

The Consolidated Entity assesses whether a contract is (or contains) a lease at the contract inception date.

1. The consolidated company as the lessor

A lease is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of

the asset to the lessee. All other leases are classified as operating leases.

Under operating leases, lease payments, net of lease incentives, are recognized as income on a straight-line basis over the term of the relevant lease. The original direct cost incurred in acquiring an operating lease is added to the carrying amount of the subject asset and recognized as an expense on a straight-line basis over the lease term.

2. The consolidated company as the lessee

Right-of-use assets and lease liabilities are recognized at the inception date of the lease, except for leases of low-value underlying assets to which the recognition exemption applies and short-term leases for which lease payments are recognized as expenses on a straight-line basis over the lease term.

Right-of-use assets are measured initially at cost (consisting of the original measurement amount of the lease liability, lease payments made before the commencement date of the lease less lease incentives received, original direct cost and estimated cost of restoration of the subject asset) and subsequently at cost less accumulated depreciation and accumulated impairment losses, and the remeasurement of the lease liability is adjusted. Right-of-use assets are presented separately in the consolidated balance sheet.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life or the end of the lease term.

Lease liabilities are measured initially at the present value of the lease payments (which comprise both fixed payments and material fixed payments). If the implied interest rate of the lease is readily determinable, the lease payments are discounted using that rate. If that rate is not readily determinable, the lessee's incremental borrowing rate is used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expense is amortized over the lease term. If there is a change in future lease payments due to changes in the lease period or in the index or rate used to determine lease payments, the Consolidated Entity remeasures the lease liability and adjusts the right-of-use asset accordingly, except that if the carrying amount of the

right-of-use asset is reduced to zero, the remaining re-measurement amount is recognized in profit or loss. For lease modifications that are not treated as separate leases, the remeasurement of the lease liability due to a reduction in the scope of the lease is a reduction of the right-of-use asset, and the gain or loss on partial or full termination of the lease is recognized; the re-measurement of the lease liability due to other modifications is an adjustment to the right-of-use asset. Lease liabilities are presented separately in the consolidated balance sheet.

(XIV) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are included as part of the cost of the asset until substantially all of the activities necessary to bring the asset to its intended use or sale condition have been completed. Other borrowing costs are recognized in profit or loss in the year in which they are incurred.

(XV) Government grants

Government grants are recognized only when it is reasonably certain that the Consolidated Entity will comply with the conditions attached to the government grant and that the grant will be received.

Government grants related to revenues are recognized in other revenues on a systematic basis over the period in which the related costs for which they are intended to compensate are recognized as expenses by the Consolidated Entity.

Government grants are recognized in profit or loss in the period in which they become collectible if they are intended to compensate for expenses or losses already incurred or to provide immediate financial support to the Consolidated Entity and have no related costs in the future.

(XVI) Employee benefits

1. Short-term employee benefits

Short-term employee benefit-related liabilities are measured at the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

The defined contribution pension plan is an expense that recognizes the amount of pension benefits to be contributed during the employees' service period.

(XVII) Share-based payment agreement

Employee stock options are recognized as expense on a straight-line basis over the vesting period based on the fair value of the equity instruments at the date of grant and the best estimate of the number of options expected to be vested, with a simultaneous adjustment to capital surplus - employee stock options. The Company recognizes the full cost on the date of grant if it is immediately vested on the date of grant. The date of grant is the date on which the Company recognizes the number of employee subscriptions for cash capital increase.

The Consolidated Entity revises the estimated number of employee stock options expected to be vested at each balance sheet date. If the original estimate is revised, the effect is recognized in profit or loss so that the accrued expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee stock options.

(XVIII) Income tax

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

1. Current income tax

The Consolidated Entity determines the current income (loss) in accordance with the regulations of each income tax filing jurisdiction and calculates the income tax payable (recoverable) accordingly.

Income tax on undistributed earnings calculated in accordance with the ROC Income Tax Act is recognized in the year of shareholders' meeting resolution.

Adjustments to prior years' income tax payable are included in the current period's income tax.

2. Deferred income tax

Deferred income tax is calculated on temporary differences between the carrying amounts of assets and liabilities and the tax bases used to compute taxable income.

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

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Consolidated Entity can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognized for deductible temporary differences associated with such investments only to the extent that it is probable that sufficient taxable income will be available to allow the temporary differences to be realized and to the extent that a reversal is expected in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient tax assets will be available to allow recovery of all or part of the asset. Deferred income tax assets that were not recognized as such are reviewed at each balance sheet date and the carrying amount is increased to the extent that it is probable that future taxable income will be available to recover all or part of the asset.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled or the asset is realized, which are based on tax rates and tax laws that have been legislated or substantively legislated at the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences of the manner in which the Consolidated Entity expects to recover or settle the carrying amounts of its assets and liabilities at the balance sheet date.

3. Current and deferred income taxes

Current and deferred income taxes are recognized in profit or loss, except for current and deferred income taxes related to items recognized in other comprehensive income or directly in equity, which are recognized in other comprehensive income or directly in equity, respectively.

V. Significant Accounting Judgments, Estimates and Key Sources of Assumption Uncertainty

In adopting accounting policies, the Consolidated Entity's management is required to make judgments, estimates and assumptions based on historical experience and other relevant factors where relevant information is not readily available from other sources.

Actual results may differ from estimates.

For the significant accounting estimates, the Group will take into account possible impacts on cash flow estimates, growth rates, discount rates, profitability and other related major estimates. Management will continue to review estimates and underlying assumptions.

The Group's accounting policies, estimates and underlying assumptions have been evaluated by the Group's management, and no accounting judgments, estimates and assumptions are subject to significant uncertainties.

VI. Cash and Cash Equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand and working capital	\$ 906	\$ 1,048
Bank demand deposits	751,215	932,626
Cash equivalents (investments with an original maturity of 3 months or less)		
Bank time deposits	20,000	-
	<u>\$ 772,121</u>	<u>\$ 933,674</u>

VII. Current financial assets at fair value through profit or loss

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Held for trading</u>		
Convertible bonds redemption rights	\$ 545	\$ 545

VIII. Notes and accounts receivable - non-related parties

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Notes receivable - non related parties</u>		
Total carrying amount measured at amortized cost	\$ 388,116	\$ 210,293
Less: Allowance for losses	-	-
	<u>\$ 388,116</u>	<u>\$ 210,293</u>
<u>Accounts receivable - non related parties</u>		
Total carrying amount measured at amortized cost	\$ 231,359	\$ 234,009
Less: Allowance for losses	(36,345)	(75,181)
	<u>\$ 195,014</u>	<u>\$ 158,828</u>

(I) Notes receivable

The ages of the Consolidated Entity's notes receivable were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Not overdue	\$ 388,116	\$ 210,293
Overdue	<u>-</u>	<u>-</u>
	<u>\$ 388,116</u>	<u>\$ 210,293</u>

The above is an aging analysis based on the account date.

The amount of discounted notes receivable and related information is detailed in Note 26.

(II) Accounts receivable

The average credit period of the Consolidated Entity for merchandise sales is approximately 30 to 180 days, and the accounts receivable are not interest-bearing. The Consolidated Entity's policy is to transact only with creditworthy counterparties and to rate major customers using publicly available financial information and historical transaction records. To mitigate credit risk, the Consolidated Entity follows credit management practices in which management assigns a dedicated team to determine credit limits, approve credit and other monitoring procedures to ensure that appropriate actions are taken to collect overdue accounts receivable. In addition, the Consolidated Entity reviews the recoverable amounts of accounts receivable on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been recorded for uncollectible accounts receivable. Accordingly, the management of the Company believes that the credit risk of the Consolidated Entity has been significantly reduced.

