

Z-COM Inc.

Minutes of the 2025 Annual Meeting of Shareholders

Meeting time : 9:00 a.m. on Weekday, May 27, 2025.

Place : 2F, No. 2, Zhanye 1st Rd., Hsinchu Science Park, Hsinchu City

(The Allied Association for Science Park Industries Room 201)

The total number of shares issued by the company: 71,701,000 shares.

Attendance : The total number of shares represented by attending shareholders and proxy holders is 50,483,871 shares, accounting for 70.40% of the company's total issued shares.

Attending Directors : Chairman: Jin-Sheng Shieh of Fan En Technology Co., Ltd.

Convener of the Audit Committee, Independent Director Yi-Heng Zhou;

Director You-An Chen; Director and General Manager Chia-Fang Wu;

Independent Director Yuan-Liang Su.

Attendees : CPA Rong-Jin Liu from Ernst & Young Certified Public Accountants.

Chairman : Jin-Sheng Shieh, Chairman of Fan En Technology Co., Ltd.

Recorder : Pei-Rong Chiang.

Corporate Governance Officer : Manager Hui-Hua Chuang.

I. Call the Meeting to Order : The total number of shares represented by attending shareholders and proxy holders has exceeded the statutory quorum. The Chairman announces the commencement of the meeting.

II. Chairperson Remarks : Omit.

III. Management Presentation

Report No. 1

2024 Business Report

Explanation: The 2024 Business Report is attached as Annex (I)

Report No. 2

Audit Committee's Review Report on the 2024 Financial Statements.

Explanation: The 2024 Audit Committee's Review Report is attached as Annex (II).

IV. Proposals

Proposal 1: (Proposed by the Board)

Adoption of the 2024 Business Report and Financial Report

Explanation:

1. Z-COM, Inc. Company's Financial Statements were audited by independent auditors, LIU, JUNG-CHIN and CHANG, CHENG-TAO of Taiwan Ernst & Young Private Limited Firm. Also Business Report and Financial Statements have been approved by the Board and examined by the audit committee of Z-COM, Inc.
2. The 2024 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements are attached in the Meeting Agenda, Annex (I), and Annex(III)-(IV).

Resolution: The voting results for this proposal are as follows:

Voting rights represented by attending shareholders at the time of voting: 42,138,224 votes.

	Voting results (votes).	Voting rights included in electronic voting (votes)	Percentage of voting rights represented by attending shareholders.
Votes in favor.	35,198,417	756,751	83.53%
Votes against.	39,932	39,932	0.09%
Invalid votes.	0	0	0.00%
Abstained and uncast votes.	6,899,875	827,322	16.37%

※The percentage of voting rights represented by attending shareholders is rounded down to the second decimal place without adjustment. As a result, minor rounding differences may occur, causing the total percentage not to equal exactly 100%.

The proposal was approved as originally presented.

Proposal 2:(Proposed by the Board)

Adoption of the Proposal for 2024 Deficit Compensation

Explanation:

1. In accordance with Article 27 of the company's articles of association, the company shall distribute employee remuneration based on 10% to 15% of the current year's profit status and shall distribute director's remuneration no more than 3% of the current year's profit status. However, if the company still has accumulated losses, it should be made up.
2. The net profit after tax for the year 2024 was NTD 30,804,724, with the subtract of the accumulated deficit at the beginning of the year of NTD 195,414,765, resulting in an accumulated deficit of NTD 164,610,041 at the end of the year. If there is net income in the future fiscal years, the deficit will be compensated first according to Article 28 of the company's articles of association.

3. The Deficit Compensation Statement for 2024 has been approved by the Board of Directors and submitted for audit by the Audit Committee, please refer to Annex (V).

Resolution: The voting results for this proposal are as follows:

Voting rights represented by attending shareholders at the time of voting: 42,138,224 votes.

	Voting results (votes).	Voting rights included in electronic voting (votes)	Percentage of voting rights represented by attending shareholders.
Votes in favor.	35,194,262	752,596	83.52%
Votes against.	54,346	54,346	0.12%
Invalid votes.	0	0	0.00%
Abstained and uncast votes.	6,889,616	817,063	16.35%

※ The percentage of voting rights represented by attending shareholders is rounded down to the second decimal place without adjustment. As a result, minor rounding differences may occur, causing the total percentage not to equal exactly 100%.

The proposal was approved as originally presented.

V. Discussion

1 Proposal (Proposed by the Board)

Amendment to the " Article of Incorporation".

Explanation :

1. According to the letter No. 1130077296 of the Republic of China Securities OTC Trading Center on November 11, 2024, it is proposed to amend some provisions of the company's " Article of Incorporation".
2. For the comparison table before and after the amendments, please refer to Annex (VI) of this handbook.

Resolution: The voting results for this proposal are as follows:

Voting rights represented by attending shareholders at the time of voting: 42,138,224 votes.

	Voting results (votes).	Voting rights included in electronic voting (votes)	Percentage of voting rights represented by attending shareholders.
Votes in favor.	35,192,130	750,464	83.51%
Votes against.	43,011	43,011	0.10%
Invalid votes.	0	0	0.00%
Abstained and uncast votes.	6,903,083	830,530	16.38%

※ The percentage of voting rights represented by attending shareholders is rounded down to the second decimal place without adjustment. As a result, minor rounding differences may occur, causing the total percentage not to equal exactly 100%.

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The proposal was approved as originally presented.

