

**YFC-BONEAGLE ELECTRIC CO., LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2024 and 2023**

Address: No. 12-9, Ln. 130, Sec. 2, Zhongshan E. Rd., Xinwu Dist, Taoyuan City 327,
Taiwan (R.O.C.)
Telephone: +866(3)477-8846

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

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Representation Letter

The entities that are required to be included in the consolidated financial statements of YFC-BONEAGLE ELECTRIC CO., LTD. as of and for the year ended December 31, 2024 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 “Consolidated Financial Statements” endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, YFC-BONEAGLE ELECTRIC CO., LTD. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Company name: YFC-BONEAGLE ELECTRIC CO., LTD.

Chairman: Andrew Yeh

Date: March 14, 2025.



安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電 話 Tel + 886 2 8101 6666
傳 真 Fax + 886 2 8101 6667
網 址 Web kpmg.com/tw

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Independent Auditors' Report

To the Board of Directors of YFC-BONEAGLE ELECTRIC CO., LTD.:

Opinion

We have audited the consolidated financial statements of YFC-BONEAGLE ELECTRIC CO., LTD. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

Please refer to note (4)(n) for significant accounting policy related to revenue recognition. For the details of revenue, please refer to note (6)(s).

Description of key audit matter:

The sale transactions of the Group are mainly under FOB shipping point terms. Transfers of risk and rewards generally occurs upon loading the goods onto the relevant carrier at the port. The Group's online retail company transfer their control over the goods upon delivery of the goods to customers due to the nature of the industry. In addition, the Group's private-label online retail company and wholesale companies provide customers discounts based on the agreements, and allow customers to return items within a specific period of time in accordance with the policy, resulting high sales discounts and returns amounts. Consequently, revenue recognition has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our audit procedures include:

- Testing the related controls surrounding revenue collection and assessing whether the revenue recognition policies comply with the accounting standards.
- Examining the agreements of selected customers to determine whether the accounting treatment is consistent with the contract terms and provisions stated.
- Performing trend analysis on major customers and products and compare the actual sales with the prior one to determine whether any significant variances exist.
- Testing the accuracy and appropriateness of management's calculation of sales discounts and returns by estimating them based on the actual sales discounts and returns in the previous years; examining subsequent sale returns to assess whether there are any significant differences.
- Assessing the adequacy of the Group's disclosures in respect of revenue recognition.

2. Impairment assessment of inventory

Please refer to note (4)(h) for significant accounting policies of inventory valuation. For the inventory disclosures, please refer to note (6)(d).

For uncertainties in accounting estimates and assumptions, please refer to note (5).

Description of key audit matter:

Inventories of the Group are measured at the lower of cost and net realizable value. Inventory valuation loss is recognized for inventories exceeding specific stock ages or identified as obsolete stocks. Since copper is vulnerable to the impact of rapid price changes in the international market, there is a risk that the carrying value of inventories may exceed its net realizable value. In addition, the sales of online retail and wholesale subsidiaries are strongly influenced by preferences of customers, resulting in short product life-cycles and challenging inventory management. Therefore, the valuation of inventory has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our audit procedures include:

- Obtaining complete aging analysis of inventories and analyzing changes therein; assessing the appropriateness of provisions.
- Understanding the assumptions used by management in determining net realizable value and evaluating its reasonableness.
- Assessing the adequacy of the Group's disclosures in respect of inventory.

Other Matter

YFC-BONEAGLE ELECTRIC CO., LTD. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2024 and 2023, on which we have issued an unqualified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Hsieh, Chiu-Hua and Lee, Fang-Yi.

KPMG

Taipei, Taiwan (Republic of China)
March 28, 2025

Notes to Readers

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

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

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

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

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

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2024 and 2023

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

		2024		2023	
		Amount	%	Amount	%
4110	Operating revenue (note (6)(s))	\$ 10,099,673	100	9,837,931	100
5110	Operating costs (notes (6)(d), (n), (o), (t) and (12))	<u>7,449,045</u>	<u>74</u>	<u>7,852,379</u>	<u>80</u>
5900	Gross profit from operations	<u>2,650,628</u>	<u>26</u>	<u>1,985,552</u>	<u>20</u>
	Operating expenses (notes (6)(b), (n), (o), (t), (7) and (12)): 				
6100	Selling expenses	1,668,929	16	1,880,558	19
6200	Administrative expenses	612,965	6	594,975	6
6300	Research and development expenses	51,813	1	49,812	1
6450	Expected credit (gains) losses	(12,254)	-	79,214	1
6000	Total operating expenses	<u>2,321,453</u>	<u>23</u>	<u>2,604,559</u>	<u>27</u>
6900	Operating profit (loss)	<u>329,175</u>	<u>3</u>	<u>(619,007)</u>	<u>(7)</u>
	Non-operating income and expenses (notes (6)(l), (n) and (u)): 				
7010	Other income	13,596	-	10,948	-
7020	Other gains and losses, net	183	-	106,504	1
7100	Interest income	28,340	-	29,371	-
7050	Finance costs, net	(175,986)	(1)	(159,682)	(1)
7000	Total non-operating income and expenses	<u>(133,867)</u>	<u>(1)</u>	<u>(12,859)</u>	<u>-</u>
7900	Profit (loss) from continuing operations before tax	<u>195,308</u>	<u>2</u>	<u>(631,866)</u>	<u>(7)</u>
7950	Less: Income tax expenses (income) (note (6)(p))	<u>59,397</u>	<u>1</u>	<u>(191,969)</u>	<u>(3)</u>
	Profit (loss)	<u>135,911</u>	<u>1</u>	<u>(439,897)</u>	<u>(4)</u>
8300	Other comprehensive income (loss): 				
8310	Items that may not be reclassified subsequently to profit or loss (note (6)(o))				
8311	Gains (losses) on remeasurements of defined benefit plans	1,637	-	(1,325)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Total items that may not be reclassified subsequently to profit or loss	<u>1,637</u>	<u>-</u>	<u>(1,325)</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss (notes (6)(p) and (q))				
8361	Exchange differences on translation of foreign operation	286,950	3	(25,300)	(1)
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	57,390	-	(5,060)	-
	Total items that may be reclassified subsequently to profit or loss	<u>229,560</u>	<u>3</u>	<u>(20,240)</u>	<u>(1)</u>
8300	Other comprehensive income (loss)	<u>231,197</u>	<u>3</u>	<u>(21,565)</u>	<u>(1)</u>
8500	Total comprehensive income (loss)	<u>\$ 367,108</u>	<u>4</u>	<u>(461,462)</u>	<u>(5)</u>
	Profit (loss) attributable to:				
8610	Profit (loss) attributable to owners of parent	\$ 135,911	1	(439,986)	(4)
8620	Profit (loss) attributable to non-controlling interests	-	-	89	-
8600	Net profit (loss)	<u>\$ 135,911</u>	<u>1</u>	<u>(439,897)</u>	<u>(4)</u>
	Comprehensive income attributable to:				
8710	Comprehensive income (loss) attributable to owners of parent	\$ 367,108	4	(461,551)	(5)
8720	Comprehensive income attributable to non-controlling interests	-	-	89	-
8700	Comprehensive income (loss)	<u>\$ 367,108</u>	<u>4</u>	<u>(461,462)</u>	<u>(5)</u>
9750	Earnings (losses) per share (in NT dollars) (note (6)(r))				
	Basic earnings (losses) per share	<u>\$ 0.93</u>		<u>(3.03)</u>	
9850	Diluted earnings (losses) per share	<u>\$ 0.93</u>		<u>(3.03)</u>	

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

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the years ended December 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent										Total other equity interest	
	Share capital				Retained earnings							
	Ordinary shares	Bond conversion entitlement certificates	Total share capital		Capital surplus	Legal reserve	Special reserve	Unappropri- ated retained earnings	Total retained earnings	Total foreign financial statements		
			Bond conversion entitlement certificates	Total share capital								
Balance at January 1, 2023	\$ 1,438,682	3,169	1,441,851	949,023	233,580	414,386	961,255	1,609,221	(110,053)	3,890,042	5,131	3,895,173
Profit (loss)	-	-	-	-	-	-	(439,986)	(439,986)	-	(439,986)	89	(439,897)
Other comprehensive income	-	-	-	-	-	-	(1,325)	(1,325)	(20,240)	(21,565)	-	(21,565)
Total comprehensive income	-	-	-	-	-	-	(441,311)	(441,311)	(20,240)	(461,551)	89	(461,462)
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	-	-	80,667	-	(80,667)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	-	(434,605)	(434,605)	-	(434,605)	-	(434,605)
Conversion of convertible bonds	-	6,831	6,831	9,751	-	-	-	-	-	16,582	-	16,582
Conversion of certificates of bonds conversion entitlement	10,000	(10,000)	-	-	-	-	-	-	-	-	-	-
Conversion of employee remuneration in shares	15,945	-	15,945	30,055	-	-	-	-	-	46,000	-	46,000
Balance at December 31, 2023	1,464,627	-	1,464,627	988,829	314,247	414,386	4,672	733,305	(130,293)	3,056,468	5,220	3,061,688
Profit	-	-	-	-	-	-	135,911	135,911	-	135,911	-	135,911
Other comprehensive income	-	-	-	-	-	-	1,637	1,637	229,560	231,197	-	231,197
Total comprehensive income	-	-	-	-	-	-	137,548	137,548	229,560	367,108	-	367,108
Appropriation and distribution of retained earnings:												
Reversal of special reserve	-	-	-	-	-	(117,170)	117,170	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	-	(117,170)	(117,170)	-	(117,170)	-	(117,170)
Balance at December 31, 2024	\$ 1,464,627	-	1,464,627	988,829	314,247	297,216	142,220	753,683	99,267	3,306,406	5,220	3,311,626

See accompanying notes to consolidated financial statements.

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

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from (used in) operating activities:		
Profit (loss) before tax	\$ 195,308	(631,866)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	228,211	207,128
Amortization expense	58,041	47,918
Expected credit (gain) loss	(12,254)	79,214
Interest expense	175,986	159,682
Interest income	(28,340)	(29,371)
Loss (gain) on disposal of property, plan and equipment	1,851	(15)
Property, plan and equipment transferred to expenses	-	(98,247)
Unrealized foreign exchange loss	6,042	12,625
Total adjustments to reconcile profit	<u>429,537</u>	<u>378,934</u>
Changes in operating assets and liabilities:		
Notes and accounts receivable	(342,338)	(16,712)
Other receivables	7,397	11,253
Inventories	323,789	265,519
Prepayments	90,806	172,950
Other current assets and right to the return goods	2,040	(410)
Total changes in operating assets	<u>81,694</u>	<u>432,600</u>
Notes and accounts payable	(155,150)	371,648
Other payables	(130,469)	(129,682)
Refund liabilities and provisions for employee benefits	21,682	3,072
Other current liabilities and contract liabilities	(80,018)	57,290
Other non-current liabilities	(341)	(5,275)
Total changes in operating liabilities	<u>(344,296)</u>	<u>297,053</u>
Total changes in operating assets and liabilities	<u>(262,602)</u>	<u>729,653</u>
Total adjustments	<u>166,935</u>	<u>1,108,587</u>
Cash inflow generated from operations	362,243	476,721
Interest received	28,339	29,364
Interest paid	(175,422)	(158,178)
Income taxes (paid) refund	(88,571)	8,080
Net cash flows from operating activities	126,589	355,987

See accompanying notes to consolidated financial statements.

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

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the years ended December 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	2024	2023
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	\$ (187,093)	(78,971)
Proceeds from disposal of property, plant and equipment	1,655	16,052
Acquisition of intangible assets	(91,739)	(192,140)
Decrease in other financial assets and non-current assets	4,184	19,695
Increase in prepayments for business facilities	(3,237)	(509)
Net cash flows used in investing activities	(276,230)	(235,873)
Cash flows from (used in) financing activities:		
Increase in short-term loans	3,558,781	3,382,079
Decrease in short-term loans	(3,149,987)	(3,122,440)
Decrease in short-term notes and bills payable	(20,007)	(129,907)
Repayments of convertible bonds	-	(100)
Proceeds from long-term debt	1,102,115	1,161,380
Repayments of long-term debt	(1,159,340)	(1,584,096)
Payment of lease liabilities	(117,254)	(135,521)
Increase (decrease) in other non-current liabilities	29,321	(2,128)
Cash dividends paid	(117,170)	(434,605)
Net cash flows from (used in) financing activities	126,459	(865,338)
Effect of exchange rate changes on cash and cash equivalents	70,972	17,282
Net increase (decrease) in cash and cash equivalents	47,790	(727,942)
Cash and cash equivalents at beginning of period	1,372,418	2,100,360
Cash and cash equivalents at end of period	\$ 1,420,208	1,372,418

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

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars Except for Earnings (Loss) Per Share Information and Unless Otherwise Specified)

(1) Company history

YFC-BONEAGLE ELECTRIC CO., LTD. (the “Company”) was incorporated on September 3, 1983 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is No.12-9, Ln. 130, Sec. 2, Zhongshan E. Rd., Xinwu Dist., Taoyuan City 327, Taiwan (R.O.C.). The Company and subsidiaries (together referred to as the “Group”) primarily engaged in the developing, manufacturing, and selling of power cord sets, LAN cables, patch cords, and related networking accessories, as well as the sales of consumer electronics. Please refer to note (14) for segment information.

Since January 9, 2003, the Company’s ordinary shares have been listed on the Taiwan Over-The-Counter Securities Exchange (Gre Tai Securities Market).

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements for the years ended December 31, 2024 and 2023 were authorized for issue by the board of directors on March 14, 2025.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

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

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS21 “Lack of Exchangeability”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(4) Summary of material accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated in note (3), the following accounting policies were applied consistently throughout the presented periods in the consolidated financial statements.