The Consolidated Entity recognizes an allowance for losses on accounts receivable on the basis of expected credit losses over the duration of the receivables. Expected credit losses over the duration of the contract are based on the customer's past default history and current financial condition, the economic situation of the industry, as well as the GDP forecast and industry outlook. Since the Consolidated Entity's credit loss history shows no significant difference in loss patterns among different customer groups, the expected credit loss rate is not further differentiated among customer groups and is only based on the number of days past due on accounts receivable.

If there is evidence that the counter-party is in serious financial difficulty and the Consolidated Entity cannot reasonably expect to recover the amount, the

Consolidated Entity directly eliminates the related accounts receivable but continues the recovery activities and recognizes the amount recovered in profit or loss as a result of the recovery.

The Consolidated Entity measured the allowance for losses on accounts receivable as follows:

	Not overdue	1-180 days past due	181-365 days past due	Over 366 days past due	Total
<u>December 31, 2024</u>					
Expected credit loss rate	0%-1.49%	0%-10%	0%-15%	100%	
Total carrying amount	\$ 172,108	\$ 23,798	\$ 965	\$ 34,488	\$ 231,359
Allowance for losses (expected credit losses over the duration)	(<u>840</u>)	(<u>912</u>)	(<u>105</u>)	(<u>34,488</u>)	(<u>36,345</u>)
Amortized cost	<u>\$ 171,268</u>	<u>\$ 22,886</u>	<u>\$ 860</u>	<u>\$ -</u>	<u>\$ 195,014</u>
<u>December 31, 2023</u>					
Expected credit loss rate	0.01%-0.1%	0.3%-20%	20%-60%	100%	
Total carrying amount	\$ 120,157	\$ 37,302	\$ 5,379	\$ 71,171	\$ 234,009
Allowance for losses (expected credit losses over the duration)	(<u>42</u>)	(<u>741</u>)	(<u>3,227</u>)	(<u>71,171</u>)	(<u>75,181</u>)
Amortized cost	<u>\$ 120,115</u>	<u>\$ 36,561</u>	<u>\$ 2,152</u>	<u>\$ -</u>	<u>\$ 158,828</u>

The changes in the allowance for losses on accounts receivable were as follows:

	<u>2024</u>	<u>2023</u>
Balance at the beginning of the year	\$ 75,181	\$ 15,715
Impairment loss recognized (reversed) for the year	(16,983)	59,467
Actual write-off of the current year	(21,856)	-
Foreign currency exchange differences	<u>3</u>	(<u>1</u>)
Balance at the end of the year	<u>\$ 36,345</u>	<u>\$ 75,181</u>

IX. Inventory

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Finished goods	\$ 139,227	\$ 160,560
Work in progress	94,490	91,983
Raw materials	<u>82,114</u>	<u>139,195</u>
	<u>\$ 315,831</u>	<u>\$ 391,738</u>

Costs of goods sold are as follows:

	2024	2023
Cost of inventories sold	\$ 1,201,653	\$ 1,287,814
Loss on inventory valuation falling and obsolescence	3,707	6,010
Unallocated manufacturing costs	<u>132,968</u>	<u>112,475</u>
	<u>\$ 1,338,328</u>	<u>\$ 1,406,299</u>

X. Subsidiaries

The principal elements of the consolidated financial statements are as follows:

Name of investing company	Name of subsidiary	Percentage of shareholding (%)	
		December 31, 2024	December 31, 2023
The Company	Mosa Safety System Corp. (Mosa)	100	100
Mosa	(YUAN LIN INVESTMENT CO., LTD.)	100	100
YUAN LIN INVESTME NT CO., LTD.	YUAN LIN SHANGHAI CO., LTD. (Yuan Lin Shanghai)	100	100

The financial statements of the above subsidiaries have been audited by the CPAs.

In March 2024, the consolidated company injected an additional USD 500,000 into Yuan Lin Investment Co.; the shareholding ratio remained unchanged after the capital increase.

For the nature of business of the above subsidiaries, their principal places of business and the nations of registration of the companies, refer to Schedules 6 and 7.

XI. Investments accounted for using the equity method

Investment in Affiliated Companies

	December 31, 2024	December 31, 2023
Individually insignificant affiliates	\$ 223	\$ 688

The above individual non-material affiliates are recognized based on unaudited financial reports for the same period. However, the consolidated company's management believes that the unaudited financial reports of the investee companies do not have a material impact. For information on the nature of the business, primary operating locations, and the country of registration, please refer to Schedule 6.

XII. Property, Plant and Equipment

2024	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Total
<u>Cost</u>						
Balance at the beginning of the year	\$2,796,113	\$4,205,459	\$ 4,634	\$ 39,698	\$1,187,792	\$8,233,696
Increase	-	1,642	-	2,337	-	3,979
Decrease	-	-	-	(2,996)	(1,554)	(4,550)
Reclassification	-	72,918	-	726	982	74,626
Net exchange differences	-	-	-	25	-	25
Balance at the end of the year	<u>\$2,796,113</u>	<u>\$4,280,019</u>	<u>\$ 4,634</u>	<u>\$ 39,790</u>	<u>\$1,187,220</u>	<u>\$8,307,776</u>
<u>Accumulated depreciation</u>						
Balance at the beginning of the year	\$ 592,387	\$2,278,908	\$ 4,118	\$ 24,574	\$ 772,632	\$3,672,619
Depreciation	56,555	252,968	292	2,478	71,928	384,221
Decrease	-	-	-	(2,996)	(1,554)	(4,550)
Net exchange differences	-	-	-	18	-	18
Balance at the end of the year	<u>\$ 648,942</u>	<u>\$2,531,876</u>	<u>\$ 4,410</u>	<u>\$ 24,074</u>	<u>\$ 843,006</u>	<u>\$4,052,308</u>
Net amount at the end of the year	<u>\$2,147,171</u>	<u>\$1,748,143</u>	<u>\$ 224</u>	<u>\$ 15,716</u>	<u>\$ 344,214</u>	<u>\$4,255,468</u>
<u>2023</u>						
Balance at the beginning of the year	\$2,787,361	\$4,270,039	\$ 4,634	\$ 39,518	\$1,122,168	\$8,223,720
Increase	1,670	61,271	-	194	32,888	96,023
Disposition	-	(190,860)	-	-	(1,497)	(192,357)
Reclassification	7,082	65,009	-	-	34,233	106,324
Net exchange differences	-	-	-	(14)	-	(14)
Balance at the end of the year	<u>\$2,796,113</u>	<u>\$4,205,459</u>	<u>\$ 4,634</u>	<u>\$ 39,698</u>	<u>\$1,187,792</u>	<u>\$8,233,696</u>
<u>Accumulated depreciation</u>						
Balance at the beginning of the year	\$ 536,021	\$2,174,982	\$ 3,720	\$ 22,399	\$ 698,963	\$3,436,085
Depreciation	56,366	248,141	398	2,184	76,426	383,515
Disposition	-	(145,475)	-	-	(1,497)	(146,972)
Reclassification	-	1,260	-	-	(1,260)	-
Net exchange differences	-	-	-	(9)	-	(9)
Balance at the end of the year	<u>\$ 592,387</u>	<u>\$2,278,908</u>	<u>\$ 4,118</u>	<u>\$ 24,574</u>	<u>\$ 772,632</u>	<u>\$3,672,619</u>
Net amount at the end of the year	<u>\$2,203,726</u>	<u>\$1,926,551</u>	<u>\$ 516</u>	<u>\$ 15,124</u>	<u>\$ 415,160</u>	<u>\$4,561,077</u>

Depreciation expense is recognized on a straight-line basis over the useful lives specified below:

Buildings	
Main structure	20 to 50 years

Interior decoration	10 to 20 years
Others	5 to 15 years
Machinery and equipment	3 to 20 years
Transportation equipment	5 to 8 years
Office equipment	5 to 15 years
Other equipment	2 to 20 years

For the amount of property, plant and equipment pledged as collaterals for loans, see Note 28.