VI. Election Matters

1 Proposal (Proposed by the Board)

Election of the 11th Board of Directors

Explanation:

1. The current term of office for the company's directors (including independent directors) will expire on May 25, 2025. In accordance with Article 16 of the company's Articles of Association, it is proposed to re-elect seven directors (including three independent directors).
2. The term of office for the directors (including independent directors) elected this time will be three years, starting from May 27, 2025, to May 26, 2028, and they will assume office after the adjournment of the 2025 Annual General Meeting.
3. According to the company's Articles of Association, directors are elected through a candidate nomination system. Please refer to Annex (VII) of this handbook for the list of nominated candidates. Shareholders are requested to elect the directors from the list of nominated candidates.
4. Having served as an independent director of the company for three consecutive terms, and in accordance with Article 5 of the 'Regulations Governing Appointment of Independent Directors for Public Companies and Matters to be Complied With,' the company is required to announce the reasons for continuing to nominate him as an independent director. Mr. Chou Yi-Heng is the Executive Director of the 'Accreditation Council for Chinese Business Education (ACCBE),' under the Management Science Society of the Republic of China. Considering his expertise in business management and extensive experience, he can provide crucial advice and contributions to the company's operational direction. Although he has already served as an independent director for more than three terms, the company still relies on his expertise. Beyond fulfilling his responsibilities as an independent director, he continues to leverage his professional strengths to provide industry development insights and supervise company operations, which is of significant benefit to the company. Therefore, in this election, he is proposed for continued nomination as an independent director.

Election Results: The list of elected directors for the 11th term and their respective vote counts is as follows:

Candidate Category	Account number or identification number.	Elected candidates.	Number of shares held	Votes received by the elected candidates
Director	109	Fan En Technology. Co., Ltd.	3,866,909	43,143,931
Director	26	CHEN, YU AN	894,935	43,116,770
Director	307	WU, CHIA-FANG	925,027	43,101,601
Director	D10010XXXX	SU, YUAN-LIANG	0	43,084,444
Independent Director	R10258XXXX	CHOU, YIH-HENG	0	43,067,459
Independent Director	N12013XXXX	ZHENG SHENG-QING	0	43,064,005
Independent Director	Q22010XXXX	CHAI WAN-HUI	0	43,010,025

VII. Other Matters

1 Proposal (Proposed by the Board)

Release the Prohibition on Directors from Participation in Competitive Business.

Explanation:

1. According to Article 209 of the Company Law, "If a director engages in activities within the company's business scope for themselves or others, they must explain the important contents of such activities to the shareholders' meeting and obtain approval."
2. At the 2025 Annual General Meeting, our company will re-elect directors in accordance with the law. To leverage the expertise and related experience of the newly appointed directors (including independent directors), it is proposed, in accordance with Article 209 of the Company Law, that the 2025 Annual General Meeting approves the lifting of the non-competition restrictions on the newly appointed directors (including independent directors) after the re-election.
3. For information on the concurrent positions held by the director (including independent director) candidates at other companies, please refer to Annex (VIII) of this handbook.

Resolution: The voting results for this proposal are as follows:

Voting rights represented by attending shareholders at the time of voting: 50,483,871 votes.

	Voting results (votes).	Voting rights included in electronic voting (votes)	Percentage of voting rights represented by attending shareholders.
Votes in favor.	34,985,157	543,491	69.29%
Votes against.	247,460	247,460	0.49%
Invalid votes.	0	0	0.00%
Abstained and uncast votes.	15,251,254	833,054	30.21%

※ The percentage of voting rights represented by attending shareholders is rounded down to the second decimal place without adjustment. As a result, minor rounding differences may occur, causing the total percentage not to equal exactly 100%.

The proposal was approved as originally presented.

VIII. Questions and Motions

After consulting all attending shareholders, the Chairman confirmed that no ad hoc motions were proposed.

No shareholders raised any questions during this shareholders' meeting.

IX. Adjournment: May 27, 2025, at 9:52 AM.

※ This shareholders' meeting minutes are recorded in accordance with Article 183, Paragraph 4 of the Company Act, summarizing the key proceedings and resolutions. The actual meeting content, procedures, and shareholder statements shall be based on the audiovisual records of the meeting.)

III. Annex

(I) 2024 Business Report

Dear Shareholders,

We would like to express our gratitude for your care and support towards Z-COM. Below is a summary report on the business performance for 2024 and an outline of the business plan for 2025.

As the threat of COVID-19 gradually subsided, and the international economy is recovering. However, the ongoing Russia-Ukraine war continues to affect the global economy significantly, with decreased demand and widespread pessimism. Meanwhile, the continuous Gaza conflict threatens Red Sea shipping, compounding negative impacts. In addition, the re-election of President Donald Trump in the United States has introduced challenges to the new international economic order through his administration's isolationist stance.

Shipments to existing customers grew somewhat last year, and this year we hope the European economy will emerge from its shadow, generating more demand. The topic of AI continues to captivate attention, with more mature applications expected to emerge in the coming years. Edge computing applications utilizing AI are poised to grow steadily.

Last year, we successfully concluded the Ministry of Economic Affairs' Pre-6G Research Project and the Ministry of Transportation's Smart Rail 5G project for the Tamsui Light Rail under the New Taipei Metro Corporation. We developed a train driver assistance system to optimize safety and increase speed. Security features were integrated into zMEC, and GenAI was used to train and validate several app models, enriching the functionality of zMEC. Moving forward, we aim to integrate industrial control applications with IT in smart rail and energy IoT applications. Our outdoor product SP250-S5 was awarded the National Brand Yushan Award for "Best Product" and attained ISO 27001 certification.

In alignment with our ESG strategy, we aim to enhance product energy efficiency through innovative technology, driving energy-saving, carbon reduction, and the promotion of the circular economy. These technological advancements contribute to smart city development. Furthermore, we actively engage in social responsibility activities to achieve economic, environmental, and social excellence, creating sustainable value and societal impact.