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

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

- 1) Financial assets at fair value through other comprehensive income are measured at fair value;
- 2) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of defined benefit obligations, limited as explained in note (4)(p)

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(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

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

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

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) Loss of control over a subsidiary

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost ; and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

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(iii) List of subsidiaries in the consolidated financial statements

List of subsidiaries in the consolidated financial statements are as follows:

Name of investor	Name of subsidiary	Principal activity	Shareholding		
			December 31, 2024	December 31, 2023	Note
			100 %	100 %	Subsidiary
The Company	BESTLINK NETWARE, INC. (BESTLINK)	Trading business	100 %	100 %	
"	YFC-BONEAGLE ELECTRIC (B.V.I.) CO., LTD. (B.V.I.)	Holding company set up for investments in Philippines, China and USA	100 %	100 %	"
"	UNC INVESTMENT & DEVELOPMENT INC. (UNC)	Real estate investment business	100 %	100 %	"
"	PREMIUM-LINE KSI GMBH (KSI)	Trading business	100 %	100 %	"
"	MONOPRICE HOLDINGS, INC. (MONOPRICE HOLDINGS)	Holding company set up for investments in USA	100 %	100 %	"
"	PREMIUM-LINE SYSTEMS GMBH (PREMIUM-LINE SYSTEMS)	Sale of network equipment and electronic appliances	100 %	100 %	"
"	YUE FONG COMPANY LIMITED	Trading business	100 %	100 %	"
"	YFC-EUROPOWER INTERNATIONAL CO., LTD.	Trading business	100 %	100 %	"
B.V.I.	YFC-BONEAGLE HOLDINGS (CAYMANS) CO., LTD. (CAYMANS)	Holding company set up for investments in China and USA	100 %	100 %	Second-tier subsidiary
"	EUROPOWER INTERNATIONAL LIMITED (EUROPOWER)	Trading business	100 %	100 %	"
"	UNIVERSAL NETWORK CORPORATION (UNIVERSAL)	Holding company set up for investments in China	100 %	100 %	"
"	MAX SYNERGY LIMITED (MAX)	Holding company set up for investments in China	80 %	80 %	Note 1
"	PREMIUM LINE ASIA LTD. (PREMIUMLINE)	Trading business	100 %	100 %	Second-tier subsidiary
"	YFC-BONEAGLE INTERNATIONAL, INC. (PHILIPPINES)	Trading business	100 %	100 %	"
"	BESZIN CORPORATION INC. (BESZIN)	Trading business	100 %	100 %	"
"	YFC DEVELOPMENT CORPORATION	Real estate investment business	100 %	100 %	"
"	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. CORPORATION	Manufacturing and sale of power cables, wires, and outlets	100 %	100 %	"
MONOPRICE HOLDINGS	MONOPRICE INC. (MONOPRICE)	Trading business	100 %	100 %	"
CAYMANS	DONGGUAN YFC-BONEAGLE ELECTRONIC TECHNOLOGY CO., LTD. (DONGGUAN YFC)	Manufacturing and sale of power cables, wires, and outlets	100 %	100 %	Third-tier subsidiary
"	PRIME WIRE & CABLE, INC. (PRIME WIRE)	Retailing of cord sets and network cabling system	100 %	100 %	"

(Continued)

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Name of investor	Name of subsidiary	Principal activity	Shareholding		Note
			December 31, 2024	December 31, 2023	
"	CHENZHOU YFC-BONEAGLE ELECTRONIC CO., LTD. (CHENZHOU YFC)	Processing and sale of communication products and internet cables	- %	- %	Note 1
UNIVERSAL	WUXI UNIVERSAL NETWORK CORPORATION (WUXI)	Manufacturing and sale of high-speed high-frequency LAN cables	100 %	100 %	Third-tier subsidiary

Note 1: Since both immaterial subsidiaries, CHENZHOU YFC-BONEAGLE ELECTRONIC CO. LTD. and MAX SYNERGY LIMITED, have completed their milestones, the Group had decided in 2022 to liquidate CHENZHOU YFC-BONEAGLE ELECTRONIC CO. LTD. by June 2023, and subsequently, MAX SYNERGY LIMITED thereafter.

(iv) List of subsidiaries which are not included in the consolidated financial statements: None.

(d) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of transaction.

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

(ii) Foreign operations

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

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

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

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

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(f) Cash and cash equivalents

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

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

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(g) Financial Instruments

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

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost and fair value through other comprehensive income (FVOCI) – equity investment.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

3) Impairment of financial assets

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

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

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 360 days past due its credit obligations to the Group in full.

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

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

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

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

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At each reporting date, the Group assesses whether financial assets carried at amortized cost is credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the customer;
- a breach of contract such as a default or being more than 360 days past due;
- the Group, for economic or contractual reasons relating to the customer's financial difficulty, having granted to the customer a concession that the Group would not otherwise consider;
- it is probable that the customer will enter bankruptcy or other financial reorganization;
- or

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

4) Derecognition of financial assets

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

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2) Equity instrument

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

3) Compound financial instruments

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

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

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

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

4) Financial liabilities

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

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

5) Derecognition of financial liabilities

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

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

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6) Offsetting of financial assets and liabilities

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

(h) Inventories

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

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

(i) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

- 1) Buildings 3~50 years
- 2) Machinery and equipment 2~20 years
- 3) Office and other equipment 1~20 years

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

(j) Lease

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

(i) As a lessee

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

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

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

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

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

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

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

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

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

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

If an arrangement contains lease and non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group has elected not to recognize the right-of-use assets and lease liabilities for short-term leases of its buildings and vehicles that have a lease term of 12 months or less, as well as leases of low-value assets of its office equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

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- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and
- there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(k) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

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

(ii) Subsequent expenditure

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

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(iii) Amortization

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

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

- 1) Patents: 3 years
- 2) Customer relationships: 2~6 years
- 3) Trademarks: 15 years
- 4) Computer software: 1~10 years

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

(1) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets with indefinite useful lives are tested annually for impairment.

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

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

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

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

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

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(m) Provisions

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

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

(n) Revenue recognition

(i) Revenue from contracts with customers

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

1) Sale of goods

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract or order agreement, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

The Group, based on the contract or order agreement, provides customers volume discounts as sales products cumulatively reach a certain amount or quantity within a specific period of time. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales of the Group's products are made with a credit term of 30 to 120 days, which is consistent with the market practice.

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The Group's private-label online retail company and wholesale companies pay a certain percentage of sales amount to customers for advertising expenses, promotional sponsorship, and compensation for damaged goods, based on the contract or order agreement. However, since the payments were not differentiable goods or services, the payments should be treated as deduction items of the transaction price and revenue; while the prepayment to customers should be treated as refund liabilities.

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

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(ii) Rental income

The Group lease out its office and recognizes the revenue during the lease period.

(o) Government grants

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

(p) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Income taxes

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

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

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

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;

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- (ii) temporary differences related to investments in subsidiaries is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

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

(r) Earnings per share

The Group discloses the Company basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholder of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjusting for the effects of all potentially dilutive ordinary shares. Dilutive potential ordinary shares comprise convertible notes and employee compensation not yet resolved by the shareholders.

(s) Operating segments

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

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(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing these consolidated financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management and climate-related commitments where appropriate. Revisions to estimates are recognized prospectively in the period of the change and future periods.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements: none.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) The loss allowance for trade receivables

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

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note (6)(d) for further description of the valuation of inventories.

(c) Impairment of goodwill and trademarks

The assessment of impairment of goodwill trademarks requires the Group to make subjective judgments to identify CGUs, allocate the goodwill to relevant CGUs, and estimate the recoverable amount of relevant CGUs. Refer to note 6(g) for further description of the impairment of goodwill.

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(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand	\$ 2,421	2,099
Demand deposits	1,242,821	1,263,022
Check deposits	172,319	106,864
Time deposits	2,647	433
Cash and cash equivalents in consolidated statement of cash flows	\$ 1,420,208	1,372,418

For the interest rate risk and sensitivity analysis of the Group's financial assets and liabilities, please refer to note (6)(v).

(b) Notes and accounts receivables

	December 31, 2024	December 31, 2023
Notes receivable from operating activities	\$ 28,093	19,601
Accounts receivable - measured as amortized cost	2,546,789	2,105,620
Less: Loss allowance	(88,002)	(139,356)
Net	\$ 2,486,880	1,985,865

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

	December 31, 2024		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 1,871,739	0.4%	7,113
Past due 1 to 30 days	397,319	3.1%	12,137
Past due 31 to 120 days	228,481	9.8%	22,504
Past due 121 to 180 days	29,358	39.7%	11,659
Past due 181 to 360 days	40,498	66.9%	27,102
Past due more than 360 days	7,487	100%	7,487
Total	\$ 2,574,882		88,002

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	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ 1,495,137	0.5%	7,015
Past due 1 to 30 days	156,829	1.7%	2,702
Past due 31 to 120 days	290,769	8.6%	25,096
Past due 121 to 180 days	41,132	13.9%	5,727
Past due 181 to 360 days	59,352	28.3%	16,814
Past due more than 360 days	<u>82,002</u>	100%	<u>82,002</u>
Total	<u>\$ 2,125,221</u>		<u>139,356</u>

The movement in the allowance for notes and accounts receivable was as follows:

	2024	2023
Balance at January 1	\$ 139,356	54,113
Expect credit (gain) loss	(12,254)	79,214
Amounts written off	(46,979)	(588)
Foreign exchange losses	<u>7,879</u>	<u>6,617</u>
Balance at December 31	<u>\$ 88,002</u>	<u>139,356</u>

The Group did not pledged its notes and account receivable as collaterals for its loans.

(c) Other receivables

	December 31, 2024	December 31, 2023
Value-added tax returned by export trade	\$ 6,344	5,960
Other	5,336	12,897
Less: Loss allowance	-	-
Net	<u>\$ 11,680</u>	<u>18,857</u>

As of December 31, 2024 and 2023, loss allowance for other receivables were measured at an amount equal to life time expected credit loss, and no provisions were required.

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(d) Inventory

	December 31, 2024	December 31, 2023
Merchandise inventory (including goods in transit)	\$ 2,099,183	2,454,576
Finished goods	324,489	178,186
Work in progress	35,923	37,612
Raw materials	195,178	182,573
Supplies	17,021	14,036
Total	\$ 2,671,794	2,866,983

For the years ended in 2024 and 2023, the gain recognized for the (recovery) decline in the inventory prices were \$(99,250) and \$(167,024) respectively, due to the adjustment of inventory to net realized value, accounted for as cost of goods sold.

Other than cost of inventory sold, other component of operating costs were as follows:

	2024	2023
Inventory valuation and obsolescence gains	\$ (99,250)	(167,024)
Revenue from sale of scraps	(81,177)	(25,761)
Total	\$ (180,427)	(192,785)

Due to the continuous sale and clearance of old inventories, the Group recognized the inventory write-up gains by adjusting the inventory to net realizable value for the periods for the years ended December 31, 2024 and 2023.

The Group did not pledged its inventories as collaterals for its loans.

(e) Property, plant, and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2024 and 2023 were as follows:

	Land	Buildings and construction	Machinery and equipment	Office and other equipment	Total
Costs or deemed cost:					
Balance at January 1, 2024	\$ 297,517	568,055	1,042,764	458,930	2,367,266
Additions	3,065	80,491	5,490	96,206	185,252
Reclassification	(3,065)	8,022	28,735	(33,692)	-
Disposals	-	(205)	(13,980)	(13,179)	(27,364)
Effect of changes in foreign exchange rate	1,874	24,079	36,480	23,839	86,272
Balance at December 31, 2024	\$ 299,391	680,442	1,099,489	532,104	2,611,426

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	Land	Buildings and construction	Machinery and equipment	Office and other equipment	Total
Balance at January 1, 2023	\$ 296,000	570,491	1,007,802	525,507	2,399,800
Additions	-	5,266	38,457	28,198	71,921
Reclassification	-	-	43,012	(43,012)	-
Disposals	-	(214)	(38,878)	(54,315)	(93,407)
Effect of changes in foreign exchange rate	1,517	(7,488)	(7,629)	2,552	(11,048)
Balance at December 31, 2023	<u>\$ 297,517</u>	<u>568,055</u>	<u>1,042,764</u>	<u>458,930</u>	<u>2,367,266</u>
Accumulated depreciation and impairment:					
Balance at January 1, 2024	\$ -	310,733	763,226	281,791	1,355,750
Depreciation for the period	-	23,845	41,832	32,486	98,163
Disposals	-	(199)	(11,312)	(12,347)	(23,858)
Effect of changes in foreign exchange rate	-	12,128	26,309	17,222	55,659
Balance at December 31, 2024	<u>\$ -</u>	<u>346,507</u>	<u>820,055</u>	<u>319,152</u>	<u>1,485,714</u>
Balance at January 1, 2023	\$ -	293,039	761,100	292,352	1,346,491
Depreciation for the period	-	21,745	40,860	33,487	96,092
Disposals	-	(206)	(33,854)	(43,310)	(77,370)
Effect of changes in foreign exchange rate	-	(3,845)	(4,880)	(738)	(9,463)
Balance at December 31, 2023	<u>\$ -</u>	<u>310,733</u>	<u>763,226</u>	<u>281,791</u>	<u>1,355,750</u>
Carrying value:					
Balance at December 31, 2024	<u>\$ 299,391</u>	<u>333,935</u>	<u>279,434</u>	<u>212,952</u>	<u>1,125,712</u>
Balance at January 1, 2023	<u>\$ 296,000</u>	<u>277,452</u>	<u>246,702</u>	<u>233,155</u>	<u>1,053,309</u>
Balance at December 31, 2023	<u>\$ 297,517</u>	<u>257,322</u>	<u>279,538</u>	<u>177,139</u>	<u>1,011,516</u>

In order to meet its operational needs, the Group built a warehouse in the Philippines and Wuxi at the amounts of \$72,878 and \$81,560, respectively, for the year ended December 31, 2024.

Information on depreciation for the period is disclosed in note (12). For information on the Group's property, plant and equipment pledged as collateral, please refer to note (8).