XIII. Lease Agreements

(I) Right-of-use assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amount of right-to-use assets		
Land	\$ 1,022,710	\$ 1,036,552
Transportation equipment	<u>1,210</u>	<u>-</u>
	<u>\$ 1,023,920</u>	<u>\$ 1,036,552</u>
	<u>2024</u>	<u>2023</u>
Increase in right-of-use assets	<u>\$ 11,058</u>	<u>\$ -</u>
Depreciation expense on right-of-use assets		
Land	\$ 23,287	\$ 23,077
Transportation equipment	<u>403</u>	<u>-</u>
	<u>\$ 23,690</u>	<u>\$ 23,077</u>

(II) Lease liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amount of lease liabilities		
Current	<u>\$ 16,746</u>	<u>\$ 15,785</u>
Non-current	<u>\$ 1,055,093</u>	<u>\$ 1,061,314</u>

The discount rates for lease liabilities are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Land	1.78%	1.78%
Transportation equipment	2%	-

(III) Important tenant activities and terms

The Consolidated Entity's land for manufacturing and offices is leased for a period of 16 to 20 years. At the end of the lease term, the Consolidated Entity has no preferential purchase rights to the leasehold land.

The consolidated company also leases transportation equipment for operational use, with a lease term of 3 years. These lease agreements do not contain renewal or purchase option clauses.

(IV) Other lease information

	2024	2023
Short-term lease payments	<u>\$ 1,626</u>	<u>\$ 1,520</u>
Low-value asset lease payments	<u>\$ 236</u>	<u>\$ 280</u>
Total cash outflow from leases	<u>\$ 37,407</u>	<u>\$ 36,625</u>

The Consolidated Entity has chosen to apply the exemption from recognition to certain leases of office equipment that qualify as short-term leases, transportation equipment and certain leases of office equipment that qualify as low-value asset leases by not recognizing the related right-of-use assets and lease liabilities for these leases.

XIV. Intangible Assets

2024	Trademark Rights	Patents	Computer Software	Total
<u>Cost</u>				
Balance at the beginning of the year	\$ 3,892	\$ 2,706	\$ 8,726	\$ 15,324
Individually acquired	3	236	-	239
Net exchange differences	<u>-</u>	<u>-</u>	<u>14</u>	<u>14</u>
Balance at the end of the year	<u>3,895</u>	<u>2,942</u>	<u>8,740</u>	<u>15,577</u>
<u>Accumulated Amortization</u>				
Balance at the beginning of the year	2,509	1,399	7,468	11,376
Amortization expenses	336	147	504	987
Net exchange differences	<u>-</u>	<u>-</u>	<u>13</u>	<u>13</u>
Balance at the end of the year	<u>2,845</u>	<u>1,546</u>	<u>7,985</u>	<u>12,376</u>
Net amount at the end of the year	<u>\$ 1,050</u>	<u>\$ 1,396</u>	<u>\$ 755</u>	<u>\$ 3,201</u>

2023	Trademark Rights	Patents	Computer Software	Total
<u>Cost</u>				
Balance at the beginning of the year	\$ 3,866	\$ 2,570	\$ 8,335	\$ 14,771
Individually acquired	26	136	399	561
Net exchange differences	-	-	(8)	(8)
Balance at the end of the year	<u>3,892</u>	<u>2,706</u>	<u>8,726</u>	<u>15,324</u>
<u>Accumulated Amortization</u>				
Balance at the beginning of the year	2,172	1,291	6,862	10,325
Amortization expenses	337	108	612	1,057
Net exchange differences	-	-	(6)	(6)
Balance at the end of the year	<u>2,509</u>	<u>1,399</u>	<u>7,468</u>	<u>11,376</u>
Net amount at the end of the year	<u>\$ 1,383</u>	<u>\$ 1,307</u>	<u>\$ 1,258</u>	<u>\$ 3,948</u>

Amortization expense is recognized on a straight-line basis over the number of useful years as follows:

Trademark Rights	10 to 15 years
Patents	9 to 20 years
Computer Software	5 to 8 years

XV. Loans

(I) Short-term bank loans

	December 31, 2024	December 31, 2023
<u>Unsecured Borrowing</u>		
Credit borrowing	\$ 200,000	\$ 230,000
Letter of credit borrowing	60,846	65,296
	<u>\$ 260,846</u>	<u>\$ 295,296</u>
<u>Annual interest rate (%)</u>		
Credit borrowing	2.050-2.352	1.780-2.225
Letter of credit borrowing	2.050-2.105	1.800-2.225

(II) Short-term bills payable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Commercial papers payable	\$ 30,000	\$ -
Less: discount on short-term bills payable	(<u>72</u>)	<u>-</u>
	<u>\$ 29,928</u>	<u>\$ -</u>
Annual interest rate (%)	2.148	-

(III) Long-term bank loans

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Guaranteed borrowing - due between March 2029 and November 2032	\$ 995,000	\$ 1,048,000
Credit borrowing - due in July 2028	<u>26,250</u>	<u>70,000</u>
	1,021,250	1,118,000
Less: parts recognized as due within 1 year	(<u>114,125</u>)	(<u>101,875</u>)
	<u>\$ 907,125</u>	<u>\$ 1,016,125</u>
Annual interest rate (%)	2.128-2.220	2.003-2.203

The interest rates on long-term bank loans are adjusted on a floating basis in accordance with the terms of the loan agreements.

The long-term guaranteed loans are secured by the consolidated company's buildings and machinery and equipment; see Note 28.

XVI. Bonds Payable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Domestic unsecured convertible bonds	<u>\$ 533,300</u>	<u>\$ 523,906</u>

The Group publicly issued 3-year domestic unsecured convertible bonds at face value on September 26, 2023, with total amount of issuance of NT\$550,000, coupon rate of 0%, while the maturity date is September 26, 2026. From the end of a designated period of time following the issue date of convertible corporate bonds (December 27, 2023) until the maturity date (September 26, 2026), the bondholder may request for conversion to the Consolidated Entity's common shares at any time in accordance with the procedures for conversion set by the issuer, except during the period in which transfer is suspended by laws related to bond conversion. The conversion price had been

set at NT\$27 per share at the time of issuance, and adjusted thereafter according to the price adjustment equation stipulated by laws related to bond conversion. Three months after the issuance of convertible bonds (December 27, 2023) until forty days before the end of a designated period of time following the issuance date of convertible corporate bonds (August 17, 2026), if the closing price of the consolidated company's common shares exceeds 30%(inclusive) of the conversion price for 30 consecutive business days, or the amount of issued convertible bonds outstanding is less than 10% of the total amount issued, the consolidated company may redeem the bonds in cash based on the face value.

The Group's bond redemption shall be based on the bond's face value within ten business days from the maturity date of convertible bonds and interest premium, which is 101.5075% face value (actual annual bond yield of 0.5%), repaid in cash in one lump sum.

This convertible bond covers liability and equity components. The equity component is recognized as capital reserve - stock options under equity. The effective interest rate for the original recognition of the liability component is 1.78%. The redemption right derivative instrument is classified as a financial asset at fair value through profit or loss – current.

Changes in the debt primary contract and the derivative instrument of the redemption right from the issuance date to December 31, 2024 are as follows:

Issuance proceeds (minus transaction costs of NT\$5,000 thousand)	\$ 545,000
Equity component (excluding NT\$393 thousand transaction costs allocated to equity)	(24,089)
Derivatives of redemption rights	<u>545</u>
Debt components on the issue date	521,456
Discount amortization for 2023	<u>2,450</u>
Debt components as of December 31, 2023	523,906
Discount amortization for the year	<u>9,394</u>
Balance at the end of the year	<u>\$ 533,300</u>

XVII. Other Payables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Salaries and bonuses payable	\$ 34,552	\$ 31,806
Processing fees payable	28,787	12,491
Compensation payable to employees and directors	7,269	12,805
Payables for equipment and construction	3,587	16,574

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Others	<u>75,974</u>	<u>68,856</u>
	<u>\$ 150,169</u>	<u>\$ 142,532</u>

XVIII. Post-Employment Benefits

The Company's pension plan under the Labor Pension Act is a government-administered defined contribution pension plan that contributes 6% of employees' monthly salaries to the individual accounts under the Bureau of Labor Insurance.

