

**Ability Opto-Electronics Technology Co., Ltd.**  
Minutes of 2025 Annual General Shareholders' Meeting  
(Translation)

Time: 9:00 am of June 20, 2025 (Friday)

Venue: No.19, Keyuan Rd., Xitun Dist., Taichung City (Meeting Room on the 2th floor of NCHU of the Central Taiwan Science Park Campus)

Attendance: All shareholders and their proxy holders, representing 86,080,881 shares

(including 5,238,825 shares the voting rights of which are exercised by the electronic means), or 60.42% of the total 142,460,275 outstanding shares.

Present: Chairperson Victor Kao, Director Chien-Hsun Lai, Director Chung-He Lin, Director Mao-San Lai, Independent Director Yung-Jen Tsao (Audit Committee Convener) and Independent Director Sen-He Chang , total of 6 directors attended the shareholders' meeting, exceeding more than half of the 10 directors.

In attendance: Sung-Yuan Wu (PWC CPA)

Chaired by: Victor Kao

Minutes taker: Yu-Ting Huang

**I. Chairman Remarks (omitted)**

## II. Reports

### Report No. 1: 2024 Business Report

**Explanation:** Please refer to Exhibit 1 (pages 9-11) .

### Report No. 2: 2024 Review Report of the Audit Committee

**Explanation:** Please refer to Exhibit 2 (page 12) .

### Report No. 3: Report on the Distribution of Remunerations to Employees and Directors in 2024

**Explanation:** The Company's 2024 Board and Employee Compensation Distribution Proposal, as stipulated by the Company's Articles of Incorporation, includes a cash distribution of NT\$4,180,000 for director compensation and NT\$25,600,975 for employee compensation.

### Report No. 4: The implementation status of the Company's 2024 issuance of the first domestic secured convertible bonds.

**Explanation:** The implementation status of the Company's 2024 bond issuance is as follows:

Name	First domestic secured convertible bonds issuance
Amount	NT\$1,200,000,000
Term	5-year term issued on July 16, 2024, maturing on July 16, 2029
Coupon interest rate	Annual Interest Rate 0%
Principal and Interest Repayment Method	According to Article 5 of these regulations, the coupon interest rate for the convertible bonds is 0%, and therefore there is no need to establish an interest payment date or method. Unless bondholders convert the bonds into the Company's common stock according to Article 10, exercise the sell-back right according to Article 18, or the Company redeems or repurchases and cancels them through the securities firm's Sales Division according to Article 17, the Company will repay the bonds in cash at face value in one lump sum within ten business days following the bond maturity date.
Approval Number	Letter Jin-Guan-Zheng-Fa-Zi No. 1130346497 issued by the Financial Supervisory Commission on June 19, 2024.
Reason for fundraising	Repay the bank loan and increase the working capital have been completed.
Conversion price	The conversion price at the time of issuance was NT\$ 254, and the current conversion price is NT\$ 253.
Conversion Status	As of April 29, 2025, one corporate bond has been converted.

### III. Proposals

**Proposal No. 1: 2024 Business Report and Financial Statements (Individual Financial Statements and Consolidated Financial Statements). Please proceed to discuss. (Proposed by the Board of Directors)**

**Explanation:** I. The Company's financial statements for 2024 (individual financial statements and consolidated financial statements), including balance sheets, statements of comprehensive income, statements of changes in equity, and cash flow statements, have been audited by accountants Wu, Song-yuan and Liu, Mei-lan of PricewaterhouseCoopers Taiwan, and then submitted, together with the Company's business report, to and reviewed by the Audit Committee.

II. For the Company's 2024 Business Report, Auditor's Report, and the aforesaid financial statements, please refer to Exhibit 1 (pages 9-11) and Exhibit 3 (pages 13-33) .

III. Please proceed to discuss.

**Resolution:**the voting results are as followed: 86,127,881 shares were represented at the time of voting.

Voting results	Proportion to the total represented shares present
Affirmative votes 85,147,739 shares (including 4,305,683 shares the voting rights of which are exercised by the electronic means)	98.86%
Dissenting votes 54,681 shares (including 54,681 shares the voting rights of which are exercised by the electronic means)	0.06%
Invalid votes: 0	0.00%
Abstention votes/no votes: 925,461 shares including 878,461 shares the voting rights of which are exercised by the electronic means)	1.07%

**Proposal No. 2: 2024 Surplus Earnings Distribution Proposal. Please proceed to discuss. (Proposed by the Board of Directors)**

**Explanation:** I. For the 2024 Surplus Earnings Distribution Proposal, please refer to the following table.

II. For the current profit distribution, the proposal is to distribute cash dividends of NT\$142,094,675 from the available distributable earnings for 2024 to shareholders, with a dividend of NT\$1 per share (rounded down to the nearest dollar; any fractional amounts will be included in the Company's other income).

III. After this proposal is approved by the AGM, the chairman of the Board of Directors will be authorized to separately determine the dividend

distribution base date, payment date, and other related matters. If the cash dividend payout ratio approved by the AGM is changed in the future due to the Company's number of outstanding shares being affected by the Company's repurchase of shares, exercise of new restricted employee shares, transfer or cancellation of treasure stock, exercise of employee stock options, or other factors, it is proposed that the AGM authorizes the chairman of the Board of Directors to fully handle and adjust it.

**Ability opto-Electronics Technology Co., Ltd.**

**2024 Surplus Earnings Distribution Proposal**

Unit: NT\$

Item	Amount
Undistributed earnings at the beginning of the period	470,567,911
Add:	
Changes in actuarial gains and losses in the current period	1,263,312
Special Reserve for Reversal of Equity Reductions	33,455,166
Net profit after tax for 2024	378,908,927
<b>Surplus earnings available for distribution</b>	<b>884,195,316</b>
Less:	
Statutory surplus reserve set aside	(41,362,741)
Distributions:	
Cash dividends distributed to shareholders (NT\$1/share)	(142,094,675)
Undistributed earnings at the end of the period	700,737,900
Notes: The surplus earnings in 2024 are distributed in priority.	

**Resolution:**the voting results are as followed: 86,127,881 shares were represented at the time of voting.

Voting results	Propotion to the total represented shares present
Affirmative votes 85,145,349 shares (including 4,303,293 shares the voting rights of which are exercised by the electronic means)	98.85%
Dissenting votes 56,065 shares (including 56,065 shares the voting rights of which are exercised by the	0.06%

electronic means)	
Invalid votes: 0	0.00%
Abstention votes/no votes: 926,467 shares including 879,467 shares the voting rights of which are exercised by the electronic means)	1.07%

#### IV. Discussions

##### **Discussion No. 1: Proposed Amendment to the Company's Articles of Incorporation.**

**Explanation:** In accordance with the amendments in the law, the Company plans to amend certain terms of the Articles of Incorporation. Please refer to Exhibit 4 (pages 34-35) of this Handbook for the comparison table of terms before and after the revision.