(f) Right-of-use assets

The Group leases several assets including land, buildings, and vehicles. Information about leases for which the Group as a lessee is presented below:

	Land	Buildings	Vehicles	Total
Cost:				
Balance at January 1, 2024	\$ 15,208	661,415	13,193	689,816
Additions	-	364,775	3,612	368,387
Delisting of expired lease	-	(196,470)	(3,642)	(200,112)
Effect of changes in foreign exchange rate	793	39,655	86	40,534
Balance at December 31, 2024	<u>\$ 16,001</u>	<u>869,375</u>	<u>13,249</u>	<u>898,625</u>

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	Land	Buildings	Vehicles	Total
Balance at January 1, 2023	\$ 15,468	775,097	12,353	802,918
Additions	-	40,481	851	41,332
Delisting of expired lease	-	(112,517)	-	(112,517)
Effect of changes in foreign exchange rate	(260)	(41,646)	(11)	(41,917)
Balance at December 31, 2023	<u>15,208</u>	<u>661,415</u>	<u>13,193</u>	<u>689,816</u>
Accumulated depreciation:				
Balance at January 1, 2024	\$ 4,668	379,961	10,619	395,248
Depreciation for the period	317	126,557	3,174	130,048
Write-off	-	(196,470)	(3,642)	(200,112)
Effect of changes in foreign exchange rate	247	17,706	46	17,999
Balance at December 31, 2024	<u>5,232</u>	<u>327,754</u>	<u>10,197</u>	<u>343,183</u>
Balance at January 1, 2023	\$ 4,439	368,949	6,903	380,291
Depreciation for the period	309	107,009	3,718	111,036
Write-off	-	(54,910)	-	(54,910)
Effect of changes in foreign exchange rate	(80)	(41,087)	(2)	(41,169)
Balance at December 31, 2023	<u>4,668</u>	<u>379,961</u>	<u>10,619</u>	<u>395,248</u>
Carrying value:				
Balance at December 31, 2024	<u>10,769</u>	<u>541,621</u>	<u>3,052</u>	<u>555,442</u>
Balance at January 1, 2023	<u>11,029</u>	<u>406,148</u>	<u>5,450</u>	<u>422,627</u>
Balance at December 31, 2023	<u>10,540</u>	<u>281,454</u>	<u>2,574</u>	<u>294,568</u>

Information on depreciation for the period is disclosed in note (12). The Group did not provide any of the right-of-use assets as collaterals for its loans.

Due to the operational needs of the Group, both subsidiaries, Prime and Bestlink, on April 1, 2023, discontinued to lease the warehouse, which was originally sold and leased back by UNC., a Group's subsidiary. Instead, they have opted to lease the warehouse in California, owned by another subsidiary, Monoprice, resulting in the Company to derecognized the related right-of-use assets and lease liabilities, and recognized a gain of \$98,247 from the above transaction. Please refer to Note 6(u) for details. Following the expiration of the original lease for the warehouse in Western California in September 2024, Prime and the lessor renewed the lease agreement in December 2024, extending the lease for an additional five years, with an increased amount of \$335,306.

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(g) Intangible assets

The costs, amortization and impairment of intangible assets of the Group for the years ended December 31, 2024 and 2023 were as follows:

	Goodwill	Trademark	Patent and customer relationships	Computer software	Total
Costs or deemed cost:					
Balance at January 1, 2024	\$ 316,329	99,345	84,631	545,063	1,045,368
External acquisition	-	-	-	91,739	91,739
Effect of changes in foreign exchange rate	21,464	6,742	5,504	41,594	75,304
Balance at December 31, 2024	<u>\$ 337,793</u>	<u>106,087</u>	<u>90,135</u>	<u>678,396</u>	<u>1,212,411</u>
Balance at January 1, 2023	\$ 316,381	99,362	84,606	355,539	855,888
External acquisition	-	-	-	192,140	192,140
Effect of changes in foreign exchange rate	(52)	(17)	25	(2,616)	(2,660)
Balance at December 31, 2023	<u>\$ 316,329</u>	<u>99,345</u>	<u>84,631</u>	<u>545,063</u>	<u>1,045,368</u>
Accumulated amortization and impairment:					
Balance at January 1, 2024	\$ 107,333	7,144	84,631	281,677	480,785
Amortization for the period	-	-	-	58,041	58,041
Effect of changes in foreign exchange rate	7,283	485	5,504	23,179	36,451
Balance at December 31, 2024	<u>\$ 114,616</u>	<u>7,629</u>	<u>90,135</u>	<u>362,897</u>	<u>575,277</u>
Balance at January 1, 2023	\$ 107,351	7,145	84,606	234,415	433,517
Amortization for the period	-	-	-	47,918	47,918
Effect of changes in foreign exchange rate	(18)	(1)	25	(656)	(650)
Balance at December 31, 2023	<u>\$ 107,333</u>	<u>7,144</u>	<u>84,631</u>	<u>281,677</u>	<u>480,785</u>
Carrying value:					
Balance at December 31, 2024	<u>\$ 223,177</u>	<u>98,458</u>	-	<u>315,499</u>	<u>637,134</u>
Balance at January 1, 2023	<u>\$ 209,030</u>	<u>92,217</u>	-	<u>121,124</u>	<u>422,371</u>
Balance at December 31, 2023	<u>\$ 208,996</u>	<u>92,201</u>	-	<u>263,386</u>	<u>564,583</u>

The amortizations of intangible assets are included in the statement of comprehensive income. Also, please refer to note (12) sets out information about the amortization fee for the period:

	2024	2023
Operating cost – amortization	\$ 859	798
Operating expenses – amortization	57,182	47,120
Total	\$ 58,041	47,918

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Evaluation of goodwill and trademark

The purpose of impairment test is to allocate the goodwill and trademark to cash generating units that are expected to benefit from the synergies of the acquisition. PRIME WIRE and MONOPRICE themselves are a cash generating units that can generate independent cash flows, hence, the impairment of non-deterministic intangible assets is assessed by calculating the value-in-use of PRIME WIRE and MONOPRICE to determine whether the book value of net assets is subject to impairment.

The Group acquired goodwill from the acquisition of the US distribution subsidiary, PRIME & WIRE. After conducting regular impairment tests, no impairment was found, and thus, provision was not required. As of December 31, 2024, and December 31, 2023, the amounts of goodwill arising from the acquisition of PRIME WIRE were \$148,651 and \$139,205, respectively.

The Group acquired goodwill and trademark from the acquisition of the US brand e-commerce company, MONOPRICE, primarily expecting synergies and increased profitability post-acquisition. After conducting regular impairment tests, no impairment was found, and thus, provision was not required. As of December 31, 2024, and December 31, 2023, the total amounts of goodwill and trademark arising from the acquisition of MONOPRICE were \$287,601 and \$269,326, with accumulated impairment amounts of \$114,617 and \$107,334, respectively.

The recoverable amount of PRIME WIRE and MONOPRICE are determined based on its value-in-use, which is calculated based on the pre-tax cash flow forecast of the five-year financial budget approved by the management, adjusted for past actual operating conditions.

(h) Other current asset and other non-current assets

Other current and non-current assets of the Group were as follows:

	December 31, 2024	December 31, 2023
Other current assets:		
Temporary payments	\$ 5,402	7,168
Right to the return goods-current	<u>6,366</u>	<u>5,962</u>
Subtotal	<u>11,768</u>	<u>13,130</u>
Other non-current assets:		
Other non-current financial assets	6,940	6,190
Guarantee deposits paid	36,871	39,507
Net defined benefit assets	5,957	4,241
Prepayments for business facilities	2,657	460
Other	<u>666</u>	<u>744</u>
Subtotal	<u>53,091</u>	<u>51,142</u>
Total	<u><u>\$ 64,859</u></u>	<u><u>64,272</u></u>

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(i) Temporary payments

Temporary payments are mainly payments made on behalf of others.

(ii) Other non-current financial assets

Other non-current financial assets are time deposits pledged as collaterals for long-term borrowings.

(iii) Guarantee deposits paid

Guarantee deposits paid are security deposits on leases and car rentals, performance bonds, and customs security deposits.

(iv) For additional information on the Group's other non-current financial assets and guarantee deposits paid pledged as collaterals, please refer to note (8).

(i) Short-term borrowings

The details of the Group's short-term borrowings were as follows:

	December 31, 2024	December 31, 2023
Unsecured bank loans	\$ 2,730,118	\$ 2,272,353
Unused short-term and long-term credit lines	\$ 2,818,201	\$ 2,134,302
Interest rates	<u>1.98~6.90%</u>	<u>1.79~7.39%</u>

The Group did not provide any assets as collateral for short-term borrowings.

(j) Short-term notes and bills payable

The details of short-term notes and bills payable of the Group were as follows:

	December 31, 2024		
	Institution	Interest rate	Amount
Commercial paper payable	China Bills Finance	2.59%	\$ 80,000
Less: Discount on short-term notes and bills payable			(177)
Total			<u>\$ 79,823</u>

	December 31, 2023		
	Institution	Interest rate	Amount
Commercial paper payable	Taiwan Finance and Taiwan Cooperative Bills Finance	2.28~2.37%	\$ 100,000
Less: Discount on short-term notes and bills payable			(170)
Total			<u>\$ 99,830</u>

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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The Group did not provide any assets as collateral for short-term notes payable.

(k) Long-term borrowings

The details of the Group's long-term borrowings were as follows:

	December 31, 2024			
	Currency	Interest rates	Expiration	Amount
Unsecured bank loans	NTD	1.98%~2.56%	114~118	\$ 452,398
Secured bank loans	NTD	2.19%~2.36%	117~129	116,678
Unsecured bank loans	USD and PHP	6.75%~7.53%	114~115	<u>573,442</u>
Total				1,142,518
Less: Current portion				<u>(732,430)</u>
Non-current portion				<u>\$ 410,088</u>

	December 31, 2023			
	Currency	Interest rates	Expiration	Amount
Unsecured bank loans	NTD	1.85%~2.43%	113~115	\$ 528,514
Secured bank loans	NTD	2.06%~2.23%	117~129	129,467
Unsecured bank loans	USD and PHP	6.75%~7.55%	114~115	<u>506,804</u>
Total				1,164,785
Less: Current portion				<u>(369,028)</u>
Non-current portion				<u>\$ 795,757</u>

Collateral for long-term borrowings

For information on assets pledged as collateral for long-term borrowings, please refer to note (8).

(l) Bonds payable

(i) The details on the Group's bonds payable were as follows:

	December 31, 2024	December 31, 2023
Convertible bonds issued	\$ -	400,000
Less: Unamortized discount on convertible bonds	-	-
Accumulated converted and redeemed amount	-	<u>(400,000)</u>
Less: Current portion	-	-
Non-current portion	<u>\$ -</u>	<u>-</u>
Equity component – conversion options (included in “Capital surplus – stock options”)	<u>\$ -</u>	<u>-</u>

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	2024	2023
	\$ -	20

(ii) The major terms of bonds payable were as follows:

Period	Type	Issuance Period	Total Amount (in thousands dollars)	Coupon Rate	Effective Rate	Conversion Price (in dollar)
Period 9	Unsecured convertible bonds payable	2020.02~2023.02	400,000	0 %	1.67 %	24.3

In February 2020, the Group issued the 9th unsecured convertible bonds for a total of 4,000 bonds, with a face value of \$100 each. The bonds were issued at a premium rate of 101%; and the total issuance after deducting the dealer's handling fee amounted to \$401,501, resulting in the Group to recognize the capital surplus of stock options, amounting to \$21,093.

Except for the following periods, the bondholders may opt to convert their bonds into common shares within the period between three months after issuance and the maturity date:

- 1) the mandated book closure date of common shares;
- 2) the book closure date for stock grants or cash dividends;
- 3) the period starting from 15 business days prior to the book closure date of stock options until the distribution record date;
- 4) the period from capital reduction record date to one day prior to the stock renewal date.

The conversion price of the 9th unsecured convertible bonds at the issuance date was \$26.8 per share. In the event of any ex-rights or ex-dividend, the conversion price shall be adjusted using the conversion pricing formula. Beginning August 18, 2021, the adjusted conversion price had further decreased to \$24.6 per share due to the events of ex-rights. Beginning August 25, 2022, the adjusted conversion price had further decreased to \$24.3 per share due to the events of ex-rights.

Corporate bonds will be paid back at face value upon maturity, except for bonds that have been converted into common shares or bonds redeemed by the Group.

(iii) Issuance of bonds

For the years ended December 31, 2024 and 2023, there were no instances of newly issued convertible bonds.

(iv) Conversion of bonds

There was no conversion of bonds for the year ended December 31, 2024.

In 2023, the bondholders opted to convert the 9th unsecured convertible bonds for a total of 166 bonds, with the carrying amount of \$16,582, resulting in the capital surplus to increase by \$9,751, and the ordinary shares to be converted at the amount of \$6,831.

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(v) Repurchase of bonds

There was no repurchase of bond payable for the years ended December 31, 2024 and 2023.

(vi) Redeem of due bonds

The Company's ninth domestic unsecured convertible bonds had matured on February 28, 2023, with maturity repayment amounting to \$100. On February 2023, the Company repaid its creditors due to the maturity of their bonds and termination of its trading on the Taiwan Over-The-Counter Securities Exchange.

(vii) Collateral

There were no bonds payable pledged as collateral by the Company for the years ended December 31, 2024, and 2023.

(m) Other payables and refund liabilities

	December 31, 2024	December 31, 2023
Salaries and bonuses payable	\$ 65,396	53,015
Compensation and bonus due to employees	10,407	-
Compensation due to directors	4,460	-
Interest payable	6,657	6,093
Processing fee payable	6,445	5,542
Payable on machinery and equipment	167	3,072
Freight payable	108,875	83,736
VAT and sales tax payable	102,016	213,580
Other accrued expenses	<u>115,985</u>	<u>161,658</u>
Other payables	<u>\$ 420,408</u>	<u>526,696</u>
Refund liabilities	<u>\$ 92,468</u>	<u>62,772</u>

Other payables and refund liabilities are expected to be settled within one year. Refund liabilities refer to expected payments to customers in relation to volume discounts of sales and right to the return goods.