XIX. Equities

(I) Common stock

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Authorized number of shares (in thousands)	<u>500,000</u>	<u>250,000</u>
Authorized share capital	<u>\$ 5,000,000</u>	<u>\$ 2,500,000</u>
Number of shares issued and fully paid (thousand shares)	<u>202,788</u>	<u>202,788</u>
Issued share capital	<u>\$ 2,027,883</u>	<u>\$ 2,027,883</u>

The issued common stock has a par value of NT\$10 per share and each share has the right to receive dividends in the form of one vote.

The November 2022 Company's Board of Directors resolved on cash capital increase by issuing 20,000 thousand new shares with a par value of NT\$10 per share, at a premium of NT\$20 per share, with the record date for the capital increase set for March 30, 2023. Additionally, on November 8, 2024, the Board of Directors resolved another cash capital increase by issuing 30,000 thousand new shares with a par value of NT\$10 per share, at a premium of NT\$19 per share, with the record date for the capital increase set for March 12, 2025.

(II) Capital reserve

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>May be used to make up losses, pay cash or capitalize (Note)</u>		
Stock issuance premium	\$ 1,962,093	\$ 1,962,093
Transfer from employee stock option exercise	84,715	84,715
Expired employee stock options	15,505	15,505
<u>Not required for any accounting purpose</u>		

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Convertible bonds stock options	<u>24,089</u>	<u>24,089</u>
	<u>\$ 2,086,402</u>	<u>\$ 2,086,402</u>

Note: Such capital surplus may be used to offset losses or, when the Company has no losses, to distribute cash or to capitalize capital, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.

(III) Retained earnings and dividend policy

In accordance with the Company's Articles of Incorporation, the earnings distribution policy provides that in the event of surplus earnings after the closing of annual accounts, due taxes shall be paid in accordance with the law, and losses incurred in previous years shall be compensated for. Upon completion of the preceding actions, 10% of the remainder surplus shall be allocated as legal reserves. However, in the event that the accumulated legal reserves are equivalent to or exceed the Company's total paid-in capital, such allocation may be exempted. The remainder may be set aside or reversed as special surplus reserve in accordance with laws and regulations. If there are remainder earnings, the Board of Directors shall draft a earnings distribution proposal regarding the remainder of the earnings plus accumulated undistributed earnings. If such distribution involves issuance of new shares, such distribution may be made after being approved by the shareholders' meeting. When the Company intends to distribute dividends, bonus, or part or all of legal reserves and capital reserves in cash, an approval must be obtained from the Board of Directors by a majority vote at a Board of Directors meeting attended by two thirds or more of all directors, and a report must be made at a shareholders' meeting.

The Company's dividend policy considers future capital needs, financial structure, and earnings, and stipulates that no less than 50% of the distributable earnings be allocated as shareholder dividends. However, if the distributable earnings for the current year are lower than 20% of the paid-in capital, such distribution may be exempted. Dividends to shareholders may be distributed in cash or shares, but the amount of cash dividends shall not be less than 10% of total dividends distributed in the current year. However, if the cash dividend is less than NT\$1 per share, dividends may be distributed solely in shares.

The legal reserve should be appropriated until the remaining balance reaches the total paid-in capital. The legal reserve may be used to cover deficits. If the Company has no deficit, the excess of legal reserve over 25% of the paid-in capital may be distributed in cash in addition to capitalization.

The Company's profit and loss appropriation for 2023 and the earnings distribution for 2022 are as follows:

	2023	2022
Appropriation of legal reserve (legal reserve to offset losses)	(\$ 45,521)	\$ 5,580
Allocation (reversal) of special reserve	138	(56)
Cash dividends	-	40,558
Cash dividends per share (NT\$)	-	0.2

Cash dividends for 2022 were allocated based on the Board of Directors' resolution in May 2023, and the remaining earnings distribution and profit appropriation items for 2023 and 2022 were respectively approved at the annual general shareholders' meetings held in May 2024 and June 2023.

The loss appropriation for 2024 is yet to be decided and is expected to be resolved at the annual general shareholders' meeting scheduled for June 2025.

XX. Revenue

	2024	2023
Sales revenue	<u>\$ 1,144,554</u>	<u>\$ 1,304,718</u>

(I) Remaining balance of contract

	December 31, 2024	December 31, 2023	January 1, 2023
Notes receivable and accounts receivable	<u>\$ 583,130</u>	<u>\$ 369,121</u>	<u>\$ 684,047</u>
Contract liabilities - Current product sales	<u>\$ 9,616</u>	<u>\$ 8,654</u>	<u>\$ 15,275</u>

Contract liability mainly arises from the difference between the time performance obligations are met and the time of payment from customers.

(II) Details of revenue from contracts with customers

	2024	2023
High-pressure gas charger	<u>\$ 415,686</u>	<u>\$ 670,567</u>

	2024	2023
Inflators	694,096	557,715
Others	<u>34,772</u>	<u>76,436</u>
	<u>\$ 1,144,554</u>	<u>\$ 1,304,718</u>

XXI. Net income of the current year

(I) Other revenues

	2024	2023
Rent revenue	\$ 2,160	\$ 1,630
Subsidy revenue	1,401	6,817
Others	<u>10,805</u>	<u>15,833</u>
	<u>\$ 14,366</u>	<u>\$ 24,280</u>

(II) Other gains and losses

	2024	2023
Net foreign currency exchange gains (losses)	\$ 24,773	(\$ 5,480)
Losses on disposal of property, plant and equipment	-	(45,385)
Others	<u>(1,682)</u>	<u>(1,477)</u>
	<u>\$ 23,091</u>	<u>(\$ 52,342)</u>

(III) Financial costs

	2024	2023
Interest on bank loans	\$ 28,614	\$ 34,584
Interest on lease liabilities	19,227	19,317
Interest on bonds	<u>12,148</u>	<u>3,168</u>
	59,989	57,069
Less: Amount included in cost of qualifying assets	<u>(1,440)</u>	<u>(2,173)</u>
	<u>\$ 58,549</u>	<u>\$ 54,896</u>
Amount of interest capitalized	\$ 1,440	\$ 2,173
Rate of interest capitalization (%)	2.036-2.134	1.809-2.118

(IV) Depreciation and amortization

	2024	2023
Property, Plant and Equipment	\$ 384,221	\$ 383,515
Right-of-use assets	23,690	23,077
Intangible Assets	<u>987</u>	<u>1,057</u>
	<u>\$ 408,898</u>	<u>\$ 407,649</u>
Depreciation expenses summarized by function		
Operating costs	\$ 379,997	\$ 381,278
Operating expenses	<u>27,914</u>	<u>25,314</u>
	<u>\$ 407,911</u>	<u>\$ 406,592</u>

	2024	2023
Amortization expenses		
summarized by function		
Operating costs	\$ 63	\$ -
Operating expenses	924	1,057
	<u>\$ 987</u>	<u>\$ 1,057</u>
 (V) Employee benefit expenses		
	2024	2023
Short-Term Employee Benefits	\$ 231,670	\$ 243,736
Post-employment benefit		
defined contribution plan	8,095	8,361
	<u>\$ 239,765</u>	<u>\$ 252,097</u>
Summarized by function		
Operating costs	\$ 166,837	\$ 182,018
Operating expenses	72,928	70,079
	<u>\$ 239,765</u>	<u>\$ 252,097</u>

(VI) Remuneration for employees and directors

According to the Company's Articles of Incorporation, if the Company has profits at the end of year, it shall distribute 5%~15% of such profits as employee compensation, which may be paid in the form of stock or cash subject to resolution made by the Board of Directors. Employees eligible for such distribution may include employees of a subordinate company who meet certain criteria. Meanwhile, the Company may distribute no more than 3% of said profits as the compensation to directors subject to the resolution by the Board of Directors. Given loss before tax in 2024 and 2023, the remuneration for employees and directors were not allocated.