**Resolution:**the voting results are as followed: 86,127,881 shares were represented at the time of voting.

Voting results	Propotion to the total represented shares present
Affirmative votes 85,141,809 shares (including 4,299,753 shares the voting rights of which are exercised by the electronic means)	98.85%
Dissenting votes 55,310 shares (including 55,310 shares the voting rights of which are exercised by the electronic means)	0.06%
Invalid votes: 0	0.00%
Abstention votes/no votes: 930,762 shares including 883,762 shares the voting rights of which are exercised by the electronic means)	1.08%

#### V. Election Matters

##### **Proposal 1: General Election of the Company's Directors and Independent Directors. (Proposed by the Board of Directors)**

Explanation:

1. The terms of office for the Company's Directors and Supervisors are set to expire on June 21, 2025. In accordance with the Company Act and the Company's Articles of Incorporation, and in conjunction with the establishment of the Audit Committee, it is proposed that the 15th term of the Board of Directors be elected with 11 members (including 4 independent directors). The current Directors and Supervisors will serve

until the newly elected Directors assume office following this Annual Shareholders' Meeting.

2. The term of office for the newly elected Directors will be three years, starting from the conclusion of the Annual Shareholders' Meeting on June 20, 2025, and ending on June 19, 2028.
3. In accordance with the Company's Articles of Incorporation, the election of Directors and Independent Directors follows a candidate nomination system. The nomination and election process will be conducted in accordance with relevant laws and regulations. Shareholders will vote on candidates from the list of nominees. Please refer to Appendix 5 (pages 35) for the candidates' educational background, experience, reasons for continued nomination, and other relevant information.
4. We kindly request your participation in the election.

**Election Results:** The list of elected directors is as follows:

Category of nominee	Account number or identification numbe	Name	Number of votes
Director	1106	Victor Kao	106,499,075
Director	25	Chung-He Lin	99,752,061
Director	990	Mao-Sheng Lee	99,405,112
Director	398	Tsung Yi Investment Limited Representative: Mao-San Lai	98,642,730
Director	398	Tsung Yi Investment Limited Representative: Chien-Hsun Lai	98,268,759
Director	13758	Chin Yu Lung Investment Limited Representative: Chin-Lung Hsu	81,035,060
Director	796	Ting-Hua Lin	80,802,913
Independent Director	Y12027*****	Yung-Jen Tsao	68,952,805
Independent Director	D12058*****	Sen-He Chang	66,949,981
Independent Director	D22125*****	Hui-Juan Kao	66,818,352
Independent Director	Y12039*****	Yung-Jui Chen	66,566,273

## VI. Other Proposals:

Proposal 1: Lifting the Non-Compete Restrictions on the Company's Directors. (Proposed by the Board of Directors)

Explanation:

1. In accordance with Article 209 of the Company Act, Directors must explain the important details of their actions within the scope of the Company's business to the shareholders' meeting and obtain approval.
2. The Company's Directors and their representatives may have investments in or operate other companies engaged in businesses that are the same as or similar to the Company's business and may serve as Directors of those companies. In accordance with the law, the matter is submitted to the shareholders' meeting for approval. If any newly elected Directors of the Company are involved in such situations, and provided that it does not harm the interests of the Company, the shareholders' meeting will be requested to lift the non-compete restrictions for such Directors and their representatives.
3. The Company's Directors and Independent Directors are selected through a candidate nomination system. After the election of Directors and Independent Directors at the shareholders' meeting, the proposal to lift the non-compete restrictions will be submitted to the shareholders' meeting. Please refer to Appendix 6 (page 37).

**Resolution:**the voting results are as followed: 86,127,881 shares were represented at the time of voting.

Voting results	Proportion to the total represented shares present
Affirmative votes 85,056,352 shares (including 4,214,296 shares the voting rights of which are exercised by the electronic means)	98.75%
Dissenting votes 129,708 shares (including 129,708 shares the voting rights of which are exercised by the electronic means)	0.15%
Invalid votes: 0	0.00%
Abstention votes/no votes: 941,821 shares including 894,821 shares the voting rights of which are exercised by the electronic means)	1.09%

**VII. Extempore Motions:**None.

**VIII. Adjournment:**9:30 a.m., June 20, 2025



## IX. Exhibits

## Exhibit 1

### Ability opto-Electronics Technology Co., Ltd. 2024 Business Report

With the full support of the Board of Directors and the efforts of the management team, the implementation results of the Company's 2024 Business Plan and the Company's 2025 Business Plan are briefly summarized as follows:

#### I. 2024 Business Results

##### ( I ) Business Results

The Company's consolidated operating revenue for 2024 was NT\$4,278,305 thousand, an increase of 7.1% compared to the 2023 consolidated operating revenue of NT\$3,995,843 thousand. The net profit after tax for 2024 was NT\$378,909 thousand.

##### ( II ) Execution of Budget

Since no financial forecast for 2024 was made public, there is no report on the achievement of the budget.

##### ( III ) Financial Revenue and Expenditure

In 2024, the net cash inflow from operating activities was NT\$608,071 thousand; the net cash outflow from investing activities was NT\$2,567,215 thousand, primarily due to investments in machinery, equipment, and the construction of a new factory; the net cash inflow from financing activities was NT\$2,092,591 thousand, with the primary sources of funds being bank loans and the issuance of corporate bonds.

##### ( IV ) Profitability Analysis

Category	Items	2024	2023
Financial Structure (%)	Debt to Assets Ratio	59.97	55.27
	Ratio of long-term capital to property, plant and equipment	140.82	159.21
Solvency (%)	Current Ratio	116.84	127.64
	Quick Ratio	82.04	91.75
Profitability (%)	Return on Assets	5.21	6.24
	Return on Shareholders' Equity	10.35	12.53
	Ratio of Pre-tax Profit to Paid-in Capital	34.75	35.55

##### (V) Research and Development Status

The Company's R&D team not only devotes itself to the design and development of existing optical lenses to improve product quality, but also actively develops high-end lens. In addition, in order to improve the yield and production efficiency of the high-end lens process, and to solve the impacts of escalating labor costs, the Company continues to expand the automated production lines to improve the production yield and overcome the problem of escalating labor costs, for the purpose of meeting the demand for mass production of new products and the growth of market orders. With unique experience accumulated over the years in design innovation, process improvement and quality improvement, ABILITY OPTO-ELECTRONICS provides customers with superior optical lens products, grows together with customers and creates a win-win situation.

#### II. 2025 Business Plan

In the lens market, with the popularity of video conferencing, remote education and remote office, users have higher requirements for the sharpness and performance of lens. In this

regard, it is necessary to develop higher-definition and higher-performance lenses. In addition, the notebook becomes lighter and thinner, it is reflected that the size and weight of the lens are also increasing, and the trend is toward the development of smaller and lighter lens to meet the changes in demand. Finally, users have higher expectations for the intelligent functions of the lens, such as auto-focus, virtual blur background, and face recognition. Therefore, the integration of more smart functions will be the key to enhancing competitiveness in the future.