(n) Lease liabilities

The carrying values of the Group's lease liabilities were as follows:

	December 31, 2024	December 31, 2023
Current	<u>\$ 144,671</u>	<u>94,133</u>
Non-current	<u>\$ 446,575</u>	<u>221,677</u>

For the maturity analysis, please refer to note (6)(v).

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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For the years ended December 31, 2024 and 2023, the Group recognized its lease liabilities amounting to \$368,387 and \$41,332, with an interest rate of 1.85~7.00% and 1.15%~6.80%, respectively.

The amounts recognized in profit or loss were as follows:

	2024	2023
Interest on lease liabilities	<u>\$ 18,720</u>	<u>11,760</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 18,688</u>	<u>21,145</u>
Expenses relating to short-term leases	<u>\$ 7,532</u>	<u>7,317</u>
Expenses relating to leases of low-value assets (excluding low-value assets of short-term leases)	<u>\$ 174</u>	<u>154</u>

The amounts recognized in the statement of cash flows for the Group was as follows:

	2024	2023
Total cash outflow for leases	<u>\$ 162,368</u>	<u>175,897</u>

(i) Real estate leases

The Group leases land and buildings for the use of its factories, warehouses, and offices. The leases of land typically run for a period of 50 years, and the buildings for 2 to 10 years. Some leases contain extension and cancellation options exercisable by the Group before the end of the non-cancellable contract period. These leases are negotiated and monitored by the local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. Some leases provide for additional rent payments that are calculated based on the area being used. Such leases are considered as variable lease payments, thus, are not included within lease liabilities.

(ii) Other leases

The Group leases certain buildings and vehicles which are short-terms, and office equipment which is deemed as low-value item. Since the leases of warehouses and office typically run for a period of 1 year, and the office equipment for 1 to 3 years, the Group has elected not to recognize its right-of-use assets and lease liabilities for these leases.

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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(o) Employee benefits

(i) Defined benefit plans

Reconciliation of the Company's defined benefit obligations at present value and plan assets at fair value are as follows:

	December 31, 2024	December 31, 2023
Present value of defined benefit obligations	\$ 14,656	15,157
Fair value of plan assets	<u>(20,613)</u>	<u>(19,398)</u>
Net defined benefit assets (recognized under other non-current assets)	<u><u>\$ (5,957)</u></u>	<u><u>(4,241)</u></u>

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

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by the local banks.

As of December 31, 2024 and 2023, the Company's Bank of Taiwan labor pension reserve account balance amounted to \$20,613 and \$19,398, respectively. For information on the utilization of the labor pension fund assets, including the yield of the fund and asset allocation, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Company were as follows:

	2024	2023
Defined benefit obligation at January 1	\$ 15,157	13,922
Current service costs and interest	255	254
Benefits paid from plan assets	(879)	(506)
Remeasurement in net defined benefit liability		
– Experience adjustments to actuarial losses	720	1,344
– Actuarial (gains) losses from changes in financial assumption	<u>(597)</u>	<u>143</u>
Defined benefit obligation at December 31	<u><u>\$ 14,656</u></u>	<u><u>15,157</u></u>

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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3) Movements of defined benefit plan assets

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

	2024	2023
Fair value of plan assets at January 1	\$ 19,398	19,483
Interest income	230	251
Benefits paid from plan assets	(879)	(506)
Remeasurement in net defined benefit liability		
– Expected return on plan assets (excluding interest income)	1,760	162
Contributions made	104	8
Fair value of plan assets at December 31	<u>\$ 20,613</u>	<u>19,398</u>

4) Movements in effect of limiting net defined benefit assets to asset ceiling

For the years 2024 and 2023, there were no change in effect of limiting net defined benefit assets to asset ceiling.

5) Pension recognized through profit or loss

The pension costs of the defined benefit plans recognized as expenses for the years 2024 and 2023 were as follows:

	2024	2023
Current service cost	\$ 77	77
Interest on net defined benefit obligation	(52)	(74)
Total (recognized under "Administrative expense – pension")	<u>\$ 25</u>	<u>3</u>

6) Remeasurements of net defined benefit obligation recognized under other comprehensive income

The cumulative remeasurement of net defined benefit obligations recognized under other comprehensive income were as follows:

	2024	2023
Cumulative amount at January 1	\$ 9,610	10,935
Obligations recognized (reversed)	1,637	(1,325)
Cumulative amount at December 31	<u>\$ 11,247</u>	<u>9,610</u>

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7) Actuarial assumptions

The Company's principal actuarial assumptions were as follows:

	December 31, 2024	December 31, 2023
Discount rate	1.65 %	1.20 %
Future salary rate increases	2.00 %	2.00 %

As of December 31, 2024 and 2023, the amount of contributions expected to be made to the defined contribution plans within one year of the report date were \$301 and \$295, respectively. The weighted average term of defined contribution plans were 8 and 9 years, respectively.

8) Sensitivity analysis

In the event of changes in actuarial assumptions, the impact on defined benefit obligations are as follows:

	Impact on defined benefit obligation	
	Increased	Decreased
December 31, 2024		
Discount rate (at a 0.25% change)	\$ 328	318
Future salary increase (at a 0.25% change)	326	317
December 31, 2023		
Discount rate (at 0.25% change)	367	355
Future salary increase (at 0.25% change)	363	353

The sensitivity analysis above is performed on the impact of changes in a single actuarial assumption, based on the condition that all other assumptions are held constant. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for the years 2024 and 2023.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations. Other subsidiaries established the defined benefit retirement plans in accordance with each local regulation.

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The Company's pension expenses under the defined contribution method amounted to \$4,461 and \$4,185 for the years ended December 31, 2024 and 2023, respectively. Payments were made to the Bureau of Labor Insurance.

Pension expenses made in accordance with local regulations for all subsidiaries amounted to \$27,283 and \$23,888 for the years ended December 31, 2024 and 2023, respectively.

Pension expenses recognized by the Group were as follows:

	2024	2023
Operating costs	6,460	5,902
Selling expenses	19,041	16,838
Administrative expenses	3,909	3,485
Research and development expenses	2,334	1,848
Total	31,744	28,073

(p) Income tax

(i) Income tax expense

The components of income tax expense (income) for the years ended December 31, 2024 and 2023 were as follows:

	2024	2023
Current tax expense (income)		
Current period	\$ 78,408	46,722
Adjustments for prior periods	906	3,157
Subtotal	<u>79,314</u>	<u>49,879</u>
Deferred tax (income) expense		
Origination and reversal of temporary differences	(19,917)	(241,848)
Subtotal	<u>(19,917)</u>	<u>(241,848)</u>
Income tax expense (income)	<u>\$ 59,397</u>	<u>(191,969)</u>

The amounts of income tax (income) expense recognized in other comprehensive income for the years ended December 31, 2024 and 2023 were as follows:

	2024	2023
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences of foreign operations	<u>\$ 57,390</u>	<u>(5,060)</u>

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Reconciliation of income tax and profit before tax for 2024 and 2023 were as follows:

	2024	2023
Income (loss) before tax	\$ 195,308	(631,866)
Income tax expense at the statutory rate	39,062	(126,373)
Effect of tax rates in foreign jurisdiction	15,441	(76,716)
Under (over) provision in prior periods	906	3,157
Changes in unrecognized deductible temporary differences	533	(1,753)
Unrecognized current tax loss of deferred tax assets	10,992	10,609
Others	(7,537)	(893)
Income tax (income) expense	<u>\$ 59,397</u>	<u>(191,969)</u>

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

As of December 31, 2024 and 2023, due to the need of increasing the funds for foreign operation, funds associated with investments in subsidiaries will not be transferred back in the foreseeable future. Thus, under IAS 12, the temporary difference associated with investments in subsidiaries was recognized as permanent difference. Details were as follows:

	December 31, 2024	December 31, 2023
Aggregate amount of temporary differences related to investments in subsidiaries	<u>\$ 523,911</u>	<u>504,718</u>

2) Unrecognized deferred tax assets

The details of unrecognized deferred tax assets were as follows:

	December 31, 2024	December 31, 2023
Deductible temporary differences	\$ 22,225	21,692
Tax losses	14,004	42,883
Total	<u>\$ 36,229</u>	<u>64,575</u>

Tax losses, that were approved by local tax authorities from the current year profit, were deductions of deficits from the previous 5, 5, and 3 years of the subsidiaries in China, Vietnam, and the Philippines, respectively, in accordance with income tax law. On the other hand, there was no annual limit of tax losses on the deductible period for the US based subsidiaries. The tax losses of the subsidiaries in China, Vietnam, and the Philippines are considered unrecognized deferred tax assets because the Group determines that it is not probable that future taxable profit will be available against which the Group can utilize the benefits.

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As of December 31, 2024, China-based subsidiaries' income tax rate was 25%, the information of the China-based subsidiaries' unused tax losses for which no deferred tax assets were recognized are as follows:

Year of occurrence	Remaining creditable amount	Expiry Year
The subsidiaries		
2023 (declared)	\$ 39,723	2028
Total	<u><u>\$ 39,723</u></u>	

As of December 31, 2024, Vietnam-based subsidiaries' income tax rate was 20% , the information of the Philippines-based subsidiaries' unused tax losses for which no deferred tax assets were recognized are as follows:

Year of occurrence	Remaining creditable amount	Expiry Year
The subsidiaries		
2021 (filing)	\$ 2,737	2026
2022 (filing)	5,089	2027
2023 (declared)	4,640	2028
2024 (forecast)	<u>4,417</u>	2029
Total	<u><u>\$ 16,883</u></u>	

As of December 31, 2024, Philippines-based subsidiaries' income tax rate was 25% , the information of the Philippines-based subsidiaries' unused tax losses for which no deferred tax assets were recognized are as follows:

Year of occurrence	Remaining creditable amount	Expiry Year
The subsidiaries		
2024 (forecast)	\$ 2,784	2027
Total	<u><u>\$ 2,784</u></u>	

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3) Recognized deferred tax assets and liabilities

Movements of deferred tax assets and liabilities for the years 2024 and 2023 were as follows:

a) Deferred tax assets

	Unrealized inventory valuation and obsolescence loss	Unrealized exchange loss	Creditable loss amount in Taiwan and USA	Difference between the book value and tax base from lease liability	Exchange difference on transaction of foreign financial statements	Other	Total
January 1, 2024	\$ 176,398	20,918	205,389	69,791	31,365	26,282	530,143
Recognized in profit or loss	(89,410)	4,673	98,152	3,182	-	(6,933)	9,664
Recognized in other comprehensive income	-	-	-	-	(31,365)	-	(31,365)
Effect of changes in foreign exchange rates	9,807	-	15,829	-	-	1,649	27,285
December 31, 2024	\$ 96,795	25,591	319,370	72,973	-	20,998	535,727
January 1, 2023	\$ 132,042	11,506	1,909	100,225	26,306	28,085	300,073
Recognized in profit or loss	44,656	9,412	206,310	(30,434)	-	(1,808)	228,136
Recognized in other comprehensive income	-	-	-	-	5,060	-	5,060
Effect of changes in foreign exchange rates	(300)	-	(2,830)	-	(1)	5	(3,126)
December 31, 2023	\$ 176,398	20,918	205,389	69,791	31,365	26,282	530,143

b) Deferred tax liabilities

	Exchange differences on translation of foreign financial statements	Temporary differences from depreciation and amortization	Difference between the book value and tax base from right-of-use assets	Other	Total
January 1, 2024	\$ -	68,769	69,791	-	138,560
Recognized in profit or loss	-	(13,435)	3,182	-	(10,253)
Recognized in other comprehensive income	26,025	-	-	-	26,025
Effect of changes in foreign exchange rates	-	4,407	-	-	4,407
December 31, 2024	\$ 26,025	59,741	72,973	-	158,739
January 1, 2023	\$ -	50,961	100,225	1,340	152,526
Recognized in profit or loss	-	18,062	(30,434)	(1,340)	(13,712)
Effect of changes in foreign exchange rates	-	(254)	-	-	(254)
December 31, 2023	\$ -	68,769	69,791	-	138,560

(iii) Examination and approval

The Company's income tax returns for all years through 2021, have been examined by the R.O.C. income tax authorities.

The Group's overseas subsidiaries' income tax returns for all years through 2023 have been declared to, but have yet to be examined by, the local tax authorities.

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(q) Capital and other equities

As of December 31, 2024 and 2023, the Company's registered total authorized capital amounted to \$1,800,000 with par value of \$10 per share (in NT dollars), which includes employee share option of \$3,500 thousand share. Total issued common stock as of December 31, 2024 and 2023 was \$146,463 thousand shares. All issued shares were issued and outstanding.

(i) Issuance of common stock

The Group converted its bonds by issuing 683 thousand shares of common stocks amounting to \$6,831. The related registration procedures had already been completed in April, 2023.

The employee remuneration, in shares, amounting to \$46,000, with the approval of shareholders on June 20, 2023, had been converted into approximately 1,595 thousand new shares based on the closing price of ordinary shares on March 27, 2023, which was \$28.85 per share. The related legal registration procedures were completed in October 2023.

There were no issuance of shares from conversions of convertible debt for the year ended December 31, 2024.

Changes in the numbers of outstanding shares for the years ended December 31, 2024 and 2023, were as follows:

	Common Shares (in thousand shares)	
	2024	2023
Beginning balance at January 1	146,463	144,185
Conversion of employee remuneration in shares	-	1,595
Conversion of convertible bonds	-	683
Ending balance at December 31	<u>146,463</u>	<u>146,463</u>

(ii) Capital surplus

The balances of additional paid-in capital were as follows:

	December 31, 2024	December 31, 2023
Premium of issuance	\$ 936,752	936,752
Transaction of treasury stock	19,741	19,741
Difference between consideration and carrying amount of shares	334	334
Expired employee stock options	32,002	32,002
Total	<u>\$ 988,829</u>	<u>988,829</u>

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Premium of issuance, transaction of treasury stock, and difference between the consideration and the carrying amount of shares, may be used to offset the Company's deficit. However, when the Company has no deficit, such capital surplus may be distributed as cash dividends or stock dividends up to a certain percentage of the ordinary shares.