If there is any change in the annual consolidated financial statements after the date of adoption, the change in accounting estimate will be treated as an adjustment in the following year.

There was no difference between the actual amount of employee and director remuneration allotted in 2022 and the amount recognized in the consolidated financial statements for 2022.

Refer to the "Market Observation Post System" of the Taiwan Stock Exchange for information on the remuneration of employees and directors resolved by the board of directors of the Company.

XXII. Income Tax

(I) Income tax recognized as profit or loss

The major components of income tax gains are as follows:

	2024	2023
Current income tax		
Additional surtax on undistributed retained earnings	\$ -	\$ 486
Adjustments for prior years	(19,250)	(18,785)
Deferred income tax		
Incurred during the year	9,070	(27,052)
Income tax gains recognized as profit or loss	(<u>\$ 10,180</u>)	(<u>\$ 45,351</u>)

The reconciliation of accounting income to income tax gains is as follows:

	2024	2023
Income tax on pretax loss at statutory rate	(\$ 71,432)	(\$ 96,836)
Non-deductible expenses for tax purposes	986	893
Additional surtax on undistributed retained earnings	-	486
Unrecognized deductible temporary differences	579	321
Loss carryforward for the current year	(3,794)	-
Adjustments to current income tax expenses in prior years	(19,250)	(18,785)
Unrecognized loss carryforward	82,731	68,570
Income tax gains recognized as profit or loss	(<u>\$ 10,180</u>)	(<u>\$ 45,351</u>)

The income tax rate for the Company and Mosa is 20%; the tax rate applicable to Mosa Shanghai is 25%; and YUAN LIN INVESTMENT CO., LTD. has no local income tax liability.

(II) Deferred income tax assets and liabilities

The changes in deferred income tax assets and liabilities are as follows:

2024	Balance at the beginning of the year	Recognized in profit or loss	Balance at the end of the year
<u>Deferred income tax assets</u>			
Temporary differences			
Loss on decline in value of inventories	\$ 6,489	\$ 579	\$ 7,068
Allowance for losses	14,625	(7,573)	7,052

2024	Balance at the beginning of the year	Recognized in profit or loss	Balance at the end of the year
Unrealized exchange loss	1,554	(1,554)	-
Loss on investments accounted for using the equity method	15,995	(1,062)	14,933
Unrealized gross profit on sales	508	2,558	3,066
Others	1,432	47	1,479
	<u>\$ 40,603</u>	<u>(\$ 7,005)</u>	<u>\$ 33,598</u>
<u>Deferred income tax liabilities</u>			
Temporary differences			
Unrealized exchange gain	<u>\$ -</u>	<u>\$ 2,065</u>	<u>\$ 2,065</u>
2023			
<u>Deferred income tax assets</u>			
Temporary differences			
Loss on decline in value of inventories	\$ 6,168	\$ 321	\$ 6,489
Allowance for losses	2,488	12,137	14,625
Unrealized exchange loss	246	1,308	1,554
Loss on investments accounted for using the equity method	2,708	13,287	15,995
Unrealized gross profit on sales	1,875	(1,367)	508
Others	1,501	(69)	1,432
	<u>\$ 14,986</u>	<u>\$ 25,617</u>	<u>\$ 40,603</u>
2023	Balance at the beginning of the year	Recognized in profit or loss	Balance at the end of the year
<u>Deferred income tax liabilities</u>			
Temporary differences			
Unrealized exchange gain	<u>\$ 1,435</u>	<u>(\$ 1,435)</u>	<u>\$ -</u>

(III) Deductible temporary differences and unused loss carryforwards for deferred income tax assets not recognized in the consolidated balance sheet

As of December 31, 2024 and 2023, the total amount of deductible temporary differences on unrecognized deferred income tax assets was NT\$57,924 thousand and NT\$56,323 thousand, respectively.

As of December 31, 2024 and 2023, the amount of unrecognized loss carryforwards for deferred income tax assets was NT\$795,493 thousand and NT\$402,141 thousand, respectively.

December 31, 2024 December 31, 2023

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Loss carryforwards		
Due in 2030	\$ 19,459	\$ 38,429
Due in 2031	21,756	21,756
Due in 2033	340,910	341,956
Due in 2034	<u>413,368</u>	<u>-</u>
	<u>\$ 795,493</u>	<u>\$ 402,141</u>

(IV) Income tax approval status

The Company and Mosa's business income tax settlement for the year up to 2022 has been approved by the tax authority.

XXIII. Loss Per Share

	<u>Net loss attributable to owners of the company</u>	<u>Number of shares (thousand shares)</u>	<u>Loss per share (NTD)</u>
<u>2024</u>			
Basic loss per share attributable to the owners of the Company	<u>(\$ 353,050)</u>	<u>202,788</u>	<u>(\$ 1.74)</u>
<u>2023</u>			
Basic loss per share attributable to the owners of the Company	<u>(\$ 371,062)</u>	<u>197,966</u>	<u>(\$ 1.87)</u>

For both 2024 and 2023, the Company reported a net loss after tax. Since employee remuneration, stock options, and convertible bonds, if converted, would result in a dilution effect that is anti-dilutive, they are not included in the calculation of diluted loss per share.

If the Consolidated Entity may choose to pay employees in stock or cash, the calculation of diluted earnings per share assumes that employee compensation will be paid in stock and includes potential common shares that have a dilutive effect in the weighted-average number of shares outstanding, in order to calculate diluted earnings per share. The dilutive effect of these potential common shares also continues to be considered in the calculation of diluted earnings per share before the number of shares awarded to employees is resolved in the following year.

XXIV. Share-Based Payment Agreement

Proceeds from issuing shares and employee stock ownership

The Company's board of directors approved the proceeds from issuing new shares in November 2022, and reserved 3,000 shares for employee stock ownership in accordance with the Company Act. Upon under subscription or cancellation of

subscription rights of the employee, the chairman is authorized to contact designated personnel for the subscription of shares.

In February 2023, the Company adopted the Black-Scholes-Merton option pricing model for the proceeds from issuing shares and employee stock ownership. The input values in the pricing model are as follows:

	<u>February 6, 2023</u>
Stock price on grant date	NT\$24.85
Execution price	NT\$20
Forecast volatility	32.79%
Duration	47 days
Risk-free rate	0.75%

In 2023, the Group's proceeds from issuing shares and employee stock ownership resulted in recognition of remuneration costs of NT\$8,633 thousand.

XXV. Capital Risk Management

The Consolidated Entity conducts capital management to ensure that the Group's businesses are able to continue as a going concern by optimizing debt and equity balances in order to maximize shareholder returns. The overall strategy of the Consolidated Entity remains unchanged.

The capital structure of the consolidated company consists of net debt (i.e., borrowings less cash and cash equivalents) and equity (i.e., capital stock, capital surplus, retained earnings and other equity items).

Key management of the Consolidated Entity reviews the Group's capital structure on a regular basis, which includes consideration of the cost of various types of capital and related risks. The Consolidated Entity balances its overall capital structure by paying dividends, issuing new shares, buying back shares and issuing new debt or paying off old debt, as recommended by key management.

XXVI. Financial Instruments

(I) Fair value information - financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2024</u>				
Financial assets at fair value through profit or loss				
Domestic convertible bonds redemption rights	\$ -	\$ 545	\$ -	\$ 545
<u>December 31, 2023</u>				
Financial assets at fair value				

through profit or loss

Domestic convertible bonds

redemption rights

\$ -

\$ 545

\$ -

\$ 545

2. Valuation techniques and inputs of Level 2 fair value measurements

Types of financial instruments	Valuation techniques and inputs
Convertible bonds redemption rights	Evaluated using the binary tree method for convertible bond pricing model based on conversion price volatility, risk-free interest rate, risk discount rate and remaining years of life.