In terms of biometrics, with the popularity of identification technology, users are paying increasing attention to the security and privacy protection of fingerprint recognition modules. Therefore, it is very important to develop more secure and reliable fingerprint recognition modules. Fingerprint identification modules are widely used in multiple scenarios such as mobile devices, smart homes, and finance. Therefore, the trend will be the necessity to improve the multi-scenario adaptability of fingerprint identification modules. However, due to the uncertainties of international trade and market supply and demand, the lens and fingerprint identification market still faces certain risks and challenges. Therefore, when developing the business of the lens and fingerprint identification in the future, it is needed to pay close attention to market changes, and adjust product structure and business strategies in a timely manner to deal with the impact of market changes. The Company's main business plan for the coming year is described as follows:

#### 1. Management Policy

ABILITY OPTO-ELECTRONICS continues to recruit R&D professionals to develop forward-looking and innovative optoelectronic products and related core technologies. In order to develop forward-looking and innovative optoelectronic products and related core technologies, we have participated in R&D plans of domestic and foreign manufacturers, trial production of products required for early R&D and process development, expecting to grow together with other major manufacturers. Develop unique technologies and special products as the basis and appeal for product differentiation and establish independent core technologies.

Meanwhile, implement the total quality management system and the objective oriented management and continue to improve production efficiency and speed in order to reduce R&D and manufacturing costs.

#### 2. Important Production and Sales Policies

##### (1) Production Policy:

In order to achieve lower production cost and higher production yields, ABILITY OPTO-ELECTRONICS has not only continued to improve its production technology, but also continued to expand automated production lines to reduce dependence on manpower, expecting to be able to meet the production demand for high-end lenses and significantly reduce the impact of the future salary growth on the production costs.

In order to accurately coordinate with future production expansion plans and conduct multi-sourcing to reduce dependence on a single supplier, the Company plans to produce lens accessories in-house and also uses multiple suppliers and actively maintain a sound relationship with the suppliers, in order to improve its competitive advantage with respect to source bargaining ability and control, thus helping to reduce costs and increase gross profits.

##### (2) Sales Policy:

The Company will continue to develop new application products for cameras and fingerprint recognition, manage key accounts and deploy major orders, actively explore new application product markets and new customer sources for domestic and foreign major manufacturers and increase sales of high-end products to increase gross profits.

All employees will continue to work hard to deal with various challenges and try their best to achieve the set sales targets. All employees of ABILITY OPTO-ELECTRONICS will continue to uphold the core values and business philosophy of "quality, speed, professionalism, service, innovation and flexibility." All operation teams

will follow the spirit of solidarity and cooperation, hold the persistent and hard work attitude and achieve the goal of sustainable growth of the Company in this globalization and high competition era and fulfill corporate social responsibilities for the best interests of all shareholders. Lastly, I would like to thank all customers, suppliers, shareholders and employees for their long-term support.

Ability opto-Electronics Technology Co., Ltd.

Audit committee's report

The Board of Directors has prepared the Company's 2024 Parent Company Only and Consolidated Financial Statements. These financial statements have been audited by CPAs Sung-Yuan Wu and Mei-Lan Liu from PwC Taiwan, along with the 2024 Business Report and Earnings Distribution Proposal have been reviewed by the Audit Committee and found to be in conformity with the Company Act and other relevant laws and regulations; therefore, I hereby submit my report in accordance with Article 219 of the Company Act.

To

2025 Annual General Shareholders' Meeting

Ability opto-Electronics Technology Co., Ltd.

Convener of the Audit Committee: Yung-Jen Tsao

May 7, 2025

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Ability Opto-Electronics Technology Co, Ltd.

### ***Opinion***

We have audited the accompanying parent company only balance sheets of Ability Opto-Electronics Technology Co., Ltd. (the “Company”) as at December 31, 2024 and 2023, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2024 and 2023, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by 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 parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2024 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2024 parent company only financial statements are stated as

follows:

### **Allowance for inventory valuation losses**

#### Description

Refer to Note 4(10) for the accounting policies on inventories, Note 5(2) for the critical accounting estimations and assumptions for evaluation of inventories, and Note 6(4) for the details of allowance for inventory valuation loss. As of December 31, 2024, the Company's inventories and allowance for inventory valuation losses amounted to NT\$366,806 thousand and NT\$73,917 thousand, respectively.

The Company's inventories primarily comprise of optical lenses and camera lenses which mostly are customised production. If these inventories do not meet the requirement of the customers who placed the orders, they are unlikely to be sold to other customers. Additionally, due to the fluctuation of market demand and rapid changes of technology, there is a higher risk of inventories losses arising from market value decline or obsolescence. As the estimation of net realizable value used in inventory valuation is subject to judgement and may cause significant uncertainty, we consider the evaluation of allowance for inventory valuation losses as a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures to address the abovementioned key audit matter:

- (1) Obtained an understanding and estimated the reasonableness of the Company's valuation and allowance for losses on obsolete inventories.
- (2) Reviewed annual plan of physical inventory count and observed the inventory count to assess the effectiveness of internal control and classification of obsolete inventory.
- (3) Obtained the Company's inventory aging report and verified dates of movements with supporting documents. Ensured the accuracy of inventory aging classification and its consistency with the Group's policy.
- (4) Obtained the net realisable value report of each inventory, assessed whether the estimation policy was consistently applied in all inventories, tested the estimation basis of the net realisable value with relevant information, including verifying the sales and purchase prices with supporting evidence, and recalculated and evaluated the reasonableness of the allowance for inventory valuation losses.

#### ***Responsibilities of management and those charged with governance for the parent company only financial statements***

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

### *Auditors' responsibilities for the audit of the parent company only financial statements*

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only 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 Company'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 Company'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 parent company only 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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.

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Wu, Sung-Yuan

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Liu, Mei Lan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 6, 2025

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

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

ABILITY OPTO-ELECTRONICS TECHNOLOGY CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2024		December 31, 2023			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	460,965	5	\$	392,000	5
1136	Current financial assets at amortised cost	6(2) and 8		322,503	3		289,225	4
1170	Accounts receivable, net	6(3)		852,404	9		999,471	13
1180	Accounts receivable - related parties	7(2)		988,989	10		935,819	12
1200	Other receivables			8,685	-		18,228	-
1210	Other receivables - related parties	7(2)		10,031	-		329	-
130X	Inventories	6(4)		292,889	3		305,959	4
1410	Prepayments			49,428	-		32,188	-
1470	Other current assets			2,243	-		2,101	-
11XX	Current Assets			2,988,137	30		2,975,320	38
Non-current assets								
1535	Non-current financial assets at amortised cost	6(2) and 8		260,246	3		16,983	-
1550	Investments accounted for under equity method	6(5)		1,751,835	17		1,203,614	16
1600	Property, plant and equipment	6(6) and 8		4,206,799	42		2,677,131	35
1755	Right-of-use assets	6(7)		35,489	-		55,115	1
1780	Intangible assets	6(8)		572,235	6		630,872	8
1840	Deferred income tax assets	6(30)		147,108	1		165,703	2
1900	Other non-current assets	6(9)		68,097	1		13,477	-
15XX	Non-current assets			7,041,809	70		4,762,895	62
1XXX	Total assets		\$	10,029,946	100	\$	7,738,215	100

(Continued)