Stock options of convertible bonds issued recognized as premium issuance when the bonds converted ,and recognized as expired stock options when the repayment of bonds is due. Expired employee stock options may only be used to offset a deficit.

In accordance with the Amended Companies Act, realized capital surplus can only be distributed as share capital or cash dividends (proportionate to the shareholders' respective interest) after offsetting against losses. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to be distributed to capital shall not exceed 10% of the actual paid-in capital.

(iii) Retained earnings and dividend policy

Under the amended Company's Articles of Incorporation, upon closing of accounts, if there is profit, the Company shall first offset a deficit in the previous years and pay the income tax accordingly, then set aside a legal reserve of 10% of the profits left over as special reserve in accordance with the law, until the accumulated legal capital reserve equals paid-in capital. For any retained earnings left over, the board of directors shall propose distribution of unappropriated earnings to be approved in shareholders meeting, with the exception of distributable earnings that are lower than actual paid-in capital by 0.5%.

The payment of dividends could be done through transferring retained earnings to capital, transferring capital surplus to capital, or through cash dividend, depending on anticipated future development and growth, the Company's financial structure, and the rights and interests of shareholders. The distribution of dividends depends on the retained earnings of the year. In considering the maturing stage of the industry and the capital structure of the Company, dividends are mainly distributed through a combination of stock dividends and cash dividends wherein cash dividends may not be less than 10% of the sum of stock dividend and cash dividend. However, the actual methods and ratio of distribution may be adjusted through the shareholders meetings according to actual earnings and capital of the year.

1) Legal reserve

In accordance with the Company Act, 10% of the net income after tax should be set aside as legal reserve, until the legal reserve is equal to the authorized capital. If the Group experienced profit for the year, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the shareholders meeting. The distribution amount is limited to the portion of legal reserve which exceeds 25% of the paid-in capital.

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2) Special reserve

The Company chose to apply the exemption under IFRS 1 at its initial adoption of IFRS Accounting Standards. In accordance with regulations, the debit balance of the accumulated translation adjustment, under shareholders' equity, are classified to retained earnings at the amount of \$104,686. The Company shall allocate the same amount in special reserve in accordance with the requirements issued by the Financial Supervisory Commission. The amounts of special reserve as of December 31, 2024 and 2023 were \$297,216 and \$414,386, respectively. The differences mentioned above are the amounts that shall be additionally allocated in accordance with regulations for the exchange differences arising from the translation of financial statements of foreign operations in subsequent years.

3) Earnings distribution

In the shareholders' meeting held on June 18, 2024, the resolution for the distribution of earnings from the year 2023 has been approved. Based on the resolution, distributable earnings are calculated as net loss after tax of \$439,986 for the year 2023, plus, actuarial loss of \$1,325 and used the beginning balance of unappropriated earnings of \$445,983 to mark up the deficit, then, reversed the special reserve of \$117,170, which amounted to \$121,842. The cash dividends, that were finished to distribution in August 2024 amounted to \$117,170, with a par value of \$0.8 per share.

In the shareholders' meeting held on June 20, 2023, the resolution for the distribution of earnings from the year 2022 has been approved. Based on the resolution, distributable earnings is calculated as net income after tax of \$803,702 for the year 2022, plus, actuarial gain of \$2,969 and the beginning balance of unappropriated earnings of \$154,584, less the required legal reserve of \$80,667, which amounted to \$80,588. The cash dividends, that were finished to distribution in August 2023 amounted to \$434,605, with a par value of \$3 per share.

The related information can be accessed from "Market Observation Post System".

(iv) Other equity interest (net taxes)

	Exchange differences on translation of foreign financial statements
Balance at January 1, 2024	\$ (130,293)
Exchange differences on foreign operation	<u>229,560</u>
Balance at December 31, 2024	<u><u>\$ 99,267</u></u>
Balance at January 1, 2023	\$ (110,053)
Exchange differences on foreign operation	<u>(20,240)</u>
Balance at December 31, 2023	<u><u>\$ (130,293)</u></u>

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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(r) Earnings per share

The calculations of basic earnings (losses) per share and diluted earnings (losses) per share for the years 2024 and 2023 were as follow:

	2024	2023
Basic earnings (losses) per share		
Profit (loss) attributable to ordinary shareholders of the Company	\$ <u>135,911</u>	(439,986)
Weighted-average number of ordinary shares (in thousands of shares)	<u>146,463</u>	<u>145,246</u>
Basic earnings (losses) per share (in dollars)	<u>\$ 0.93</u>	<u>(3.03)</u>
Diluted earnings (losses) per share		
Loss attributable to ordinary shareholders of the Company	\$ <u>135,911</u>	(439,986)
Weighted-average number of ordinary shares (in thousand of share)	\$ <u>146,463</u>	<u>145,246</u>
Effect of employee stock bonus (in thousand of share)	<u>383</u>	
Weighted-average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	<u>146,846</u>	
Diluted earnings (losses) per share (in dollars)	<u>\$ 0.93</u>	<u>(3.03)</u>

For the year ended December 31, 2024, the Group had no outstanding convertible bonds, resulting in its earnings per share to have no dilutive impact during the periods.

The conversion of convertible bonds and effects of employee stock bonus were not disclosed due to its anti-dilutive effect for the year ended December 31, 2023.

(s) Revenue from contracts with customers

(i) Details of revenue

	2024	2023
Goods sold	\$ <u>10,086,881</u>	9,827,512
Rental income	<u>12,792</u>	<u>10,419</u>
Total	<u>\$ 10,099,673</u>	<u>9,837,931</u>

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(ii) Disaggregation of revenue

	For the year ended December 31, 2024			
	Manufacturing	Wholesaling	Online retailing	Total
Primary geographical markets				
United States	\$ 2,853,528	2,595,482	2,827,127	8,276,137
China	214,086	-	-	214,086
Taiwan	491,299	-	-	491,299
Canada	28,785	296,574	-	325,359
Austria	101,865	56,478	-	158,343
United Kingdom	60,645	-	-	60,645
Philippines	217	174,685	-	174,902
Vietnam	221	16,684	-	16,905
Others	369,205	-	-	369,205
Total	\$ 4,119,851	3,139,903	2,827,127	10,086,881
Main products/services lines				
CABLE	\$ 1,351,172	191,369	1,293,297	2,835,838
POWER CORD	2,429,605	2,891,223	-	5,320,828
Consumer electronics	-	-	1,533,830	1,533,830
Others	339,074	57,311	-	396,385
Total	\$ 4,119,851	3,139,903	2,827,127	10,086,881
Timing of revenue recognition:				
Product transferred at a point in time	\$ 4,119,851	3,139,903	2,827,127	10,086,881
Sales channels				
Directly to customers	\$ 4,119,851	3,139,903	2,827,127	10,086,881
For the year ended December 31, 2023				
	Manufacturing	Wholesaling	Online retailing	Total
Primary geographical markets				
United States	\$ 2,338,407	2,400,609	3,626,840	8,365,856
China	255,244	-	-	255,244
Taiwan	319,090	-	-	319,090
Canada	25,321	280,530	-	305,851
United Kingdom	52,156	-	-	52,156
Others	303,148	226,167	-	529,315
Total	\$ 3,293,366	2,907,306	3,626,840	9,827,512
Main products/services lines				
CABLE	\$ 1,097,290	139,587	1,636,719	2,873,596
POWER CORD	1,906,426	2,681,488	-	4,587,914
Consumer electronics	-	-	1,990,121	1,990,121
Others	289,650	86,231	-	375,881
Total	\$ 3,293,366	2,907,306	3,626,840	9,827,512
Timing of revenue recognition:				
Product transferred at a point in time	\$ 3,293,366	2,907,306	3,626,840	9,827,512
Sales channels				
Directly to customers	\$ 3,293,366	2,907,306	3,626,840	9,827,512

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(iii) Contract balances

	December 31, 2024	December 31, 2023
Contract liabilities—advance sales receipts	<u><u>\$ 66,468</u></u>	<u><u>138,192</u></u>

For details on notes and accounts receivable and allowance for impairment, please refer to note (6)(b).

The amount of revenue recognized for the years ended December 31, 2024 and 2023 that were included in the contract liability balance at the beginning of the period were \$138,192 and \$79,584, respectively.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(t) Remuneration to employees and directors

In accordance with the articles of incorporation, earnings shall first be offset against any deficit, then, a minimum of 6% will be distributed as employee remuneration and a maximum of 6% will be allocated as directors' remuneration. Earnings refer to pre-tax net profit for the period before deducting remunerations.

Employees who are entitled to receive the abovementioned employee remuneration, in share or cash, include the employees of the Company's affiliated companies which are at least 50% directly or indirectly owned by the Company.

For the years ended December 31, 2024, the Company accrued remuneration to employees of \$10,407 and remuneration to directors amounted to \$4,460. These amounts were calculated by using the Company's pretax profit for the period before deducting the remunerations to employees and directors, multiplied by the distribution ratio of remuneration to employees and directors based on the Company's articles of association. These remunerations were expensed under operating costs or expenses for the year.

For the years ended December 31, 2023, no remunerations to employees and directors were accrued due to the loss incurred by the Group.

The actual remunerations to employees and directors in 2022 amounted to \$71,000 and \$15,000, respectively, were based on the resolution decided during the board of directors' meeting held on March 28, 2023. Except for the employee remuneration of \$46,000 in stock, all other remunerations will be paid in cash and had already been reported in the shareholders' meeting on June 20, 2023.

The differences between the estimated amounts in the financial statements and the actual amounts approved by the board of directors, if any, shall be accounted for as changes in accounting estimates and recognized as profit or loss in the following year.

As mentioned above, the differences between the actual amounts and the estimated amounts of the remuneration to employees and directors for the years ended 2022 had been adjusted accordingly.

For further information, please refer to "Market Observation Post System".

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(u) Other non-operating income and expenses

(i) Interest income

	2024	2023
Interest income from bank deposits	<u><u>\$ 28,340</u></u>	<u><u>29,371</u></u>

(ii) Other income

	2024	2023
Government grants	\$ 803	616
Other income	<u>12,793</u>	<u>10,332</u>
Total	<u><u>\$ 13,596</u></u>	<u><u>10,948</u></u>

(iii) Other gains and losses

	2024	2023
(Losses) gains on disposal of property, plant, and equipment	\$ (1,851)	15
Foreign exchange gains	9,549	8,730
Gains on disposal of lease-back right-of-use-assets and lease liabilities	-	98,247
Other non-operating expenses	<u>(7,515)</u>	<u>(488)</u>
Other gains and losses, net	<u><u>\$ 183</u></u>	<u><u>106,504</u></u>

(iv) Financial costs

	2024	2023
Interest expense		
Interest on bank and non-financial institution loans	\$ 155,362	144,185
Interest on lease liabilities	18,720	11,760
Short-term notes and bills payable	1,904	3,717
Bonds payable	-	20
Total	<u><u>\$ 175,986</u></u>	<u><u>159,682</u></u>

(v) Financial instruments

(i) Credit risk

1) Credit risk from receivables

For notes and accounts receivable, as well as other receivables, which are exposed to credit risk, please refer to note (6)(b) and note (6)(c), respectively.

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2) Credit risk exposure

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

3) Concentration of credit risk

Customers of the Group are mainly concentrated in off-line retail of internet cables and power code products. In order to lower the credit risk of accounts receivable, the Group continuously examines the financial situation of customers and periodically assess the recoverability of accounts receivable, recognizing allowances for bad debt when necessary. The losses on doubtful debts were within the expectations of management. As of December 31, 2024 and 2023 five clients contributed to 58% and 57%, respectively, of the accounts receivable, hence, the Group has a significant concentration on credit risk.

(ii) Liquidity risk

The following are the dates of contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

	Carrying value	Contractual cash flow	Within 1 year	1-2 years	2-5 years	Over 5 years
December 31, 2024						
Non-derivative financial liabilities						
Short-term borrowings	\$ 2,730,118	2,756,523	2,756,523	-	-	-
Short-term notes and bills payable	79,823	80,000	80,000	-	-	-
Notes and accounts payable	1,082,110	1,082,110	1,082,110	-	-	-
Other payables	420,408	420,408	420,408	-	-	-
Lease liabilities - current and noncurrent	591,246	668,913	174,167	151,697	337,717	5,332
Long-term borrowings (includes current portion)	<u>1,142,518</u>	<u>1,172,816</u>	<u>953,175</u>	<u>84,331</u>	<u>72,531</u>	<u>62,779</u>
Total	\$ 6,046,223	6,180,770	5,466,383	236,028	410,248	68,111
December 31, 2023						
Non-derivative financial liabilities						
Short-term borrowings	\$ 2,272,353	2,294,610	2,294,610	-	-	-
Short-term notes and bills payable	99,830	100,000	100,000	-	-	-
Notes and accounts payable	1,185,419	1,185,419	1,185,419	-	-	-
Other payables	526,696	526,696	526,696	-	-	-
Lease liabilities - current and noncurrent	315,810	341,673	104,166	73,620	152,396	11,491
Long-term borrowings (includes current portion)	<u>1,164,785</u>	<u>1,211,450</u>	<u>975,054</u>	<u>70,163</u>	<u>96,835</u>	<u>69,398</u>
Total	\$ 5,564,893	5,659,848	5,185,945	143,783	249,231	80,889

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amount.

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YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Market risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follow:

(In Thousands of Foreign Currencies)

	December 31, 2024			December 31, 2023		
	Local currency	Exchange rate	TWD	Local currency	Exchange rate	TWD
<u>Financial assets:</u>						
<u>Monetary items</u>						
USD	\$ 43,451	32.74	1,422,368	22,800	30.66	698,934
HKD	888	4.19	3,722	1,112	3.92	4,363
CNY	1,114	4.55	5,073	1,243	4.33	5,380
EUR	1,276	33.94	43,307	780	33.78	26,348
CAD	1,028	25.54	26,255	1,071	23.92	25,615
<u>Financial liabilities:</u>						
<u>Monetary items</u>						
USD	38,041	32.74	1,245,272	29,325	30.66	898,958

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the foreign currency exchange gain and losses on cash and cash equivalents, accounts receivable, other receivables, accounts payable, other payables, and loans and borrowings, which are denominated in foreign currency. The overall effects to the profit before income tax for the years ended December 31, 2024 and 2023, assuming the TWD appreciated by 1%, were decrease of \$2,555 and increase of \$1,383, respectively. The analysis is performed on the same basis for the prior year.