(II) Types of financial instruments

	December 31, 2024	December 31, 2023
<u>Financial Assets</u>		
Financial assets at fair value through profit or loss	\$ 545	\$ 545
Financial assets measured at amortized cost (Note 1)	1,386,409	1,331,210
<u>Financial Liabilities</u>		
Measured at amortized cost (Note 2)	2,071,414	2,103,287

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

Note 2: The balance includes financial liabilities measured at amortized cost, including short-term bank loans, short-term bills payable, notes payable, accounts payable, other payables, bonds payable, long-term bank loans (including those due within one year) and guarantee deposits.

(III) Financial risk management objectives and policies

The Consolidated Entity's major financial instruments include accounts receivable, accounts payable, bank loans, bonds payable and lease liabilities. The Consolidated Entity's financial management department provides services to each business unit, coordinates access to domestic and international financial markets, and monitors and manages financial risks associated with the Consolidated Entity's operations through internal risk reporting that analyzes risk exposure based on risk level and breadth. Such risks include market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

The Consolidated Entity mitigates the impact of these risks by maintaining a flexible portfolio of financial instruments and limited derivative financial instruments to hedge against risk. The use of derivative financial instruments is governed by a policy approved by the Consolidated Entity's board of directors and is reviewed on an ongoing basis by a system of internal controls for compliance with the policy and the amount of risk exposure. The Consolidated Entity does not engage in transactions of financial instruments (including derivative financial instruments) for speculative purposes.

1. Market risks

The main financial risks to which the Consolidated Entity is exposed as a result of the Consolidated Entity's operating activities are the risk of changes in foreign currency exchange rates and the risk of changes in interest rates. The Consolidated Entity hedges a portion of its net foreign-currency assets or liabilities from fluctuations in foreign exchange rates or interest rates by maintaining a flexible portfolio of financial instruments and engaging in limited transactions in derivative financial instruments.

There is no change in the Consolidated Entity's exposure to market risk of financial instruments and the way it manages and measures such exposure. A description of the key financial risks is as follows:

(1) Exchange rate risk

The Consolidated Entity engages in foreign currency-denominated sales and purchase transactions, and therefore is exposed to exchange rate fluctuations.

The carrying amounts of the Consolidated Entity's major monetary assets and liabilities denominated in non-functional currencies as of the balance sheet date (including monetary items denominated in non-functional currencies that have been eliminated in the consolidated financial statements) are described in Note 30.

Sensitivity Analysis

The Consolidated Entity is primarily affected by fluctuations in the USD, RMB and EUR exchange rates.

The following table details the sensitivity analysis of the Consolidated Entity when the exchange rate of the New Taiwan Dollar

(functional currency) increases and decreases by 1% against each relevant foreign currency. The positive numbers in the table below represent the increase in net income (loss) or equity before income taxes that would result from a 1% appreciation of the New Taiwan Dollar against the respective currencies. If the New Taiwan Dollar depreciates by 1% against the relevant currency, the effect on net income (loss) or equity before tax will be the same negative amount.

	Currency effects on profit or loss	
	2024	2023
USD	\$ 783	\$ 1,212
RMB	187	880
EUR	1,484	614

Management believes that the sensitivity analysis is not yet representative of the inherent risk of exchange rate risk because foreign currency exposures at the balance sheet date do not reflect period-over-period exposures.

(2) Interest rate risk

The Consolidated Entity generates interest rate risk primarily through deposits and loans with fixed and variable interest rates. The carrying amounts of financial assets and financial liabilities exposed to interest rate risk as of the balance sheet date were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Fair value interest rate risk		
Financial Assets	\$ 20,545	\$ 545
Financial Liabilities	623,228	531,273
Lease liabilities	1,071,839	1,077,099
Cash flow interest rate risk		
Financial Assets	751,215	932,626
Financial Liabilities	1,222,096	1,405,929

Sensitivity Analysis

For the Consolidated Entity's financial assets and liabilities with floating interest rates, if the interest rate changes by 0.25%, the pre-tax income will change by NT\$1,177 thousand and NT\$1,183 thousand in

2024 and 2023, respectively, with other conditions remaining unchanged.

2. Credit risk

Credit risk refers to the risk of financial loss resulting from the counter-party's default on contractual obligations. As of the balance sheet date, the Consolidated Entity's maximum exposure to credit risk (without considering collaterals or other credit enhancement instruments, and the maximum irrevocable exposure) that could result in financial losses due to the failure of counter-parties to perform their obligations and the provision of financial guarantees by the Consolidated Entity is mainly from the carrying amount of financial assets recognized in the Consolidated Balance Sheet.

The Consolidated Entity's credit risk is mainly concentrated in its top three clients. As of December 31, 2024 and 2023, the ratio of total accounts receivable from the aforementioned customers was 56% and 53%, respectively.

3. Liquidity risk

The Consolidated Entity manages and maintains a sufficient portion of cash to support the Group's operations and mitigate the impact of cash flow fluctuations. The Consolidated Entity's management monitors the use of bank financing lines and ensures compliance with the terms of the loan agreements.

The Consolidated Entity has established an appropriate liquidity risk management framework to address short-, medium- and long-term fundraising and liquidity management needs. The Consolidated Entity manages liquidity risk by maintaining adequate banking facilities, borrowing commitments, monitoring projected and actual cash flows on an ongoing basis, and planning to settle liabilities with financial assets with close maturity dates.

(1) Liquidity and interest rate risks of non-derivative financial liabilities

The analysis of the remaining contractual maturities of non-derivative financial liabilities is prepared on the basis of the undiscounted cash flows (including principal and estimated interest) of the financial liabilities based on the earliest possible date on which

the Consolidated Entity could be required to make repayment. Accordingly, bank loans that the Consolidated Entity may be required to repay immediately are shown in the table below for the earliest period, without regard to the probability that the bank will enforce the right immediately; the maturity analysis of other non-derivative financial liabilities is prepared based on the contractual repayment dates.

The following table is an analysis of the maturities of the Consolidated Entity's financial liabilities based on the contractual repayment periods and is presented as a summary of the undiscounted maturity amounts.

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	Over 20 years
<u>December 31,</u> <u>2024</u>						
Non-interest-bearing liabilities	\$ 222,608	\$ 3,482	\$ -	\$ -	\$ -	\$ -
Lease liabilities	35,684	141,213	175,650	176,650	176,650	875,323
Floating rate instruments	314,971	776,625	130,500	-	-	-
Fixed rate instruments	89,928	533,300	-	-	-	-
	<u>\$ 663,191</u>	<u>\$1,454,620</u>	<u>\$ 306,150</u>	<u>\$ 176,650</u>	<u>\$ 176,650</u>	<u>\$ 875,323</u>
<u>December 31,</u> <u>2023</u>						
Non-interest-bearing liabilities	\$ 166,075	\$ 10	\$ -	\$ -	\$ -	\$ -
Lease liabilities	34,825	139,298	174,123	174,123	174,123	867,714
Floating rate instruments	389,804	886,294	129,831	-	-	-
Fixed rate instruments	7,367	523,906	-	-	-	-
	<u>\$ 598,071</u>	<u>\$1,549,508</u>	<u>\$ 303,954</u>	<u>\$ 174,123</u>	<u>\$ 174,123</u>	<u>\$ 867,714</u>

(2) Bank financing facilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Amount used	\$ 1,312,024	\$ 1,413,296
Amount unused	<u>769,226</u>	<u>906,704</u>
	<u>\$ 2,081,250</u>	<u>\$ 2,320,000</u>

(IV) Information on the transfer of financial assets

The subsidiary Mosa Shanghai entered into a notes receivable discounting agreement with a bank and has transferred significant risks and rewards. As of December 31, 2024 and December 31, 2023, the amounts of discounted notes receivable were RMB 65,629 thousand and RMB 104,189 thousand, respectively.

XXVII. Related Party Transactions

All transactions, account balances, revenues and expenses between the Company

and its subsidiaries were eliminated upon consolidation and are therefore not disclosed in this note.