ABILITY OPTO-ELECTRONICS TECHNOLOGY CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2024		December 31, 2023	
			Notes	AMOUNT	%	AMOUNT
Current liabilities						
2100	Short-term borrowings	6(10)	\$ 1,372,000	14	\$ 881,000	12
2110	Short-term notes and bills payable	6(11)	95,000	1	30,000	-
2120	Financial liabilities at fair value through profit or loss - current	6(13)	10,319	-	-	-
2170	Accounts payable		113,203	1	150,638	2
2180	Accounts payable - related parties	7(2)	907,634	9	972,027	13
2200	Other payables	6(13)	448,712	4	449,382	6
2230	Current income tax liabilities	6(30)	1,317	-	6,158	-
2280	Current lease liabilities		3,292	-	21,531	-
2320	Long-term liabilities, current portion	6(15)	725,435	7	566,277	7
2399	Other current liabilities, others		4,685	-	4,892	-
21XX	Current Liabilities		3,681,597	36	3,081,905	40
Non-current liabilities						
2530	Bonds payable	6(14)	1,099,232	11	-	-
2540	Long-term borrowings	6(15)	1,218,140	12	1,133,935	15
2570	Deferred income tax liabilities	6(30)	30,344	-	6,231	-
2580	Non-current lease liabilities		34,425	1	35,849	-
2600	Other non-current liabilities	6(16)(17)	576	-	163,740	2
25XX	Non-current liabilities		2,382,717	24	1,339,755	17
2XXX	Total Liabilities		6,064,314	60	4,421,660	57
Equity						
	Share capital	6(19)				
3110	Share capital - common stock		1,424,603	14	1,424,599	18
	Capital surplus	6(20)				
3200	Capital surplus		1,513,241	15	1,154,191	15
	Retained earnings	6(21)				
3310	Legal reserve		155,047	2	114,958	1
3320	Special reserve		33,455	-	21,737	-
3350	Unappropriated retained earnings		850,740	9	664,195	9
	Other equity interest	6(22)				
3400	Other equity interest		( 11,454)	-	( 63,125)	-
3XXX	Total equity		3,965,632	40	3,316,555	43
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 10,029,946	100	\$ 7,738,215	100

The accompanying notes are an integral part of these parent company only financial statements.

ABILITY OPTO-ELECTRONICS TECHNOLOGY CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Year ended December 31			
			2024		2023	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(23) and 7(2)	\$ 2,723,056	100	\$ 2,678,829	100
5000	Operating costs	6(4)(28) and 7(2)	( 2,246,700)	( 83)	( 2,142,391)	( 80)
5900	Net operating margin		476,356	17	536,438	20
5920	Realized profit from sales		16,485	1	31,058	1
5950	Gross profit from operation		492,841	18	567,496	21
	Operating expenses	6(28)(29)				
6100	Selling expenses		( 44,958)	( 2)	( 36,941)	( 1)
6200	General and administrative expenses		( 195,750)	( 7)	( 174,401)	( 7)
6300	Research and development expenses		( 249,744)	( 9)	( 198,580)	( 7)
6450	Expected credit impairments loss		( 362)	-	-	-
6000	Total operating expenses		( 490,814)	( 18)	( 409,922)	( 15)
6900	Operating profit		2,027	-	157,574	6
	Non-operating income and expenses					
7100	Interest income	6(24)	21,012	1	20,162	1
7010	Other income	6(25)	67,637	3	25,573	1
7020	Other gains and losses	6(26)	89,554	3	15,829	-
7050	Finance costs	6(27)	( 68,054)	( 2)	( 33,197)	( 1)
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(5)	284,726	10	253,745	9
7000	Total non-operating revenue and expenses		394,875	15	282,112	10
7900	Profit before income tax		396,902	15	439,686	16
7950	Income tax expense	6(30)	( 17,993)	( 1)	( 38,966)	( 1)
8200	Profit for the year		\$ 378,909	14	\$ 400,720	15
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311	Other comprehensive income, before tax, actuarial gains on defined benefit plans	6(16)	\$ 1,263	-	\$ 169	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		1,263	-	169	-
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations	6(22)	37,223	1	( 11,718)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		37,223	1	( 11,718)	-
8300	Other comprehensive income (loss) for the year		\$ 38,486	1	( \$ 11,549)	-
8500	Total comprehensive income for the year		\$ 417,395	15	\$ 389,171	15
Basic earnings per share						
9750	Total basic earnings per share	6(31)	\$ 2.67		\$ 2.83	
9850	Total diluted earnings per share		\$ 2.66		\$ 2.82	

The accompanying notes are an integral part of these parent company only financial statements.

ABILITY OPTO-ELECTRONICS TECHNOLOGY CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

				Retained Earnings			Other equity interest		
			Capital surplus, additional paid-in capital				Financial statements translation differences of foreign operations	Other equity, others	Total equity
	Notes	Share capital - common stock		Legal reserve	Special reserve	Unappropriated retained earnings			
Year 2023									
Balance at January 1, 2023		\$ 1,424,599	\$ 1,154,191	\$ 72,443	\$ 43,951	\$ 425,153	(\$ 21,737 )	(\$ 43,360 )	\$ 3,055,240
Profit for the year		-	-	-	-	400,720	-	-	400,720
Other comprehensive income (loss) for the 6(22) year		-	-	-	-	169	( 11,718 )	-	( 11,549 )
Total comprehensive income		-	-	-	-	400,889	( 11,718 )	-	389,171
Appropriation and distribution of 2022 earnings:	6(21)								
Legal reserve		-	-	42,515	-	( 42,515 )	-	-	-
Special reserve		-	-	-	( 22,214 )	22,214	-	-	-
Cash dividends		-	-	-	-	( 141,546 )	-	-	( 141,546 )
Share-based payment arrangements	6(18)(22)	-	-	-	-	-	-	13,690	13,690
Balance at December 31, 2023		\$ 1,424,599	\$ 1,154,191	\$ 114,958	\$ 21,737	\$ 664,195	(\$ 33,455 )	(\$ 29,670 )	\$ 3,316,555
Year 2024									
Balance at January 1, 2024		\$ 1,424,599	\$ 1,154,191	\$ 114,958	\$ 21,737	\$ 664,195	(\$ 33,455 )	(\$ 29,670 )	\$ 3,316,555
Profit for the year		-	-	-	-	378,909	-	-	378,909
Other comprehensive income for the year 6(22)		-	-	-	-	1,263	37,223	-	38,486
Total comprehensive income		-	-	-	-	380,172	37,223	-	417,395
Appropriation and distribution of 2023 earnings:	6(21)								
Legal reserve		-	-	40,089	-	( 40,089 )	-	-	-
Special reserve		-	-	-	11,718	( 11,718 )	-	-	-
Cash dividends		-	-	-	-	( 141,820 )	-	-	( 141,820 )
Recognition of equity components due to the 6(14) issuance of convertible corporate bonds		-	358,962	-	-	-	-	-	358,962
Convertible bonds converted into common shares		4	88	-	-	-	-	-	92
Share-based payment arrangements	6(18)(22)	-	-	-	-	-	-	14,448	14,448
Balance at December 31, 2024		\$ 1,424,603	\$ 1,513,241	\$ 155,047	\$ 33,455	\$ 850,740	\$ 3,768	(\$ 15,222 )	\$ 3,965,632

The accompanying notes are an integral part of these parent company only financial statements.