I. Financial performance of 2024 :

- i. **Operating Results:** The individual financial statement for 2024 showed operating income of NT\$556 million, it has grown compared to the previous year. The gross profit margin was 19%, operating net loss was NT\$9,846 thousand, and after-tax net profit was only NT\$30,806 thousand, with earnings per share of NT\$0.45. Consolidated operating income was NT\$562 million, with a gross profit margin of 32%, operating net income of NT\$16,110 thousand, and consolidated after-tax net profit of NT\$29,926 thousand.
 - ii. **Budget Execution Status:** The company did not publicly forecast financial performance for 2024.
 - iii. **Analysis of financial revenue and expenditure and profitability:** The company's consolidated operating income for 2024 was NT\$562 million, up more than 20% from the previous year, with a gross profit margin of 32%, slightly lower than the previous year's 34%. Consolidated after-tax net profit was NT\$29,926 thousand, and after-tax net profit attributable to the parent company was NT\$30,806 thousand, with earnings per share of NT\$0.45.
 - iv. **Technological Developments:**
 - a) Upgraded zMEC capabilities by integrating Time Synchronized Networking (TSN) and firewall apps within containers, establishing a heterogeneous 5G-Wi-Fi AIoT platform with enhanced UTM security functionality for broader AIoT promotion.
 - b) Advanced system applications in ESG and renewable energy domains, including energy creation, storage, consumption monitoring, and energy-saving solutions, as well as applications in smart rails.
 - c) Released Wi-Fi 6E technology capable of achieving speeds up to 10Gbps and developed smart IoT applications like industrial-grade smart boxes and poles.
 - d) SP-250-S5 received the "First Prize" at the 2024 National Brand Yushan Awards.
- II. **Summary of 2025 Operational Plan and Future Development Strategy for the Company:**
- i. Continued efforts to drive enterprise network marketing and apply critical networks to hazardous slope areas, smart construction sites, metro stations, rail crossings, and logistics hubs for indoor and outdoor systems. We aim to expand opportunities, enhance brand visibility, and extend private network vertical applications to Southeast Asia and India.
 - ii. Strengthening collaboration with industry through government-funded research projects to develop new business opportunities by enhancing zMEC performance and application domains.
 - iii. **Marketing Policy:** Continuing to strengthen OEM customer base and deepen brand layout and vertical application successful stories to increase cooperation opportunities with SI

- strategically at home and abroad.
- iv. **Product Development:** In addition to mass-producing Wi-Fi 6E for industrial users, we will also launch 5G Wi-Fi gateways for rail use. We will also introduce Wi-Fi 7 TSN product lines.
 - v. **Lean production, flexible manufacturing, and fast delivery:** Enhancing logistics capabilities to reduce raw material risks.
- III. The impact of external competitive environment and overall business environment on the company:
- i. The epidemic may rebound and become widespread and regular, digitization, cybersecurity requirements, remote monitoring, and effective use of AI/ML and other AI generation tools are becoming prevalent in new applications.
 - ii. Promotion of renewable energy policies: Seizing opportunities in environmental sustainable ESG and new energy.
 - iii. Overall economic environment: International economic growth momentum is slowing down, moving towards a slow recovery phase.
- IV. **Conclusion:** Thank you for the support of our shareholders. The management team and all employees will work tirelessly to utilize new technologies to bring profits to our shareholders and fulfill our corporate social responsibility.

Wish all shareholders good health and success in all endeavors.

Chairman, Fan En Technology Co., Ltd.
Legal representative, John S. Shieh

CEO: WU CHIA-FANG

Accounting Officer: CHUANG, HUI-HUA

(II) Audit Committee Report

The Board of Directors has submitted the annual business report, financial statements, and proposal for handling losses for the fiscal year of our company. The financial statements have been audited by Ernst & Young and their audit report has been issued. The aforementioned business report, financial statements, and proposal for handling losses have been reviewed by our Audit Committee, and no issues were found to be in violation. Therefore, we report the above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review the information accordingly.

Sincerely,

2025 Annual General Shareholders Meeting of ZCOM

Z-COM,INC

Chairman of the Audit Committee: CHOU, YIH-HENG

March 05th, 2025

(III) Independent Auditors' Report and Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Z-Com, Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Z-Com, Inc. (the "Company") and its subsidiaries (collectively, 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 the summary of material accounting policies (together "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group and its subsidiaries as of December 31, 2024 and 2023, and their consolidated financial performance and cash flows for the years ended December 31, 2024 and 2023, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by 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 the 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 and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, 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 judgement, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. 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 consolidated financial statements for the year ended December 31,

2024 are stated as follows:

Evaluation of inventories

The Group is engaged in the manufacturing and selling of products related to wireless data network systems. Its inventories were measured at the lower of cost and net realizable value. The Group's inventories were significant to the consolidated financial statements and the determination of net realizable value for the inventories involves subjective judgement. Therefore, the evaluation of inventories was identified as a key audit matter.

Our audit procedures including (but are not limited to) assessing the appropriateness of the management's accounting policy for inventory evaluation; evaluating and testing the effectiveness of relevant internal control; sampling and testing the entry timing in the inventory aging report and checking accuracy of inventory aging calculation; assessed the reasonableness of provision on inventory allowance through testing the determination of net realizable values; notice if any obsolete and damaged inventories while stock-taking.

Please refer to Notes 6(5) of the consolidated financial statements for the accounting policies on inventories, critical accounting estimation uncertainty and the details of inventories, respectively.

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 requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by 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 ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee or supervisors, are responsible for

overseeing the financial reporting process of the Company and its subsidiaries.