3) Exchange gains and losses of monetary item

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2024 and 2023, the foreign exchange gain (loss) (including both realized and unrealized) amounted to \$9,549 and \$8,730, respectively.

4) Interest rate analysis

The exposure to interest rate risk for financial assets and liabilities were already discussed in the section on liquidity risk management.

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. For liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The liabilities with variable interest rates of the Group all have related contractual agreements, and the Group calculates interest based on the notice of interest payment provided by the bank. When reporting to management, the interest rate is expressed at a rate of change of 1% (increase and decrease). This rate also represents management's assessment on the reasonable interval of interest rate change.

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YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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If the interest rate had increased by 1% at the reporting date, all things held constant, the profit before income tax would have decreased by \$38,726 and \$34,371 for the years ended December 31, 2024 and 2023, respectively, which mainly results from bank loans with variable interest rates.

(iv) Fair value of financial instruments

Types of financial instruments and fair value.

The carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It shall not include the fair value information of the financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value.

(w) Financial risk management

(i) Overview

By using financial instruments, the Group is exposed to the following:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

Detailed information on the exposure to risks, the Group's objectives, policies, and process for managing the aforementioned risks are listed below.

(ii) Risk management framework

The Board of directors is responsible for establishing and supervising the risk management framework of the Group. The Board authorizes each department to manage different controls, with the operations and finance department mainly in charge of managing risks with regards to sales and finances and controlling the overall risk management policy of the Group. The department periodically submits reports to the director and chief executive officer regarding the performance of the framework and reports to the board when necessary.

The risk management policies are built on identifying and analyzing risks that the Group faces. The Group determines and establishes certain risk limits and controls and monitors to see whether risk limits are being followed. Risk management policy and systems are periodically reviewed to reflect changes in market conditions and the consequent changes in the Group's operations. Through advocating and through the usage of management policies and operation procedures, the Group intends to develop a disciplined and constructive control environment with engaging employees who understand their own roles and responsibilities.

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(iii) Credit risk

Credit risk is the risk of financial loss to the Group when its customer fails to meet its contractual obligations. The maximum exposure to credit risk is mainly from items below:

1) Accounts receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. The Group's finance department has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's credit limits are offered. The review of creditworthiness involves inspecting credit information provided by the customer and customers' prior years and current years payment records, or appointing institutions to perform credit checks. Credit limits are established for each customer and are reviewed periodically. The Group's receivables include various categories of customers, located in different geographical area. The Group manages its customers' credit risk exposure with based on of their financial condition, and will purchase credit and guarantee insurance when necessary.

The Group set the loss allowance account to reflect the estimated losses for accounts receivable. The loss allowance account consists of specific losses relating to individually significant exposure and the unrecognized losses arising from similar assets groups. The loss allowance account is based on historical collection record of similar financial assets.

2) Investments

The credit risk exposure in bank deposits and other financial instruments are measured and monitored by the Group's finance department. Since the Group's transaction counterparties and contractually obligated counterparties are banks, financial institutes and corporate organizations with good credits, there are no compliance issues, and therefore no significant credit risk.

3) Endorsements and guarantees

Pursuant to the Group's policies, it is only permissible to provide financial guarantees to wholly-owned subsidiaries. For the endorsements provided to subsidiaries as of December 31, 2024, please refer to note (13)(a)(ii).

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group's approach to manage liquidity is to periodically examine whether current funds are sufficient to cover operations. In the case that funds are insufficient, the Group shall arrange for financings from banks in advance in order to have enough funds on hand to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

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The Group uses activity-based costing in the estimation of costs of its products and services in order to monitor the cash flow needs and ideal return on cash investments. In general, the Group ensures that there is sufficient funds to cover expected operating expenditures for 60 days, including fulfilments of financial obligation, but excluding the potential effects of extreme circumstances that cannot be reasonably expected, such as natural disasters. In addition, unused credit lines as of December 31, 2024 and 2023 were \$2,818,201 and \$2,134,302 and, respectively.

(v) Market risk

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

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollars (TWD), the Euro, and US Dollars (USD). The currencies used in these transactions are denominated in TWD, USD, and CNY.

Interest on loans are calculated based on the principal. In general, the currency of loans are the same as the currency of the cash flow from operations, which are primarily in New Taiwan Dollars. Certain loans are denominated in US dollars, but because the Group did not use forward exchange contracts or other derivative instruments, hedge accounting is not applied.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Cash flow risk related to interest rate change

Short and long-term borrowings of the Group are considered as debts with variable rates. Thus, the interest rate change in the market will also affect the change in the weighted average interest rate of the short- and long-term borrowings, as well as the future cash flow.

(x) Capital management

The policy of the Board is aimed towards managing capital to safeguard the capacity to continue to operate and to maximize the returns to shareholders through maintaining an optimal capital structure. Capital includes the share capital of the Group, capital surplus, and retained earnings. The Board controls return on capital while simultaneously overseeing the level of dividends on common stock.

The Group manages its capital using debt-to-equity ratio, which is calculated by dividing the net debt by shareholder's equity. The net debt equals to the total liabilities in the balance sheet, minus cash and cash equivalent; and the shareholder's equity equals to net debt, plus all components of equity, including ordinary shares, capital surplus, retained earnings, and other equity interest.

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The debt-to-equity ratio as of the reporting date were as follows:

	December 31, 2024	December 31, 2023
Total liabilities	\$ 6,473,919	5,987,283
Less : cash and cash equivalents	<u>(1,420,208)</u>	<u>(1,372,418)</u>
Net liabilities	5,053,711	4,614,865
Total equity (excluding non-controlling interests)	<u>3,306,406</u>	<u>3,056,468</u>
Adjust capital (aka the shareholder's equity)	<u>\$ 8,360,117</u>	<u>7,671,333</u>
Debt-to-equity ratio	<u>60 %</u>	<u>60 %</u>

In 2023, due to the ongoing stage of inventory destocking in the overall international economic environment, the Company experienced temporary operational losses. Hence, the Company will continue to adjust its operational strategy and enhance its working capital management. Additionally, the Company will replenish its working capital and optimize its financial structure through future operational profits. However, the Group incurred earnings in 2024, hence, it will continue to refine its aforementioned operational strategies.

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

- (i) Please refer to note (6)(f) and (n) sets out information about the right-of-use asset had got from lease.
- (ii) Please refer to note (6)(l) and (q) for information on the conversion of convertible bonds to ordinary shares.
- (iii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2024	Cash inflow	Cash Outflow	Foreign exchange movement	Non-cash changes		December 31, 2024
					Increase (decrease) in right-of-use assets and disposal of lease liability	Conversion of convertible bonds and Others	
Short-term borrowings	\$ 2,272,353	3,558,781	(3,149,987)	48,971	-	-	2,730,118
Short-term notes and bills payable	99,830	-	(20,007)	-	-	-	79,823
Lease liabilities	315,810	-	(117,254)	24,303	368,387	-	591,246
Long-term borrowings (includes current portion)	1,164,785	1,102,115	(1,159,340)	34,958	-	-	1,142,518
Total liabilities from financing activities	<u>\$ 3,852,778</u>	<u>4,660,896</u>	<u>(4,446,588)</u>	<u>108,232</u>	<u>368,387</u>	<u>-</u>	<u>4,543,705</u>

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	January 1, 2023	Cash inflow	Cash Outflow	Non-cash changes			December 31, 2023
				Foreign exchange movement	Increase in Right-of-use assets	Conversion of convertible bonds and Others	
Short-term borrowings	\$ 2,023,640	3,382,079	(3,122,440)	(10,926)	-	-	2,272,353
Short-term notes and bills payable	229,737	-	(129,907)	-	-	-	99,830
Bonds payable (includes current portion)	16,662	-	(100)	-	-	(16,562)	-
Lease liabilities	562,360	-	(135,521)	3,493	(114,522)	-	315,810
Long-term borrowings (includes current portion)	1,584,122	1,161,380	(1,584,096)	3,379	-	-	1,164,785
Total liabilities from financing activities	<u>\$ 4,416,521</u>	<u>4,543,459</u>	<u>(4,972,064)</u>	<u>(4,054)</u>	<u>(114,522)</u>	<u>(16,562)</u>	<u>3,852,778</u>

(7) Related-party transactions:

(a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

(b) Names and relationship with related parties

Name of related party	Relationship with the Group
All directors, directors, general managers, etc.	Key management personnel

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2024	2023
Short-term employee benefits	\$ 25,456	30,878
Post-employment benefits	428	544
Total	<u>\$ 25,884</u>	<u>31,422</u>

For the years ended December 31, 2024, the Group rented 3 vehicles for its management use. The amount of right-of-use depreciation and interest recognized was \$3,251, and the balance of lease liabilities amounted to \$2,995 (including current and non-current).

For the years ended December 31, 2023, the Group rented 3 vehicles for its management use. The amount of right-of-use depreciation and interest recognized was \$3,803, and the balance of lease liabilities amounted to \$2,539 (including current and non-current).

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(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Pledged to secure	December 31, 2024	December 31, 2023
Land ,plant and buildings	Long-term borrowings	\$ 245,295	247,366
Other financial asset — non-current	Long-term borrowings	6,940	6,190
Guarantee deposits paid	Long-term borrowings and Customs security deposits	343	338
Total		<u><u>\$ 252,578</u></u>	<u><u>253,894</u></u>

(9) Commitments and contingencies:

(a) Unrecognized contractual commitments

(i) The Group entered into separate agreements with its suppliers for the purchase of copper. If the Group makes payments in advance, the Group may claim a discount based on the agreements, starting from the payment date until the shipment date. In the event the Group did not comply with provisions and terms in the contract, the Group shall pay interest on the amount overdue. Details of contracts are summarized as follows:

Supplier	Contract Period	Pricing Terms	Product	Breach Clause
A	2025.01~2025.12	Average price (in USD) listed in LME of the previous month, plus, US\$148, multiplied by the spot exchange rate released by Bank of Taiwan, plus, an additional amount of \$8,300 per ton of conversion cost	685~1,015 tons of copper wire	Late payment surcharge at 10% annual rate
F	2025.02~2025.12	Average price (in USD) listed in LME of the previous month, plus, US\$148, multiplied by the spot exchange rate released by Bank of Taiwan, plus, an additional amount of \$8,300 per ton of conversion cost	385~990 tons of copper wire	1. Late payment surcharge at 10% rate per year 2. Supplier can demand back parts of the unpaid purchased wires upon overdue

(ii) The Group's unrecognized contractual commitments are as follows:

Acquisition of equipments and software	December 31, 2024	December 31, 2023
	<u><u>\$ 32,095</u></u>	<u><u>79,032</u></u>

(iii) Unused letters of credit: None.

(iv) For endorsement and guarantees between related parties, please refer to note (13)(a)(ii).

(b) Significant contingencies: None.

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other:

(a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

by Function by Nature	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit						
Salaries (including employee remuneration)	270,275	667,980	938,255	263,672	693,201	956,873
Labor and health insurance (Note 1)	18,114	95,502	113,616	7,672	88,139	95,811
Pension (Note 2)	6,460	25,309	31,769	5,902	22,174	28,076
Remuneration of directors	-	5,629	5,629	-	1,600	1,600
Other employee benefits	15,909	18,130	34,039	5,401	16,377	21,778
Depreciation	36,841	191,370	228,211	40,940	166,188	207,128
Amortization	859	57,182	58,041	798	47,120	47,918

Note 1: Includes local social insurance of China subsidiaries, such as employment injury insurance, maternity insurance, medical insurance, unemployment insurance, and housing provident fund.

Note 2: Includes local endowment insurance of China subsidiaries.

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

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

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Collateral		Individual funding loan limits (Note 3)	Maximum limit of fund financing (Note 3)
												Item	Value		
0	The Company	YUE FONG COMPANY LIMITED	Other receivables	Yes	31,950 (USD1,000 thousand)	16,368 (USD500 thousand)	16,368	1%	2	-	Business operation	-	-	826,602	1,322,562
0	The Company	YFC BONEAGLE ELECTRONIC TECHNOLOGY PHILS. CORPORATION	Other receivables	Yes	90,986 (USD2,800 thousand)	- (USD - thousand)	-	-	1	2,351,302	Business transactions	-	-	2,351,302	2,351,302
1	EUROPOWER INTERNATIONAL LIMITED	The Company	Other receivables	Yes	826,200 (USD25,500 thousand)	752,905 (USD23,000 thousand)	752,905	-	2	-	Business operation	-	-	831,742	831,742
2	YFC-BONEAGLE ELECTRIC (B.V.I.) CO., LTD.	YFC DEVELOPMENT CORPORATION	Other receivables	Yes	98,355 (USD3,000 thousand)	98,205 (USD3,000 thousand)	93,612	-	2	-	Business operation	-	-	3,494,053	3,494,053
2	YFC-BONEAGLE ELECTRIC (B.V.I.) CO., LTD.	The Company	Other receivables	Yes	475,383 (USD14,500 thousand)	376,453 (USD11,500 thousand)	376,453	-	2	-	Business operation	-	-	3,494,053	3,494,053
2	YFC-BONEAGLE ELECTRIC (B.V.I.) CO., LTD.	PREMIUM-LINE KSI GMBH	Other receivables	Yes	60,044 (EUR1,700 thousand)	57,698 (EUR1,700 thousand)	56,899	-	2	-	Business operation	-	-	3,494,053	3,494,053
2	YFC-BONEAGLE ELECTRIC (B.V.I.) CO., LTD.	YFC BONEAGLE INTERNATIONAL, INC.	Other receivables	Yes	140,976 (USD4,300 thousand)	140,761 (USD4,300 thousand)	139,383	-	2	-	Business operation	-	-	3,494,053	3,494,053
3	UNC INVESTMENT & DEVELOPMENT INC.	PRIME WIRE & CABLE INC.	Other receivables	Yes	295,065 (USD9,000 thousand)	294,615 (USD9,000 thousand)	155,491	3%	2	-	Business operation	-	-	1,714,744	1,714,744
3	UNC INVESTMENT & DEVELOPMENT INC.	MONOPRICE INC.	Other receivables	Yes	917,980 (USD28,000 thousand)	916,580 (USD28,000 thousand)	916,580	3%	2	-	Business operation	-	-	1,714,744	1,714,744

Note 1: The numbers are filled in as follows:

1. 0 represents the Company
2. Investees are sorted in numerical order starting from 1.