ABILITY OPTO-ELECTRONICS TECHNOLOGY CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 396,902	\$ 439,686
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(6)(28)	370,678	291,512
Depreciation expense on right-of-use assets	6(7)(28)	21,074	24,515
Amortization expense	6(8)(28)	86,212	82,746
Expected credit impairment gain	12(2)	362	-
Losses on financial assets or liabilities at fair value through profit or loss	6(12)	4,919	-
Finance costs	6(27)	66,952	31,536
Interest expense on lease liabilities	6(27)	1,102	1,661
Gains on disposals of property, plant and equipment	6(26)	( 481 )	( 5,772 )
Interest income	6(24)	( 21,012 )	( 20,162 )
Government grant income	6(25)	( 916 )	-
Share of profit or loss of associates and joint ventures accounted for using equity method	6(5)	( 284,726 )	( 253,745 )
Unrealized (profit) loss from sales		( 16,485 )	( 31,058 )
Share-based payments	6(18)	14,448	13,690
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		146,705	( 283,026 )
Accounts receivable due from related parties		( 53,170 )	( 89,330 )
Inventories		13,070	99,085
Other receivables		10,459	( 3,311 )
Other receivables due from related parties		298	500
Prepayments		( 17,240 )	( 4,260 )
Other current assets		( 142 )	32
Changes in operating liabilities			
Accounts payable		( 37,435 )	( 12,782 )
Accounts payable to related parties		( 64,393 )	380,044
Other payables		( 92,570 )	( 121,850 )
Other payables to related parties		-	( 60 )
Other current liabilities, others		( 207 )	1,083
Other non-current liabilities		( 197 )	-
Cash inflow generated from operations		544,207	540,734
Interest paid		( 53,195 )	( 28,157 )
Interest received		21,012	20,162
Income taxes paid		( 405 )	-
Net cash flows from operating activities		511,619	532,739

(Continued)

ABILITY OPTO-ELECTRONICS TECHNOLOGY CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets at amortized cost		( \$ 276,541 )	\$ -
Acquisition of property, plant and equipment	6(32)	( 1,968,953 )	( 671,727 )
Proceeds from disposal of property, plant and equipment		2,878	5,230
Acquisition of intangible assets	6(32)	( 87,575 )	( 284,140 )
Increase in other receivables due from related parties		( 10,000 )	-
Decrease in financial assets at amortized cost		-	84,732
Proceeds from capital reduction of investments accounted for using equity method	6(5)	-	92,000
Dividends received		92,000	-
Acquisition of investments under equity method	6(5)	( 300,000 )	-
Unrealized foreign exchange gain		( 35,749 )	( 19,040 )
Decrease in refundable deposits		-	4,496
Net cash flows used in investing activities		( 2,583,940 )	( 788,449 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase from short-term borrowings	6(33)	1,141,000	388,000
Decrease of short-term borrowings	6(33)	( 650,000 )	( 340,000 )
Increase in short-term notes and bills payable	6(33)	65,000	30,000
Proceeds from issuance of bonds	6(33)	1,474,128	-
Repayments of principal portion of lease liabilities	6(33)	( 21,237 )	( 24,226 )
Proceeds from long-term borrowings	6(33)	527,000	350,000
Repayments of long-term borrowings	6(33)	( 288,677 )	( 65,247 )
Cash dividends paid	6(33)	( 141,820 )	( 141,546 )
Net cash flows from financing activities		2,105,394	196,981
Effects of Changes in Foreign Exchange		35,892	18,854
Net increase (decrease) in cash and cash equivalents		68,965	( 39,875 )
Cash and cash equivalents at beginning of year		392,000	431,875
Cash and cash equivalents at end of year		\$ 460,965	\$ 392,000

The accompanying notes are an integral part of these parent company only financial statements.

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Ability Opto-Electronics Technology Co., Ltd.

### ***Opinion***

We have audited the accompanying consolidated balance sheets of Ability Opto-Electronics Technology Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material 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 years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by 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 Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2024 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2024 consolidated financial statements are stated as follows:

#### **Allowance for inventory valuation losses**

##### Description

Refer to Note 4(11) for the accounting policies on inventories, Note 5(2) for the critical accounting estimates and assumptions for evaluation of inventories, and Note 6(4) for the details of allowance for inventory valuation losses. As of December 31, 2024, the Group's inventories and allowance for inventory valuation losses amounted to NT\$1,364,416 thousand and NT\$279,095 thousand, respectively.

The Group's inventories are primarily comprised of optical lenses and camera lenses which mostly are customized production. If these inventories do not meet the requirements of the customers who placed the orders, they are unlikely to be sold to other customers. Additionally, due to the fluctuation of market demand and rapid changes of technology, there is a higher risk of inventories losses arising from market value decline or obsolescence. As the estimation of net realizable value used in inventory valuation is subject to judgement and may cause significant uncertainty, we consider the evaluation of allowance for inventory valuation losses as a key audit matter.

##### How our audit addressed the matter

We performed the following audit procedures to address the abovementioned key audit matter:

- (1) Obtained an understanding and estimated the reasonableness of the Group's valuation and allowance for losses on obsolete inventories.
- (2) Reviewed annual plan of physical inventory count and observed the inventory count to assess the effectiveness of internal control and classification of obsolete inventory.
- (3) Obtained the Group's inventory aging report and verified dates of movements with supporting documents. Ensured the accuracy of inventory aging classification and its consistency with the Group's policy.
- (4) Obtained the net realizable value report of each inventory, assessed whether the estimation policy was consistently applied in all inventories, tested the estimation basis of the net realizable value with relevant information, including verifying the sales and purchase prices with supporting evidence, and recalculated and evaluated the reasonableness of the allowance for inventory valuation losses.

### ***Other Matter-parent company only financial reports***

We have audited and expressed an unqualified opinion on the parent company only financial statements of Ability Opto-Electronics Technology Co., Ltd. as at and for the years ended December 31, 2024 and 2023.

### ***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 the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, 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.

### ***Auditors' 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 auditors' 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 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.

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Wu, Sung-Yuan

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Liu, Mei Lan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 6, 2025

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

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

Ability Opto-Electronics Technology Co., Ltd. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2024	December 31, 2023
			AMOUNT	AMOUNT
Current assets				
1100	Cash and cash equivalents	6(1)	\$ 904,151	\$ 711,173
1136	Current financial assets at amortised cost	6(2) and 8	322,503	289,225
1150	Notes receivable, net	6(3)	600	711
1170	Accounts receivable, net	6(3)	1,533,696	1,471,671
1200	Other receivables		20,913	19,696
130X	Inventories	6(4)	1,085,321	922,475
1410	Prepayments		98,150	55,125
1470	Other current assets		7,600	6,784
11XX	Current assets		3,972,934	3,476,860
Non-current assets				
1535	Non-current financial assets at amortised cost	6(2) and 8	260,246	16,983
1600	Property, plant and equipment	6(5) and 8	4,622,514	2,950,139
1755	Right-of-use assets	6(6)	158,215	104,097
1780	Intangible assets	6(7)	589,126	634,705
1840	Deferred income tax assets	6(29)	151,198	175,119
1900	Other non-current assets	6(8)	155,681	63,024
15XX	Non-current assets		5,936,980	3,944,067
1XXX	Total assets		\$ 9,909,914	\$ 7,420,927

(Continued)