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 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 Standard 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 Standard 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 internal control of the Company and its subsidiaries.
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 ability to continue as a going concern of the Company and its subsidiaries. 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 Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, 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 Company and its subsidiaries 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 2024 consolidated financial statements 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.

Other

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended December 31, 2024 and 2023.

Liu, Jung Chin
Chang, Cheng Tao

Ernst & Young, Taiwan
March 5, 2025

Notice to Readers

The accompanying consolidated financial statements are intended only to present the financial position, results of operations and cash flows in accordance with 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.

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young 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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Z-COM, INC. 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					
Cash and cash equivalents	6(1)	\$234,637	31	\$214,912	30
Financial assets measured at amortised cost, current	6(3) and 8	2,732	-	10,126	1
Notes receivable, net	6(4)	8,565	1	25,631	4
Accounts receivable, net	5 and 6(4)	114,144	15	37,348	5
Other receivables		219	-	153	-
Current tax assets		423	-	215	-
Inventories, net	5 and 6(5)	166,934	22	157,373	22
Prepayments and other current assets		29,395	4	38,995	5
Total Current Assets		<u>557,049</u>	<u>73</u>	<u>484,753</u>	<u>67</u>
NON-CURRENT ASSETS					
Financial assets at fair value through other comprehensive income, non-current	6(2)	702	-	733	-
Financial assets measured at amortised cost, non-current	6(3) and 8	11,302	1	11,302	2
Investments accounted for under the equity method	6(6)	-	-	9,326	1
Property, plant and equipment	6(7)	117,290	15	120,465	17
Right-of-use assets	6(9)	50,995	7	52,580	7
Investment property, net	6(8)	4,240	1	4,861	1
Intangible assets		548	-	477	-
Deferred tax assets	6(17)	25,210	3	35,091	5
Prepayment for equipment		-	-	2,763	-
Refundable deposits		243	-	841	-
Total Non-current Assets		<u>210,530</u>	<u>27</u>	<u>238,439</u>	<u>33</u>
TOTAL ASSETS		<u>\$767,579</u>	<u>100</u>	<u>\$723,192</u>	<u>100</u>
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Short-term bank borrowings	6(10)	\$60,000	8	\$100,000	14
Contract liabilities, current	6(14)	10,582	1	15,594	2
Accounts payable		73,011	10	33,657	5
Other payables	6(11)	28,666	4	27,280	4
Lease liabilities, current	6(9)	1,191	-	3,082	-
Other current liabilities		10,513	1	1,245	-
Total Current Liabilities		<u>183,963</u>	<u>24</u>	<u>180,858</u>	<u>25</u>
NON-CURRENT LIABILITIES					
Lease liabilities, non-current	6(9)	11,116	1	11,170	2
Other non-current liabilities	6(12)	15,557	2	13,941	2
Total Non-current Liabilities		<u>26,673</u>	<u>3</u>	<u>25,111</u>	<u>4</u>
TOTAL LIABILITIES		<u>210,636</u>	<u>27</u>	<u>205,969</u>	<u>29</u>
EQUITY					
Share capital - common stock	6(13)	717,010	93	717,010	99
Capital surplus	6(13)	489	-	489	-
Retained earnings	6(13)				
Special reserve		37,884	5	37,884	5
Accumulated deficit		(164,610)	(21)	(195,416)	(27)
Other equity		(20,537)	(3)	(29,961)	(4)
Treasury stocks	6(13)	(26,512)	(3)	(26,512)	(4)
Equity attributable to owners of the parent		543,724	71	503,494	69
Non-controlling interests		13,219	2	13,729	2
TOTAL EQUITY		<u>556,943</u>	<u>73</u>	<u>517,223</u>	<u>71</u>
TOTAL LIABILITIES AND EQUITY		<u>\$767,579</u>	<u>100</u>	<u>\$723,192</u>	<u>100</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Z-COM, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2024 and 2023

(In thousands of New Taiwan Dollars, except for earnings per share)