Key Management Compensation

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

	2024	2023
Short-Term Employee Benefits	\$ 23,183	\$ 22,414
Post-Employment Benefits	631	567
Share-Based Payments	-	671
	<u>\$ 23,814</u>	<u>\$ 23,652</u>

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

XXVIII. Assets Pledged as Collateral

The following assets have been provided as collateral for financing loans:

	December 31, 2024	December 31, 2023
Property, Plant and Equipment	\$ 2,221,340	\$ 2,266,532

XXIX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

- (I) As of December 31, 2024 and 2023, the consolidated company had unused letters of credit amounting to NT\$7,143 thousand and NT\$6,013, respectively.
- (II) The Consolidated Entity has unrecognized contractual commitments as follows:

	December 31, 2024	December 31, 2023
Acquisition of property, plant and equipment	\$ 7,561	\$ 11,110

XXX. Information on Financial Assets and Liabilities Denominated in Foreign Currencies with Significant Influence

The following information is presented in aggregate in foreign currencies other than the functional currency of each of the consolidated companies, and the exchange rates disclosed refer to the exchange rates at which these foreign currencies were translated into the functional currency. Assets and liabilities denominated in foreign currencies with significant influence are as follows:

Foreign currency assets	December 31, 2024			December 31, 2023		
	Foreign currency	Exchange rate	Carrying amount	Foreign currency	Exchange rate	Carrying amount
<u>Monetary items</u>						
USD (USD:NTD)	\$ 3,053	32.785	\$ 100,093	\$ 4,120	30.705	\$ 126,505
RMB (RMB:NTD)	10,200	4.478	45,676	21,337	4.327	92,325
EUR (EUR:NTD)	4,385	34.14	149,704	1,935	33.980	65,751

Foreign currency assets	December 31, 2024			December 31, 2023		
	Foreign currency	Exchange rate	Carrying amount	Foreign currency	Exchange rate	Carrying amount
Foreign currency liabilities						
<u>Monetary items</u>						
USD (USD:NTD)	665	32.785	21,802	173	30.705	5,312
RMB (RMB:NTD)	6,023	4.478	26,971	993	4.327	4,297
EUR (EUR:NTD)	39	34.14	1,331	128	33.980	4,349

The Consolidated Entity is primarily exposed to foreign currency exchange rate risk in the US Dollar. The following information is presented in aggregate for the functional currency of the individual holding the foreign currency, and the exchange rates disclosed are the rates at which the functional currency is converted to the presentation currency.

Foreign currency translation gains and losses (both realized and unrealized) with significant effect were as follows:

Functional currency	2024		2023	
	Exchange rate	Net exchange benefits	Exchange rate	Net exchange losses
NTD	1 (NTD:NTD)	<u>\$ 24,461</u>	1 (NTD:NTD)	<u>(\$ 5,522)</u>

XXXI. Additional Disclosures

(I) Information on significant transactions and (II) Information on investees:

- Loans of funds to other parties: Schedule 1.
- Endorsements or guarantees for other parties: Schedule 2.
- Holding of securities at the end of the period: N/A.
- Aggregate purchases or sales of the same securities reaching NT\$300 million or 20% of paid-in capital or more: N/A.
- Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: N/A.
- Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: N/A.
- Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Schedule 3.
- Accounts receivable from related parties reaching NT\$100 million or 20% of paid-in capital or more: Schedule 4.
- Trading in derivative instruments: Note 7.
- Others: The business relationship between the parent and the subsidiaries

and between each subsidiary, and the circumstances and amounts of any significant transactions between them: Schedule 5.

11. Information on investee companies: Schedule 6.

(III) Information on investments in China

1. Investee companies' names, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, profit or loss for the period and recognized investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the Mainland Area: Schedule 7.

2. Any of the following significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:

(1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: N/A.

(2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Schedules 3 and 5.

(3) The amount of property transactions and the amount of the resultant gains or losses: N/A.

(4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: N/A.

(5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Schedule 1.

(6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: N/A.

(IV) Information on major shareholders: the names, numbers of shares held, and shareholding percentages of shareholders who hold 5% or more of the issuer's equity: Schedule 8.

XXXII. Department Information

Information provided to key operational decision makers to allocate resources and measure departmental performance, with an emphasis on operational areas. The reportable segments of the Consolidated Entity are the Consumer segment and the

Industrial segment.

(I) Department revenues and operating results

The revenues and operating results of the Consolidated Entity's business units are analyzed by reportable segment as follows:

	Segment Revenues		Segment Profit or Loss	
	2024	2023	2024	2023
Consumer Products Segment	\$ 440,199	\$ 742,892	(\$ 264,975)	(\$ 161,760)
Industrial Products Segment	<u>704,355</u>	<u>561,826</u>	<u>(17,259)</u>	<u>(30,181)</u>
Operating units total amount	<u>\$ 1,144,554</u>	<u>\$ 1,304,718</u>	(282,234)	(191,941)
Headquarters management costs and directors' remuneration			(66,521)	(145,876)
Share of profit or loss of associates accounted for using equity method			(465)	(630)
Interest Income			7,082	4,992
Losses on disposal of property, plant and equipment			-	(45,385)
Net foreign currency exchange gains (losses)			24,773	(5,480)
Financial costs			(58,549)	(54,896)
General income and benefits of the Company			14,366	24,280
General expenses and losses of the Company			<u>(1,682)</u>	<u>(1,477)</u>
Net loss before tax			<u>(\$ 363,230)</u>	<u>(\$ 416,413)</u>

Segment profit or loss represents the profit earned by each segment, excluding share of head office management costs and directors' remuneration, share of profit or loss of associates accounted for using equity method, interest income, gain on disposal of property, plant and equipment, net foreign currency exchange gain (loss), finance costs, general income and gains, general expenses and losses, and income tax expense. This measured amount is provided to the chief operating decision maker to allocate resources to departments and to measure their performance.

(II) Region information

The Consolidated Entity's amount of non-current assets located in a single foreign country is insignificant, and information on revenues from external customers by location is presented below:

	2024	2023
Europe	\$ 97,519	\$ 56,294
America	36,091	199,754

	2024	2023
Asia	989,402	1,005,800
Others	21,542	42,870
	<u>\$ 1,144,554</u>	<u>\$ 1,304,718</u>

(III) Key customer information

Revenues from the Consolidated Entity's customers accounting for 10% or more of net operating revenues are as follows:

Customer Code	2024		2023	
	Amount	%	Amount	%
Company SH001	\$ 595,003	52	\$ 469,566	36
Company 10047	122,204	11	150,323	12
Company 10265	121,183	11	209,463	16
Company 10002-1	9,536	1	189,508	15

Mosa Industrial Corp. and Subsidiaries
Loans of Funds to Other Parties
From January 1 to December 31, 2024

Schedule 1

Unit: NTD and Foreign Currencies in Thousands

No.	Lending Company	Borrower	Transaction Items	Related Party	Maximum Balance of the Year	Balance at the end of the year	Actual Expenditure Amount (Note 1)	Interest Rate Range	Nature of Loan	Amount of Business Dealings	Reasons for the Need of Short-Term Financing	Allowance for Losses	Collaterals		Limit of Lending of Funds to the Individual Party	Total Limit of Lending	Remark
													Name	Value			
0	Mosa	Mosa Shanghai	Other receivables	Yes	\$68,175 (RMB 15,000)	\$67,170 (RMB 15,000)	\$36,492 (RMB 8,149)	-	Business dealings	\$ 602,062	Working capital	\$ -	—	\$ -	\$506,231 (Note 2)	\$506,231 (Note 3)	

Note 1: The consolidated financial statements have been offset.

Note 2: 1. Limited to 150% of the most recent year's business transactions between the lender and the borrower. The business dealings amount refers to the higher of the purchase or sale amount between the parties.

2. Limit of lending of funds to the individual party shall not exceed the total lending limit.

Note 3: Limited to 40% of the borrower's equity.