Ability Opto-Electronics Technology Co., Ltd. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2024	December 31, 2023
			AMOUNT	AMOUNT
<b>Current liabilities</b>				
2100	Short-term borrowings	6(9)	\$ 1,525,000	\$ 1,090,000
2110	Short-term notes and bills payable	6(10)	95,000	30,000
2120	Financial liabilities at fair value through profit or loss - current	6(11)	10,319	-
2170	Accounts payable		359,741	400,059
2200	Other payables	6(12)	579,234	514,939
2230	Current income tax liabilities		60,878	63,689
2280	Current lease liabilities		22,748	31,031
2320	Long-term liabilities, current portion	6(14)	741,805	588,698
2399	Other current liabilities, others		5,535	5,636
21XX	<b>Current liabilities</b>		<u>3,400,260</u>	<u>2,724,052</u>
<b>Non-current liabilities</b>				
2530	Bonds payable	6(13)	1,099,232	-
2540	Long-term borrowings	6(14)	1,303,487	1,158,836
2570	Deferred income tax liabilities	6(29)	35,454	11,185
2580	Non-current lease liabilities		103,889	43,397
2600	Other non-current liabilities	6(16)	759	163,923
25XX	<b>Non-current liabilities</b>		<u>2,542,821</u>	<u>1,377,341</u>
2XXX	<b>Total liabilities</b>		<u>5,943,081</u>	<u>4,101,393</u>
<b>Equity attributable to owners of parent</b>				
	Share capital	6(17)(18)		
3110	Share capital - common stock		1,424,603	1,424,599
	Capital surplus	6(19)		
3200	Capital surplus		1,513,241	1,154,191
	Retained earnings	6(20)		
3310	Legal reserve		155,047	114,958
3320	Special reserve		33,455	21,737
3350	Unappropriated retained earnings		850,740	664,195
	Other equity interest	6(21)		
3400	Other equity interest		( 11,454 )	( 63,125 )
31XX	<b>Equity attributable to owners of parent</b>		<u>3,965,632</u>	<u>3,316,555</u>
36XX	<b>Non-controlling interests</b>		<u>1,201</u>	<u>2,979</u>
3XXX	<b>Total equity</b>		<u>3,966,833</u>	<u>3,319,534</u>
	Significant contingent liabilities and unrecognised contract commitments	9		
	Significant events after the balance sheet date	11		
3X2X	<b>Total liabilities and equity</b>		<u>\$ 9,909,914</u>	<u>\$ 7,420,927</u>

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

Ability Opto-Electronics Technology Co., Ltd. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars, for earnings per share amounts)

			Year ended December 31	
		Notes	2024	2023
Items			AMOUNT	AMOUNT
4000	Operating revenue	6(22)	\$ 4,278,305	\$ 3,995,843
5000	Operating costs	6(4)(27)(28)	( 3,237,805)	( 2,946,121)
5900	Gross profit from operations		1,040,500	1,049,722
	Operating expenses	6(27)(28)		
6100	Selling expenses		( 110,461)	( 90,338)
6200	General and administrative expenses		( 311,122)	( 257,887)
6300	Research and development expenses		( 270,989)	( 221,185)
6450	Expected credit impairment (loss) gain	12(2)	( 362)	4
6000	Operating expenses		( 692,934)	( 569,406)
6900	Operating profit		347,566	480,316
	Non-operating income and expenses			
7100	Interest income	6(23)	30,285	23,157
7010	Other income	6(24)	52,327	28,380
7020	Other gains and losses	6(25)	140,743	15,128
7050	Finance costs	6(26)	( 75,806)	( 40,587)
7000	Total non-operating income and expenses		147,549	26,078
7900	<b>Profit before income tax</b>		495,115	506,394
7950	Income tax expense	6(29)	( 117,995)	( 106,823)
8200	<b>Profit for the year</b>		<u>\$ 377,120</u>	<u>\$ 399,571</u>
	<b>Other comprehensive income</b>			
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>			
8311	Other comprehensive income, before tax, actuarial gains on defined benefit plans	6(15)	\$ 1,263	\$ 169
8310	Components of other comprehensive income that will not be reclassified to profit or loss		1,263	169
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>			
8361	Financial statements translation differences of foreign operations	6(21)	37,234	( 11,726)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss		-	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		37,234	( 11,726)
8300	<b>Other comprehensive (loss) income</b>		<u>\$ 38,497</u>	<u>( \$ 11,557)</u>
8500	<b>Total comprehensive income for the year</b>		<u>\$ 415,617</u>	<u>\$ 388,014</u>
	Profit (loss), attributable to:			
8610	Profit (loss), attributable to owners of parent		\$ 378,909	\$ 400,720
8620	Profit (loss), attributable to non-controlling interests		( \$ 1,789)	( \$ 1,149)
	Comprehensive income attributable to:			
8710	Comprehensive income, attributable to owners of parent		\$ 417,395	\$ 389,171
8720	Comprehensive income, attributable to non-controlling interests		( \$ 1,778)	( \$ 1,157)
	Basic earnings per share	6(30)		
9750	Basic earnings per share		\$ 2.67	\$ 2.83
9850	Diluted earnings per share		\$ 2.66	\$ 2.82

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

Ability Opto-Electronics Technology Co., Ltd. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
		Retained Earnings				Other equity interest					
			Capital surplus, additional paid- in capital			Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Other equity, others	Total	Non-controlling interests	Total equity
Notes		Ordinary share		Legal reserve	Special reserve						
<u>Year 2023</u>											
		\$ 1,424,599	\$ 1,154,191	\$ 72,443	\$ 43,951	\$ 425,153	(\$ 21,737 )	(\$ 43,360 )	\$ 3,055,240	\$ 4,136	\$ 3,059,376
		-	-	-	-	400,720	-	-	400,720	( 1,149 )	399,571
Other comprehensive income (loss) for the year	6(21)	-	-	-	-	169	( 11,718 )	-	( 11,549 )	( 8 )	( 11,557 )
Total comprehensive income		-	-	-	-	400,889	( 11,718 )	-	389,171	( 1,157 )	388,014
Appropriation and distribution of 2022 earnings	6(20)										
Legal reserve		-	-	42,515	-	( 42,515 )	-	-	-	-	-
Reversal of special reserve		-	-	-	( 22,214 )	22,214	-	-	-	-	-
Cash dividends		-	-	-	-	( 141,546 )	-	-	( 141,546 )	-	( 141,546 )
Share-based payment arrangements	6(17)(21)	-	-	-	-	-	-	13,690	13,690	-	13,690
Balance at December 31, 2023		\$ 1,424,599	\$ 1,154,191	\$ 114,958	\$ 21,737	\$ 664,195	(\$ 33,455 )	(\$ 29,670 )	\$ 3,316,555	\$ 2,979	\$ 3,319,534
<u>Year 2024</u>											
		\$ 1,424,599	\$ 1,154,191	\$ 114,958	\$ 21,737	\$ 664,195	(\$ 33,455 )	(\$ 29,670 )	\$ 3,316,555	\$ 2,979	\$ 3,319,534
Profit for the year		-	-	-	-	378,909	-	-	378,909	( 1,789 )	377,120
Other comprehensive income for the year	6(21)	-	-	-	-	1,263	37,223	-	38,486	11	38,497
Total comprehensive income		-	-	-	-	380,172	37,223	-	417,395	( 1,778 )	415,617
Appropriation and distribution of 2023 earnings	6(20)										
Legal reserve		-	-	40,089	-	( 40,089 )	-	-	-	-	-
Special reserve		-	-	-	11,718	( 11,718 )	-	-	-	-	-
Cash dividend		-	-	-	-	( 141,820 )	-	-	( 141,820 )	-	( 141,820 )
Recognition of equity components due to the issuance of convertible corporate bonds	6(19)	-	358,962	-	-	-	-	-	358,962	-	358,962
Conversion bonds converted into common shares		4	88	-	-	-	-	-	92	-	92
Stock-based compensation	6(17)(21)	-	-	-	-	-	-	14,448	14,448	-	14,448
Balance at December 31, 2024		\$ 1,424,603	\$ 1,513,241	\$ 155,047	\$ 33,455	\$ 850,740	\$ 3,768	(\$ 15,222 )	\$ 3,965,632	\$ 1,201	\$ 3,966,833