	Notes	For the Year Ended December 31, 2024		For the Year Ended December 31, 2023	
		Amount	%	Amount	%
Operating revenue	6(14)	\$562,311	100	\$431,940	100
Operating costs	6(5) and 6(15)	(380,159)	(68)	(286,493)	(66)
Operating margin		182,152	32	145,447	34
Operating expenses	6(15)				
Sales and marketing expenses		(15,335)	(3)	(15,396)	(4)
General and administrative expenses		(60,559)	(11)	(61,666)	(14)
Research and development expenses		(87,011)	(15)	(81,713)	(19)
Expected credit impairment losses	12(4)	(2,350)	-	(172)	-
Total operating expenses		(165,255)	(29)	(158,947)	(37)
Net other (expenses) income	6(8)	(787)	-	(776)	-
Operating income (loss)		16,110	3	(14,276)	(3)
Non-operating income and expenses					
Share of loss of associates	6(6)	(3,796)	(1)	(5,674)	(1)
Interest income	6(16)	1,964	-	2,277	1
Other income	6(16)	22,667	4	25,596	6
Other gains and losses	6(16)	8,247	2	2,000	-
Finance costs	6(16)	(2,114)	-	(2,764)	(1)
Impairment loss	6(6)	(5,530)	(1)	-	-
Total non-operating income and expenses		21,438	4	21,435	5
Net income before income tax	6(17)	37,548	7	7,159	2
Income tax expense		(7,622)	(2)	(2,444)	(1)
Net income		29,926	5	4,715	1
Other comprehensive income (loss)					
Items that will not be reclassified subsequently to profit or loss:					
Unrealized losses from equity instrument investments measured at fair value through other comprehensive income		(31)	-	(467)	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		12,185	2	(7,390)	(2)
Income tax related to items that may be reclassified subsequently	6(17)	(2,360)	-	1,240	-
Total other comprehensive income (loss)		9,794	2	(6,617)	(2)
Total comprehensive income (loss)		\$39,720	7	\$(1,902)	(1)
Net income attributable to:					
Shareholders of the parent		\$30,806	5	\$5,763	1
Non-controlling interests		(880)	-	(1,048)	-
		\$29,926	5	\$4,715	1
Total comprehensive income attributable to:					
Shareholders of the parent		\$40,230	7	\$533	-
Non-controlling interests		(510)	-	(2,435)	(1)
		\$39,720	7	\$(1,902)	(1)
Earnings per share (NTD)					
Earnings per share-basic	6(18)	\$0.45		\$0.08	
Earnings per share-diluted	6(18)	\$0.45		\$0.08	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Z-COM, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Equity attributable to owners of the parent									
	Share capital - common stock	Capital surplus	Retained Earnings		Other equity		Treasury stocks	Total	Non- controlling interests	Total equity
			Special reserve	Accumulated deficit	Financial statements translation differences of foreign operations	Unrealized loss on financial assets at fair value through other comprehensive income				
Balance as of January 1, 2023	\$717,010	\$33	\$37,884	\$(201,179)	\$(24,390)	\$(341)	\$(27,210)	\$501,807	\$14,953	\$516,760
Net income for the year ended December 31, 2023	-	-	-	5,763	-	-	-	5,763	(1,048)	4,715
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(5,002)	(228)	-	(5,230)	(1,387)	(6,617)
Total comprehensive income (loss)	-	-	-	5,763	(5,002)	(228)	-	533	(2,435)	(1,902)
Treasury stocks transaction	-	456	-	-	-	-	698	1,154	1,211	2,365
Balance as of December 31, 2023	717,010	489	37,884	(195,416)	(29,392)	(569)	(26,512)	503,494	13,729	517,223
Net income for the year ended December 31, 2024	-	-	-	30,806	-	-	-	30,806	(880)	29,926
Other comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	9,455	(31)	-	9,424	370	9,794
Total comprehensive income (loss)	-	-	-	30,806	9,455	(31)	-	40,230	(510)	39,720
Balance as of December 31, 2024	\$717,010	\$489	\$37,884	\$(164,610)	\$(19,937)	\$(600)	\$(26,512)	\$543,724	\$13,219	\$556,943

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Z-COM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2024 and 2023
(Expressed in thousands of New Taiwan Dollars)

	For the Year Ended December 31, 2024	For the Year Ended December 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income before income tax	\$37,548	\$7,159
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Depreciation	17,891	21,340
Amortization	384	298
Expected credit impairment losses	2,350	172
Interest expenses	2,114	2,764
Interest income	(1,964)	(2,277)
Share of loss of associates	3,796	5,674
Loss on disposal of property, plant and equipment	287	8
Property, plant, and equipment transfer to expenses	-	110
Impairment loss	5,530	-
Changes in operating assets and liabilities:		
Notes receivable	17,066	3,818
Accounts receivable	(79,146)	(11,716)
Other receivables	(66)	(248)
Inventories, net	(9,561)	45,565
Prepayments and other current assets	9,600	(9,409)
Contract liabilities	(5,012)	14,283
Accounts payable	39,419	(31,085)
Other payables	1,386	(10,307)
Other current liabilities	9,268	550
Other liabilities, noncurrent	1,616	1,771
Cash flows provided by operating activities	<u>52,506</u>	<u>38,470</u>
Interest received	1,964	2,277
Interest paid	(2,114)	(2,764)
Income taxes (paid) refunded	(207)	19
Net cash provided by operating activities	<u>52,149</u>	<u>38,002</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Disposal (acquisition) of financial assets measured at amortized cost	7,394	(11,356)
Acquisitions of property, plant and equipment	(5,883)	(3,024)
Decrease in refundable deposits	598	9
Acquisitions of intangible assets	(571)	-
Disposal of intangible assets	128	-
Increase in prepaid equipment	-	(2,763)
Net cash provided by (used in) investing activities	<u>1,666</u>	<u>(17,134)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in short-term bank borrowings	115,000	335,000
Decrease in short-term bank borrowings	(155,000)	(335,000)
Cash payments for the principal portion of the lease liabilities	(1,613)	(3,335)
Price of treasury stock disposal	-	2,365
Change in non-controlling interests	-	(23,569)
Net cash used in financing activities	<u>(41,613)</u>	<u>(24,539)</u>
EFFECT OF EXCHANGE RATES CHANGES ON CASH AND CASH EQUIVALENT	<u>7,523</u>	<u>(5,012)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>19,725</u>	<u>(8,683)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>214,912</u>	<u>223,595</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$234,637</u>	<u>\$214,912</u>

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

(IV) Independent Auditors' Report and Unconsolidated Financial Statements

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Z-Com, Inc.

Opinion

We have audited the accompanying parent company only balance sheets of Z-Com, Inc. (the "Company") as of December 31, 2024 and 2023, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2024 and 2023, and notes to the parent company only financial statements, including the summary of material accounting policies (together "the parent company only financial statements").

In our opinion, the accompanying parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2024 and 2023, and their parent company only financial performance and cash flows for the years ended December 31, 2024 and 2023, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by 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 the 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 (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, 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 judgement, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2024. 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 parent company only financial statements for the year ended December 31, 2024 are stated as follows:

Evaluation of inventories

The Company is engaged in the manufacturing and selling of products related to wireless data network systems. Its inventories were measured at the lower of cost and net realisable value. The Company's inventories were significant to the parent company only financial statements and the determination of net realizable value for the inventories involves subjective judgement. Therefore, the evaluation of inventories was identified as a key audit matter.