Mosa Industrial Corp. and Subsidiaries
Endorsements or Guarantees for Other Parties
From January 1 to December 31, 2024

Schedule 2

Unit: NT\$ thousands or foreign currencies in thousands

No.	Company Name of Endorser/Guarantor	Subject of Endorsement/ Guarantee		Limit of Endorsement and Guarantee for a Single Company (Note 1)	Maximum Endorsement and Guarantee Balance for the Year	Endorsement and Guarantee Balance at the End of the Year	Actual Expenditure Amount	Amount of Endorsement and Guarantee with Property as Collateral	Ratio of Accumulated Endorsement and Guarantee to Net Financial Statements for the Year	Maximum Endorsement and Guarantee (Note 2)	Endorsement and Guarantee from Parent Company to Subsidiary	Endorsement and Guarantee from Subsidiary to Parent Company	Endorsement and Guarantee to Mainland Area	Remark
		Name of Company	Relationship											
0	The Company	Mosa	Subsidiaries	\$ 989,905	\$ 212,835	\$ 146,393	\$ 80,000	\$ -	3.7%	\$ 1,979,811	Y	—	—	

Note 1: The amount of endorsement and guarantee by the Company or the Company and its subsidiaries as a whole to a single enterprise shall not exceed 25% of the Company's most recent net financial statements amount.

Note 2: The total amount of endorsement and guarantees by the Company or the Company and its subsidiaries as a whole to external parties shall not exceed 50% of the Company's most recent net financial statements amount.

Mosa Industrial Corp. and Subsidiaries

Purchases or Sales of Goods from or to Related Parties Reaching NT\$100 Million or 20% of Paid-in Capital or More

From January 1 to December 31, 2024

Schedule 3

Unit: NT\$ Thousand

Company Purchasing (Selling)	Name of Counterparty	Relationship	Transaction Status				The Circumstances and Reasons Why the Transaction Conditions are Different from Those of Ordinary Transactions		Notes and Accounts Receivable (Payable)		Remark
			Purchase (Sale)	Amount (Note 2)	Percentage to Total Purchases (Sales)	Credit Period	Unit Price	Credit Period	Remaining balance (Note 2)	Percentage to Total Notes and Accounts Receivable (Payable)	
Mosa	Mosa Shanghai	Subsidiaries	Sale	\$ 602,062	87%	(Note 1)	(Note 1)	(Note 1)	\$ 607,519	96%	

Note 1: The products sold by Mosa to related parties are different from those sold to non-related parties. Therefore, the terms of sale are based on the agreement between the two parties, and the terms of collection for related parties are 365 days, which is longer than those for non-related parties.

Note 2: The related amounts have been offset.

Mosa Industrial Corp. and Subsidiaries

Accounts receivable from related parties reaching NT\$100 million or 20% of paid-in capital or more

From January 1 to December 31, 2024

Schedule 4

Unit: NT\$ Thousand

Company with Accounts Receivable	Counterparty	Relationship	Balance of Receivables from Related Parties (Note)	Turnover	Overdue Receivables from Related Parties		Subsequent Recoveries of Amounts Receivables from Related Parties	Allowance for Losses
					Amount	Handling		
Mosa	Mosa Shanghai	Subsidiaries	Accounts receivable - related parties\$ 607,519	1.22	\$-	—	\$ 58,083	\$ -

Note: The related amounts have been offset.

Mosa Industrial Corp. and Subsidiaries
Inter-Parent-Subsidiary Business Relationships, Significant Transactions and Offset Transactions
From January 1 to December 31, 2024

Schedule 5

Unit: NT\$ Thousand

No.	Name of Transaction Party	Counterparty	Relationship with the Transaction Party (Note 1)	Transaction Status			
				Account	Amount (Note 2)	Transaction Conditions	Percentage to Total Consolidated Revenue or Total Assets
1	Mosa	Mosa Shanghai	3	Accounts receivable - related parties	\$ 607,519	Based on the agreement of both parties	8%
			3	Sales revenue	602,062	Based on the agreement of both parties	53%

Note 1: 1. Represents a parent-to-subsidiary transaction.

2. Represents a subsidiary-to-parent transaction.

3. Represents a subsidiary-to-subsidiary transaction.

Note 2: The consolidated financial statements have been offset.

Mosa Industrial Corp. and Subsidiaries

Information on Investee Companies

From January 1 to December 31, 2024

Schedule 6 Unit: NT\$ and foreign currencies in thousands

Name of investing company	Name of investee company	Location Area	Main Business Items	Original Investment Amount		Year-End Holdings			Profit (Loss) of Investee Company for the Year	Investment Profit (Loss) Recognized for the Year	Remark
				End of The Current Year	End of The Previous Year	Number of shares	Percentage %	Carrying amount			
The Company Mosa	Mosa (Notes 1 and 2)	Yunlin County	Manufacturing of automobiles and parts thereof, and other metal products	\$ 1,365,000	\$ 1,365,000	68,500,000	100	\$ 1,266,239	\$ 7,530	\$ 7,140	
	Maoqiang (Note 3)	Taichung City	Precision chemical materials, machinery and equipment manufacturing	2,500	2,500	250,000	25	223	(1,860)	(465)	
	YUAN LIN INVESTMENT CO., LTD. (Notes 1 and 2)	Seychelles	Investing company	45,352 (USD 1,500)	29,527 (USD 1,000)	1,500,000	100	5,535	(1,167)	(1,639)	

Note 1: The consolidated financial statements have been offset.

Note 2: Refer to Note 10.

Note 3: Refer to Note 11.

Mosa Industrial Corp. and Subsidiaries
Information on Investments in Mainland China
From January 1 to December 31, 2024

Schedule 7

Unit: NT\$ and foreign currencies in thousands

Name of investee company in Mainland China	Main Business Items	Paid-in capital	Investment method	Accumulated investment amount transferred from Taiwan at the beginning of the year	Amount of investment transferred or recovered during the year		Accumulated investment amount transferred from Taiwan at the end of the year	Shareholding of the Company's direct or indirect investments	Investment Profit (Loss) Recognized for the Year (Notes 1 and 3)	Carrying value of investments at year-end (Note 3)	Investment income transferred to Taiwan as at the end of the year
					Transferred	Recovered					
Mosa Shanghai	Wholesale, import and export of precision metal products, airbags and related parts	\$ 45,352 (USD 1,500)	Investment in a Mainland company by a company founded through third-party investment	\$ 29,527 (USD 1,000)	\$ 15,825 (USD 500)	\$ -	\$ 45,352 (USD 1,500)	100%	(\$ 1,167) (USD 36)	\$ 21,354 (USD 651)	\$ -

Cumulative amount of investment from Taiwan to China at the end of the year	Amount of investment approved by the Investment Commission of the Ministry of Economic Affairs	Investment quota in Mainland China according to the Investment Commission of the Ministry of Economic Affairs
\$ 45,352 (USD 1,500)	\$ 45,352 (USD 1,500)	\$ 2,375,773 (Note 2)

Note 1: Calculated based on financial statements reviewed by the CPA of the parent company in Taiwan.

Note 2: The calculation is based on 60% of the net value in accordance with the "Principles for Examination of Investment or Technical Cooperation in Mainland China" by the Investment Commission.

Note 3: The consolidated financial statements have been offset.

Mosa Industrial Corp.
Information on Major Shareholders
December 31, 2024

Schedule 8

Name of major shareholders	Shares	
	Number of shares held (shares)	Shareholding percentage
Yong Xin International Investment Co., Ltd.	14,131,735	6.96%
Wang Te-Hsin	13,926,913	6.86%

Note: The information on major shareholders in this table is information of shareholders owning more than 5% of the Company's common stock that has been delivered without physical registration on the last business day of the quarter, as calculated by the TDCC. The share capital recorded in the consolidated financial statements and the actual number of shares delivered without physical registration may differ depending on the basis of preparation.