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



Ability Opto-Electronics Technology Co., Ltd. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2024 AND 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before tax		\$	495,115	\$	506,394
Adjustments					
Adjustments to reconcile profit (loss)					
Depreciation expense	6(5)(6)(27)		479,864		404,712
Amortization expense	6(7)(27)		92,355		86,163
Expected credit impairment (loss) gain	12(2)		362	(	4 )
Losses on financial assets or liabilities at fair value through profit or loss	6(25)		4,919		-
Finance costs	6(26)		75,806		40,587
Interest income	6(23)	(	30,285 )	(	23,157 )
Government grant income	6(24)	(	916 )		-
Share-based payments	6(17)		14,448		13,690
(Gain) losses on disposals of property, plant and equipment	6(25)		2,439	(	350 )
Unrealized foreign exchange gain		(	35,749 )	(	18,319 )
Changes in operating assets and liabilities					
Changes in operating assets					
Notes receivable, net			111	(	100 )
Accounts receivable, net		(	62,387 )	(	302,564 )
Other receivables		(	301 )	(	2,497 )
Inventories		(	162,846 )		244,577
Prepayments		(	43,025 )		882
Other current assets		(	816 )	(	1,597 )
Changes in operating liabilities					
Accounts payable		(	40,318 )		11,321
Other payables		(	56,818 )	(	130,870 )
Other current liabilities		(	101 )		749
Other non-current liabilities		(	197 )	(	185 )
Cash inflow generated from operations			731,660		829,432
Interest received			30,285		23,157
Interest paid		(	60,947 )	(	35,547 )
Income taxes paid		(	92,927 )	(	49,151 )
Net cash flows from operating activities			608,071		767,891

CASH FLOWS FROM INVESTING ACTIVITIES

Increase in financial assets at amortized cost		(	276,541 )		-
Decrease in financial assets at amortised cost			-		186,381
Acquisition of property, plant and equipment	6(31)	(	2,191,354 )	(	717,881 )
Proceeds from disposal of property, plant and equipment			1,813		9,357
Acquisition of intangible assets	6(31)	(	97,928 )	(	288,268 )
Acquisition of right-of-use assets.		(	605 )		-
Increase in refundable deposits		(	2,600 )		-
Decrease in refundable deposits			-		4,015
Net cash flows used in investing activities		(	2,567,215 )	(	806,396 )

CASH FLOWS FROM FINANCING ACTIVITIES

Increase from short-term borrowings	6(32)		1,800,780		678,000
Decrease of short-term borrowings	6(32)	(	1,365,780 )	(	691,070 )
Increase in short-term notes and bills payable	6(32)		65,000		30,000
Issuance of Corporate Bonds	6(32)		1,474,128		-
Increase in long-term borrowings	6(32)		625,517		350,000
Decrease in long-term borrowings	6(32)	(	332,124 )	(	74,960 )
Repayments of principal portion of lease liabilities	6(32)	(	33,110 )	(	35,146 )
Cash dividends paid	6(20)(32)	(	141,820 )	(	141,546 )
Net cash flows from financing activities			2,092,591		115,278
Effect of exchange rate changes on cash and cash equivalents			59,531		20,329
Net increase in cash and cash equivalents			192,978		97,102
Cash and cash equivalents at beginning of year			711,173		614,071
Cash and cash equivalents at end of year		\$	904,151	\$	711,173

(Expressed in thousands of New Taiwan dollars)

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

**Ability opto-Electronics Technology Co., Ltd.**  
**Table of Amendments to the Articles of Incorporation (Comparison)**

Amended provisions	Current provisions	Description
<p>Article 2 The scope of business of the Company shall be as follows:</p> <ol style="list-style-type: none"> <li>Research, development, design, manufacturing, and sales of the following products: <ol style="list-style-type: none"> <li>Lens modules of digital cameras</li> <li>Mobile phone camera lens</li> <li>Lens of multi-function peripheral</li> <li>Other optical lens modules and lens elements</li> <li><del>Purchase and sales of patents for the above products and the license thereof</del></li> </ol> </li> <li><del>Software and hardware application design, testing, maintenance and technical consulting services for the above products.</del></li> <li>Business items and codes of the above products <ul style="list-style-type: none"> <li>CE01030 Optical Instruments Manufacturing</li> <li>CE01990 Others Photographic and Optical Instruments Manufacturing</li> <li>CQ01010 Mold and Die Manufacturing</li> <li>I501010 Product Designing</li> <li>F601010 Intellectual Property Rights</li> </ul> </li> </ol>	<p>Article 2 The scope of business of the Company shall be as follows:</p> <ol style="list-style-type: none"> <li>Research, development, design, manufacturing, and sales of the following products: <ol style="list-style-type: none"> <li>Lens modules of digital cameras</li> <li>Mobile phone camera lens</li> <li>Lens of multi-function peripheral</li> <li>Other optical lens modules and lens elements</li> <li>Purchase and sales of patents for the above products and the license thereof</li> </ol> </li> <li>Software and hardware application design, testing, maintenance and technical consulting services for the above products.</li> <li>Business items and codes of the above products <ul style="list-style-type: none"> <li>CE01030 Optical Instruments Manufacturing</li> <li>CE01990 Others Photographic and Optical Instruments Manufacturing</li> <li>CQ01010 Mold and Die Manufacturing</li> <li>I501010 Product Designing</li> <li>F601010 Intellectual Property Rights</li> </ul> </li> </ol>	<p>As per the requirement of the competent authority (Reference No. Zhong Shang Zi 1120016667)</p>
<p>Article 27: If the Company generates profits for the year, <b><u>at least 6%</u></b> should be allocated for employee compensation, with <b><u>no less than 30% of this amount allocated for compensation to grassroots employees</u></b>; no more than 3% should be allocated for director</p>	<p>Article 27 If the Company makes profits in a year, it shall set aside five percent (5%) to twelve percent (12%) of the profits as remunerations to employees, and no more than three percent (3%) as remunerations to directors. However, the Company's</p>	<p>As amended under Article 14, Paragraph 6 of the Securities Exchange Act</p>