Our audit procedures including (but are not limited to) assessing the appropriateness of the management's accounting policy for inventory evaluation; evaluating and testing the effectiveness of relevant internal control; sampling and testing the entry timing in the inventory aging report and checking accuracy of inventory aging calculation; assessed the reasonableness of provision on inventory allowance through testing the determination of net realisable values; notice if any obsolete and damaged inventories while stock-taking.

Please refer to Notes 6(4) of the parent company only financial statements for the accounting policies on inventories, critical accounting estimation uncertainty and the details of inventories, respectively.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of 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 ability to continue as a going concern of the Company, 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 audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company.

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 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 accompanying notes, 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 and its subsidiaries to express an opinion on the parent company only 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 2024 parent company only financial statements 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.

Liu, Jung Chin
Chang, Cheng Tao

Ernst & Young, Taiwan
March 5, 2025

Notice to Readers

The accompanying accompanying parent company only financial statements are intended only to present the financial position, results of operations and cash flows in accordance with 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 accompanying parent company only financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young 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.

Z-COM, INC.**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					
Cash and cash equivalents	6(1)	\$138,952	17	\$126,789	19
Financial assets at measured amortised cost, current	6(2) and 8	2,732	-	7,367	1
Accounts receivable, net	5 and 6(3)	113,818	14	31,617	5
Accounts receivable-related parties	6(3) and 7	-	-	2,121	-
Other receivables		7	-	7	-
Current tax assets		255	-	150	-
Inventories, net	5 and 6(4)	73,686	9	15,426	3
Prepayments and other current assets		21,561	3	19,758	3
Total Current Assets		351,011	43	203,235	31
NON-CURRENT ASSETS					
Financial assets measured at amortised cost, non-current	6(2) and 8	7,302	1	7,302	1
Investments accounted for under the equity method	6(5)	390,542	47	359,525	55
Property, plant and equipment	6(6)	37,996	5	40,165	6
Right-of-use assets	6(7)	10,281	1	10,937	2
Deferred tax assets	6(15)	25,126	3	35,091	5
Refundable deposits		186	-	126	-
Total Non-current Assets		471,433	57	453,146	69
TOTAL ASSETS		\$822,444	100	\$656,381	100
Liabilities and Equity					
CURRENT LIABILITIES					
Short-term bank borrowings	6(8)	\$60,000	8	\$100,000	15
Contract liabilities, current	6(12)	9,998	1	9,953	2
Accounts payable		1,154	-	1,122	-
Accounts payable-related parties	7	152,883	19	-	-
Other payables	6(9)	18,036	2	15,817	3
Lease liabilities, current	6(7)	599	-	588	-
Other current liabilities	6(10)	10,320	1	694	-
Total Current Liabilities		252,990	31	128,174	20
NON-CURRENT LIABILITIES					
Lease liabilities, non-current	6(7)	10,173	1	10,772	2
Other non-current liabilities	6(10)	15,557	2	13,941	2
Total Non-current Liabilities		25,730	3	24,713	4
TOTAL LIABILITIES		278,720	34	152,887	24
EQUITY					
Share capital - common stock	6(11)	717,010	87	717,010	109
Capital surplus	6(11)	489	-	489	-
Retained earnings	6(11)				
Special reserve		37,884	5	37,884	6
Accumulated deficit		(164,610)	(20)	(195,416)	(30)
Other equity		(20,537)	(3)	(29,961)	(5)
Treasury stocks	6(11)	(26,512)	(3)	(26,512)	(4)
TOTAL EQUITY		543,724	66	503,494	76
TOTAL LIABILITIES AND EQUITY		\$822,444	100	\$656,381	100

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

Z-COM, INC.**STATEMENTS OF COMPREHENSIVE INCOME****For the Years Ended December 31, 2024 and 2023**

(In thousands of New Taiwan Dollars, except for earnings per share)

	Notes	For the Year Ended December 31, 2024		For the Year Ended December 31, 2023	
		Amount	%	Amount	%
Operating revenue	6(12) and 7	\$556,434	100	\$386,693	100
Operating costs	6(4) and 7	(451,000)	(81)	(295,051)	(76)
Operating margin		105,434	19	91,642	24
Operating expenses	6(13)				
Sales and marketing expenses		(10,195)	(2)	(12,843)	(3)
General and administrative expenses		(29,674)	(5)	(34,440)	(9)
Research and development expenses	7	(73,284)	(13)	(58,807)	(15)
Expected credit impairment losses	12(4)	(2,127)	-	(172)	-
Total operating expenses		(115,280)	(21)	(106,262)	(27)
Operating loss		(9,846)	(2)	(14,620)	(3)
Non-operating income and expenses					
Interest income	6(14)	1,447	-	1,652	-
Other income	6(14)	25,473	5	28,373	7
Other gains and losses	6(14)	4,139	1	(204)	-
Finance costs	6(14)	(2,044)	-	(2,583)	(1)
Share of profit or loss of subsidiaries and associates accounted	6(5)	24,763	4	(4,411)	(1)
Impairment loss	6(5)	(5,530)	(1)	-	-
Total non-operating income and expenses		48,248	9	22,827	5
Net income before income tax		38,402	7	8,207	2
Income tax expense	6(15)	(7,596)	(1)	(2,444)	(1)
Net income		30,806	6	5,763	1
Other comprehensive income (loss)					
Items that will not be reclassified subsequently to profit or loss:					
Unrealized losses from equity instrument investments					
measured at fair value through other comprehensive income		(15)	-	(228)	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		11,799	2	(6,242)	(2)
Income tax related to items that may be reclassified subsequently	6(15)	(2,360)	-	1,240	-
Total other comprehensive income (loss)		9,424	2	(5,230)	(2)
Total comprehensive income		\$40,230	8	\$533	(1)
Earnings per share (NTD)					
Earnings per share-basic	6(16)	\$0.45		\$0.08	
Earnings per share-diluted	6(16)	\$0.45		\$0.08	

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

Z-COM, INC.

STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Equity attributable to owners of the parent							
	Retained Earnings				Other equity			Total
	Share capital - common stock	Capital surplus	Special reserve	Accumulated deficit	Financial statements translation differences of foreign operations	Share of loss of associates and joint ventures accounted for using equity method	Treasury stocks	
Balance as of January 1, 2023	\$717,010	\$33	\$37,884	\$(201,179)	\$(24,390)	\$(341)	\$(27,210)	\$501,807
Net income for the year ended December 31, 2023	-	-	-	5,763	-	-	-	5,763
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(5,002)	(228)	-	(5,230)
Total comprehensive income (loss)	-	-	-	5,763	(5,002)	(228)	-	533
Treasury stocks transaction	-	456	-	-	-	-	698	1,154
Balance as of December 31, 2023	717,010	489	37,884	(195,416)	(29,392)	(569)	(26,512)	503,494
Net income for the year ended December 31, 2024	-	-	-	30,806	-	-	-	30,806
Other comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	9,439	(15)	-	9,424
Total comprehensive income (loss)	-	-	-	30,806	9,439	(15)	-	40,230
Balance as of December 31, 2024	\$717,010	\$489	\$37,884	\$(164,610)	\$(19,953)	\$(584)	\$(26,512)	\$543,724

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

Z-COM, INC.**STATEMENTS OF CASH FLOWS****For the Years Ended December 31, 2024 and 2023**

(Expressed in thousands of New Taiwan Dollars)

	For the Year Ended December 31, 2024	For the Year Ended December 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income before income tax	\$38,402	\$8,207
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Depreciation	4,285	4,249
Expected credit impairment losses	2,127	172
Interest expense	2,044	2,583
Interest income	(1,447)	(1,652)
Share of (profit) loss of subsidiaries and associates accounted	(24,763)	4,411
Gain on disposals of investment	(163)	-
Impairment loss	5,530	-
Changes in operating assets and liabilities:		
Accounts receivable	(84,328)	(12,840)
Accounts receivable-related parties	2,121	(2,121)
Other receivables	-	(119)
Inventories, net	(58,260)	27,606
Prepayments and other current assets	(1,803)	(186)
Contract liabilities, current	45	9,323
Accounts payable	32	(1,441)
Accounts payable-related parties	152,883	(21,123)
Other payables	2,219	(7,645)
Other current liabilities	9,626	161
Net defined benefit liabilities	1,616	1,771
Cash flows provided by operating activities	<u>50,166</u>	<u>11,356</u>
Interest received	1,447	1,652
Interest paid	(2,044)	(2,583)
Income taxes (paid) refunded	(96)	19
Net cash flows provided by operating activities	<u>49,473</u>	<u>10,444</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Disposal (acquisitions) of financial assets measured at amortised cost	4,635	(7,367)
Acquisitions of property, plant and equipment	(1,460)	-
Disposal of property, plant and equipment	163	-
Increase in refundable deposits	(60)	-
Net cash flows provided by (used in) investing activities	<u>3,278</u>	<u>(7,367)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in short-term bank borrowings	110,000	335,000
Decrease in short-term bank borrowings	(150,000)	(335,000)
Cash payment for the principal portion of the lease liabilities	(588)	(577)
Net cash flows used in financing activities	<u>(40,588)</u>	<u>(577)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,163	2,500
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>126,789</u>	<u>124,289</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$138,952</u>	<u>\$126,789</u>

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

(V) Deficit Compensation Statement

Z-COM, Inc.
Deficit Compensation Statement for 2024

Items	Unit: NTD\$ Total
Deficit yet to be compensated – at the beginning of 2024	(195,414,765)
+ : net profit after tax for 2024	30,804,724
Deficit yet to be compensated – at the end of 2024	<u>(164,610,041)</u>

(Note) According to Article 28 of the Articles of Association, if there is a surplus in the annual financial statements, the deficit should be compensated first.

Chairman : Fan En Technology. Co., Ltd.
Legal representative, John S. Shieh

CEO : WU CHIA-FANG

Accounting Officer: CHUANG, HUI-HUA

(VI) Comparison table before and after the amendments to the " Article of Incorporation"

Amendment article	Existing article	Explanation
<p>Article 27: The company shall distribute employee compensation at a rate of 10% to 15% of the profits of the current fiscal year, and shall distribute director compensation at a rate not exceeding 3% of the profits of the current fiscal year. However, if the company has accumulated losses, they shall be compensated first.</p> <p><u>If the company has profits in a fiscal year, 7% to 12% of the profits shall be allocated for salary adjustments or remuneration distribution to grassroots employees based on the profit status of that year. However, if the company still has accumulated losses, the losses should be covered first.</u></p> <p>Employee compensation may be in the form of stocks or cash, and recipients of stocks or cash may include employees of controlling or subsidiary companies who meet certain conditions.</p> <p>The profits of the current fiscal year referred to in the first paragraph mean the pre-tax profit for the current fiscal year before deducting employee and director compensation.</p> <p>The distribution of employee and director compensation shall be approved by a resolution of the board of directors with the attendance of at least two-thirds of the directors and the agreement of a majority of the attending directors, and shall be reported to the shareholders' meeting.</p>	<p>Article 27: The company shall distribute employee compensation at a rate of 10% to 15% of the profits of the current fiscal year, and shall distribute director compensation at a rate not exceeding 3% of the profits of the current fiscal year. However, if the company has accumulated losses, they shall be compensated first.</p> <p>Employee compensation may be in the form of stocks or cash, and recipients of stocks or cash may include employees of controlling or subsidiary companies who meet certain conditions.</p> <p>The profits of the current fiscal year referred to in the first paragraph mean the pre-tax profit for the current fiscal year before deducting employee and director compensation.</p> <p>The distribution of employee and director compensation shall be approved by a resolution of the board of directors with the attendance of at least two-thirds of the directors and the agreement of a majority of the attending directors, and shall be reported to the shareholders' meeting</p>	<p>According to the letter No. 1130077296 of the Republic of China Securities OTC Trading Center on November 11, 2024, it is proposed to amend some provisions of the company's " Article of Incorporation".</p>
<p>Article 31: This Articles of Incorporation were established by the initiators' meeting and agreed upon by all initiators on February 23, 1995. It shall take effect from the date of approval and registration by the competent authority.</p>	<p>Article 31: This Articles of Incorporation were established by the initiators' meeting and agreed upon by all initiators on February 23, 1995. It shall take effect from the date of approval and registration by the competent authority.</p>	<p>Added revision date and number</p>