Note 2: Purposes of financing are labelled as follows:

- 1.1 represents fundings for parties who has business relationship with the Company .
- 2.2 represents fundings for parties with short-term financing needs.

Note 3: The allowable aggregate amount of financing provided to others may not exceed 40% of the net worth of the Company, and the maximum financing provided to an individual company may not exceed 25% of the net worth of the Company. The allowable aggregate amount of financing provided by subsidiaries to others may not exceed the net worth of the subsidiary, and maximum financing provided to an individual company may not exceed the net worth of the subsidiary. For fundings to companies with business relationships with the Company, the total amount of such fundings shall not exceed the total transaction between the parties during the past year, wherein total transactions refer to the higher of amounts purchased or sold.

Note 4: In preparing the consolidated financial report, the transactions listed above have been eliminated.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor (Note 1)	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements (Note 3)	Maximum amount for guarantees and endorsements (Note 4)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	WUXI UNIVERSAL NETWORK CORPORATION	1, 2	3,306,406	843,027	602,231	357,468	-	18.21 %	6,612,812	Y	N	Y
0	The Company	YFC-EUROPOWER INTERNATIONAL CO., LTD.	1, 2	3,306,406	200,000	100,000	7,398	-	3.02 %	6,612,812	Y	N	N
1	UNC INVESTMENT & DEVELOPMENT INC.	MONOPRICE, INC.	1, 4	1,714,744	393,420	392,820	343,718	-	11.88 %	3,429,488	N	N	N

Note 1: The numbers are filled in as follows:

1. 0 represents the Company.

2. Investees are sorted in numerical order starting from 1.

Note 2: According to the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" issued by the R.O.C. Securities and Futures Bureau, receiving parties should be disclosed as one of the followings:

1. A company with which it does business.

2. A company in which the public company directly and indirectly holds more than 50% of the voting shares.

3. A company that directly and indirectly holds more than 50% of the voting shares in the public company.

4. A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.

5. A company that fulfills its contractual obligations by providing mutual endorsements/ guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

6. A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The amount of endorsements or guarantees to an individual company may not exceed 20% of the Company's net worth based on the most current financial statements, and the amount for overseas affiliated companies may not exceed the Company's net worth. The total amount of endorsements or guarantees provided by the Company and its subsidiaries may not exceed 200% of the Company's current net worth, and the amount of endorsements or guarantees to an individual company may not exceed 20% of the Company's current net worth. In the event the total amount exceeds more than 50% of the Company's net worth, an explanation shall be made in the shareholders' meeting. The amount of endorsements or guarantees provided by subsidiaries to overseas affiliates may not exceed the net worth of the subsidiary. Where endorsements or guarantees are provided to a company due to its business relationship with the Company, the amount may not exceed total transactions in the past year, wherein the transaction amount is the higher of the amount of purchase or sales. Current net worth is based on the most recent audited financial statements.

Note 4: The maximum amount of endorsements for investees have been approved in the board of directors' meeting.

Note 5: In preparing the consolidated financial report, the transactions listed above have been eliminated.

(iii) Securities held as of December 31, 2024 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
YFC-BONEAGLE ELECTRIC (B.V.I.) CO., LTD.	Stock TAIPIN CIRCULATING ENTERPRISE CO., LTD.	The Company holds around 15.81% shares in the investee.	Non-current financial assets at fair value through other comprehensive	-	-	15.81 %	-	15.81 %	1

Note 1: In 2015, the Group determined that the investee was showing indications of impairments and recognized the full amount of impairment loss. In 2016, the investee ceased its business operation, and have yet to be liquidated as of December 31, 2024.

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details (Note 4)				Transactions with terms different from others		Notes/Accounts receivable (payable) (Note 4)		Note
			Purchase/Sale	Amount (Note 1)	Percentage of total purchases (sales)	Payment terms	Unit price	Payment terms	Ending balance (Note 2)	Percentage of total notes/accounts receivable (payable)	
The Company	WUXI UNIVERSAL NETWORK CORPORATION	Parent company to subsidiary	Purchases	1,075,364 (USD33,478 thousand)	23.63 %	OA 90 days	-	-	(599,259) (USD18,306 thousand)	(74.69)%	
The Company	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	Parent company to subsidiary	Purchases	2,351,302 (USD73,211 thousand)	51.66 %	OA 90 days	-	-	(114,589) (USD3,500 thousand)	(14.28)%	
PRIME WIRE & CABLE, INC.	The Company	Subsidiary to parent company	Purchases	731,360 (USD22,779 thousand)	38.54 %	OA 90 days	-	-	(46,089) (USD1,408 thousand)	(23.28)%	
YFC-EUROPOWER INTERNALTIONAL CO., LTD	The Company	Subsidiary to parent company	Purchases	218,236 (USD6,810 thousand)	21.81 %	OA 90 days	-	-	(308,612) (USD9,428 thousand)	(66.57)%	
MONOPRICE, INC.	YFC-EUROPOWER INTERNALTIONAL CO., LTD	Subsidiary to subsidiary	Purchases	858,543 (USD26,693 thousand)	61.20 %	OA 60 days	-	-	(520,137) (USD15,880 thousand)	(70.63)%	
BESTLINK NETWARE INC.	YFC-EUROPOWER INTERNALTIONAL CO., LTD	Subsidiary to subsidiary	Purchases	196,870 (USD6,129 thousand)	100.00 %	OA 90 days	-	-	(103,282) (USD3,155 thousand)	(100.00)%	
YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	WUXI UNIVERSAL NETWORK CORPORATION	Subsidiary to subsidiary	Purchases	212,743 (USD6,624 thousand)	9.68 %	OA 90 days	-	-	(215,979) (USD6,598 thousand)	(34.16)%	
YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	DONGGUAN YFC-BONEAGLE ELECTRONIC TECHNOLOGY CO., LTD.	Subsidiary to subsidiary	Purchases	263,609 (USD8,208 thousand)	11.99 %	OA 90 days	-	-	(144,540) (USD4,415 thousand)	(22.86)%	

Note 1: For transactions in CNY, the amount shown above is the amount (in NTD) recorded on the Company's books. In addition, transactions in USD are translated into NTD using the average exchange rate of 32.1154.

Note 2: Assets denominated in USD are translated into NTD at the exchange rate of 32.735.

Note 3: In preparing the consolidated financial report, the transactions listed above have been eliminated.

Note 4: Related-party transactions on sales and receivables are disclosed in note (13)(a)(x).

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	YFCBONEAGLE INTERNATIONAL, INC.	Parent company to subsidiary	Accounts receivable: 110,245	0.83	-	-	3,273	-
The Company	YFC-EUROPOWER INTERNATIONAL CO., LTD	Parent company to subsidiary	Accounts receivable: 308,612	0.82	-	-	-	-
DONGGUAN YFC-BONEAGLE ELECTRONIC TECHNOLOGY CO., LTD.	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	Subsidiary to subsidiary	Accounts receivable: 144,540	1.77	-	-	35,249	-
WUXI UNIVERSAL NETWORK CORPORATION	The Company	Subsidiary to parent company	Accounts receivable: 599,259	2.28	-	-	181,062	-
WUXI UNIVERSAL NETWORK CORPORATION	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	Subsidiary to subsidiary	Accounts receivable: 215,979	0.69	-	-	17,162	-
YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	The Company	Subsidiary to parent company	Accounts receivable: 114,589	23.50	-	-	86,783	-

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
YFC-EUROPOWER INTERNALTIONAL CO., LTD	MONOPRICE INC.	Subsidiary to subsidiary	Accounts receivable: 520,137	1.90	-	-	68,196	-

Note 1: The information above shows subsequent collection of accounts receivable – related party as of March 4, 2025.

Note 2: For transactions in CNY, the amount shown above is the amount (in NTD) recorded on the Company's books. In addition, transactions in USD are translated into NTD using the average exchange rate of 32.1154.

Note 3: Assets denominated in USD are translated into NTD at the exchange rate of 32.735.

Note 4: In preparing the consolidated financial report, the transactions listed above have been eliminated.

(ix) Trading in derivative instruments:None.

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions for the years ended December 31, 2024 (Note 3)			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
0	The Company	PRIME WIRE & CABLE, INC.	1	Sales	731,360	A percentage of gross profit	7%
0	The Company	PRIME WIRE & CABLE, INC.	1	Accounts Receivable	46,089	OA 90 days	-%
0	The Company	YFC-EUROPOWER INTERNALTIONAL CO., LTD	1	Sales	218,236	A percentage of gross profit	2%
0	The Company	YFC-EUROPOWER INTERNALTIONAL CO., LTD	1	Accounts Receivable	308,612	OA 90 days	3%
0	The Company	YFC-BONEAGLE INTERNATIONAL, INC.	1	Sales	84,431	A percentage of gross profit	1%
0	The Company	YFC-BONEAGLE INTERNATIONAL, INC.	1	Accounts Receivable	110,245	OA 90 days	1%
0	The Company	YUE FONG COMPANYLIMITED	1	Other Receivables	16,368	Based on collection status	-%
0	The Company	YFC-EUROPOWER INTERNALTIONAL CO., LTD	1	Other Receivables	103,149	The Company payment for goods on behalf of the subsidiary	1%
0	The Company	YFC-BONEAGLEELECTRONIC TECHNOLOGY PHILS.Corp.	1	Other income	344,643	The Company payment for goods on behalf of the subsidiary	4%
1	EUROPOWER INTERNATIONAL LIMITED	The Company	2	Other Receivables	26,051	The Company collection on sales goods on behalf of the subsidiary	-%
1	EUROPOWER INTERNATIONAL LIMITED	The Company	2	Other Receivables	752,905	Based on collection status	8%
2	DONGGUAN YFC	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	3	Sales	263,609	A percentage of gross profit	3%
2	DONGGUAN YFC	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	3	Accounts Receivables	144,540	OA 90 days	1%
2	DONGGUAN YFC	WUXI UNIVERSAL	3	Sales	20,252	A percentage of gross profit	-%
3	WUXI UNIVERSAL	The Company	2	Sales	1,075,364	A percentage of gross profit	11%
3	WUXI UNIVERSAL	The Company	2	Accounts Receivables	599,259	OA 90 days	6%
3	WUXI UNIVERSAL	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	3	Sales	212,743	A percentage of gross profit	2%

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions for the years ended December 31, 2024 (Note 3)			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
3	WUXI UNIVERSAL	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	3	Accounts Receivable	215,979	OA 90 days	2%
3	WUXI UNIVERSAL	PREMIUM-LINE KSI GMBH	3	Accounts Receivables	29,035	OA 90 days	-%
4	UNC INVESTMENT & DEVELOPMENT INC.	PRIME WIRE & CABLE, INC.	3	Other Receivables	155,491	Based on collection status	2%
4	UNC INVESTMENT & DEVELOPMENT INC.	MONOPRICE INC.	3	Other Receivables	916,580	Based on collection status	9%
4	UNC INVESTMENT & DEVELOPMENT INC.	PRIME WIRE & CABLE, INC.	3	Rental income	28,135	Changed monthly	-%
4	UNC INVESTMENT & DEVELOPMENT INC.	MONOPRICE INC.	3	Interest income	27,573	Changed monthly	-%
5	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	The Company	2	Sales	2,351,302	A percentage of gross profit	23%
5	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	The Company	2	Accounts Receivable	114,589	OA 90 days	1%
5	YFC-BONEAGLE ELECTRONIC TECHNOLOGY PHILS. Corp.	WUXI UNIVERSAL	3	Accounts Receivable	31,586	OA 90 days	-%
6	YFC-EUROPOWER INTERNALTIONAL CO., LTD	MONOPRICE INC.	3	Sales	858,543	A percentage of gross profit	9%
6	YFC-EUROPOWER INTERNALTIONAL CO., LTD	MONOPRICE INC.	3	Accounts Receivable	520,137	OA 60 days	5%
6	YFC-EUROPOWER INTERNALTIONAL CO., LTD.	BESTLINK NETWARE INC.	3	Sales	196,870	A percentage of gross profit	2%
6	YFC-EUROPOWER INTERNALTIONAL CO., LTD.	BESTLINK NETWARE INC.	3	Accounts Receivable	103,282	OA 90 days	1%
6	YFC-EUROPOWER INTERNALTIONAL CO., LTD.	YFC-BONEAGLE INTERNATIONAL, INC.	3	Accounts Receivable	32,784	OA 90 days	-%
7	YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	The Company	2	Other Receivable	376,453	Based on collection status	4%
7	YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	YFC DEVELOPMENT CORPORATION	3	Other Receivable	93,612	Based on collection status	1%
7	YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	YFC-BONEAGLE INTERNATIONAL, INC.	3	Other Receivable	139,383	Based on collection status	1%
7	YFC-BONEAGLE ELECTRIC (B.V.I) CO., LTD.	PREMIUM-LINE KSI GMBH	3	Other Receivable	56,899	Based on collection status	1%
8	MONOPRICE INC.	UNC INVESTMENT & DEVELOPMENT INC.	3	Rental income	39,644	Charged monthly	-%

Note 1: The numbers are filled in as follows:

1. 0 represents the Company.
2. Investees are sorted in numerical order starting from 1.

Note 2: The nature of the relationship is labelled as follows:

1. represents transactions from the Company to subsidiaries.
2. represents transactions from subsidiaries to the Company.
3. represents transactions between subsidiaries.