<p>compensation. However, the Company's accumulated losses shall first have been covered. Qualified employees of the Company's parent company or subsidiaries may be eligible to receive the preceding remunerations distributed in the form of shares or in cash.</p>	<p>accumulated losses shall first have been covered. Qualified employees of the Company's parent company or subsidiaries may be eligible to receive the preceding remunerations distributed in the form of shares or in cash.</p>	
<p>Article 30: This Articles of Incorporation was established on November 8, 1986 The first amendment was made on January 21, 1988 The second amendment was made on October 27, 1988 The third amendment was made on December 1, 1989 The fourth amendment was made on August 5, 1995 [...] The thirty-third amendment was made on June 22, 2022 The thirty-fourth amendment was made on June 14, 2023 <u>The thirty-fifth amendment was made on June 20, 2025</u></p>	<p>Article 30: This Articles of Incorporation was established on November 8, 1986 The first amendment was made on January 21, 1988 The second amendment was made on October 27, 1988 The third amendment was made on December 1, 1989 The fourth amendment was made on August 5, 1995 [...] The thirty-third amendment was made on June 22, 2022 The thirty-fourth amendment was made on June 14, 2023</p>	<p>Amended and Added Revision Dates</p>

## List of Director Candidates

Serial Number	Category of nominee	Name of nominee	Education qualifications	Work experience	Current position	Shares held amount (Unit: shares)	Name of the represented government or juristic person
1	Director	Victor Kao	MBA, University of La Veme, USA	Advertising and Marketing Manager, Central Heath Medical Plan Vice President, Business Center of Ability Opto-Electronics Technology Co., Ltd. President of the Company Chairman of Miyabi Technology Co., Ltd. Chairman of Rhoson Corporation	President of the Company Chairman of Miyabi Technology Co., Ltd. Chairman of Rhoson Corporation and Chairman of AII Max Technology Chairman and President of Giga-Image Technology Co., Ltd.	3,469,257	None
2	Director	Chung-He Lin	EMBA, Western Pacific University, USA	Vice Chairman, E-life Mall Corporation	Vice Chairman, E-life Mall Corporation	6,448,897	None
3	Director	Mao-Sheng Lee	MD - PhD, Department of Obstetrics and Gynecology, Toho University, Japan	Responsible Person of Mao Sheng Hospital	Responsible Person of Mao Sheng Hospital	533,154	None
4	Director	Tsung Yi Investment Limited Representative: Mao-San Lai	Department of Pharmacy, China Medical College	Responsible Person of NEW PROFIT TRADING CO., LTD.	Responsible Person of NEW PROFIT TRADING CO., LTD.	5,329,521	None
5	Director	Tsung Yi Investment Limited Representative: Chien-Hsun Lai	Ph.D. in Mechanical Engineering, National Taiwan University	Vice President of the Company Director of Miyabi Technology Co., Ltd. Director of Rhoson Corporation	Vice President of the Company Director of Miyabi Technology Co., Ltd. Director of Rhoson Corporation	5,329,521	None
6	Director	Chin Yu Lung Investment Limited Representative: Chin-Lung Hsu	School of Medicine, Chung Shan Medical University	President, Yu Jen Hospital	Director, Chin Yu Lung Investment Limited	1,343,752	None
7	Director	Ting-Hua Lin	Grand Canyon Master's degree (MBA)	Vice President of the Company	Vice President of the Company Director and President of Rhoson Corporation	2,642,571	None
8	Independent Director	Yung-Jen Tsao	Ph.D. in Economic Law, Graduate School, China University of Political Science and Law, Beijing Section Leader of Deloitte Taiwan	Partner, EnWise CPAs & Co. Director, Paiho Shih Holdings Corporation Supervisor, Yung Fa Steel & Iron Industry Co., Ltd.	Partner, EnWise CPAs & Co.	0	None
9	Independent Director	Sen-He Chang	Department of Accounting, Feng Chia University Ph.D., Institute of Business & Management, National Chiao Tung University	Professor of Department of Accounting, Feng Chia University	Independent Director, AURAS Technology Co., Ltd. Professor of Department of Accounting, Feng Chia University	0	None
10	Independent Director	Hui-Juan Kao	Ph.D., Department of Finance, National Chung Cheng University	Professor of Department of International Business, Tunghai University Member of the Taichung City Government Public Debt Management Committee Member of Taiwan Assessment and Evaluation Association	Professor of Department of International Business, Tunghai University Member of the Taichung City Government Public Debt Management Committee Member of Taiwan Assessment and Evaluation Association	3,000	None
11	Independent Director	Yung-Jui Chen	EMBA, National Taiwan University In-service PhD Program, National Taiwan University of Science and Technology	President, Everbiz Industrial Co., Ltd., New Generation Inheritance Fellowship Association President of New Taipei City Trade Union, Vice President of the Asia-Pacific Artificial Intelligence Business Development Association (AiBiz)	President, Everbiz Industrial Co., Ltd.	0	None

**Reasons for continuing to nominate Mr. Yung-Jen Tsao, who has served as an Independent Director of the Company for 3 consecutive terms, as a candidate for Independent Director:**

Mr. Yung-Jen Tsao, candidate for Independent Director this time, has already served as an Independent Director of the Company for more than 3 terms. Considering his expertise in the field of finance and familiarity with relevant laws and regulations, which have been evidently beneficial to the Company, Mr. Yung-Jen Tsao is still listed as a candidate for Independent Director. This allows him to continue to utilize his expertise while fulfilling his duties as an Independent Director and to provide professional opinions and oversight to the Board of Directors.

Proposal to Lift Competitive Restrictions on Director Candidates

Job Title	Name	Proposal to Lift Competitive Restrictions on Director Candidates
Director	Victor Kao	Chairman of Miyabi Technology Co., Ltd. Chairman of Rhoson Corporation Chairman of AII Max Technology CO., LTD. Chairman and President of Giga-Image Technology Co., Ltd. Independent Director, Orange Electronics Co., Ltd.
Director	Mao-Sheng Lee	President of Mao Sheng Hospital
Director	Representative: Chin-Lung Hsu	Director, Chin Yu Lung Investment Limited
Director	Tsung Yi Investment Limited Representative: Mao-San Lai	Chairman of New Profit Trading Co., Ltd.
Director	Tsung Yi Investment Limited Representative: Chien-Hsun Lai	Director, Tsung Yi Investment Limited Supervisor, New Profit Trading Co., Ltd. Director of Miyabi Technology Co., Ltd. Director of Rhoson Corporation(TW) Director of AII Max Technology CO., LTD.
Director	Ting-Hua Lin	Director of Miyabi Technology Co., Ltd. Director and President of Rhoson Corporation Director of E-life Mall Corporation Chairman, Chuan Chao Investment Co., Ltd.
Independent Director	Yung-Jen Tsao	Partner, EnWise CPAs & Co. Director, Paiho Shih Holdings Corporation Independent Director, Fu Hua Innovation Co., Ltd.
Independent Director	Sen-He Chang	Independent Director, AURAS Technology Co., Ltd.
Independent Director	Hui-Juan Kao	Professor of Department of International Business, Tunghai University
Independent Director	Yung-Jui Chen	President, Everbiz Industrial Co., Ltd.