Note 3: For business transactions between the Company and its subsidiaries, only the information on sales and accounts receivable are disclosed; the corresponding purchase and accounts payable are not listed.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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(b) Information on investees:

The following is the information on investees for the years ended December 31, 2024 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2024			Highest Percentage of ownership	Net income (losses) of investee	Investment income (loss)	Note
				December 31, 2024	December 31, 2023	Shares (thousands)	Percentage of Ownership	Carrying value				
The Company	YFC-BONEAGLE ELECTRIC (B.V.I.) CO., LTD.	B.V.I.	Holding company set up for investments in Philippines, China and USA	1,665,613 (USD50,876 thousand)	1,665,613 (USD50,876 thousand)	53,906	100.00 %	3,452,841	100.00 %	234,963	255,380	The difference between the subsidiary's profit and loss, and the Company's recognized profit and loss was due to the decreasing in downstream unrealized gain amounting to \$10,047 and the decreasing in sidestream unrealized gain amounting to \$10,370.
"	BESTLINK NETWARE INC.	USA	Trading business	31,393 (USD1,000 thousand)	31,393 (USD1,000 thousand)	1,000	100.00 %	44,548	100.00 %	6,548	6,548	
"	UNC INVESTMENT & DEVELOPMENT, INC.	USA	Real estate investment business	1,496 (USD50 thousand)	1,496 (USD50 thousand)	50	100.00 %	1,714,744	100.00 %	24,331	24,331	
"	PREMIUM-LINE KSI GMBH	Austria	Trading business	28,193 (EUR600 thousand)	28,193 (EUR600 thousand)	-	100.00 %	(80,279)	100.00 %	(11,939)	(11,939)	
"	MONOPRICE HOLDINGS, INC	USA	Holding company set up for investments in USA	1,031,853 (USD32,507 thousand)	1,031,853 (USD32,507 thousand)	100	100.00 %	115,085	100.00 %	(173,973)	(173,973)	
"	PREMIUM-LINE SYSTEMS GMBH	Germany	Trading business	1,503 (EUR43 thousand)	1,503 (EUR43 thousand)	-	100.00 %	424	100.00 %	-	-	
"	YUE FONG COMPANY LIMITED	Vietnam	Trading business	5,989 (USD200 thousand)	5,989 (USD200 thousand)	-	100.00 %	(12,625)	100.00 %	(4,382)	(4,382)	
"	YFC-EUROPOWER INTERNATIONAL CO., LTD.	Taiwan	Trading business	500	500	50	100.00 %	52,157	100.00 %	44,888	44,888	
YFC-BONEAGLE ELECTRIC (B.V.I.) CO., LTD.	YFC-BONEAGLE HOLDINGS (CAYMANS) CO., LTD.	CAYMANS	Holding company set up for investments in China and USA	622,988 (USD18,807 thousand)	622,988 (USD18,807 thousand)	22,807	100.00 %	1,318,774	100.00 %	56,201	56,201	
"	EUROPOWER INTERNATIONAL LIMITED	B.V.I	Trading business	161,778 (USD4,890 thousand)	161,778 (USD4,890 thousand)	4,890	100.00 %	831,742	100.00 %	(10,717)	(10,717)	
"	UNIVERSAL NETWORK CORPORATION	Samoa	Holding company set up for investments in China	646,459 (USD20,000 thousand)	646,459 (USD20,000 thousand)	20,000	100.00 %	602,284	100.00 %	(40,472)	(40,472)	
"	MAX SYNERGY LIMITED	Samoa	Holding company set up for investments in China	23,392 (USD720 thousand)	23,392 (USD720 thousand)	720	80.00 %	20,881	80.00 %	-	-	
"	PREMIUM LINE ASIA LTD.	Samoa	Trading business	1,472 (USD50 thousand)	1,472 (USD50 thousand)	50	100.00 %	674	100.00 %	65	65	
"	YFC-BONEAGLE INTERNATIONAL, INC	Philippines	Trading business	18,558 (USD653 thousand)	18,558 (USD653 thousand)	653	100.00 %	(7,992)	100.00 %	(6,136)	(6,136)	
"	YFC DEVELOPMENT CORPORATION	Philippines	Real estate investment business	608 (USD20 thousand)	608 (USD20 thousand)	75	100.00 %	(1,875)	100.00 %	(2,432)	(2,432)	
"	YFC BONEAGLE ELECTRONIC TECHNOLOGY PHILS. CORPORATION	Philippines	Manufacturing and sales of power cable, wires, network equipment and cable	6,170 (USD200 thousand)	6,170 (USD200 thousand)	200	100.00 %	68,752	100.00 %	213,854	213,854	
"	BESZIN COPORATION INC.	Samoa	Trading business	3,085 (USD100 thousand)	3,085 (USD100 thousand)	1,000	100.00 %	15,417	100.00 %	112	112	
YFC-BONEAGLE HOLDINGS (CAYMANS) CO., LTD.	PRIME WIRE & CABLE, INC.	USA	Sale of electronic calculator software and hardware, network equipment and electronic appliances	511,700 (USD15,500 thousand)	511,700 (USD15,500 thousand)	15,500	100.00 %	1,105,474	100.00 %	48,476	48,476	
MONOPRICE HOLDINGS, INC	MONOPRICE, INC.	USA	Trading business	1,031,853 (USD32,507 thousand)	1,031,853 (USD32,507 thousand)	500	100.00 %	115,085	100.00 %	(173,973)	(173,973)	

Note: In preparing the consolidated financial report, the transactions listed above have been eliminated.

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note1)	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2024 (Note 3)	Net income (losses) of the investee	Percentage of ownership	Highest Percentage of ownership	Investment income (losses) (Note 2)	Carrying amount as of December 31, 2024	Accumulated remittance of earnings in current period
					Outflow	Inflow							
DONGGUAN YFC-BONEAGLE ELECTRONIC TECHNOLOGY CO., LTD.	Manufacturing and sale of power cables, wires, and outlets	112,978 (USD3,387 thousand)	(2)	111,474 (USD7,007 thousand)	-	-	111,474 (USD3,007 thousand)	5,898	100.00%	100.00 %	5,898 (1)	188,695	-
WUXI UNIVERSAL NETWORK CORPORATION	Manufacturing and sale of high-speed high-frequency LAN cables	646,459 (USD20,000 thousand)	(2)	646,459 (USD20,000 thousand)	-	-	646,459 (USD20,000 thousand)	(43,214)	100.00%	100.00 %	(43,214) (1)	598,007	-
CHENZHOU YFC-BONEAGLE ELECTRONIC CO., LTD.	Processing and sale of communication products and internet cables	- (USD - thousand)	(2)	9,593 (USD300 thousand)	-	-	9,593 (USD300 thousand)	-	-%	- %	- (1)	- (Note 5)	-
T-MARK	Wholesaling business	900,877 (HKD234,228 thousand)	(2)	167,022 (HKD42,000 thousand)	-	-	167,022 (HKD42,000 thousand)	-	15.81%	15.81 %	- (2)	(Note 6)	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA (Note 3 and 5)	Upper Limit on Investment (Note 4)
934,389 (USD28,968 thousand)	941,156 (USD29,047 thousand)	-

Note 1: The method of investments are as follows:

- (1) Direct investment in subsidiaries in Mainland China.
- (2) Indirect investment through investment holdings companies
- (3) Others

Note 2: The investment gains and losses for the period are:

- (1) recognized based on the Company's financial statements, as audited by the CPA
- (2) not recognized as profit or loss, and is instead recognized as financial asset at the fair value of the investment

Note 3: The amount authorized does not include the reinvestment of earnings of the subsidiary DONGGUAN YFC, which amounted to USD379 thousand.

Note 4: Limitation on investment in Mainland China is calculated as 60% of the net worth of the Company. The Group has acquired the relevant investment approval documents issued by Industrial Development Bureau, Ministry of Economic Affairs on May 8, 2023, and it is applicable from May 4, 2023 to May 3, 2026. Therefore, there is no restriction on the Company's investment in Mainland China.

Note 5: In June 2023, the Group liquidated CHENZHOU YFC, an immaterial subsidiary, who has completed its milestones, at the amount of \$9,593 (USD 300 thousand), which had been written-off, with approval of the Investment Commission MOEA in August 2023.

Due to the deficits incurred by CHENZHOU YFC, there were no funds available to be remitted to Taiwan, and therefore, the cumulative investment amount of CHENZHOU YFC from Taiwan to mainland China was not deducted.

Note 6: Please refer to note (13)(a)(iii) for details..

Note 7: In preparing the consolidated financial report, the transactions listed above have been eliminated.

(iii) Significant transactions:

Please refer to "Information on significant transaction" for the information on significant direct or indirect transactions, which were eliminated in the preparation of consolidated financial statements, between the Group and the investee companies in Mainland China during the years ended December 31, 2024 .

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
GOOD WIN INVESTMENT CO., LTD		8,020,359	5.47 %

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YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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(14) Segment information:

(a) General information

The major operating segments of the Group are the manufacturing, wholesaling and online retailing segment. The manufacturing segment manufactures different types of cables, power cords, power outlets, and high-speed high-frequency LAN cables. The wholesaling segment engages in the sale products such as cord, cord sets, and network cabling system. The online retailing segment engages in the sale of products through the usage of information and communications technology and the internet.

(b) Profit or loss of reporting segments, assets, liabilities, basis of measurement and reconciliation

The operating segment information and reconciliation were as follows:

	For the year ended December 31, 2024				
	<u>Manufacturing</u>	<u>Wholesaling</u>	<u>Online retailing</u>	<u>Adjustments and elimination</u>	<u>Total</u>
Revenue:					
Revenue from external customers;	\$ 4,130,435	3,142,111	2,827,127	-	10,099,673
Inter-segment revenue	5,000,182	1,101,699	1,478	(6,103,359)	-
Interest income	4,656	56,862	1	(33,179)	28,340
Total revenues	<u>\$ 9,135,273</u>	<u>4,300,672</u>	<u>2,828,606</u>	<u>(6,136,538)</u>	<u>10,128,013</u>
Interest expense	\$ 120,709	31,941	56,515	(33,179)	175,986
Depreciations and amortization	96,457	46,400	143,395	-	286,252
Reportable segment profit or loss	<u>\$ 336,541</u>	<u>156,226</u>	<u>(206,077)</u>	<u>(91,382)</u>	<u>195,308</u>
Capital expenditures on non-current asset	172,612	5,390	9,091	-	187,093
Reportable segment assets	<u>\$ 11,860,549</u>	<u>4,919,100</u>	<u>2,828,714</u>	<u>(9,822,818)</u>	<u>9,785,545</u>
Reportable segment liabilities	<u>\$ 6,868,823</u>	<u>2,131,103</u>	<u>2,669,081</u>	<u>(5,195,088)</u>	<u>6,473,919</u>
	For the year ended December 31, 2023				
	<u>Manufacturing</u>	<u>Wholesaling</u>	<u>Online retailing</u>	<u>Adjustments and elimination</u>	<u>Total</u>
Revenue:					
Revenue from external customers	\$ 3,301,901	2,909,190	3,626,840	-	9,837,931
Inter-segment revenue	3,900,209	1,128,436	2,400	(5,031,045)	-
Interest income	6,835	51,747	2	(29,213)	29,371
Total revenues	<u>\$ 7,208,945</u>	<u>4,089,373</u>	<u>3,629,242</u>	<u>(5,060,258)</u>	<u>9,867,302</u>
Interest expense	\$ 104,405	30,565	53,925	(29,213)	159,682
Depreciations and amortization	84,930	23,311	146,805	-	255,046
Reportable segment profit or loss	<u>\$ (515,224)</u>	<u>124,118</u>	<u>(794,968)</u>	<u>554,208</u>	<u>(631,866)</u>
Capital expenditures on non-current asset	60,974	8,687	9,310	-	78,971
Reportable segment assets	<u>\$ 10,571,187</u>	<u>4,157,101</u>	<u>2,838,265</u>	<u>(8,517,582)</u>	<u>9,048,971</u>
Reportable segment liabilities	<u>\$ 6,085,842</u>	<u>1,616,327</u>	<u>2,528,965</u>	<u>(4,243,851)</u>	<u>5,987,283</u>

(Continued)

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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(c) Product and service information

Information on the Group's revenue from external customers was as follows:

Products	2024	2023
CABLE	\$ 2,835,838	2,873,596
POWER CORD	5,320,828	4,587,914
Consumer electronic	1,533,830	1,990,121
Others	409,177	386,300
Total	<u><u>\$ 10,099,673</u></u>	<u><u>9,837,931</u></u>

(d) Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets that are based on the geographical location of the assets.

Geographical Information	2024	2023
Revenue from external customers:		
United States	\$ 8,276,137	8,367,740
Mainland China	214,086	263,779
Taiwan	491,299	319,090
Canada	325,359	305,851
Austria	158,343	142,526
United Kingdom	60,645	52,156
Philippines	174,902	139,815
Vietnam	16,905	17,192
Other countries	381,997	229,782
Total	<u><u>\$ 10,099,673</u></u>	<u><u>9,837,931</u></u>

Geographical Information	December 31, 2024	December 31, 2023
Non-current assets:		
Taiwan	\$ 292,117	298,382
Mainland China	419,060	381,740
United States	1,183,116	864,061
Other countries	426,652	326,944
Total	<u><u>\$ 2,320,945</u></u>	<u><u>1,871,127</u></u>

Non-current assets include property, plant, and equipment, intangible assets, right-of-use assets and prepayments for business facilities, but does not include financial instrument, deferred tax assets, corporate bonds, and time deposits or other assets pledged as collateral.

YFC-BONEAGLE ELECTRIC CO., LTD. AND SUBSIDIARIES
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(e) Information on revenue from major customers

For the years ended December 31, 2024 and 2023, the amounts of sales to customers representing greater than 10% of net revenue were as follows:

	2024	2023
Company G	<u><u>\$ 2,449,234</u></u>	<u><u>1,718,968</u></u>