Amendment article	Existing article	Explanation
<p>Slightly</p> <p>The Articles of Incorporation were seventeenth revised on May 26, 2022. <u>The Articles of Incorporation were eighteenth revised on May 27, 2025.</u></p>	<p>Slightly</p> <p>The Articles of Incorporation were seventeenth revised on May 26, 2022.</p>	

(VII): List of Candidates for Directors and Independent Directors

Candidate Category	Name	Gender	Main education and experience	Number of shares held
Director	Fan En Technology Co., Ltd.	Not applicable	<u>Education:</u> Not applicable <u>Experience:</u> Not applicable	3,866,909
Director	CHEN, YUAN	Male	<u>Education:</u> Master's degree in Engineering from the Transportation Research Institute at National Chiao Tung University. <u>Experience:</u> Vice Chairman of Ablerex Electronic Co., Ltd. Director , Supervisor of United Integrated Services Co., Ltd Director , Supervisor of Z-COM, Inc. Director of United Integrated Services Co., Ltd	894,935
Director	WU, CHIA-FANG	Female	<u>Education:</u> Bachelor of English, National Changhua University of Education. ITI Ministry of Economic Affairs Foreign Trade Association Trade Talent Development Program-Master's degree equivalent. <u>Experience:</u> Marketing and Sales Director, Z-COM, Inc. Deputy General Manager, Z-COM, Inc. Legal Representative and Director, Z-COM, Inc. Chairman of Fan En Technology. Co., Ltd. Director, Z-Wireless Technology, LTD.	925,027
Director	SU, YUAN-LIANG	Male	<u>Education:</u> Georgia Institute of Technology PHD in Industrial & Systems Engineering <u>Experience:</u> Independent Director of Z-COM, Inc. Independent Director of Ablerex Electronic Co., Ltd. Legal Representative and Director of ARIMA PHOTOVOLTAIC & OPTICAL CORP.	0
Director	Tearoom Bowie CO., LTD.	Not applicable	<u>Education:</u> Not applicable <u>Experience:</u> Not applicable	1,000

Candidate Category	Name	Gender	Main education and experience	Number of shares held
Independent Director	CHOU, YIH-HENG	Male	<p><u>Education:</u> Ph.D. in Business Administration from National Chengchi University.</p> <p><u>Experience:</u> Professor at the Department of Business Administration, National Sun Yat-sen University. Founding Dean of the College of Management, National Chiayi University. Dean of Academic Affairs and Vice President of National Sun Yat-sen University. Guest Professor at Kaohsiung Medical University. Executive Director of Chinese Management Association. CEO of Accreditation of Chinese Collegiate School of Business (ACCBE)</p>	0
Independent Director	ZHENG SHENG-QING	Male	<p><u>Education:</u> Ph.D. in Computer Science and Engineering from National Chiao Tung University.</p> <p><u>Experience:</u> Technical Director of the Information and Communications Research Division, ITRI. Deputy Director of the Information and Communications Research Division, ITRI. Technical Director of Visual Communication, Office of the Director, Information and Communications Research Division, ITRI. Group Leader of Video and Optical Communication Technology / Optical Communication and Broadband Integration Technology, Information and Communications Research Division, ITRI. Executive Secretary of the Communication Industry Development Task Force, Ministry of Economic Affairs. Executive Secretary of the Digital Video Industry Promotion Task Force, Ministry of Economic Affairs. Deputy Group Leader of the Communication Systems Group, Electronics and Telecommunications Research Division, ITRI.</p>	0

Candidate Category	Name	Gender	Main education and experience	Number of shares held
			Deputy Group Leader of the Computer Communications Group, Electronics and Telecommunications Research Division, ITRI. Manager / Deputy Manager of the Network Management Systems Department, Electronics and Telecommunications Research Division, ITRI. Recipient of the Ten Outstanding Engineers Award (September 2003).	
Independent Director	CHAI WAN-HUI	Female	<u>Education:</u> MS, Baruch College, the City University of New York <u>Experience:</u> Regional Treasury Chief Risk Officer, HK Hub (Greater China and North Asia), Standard Chartered Bank Hong Kong	0
Independent Director	XU YIN-ZHU	Female	<u>Education:</u> Master's Degree in Business Management, Cheng Shiu University. <u>Experience:</u> Independent Director of Golden Win International CORP. Independent Director of Jia Jie Biomedical Co., Ltd. Manager of DAILY POLYMER CORP.	0

(VIII): List of concurrent positions held by candidates for directors and independent directors

Category	Name	Currently holding concurrent positions at other companies.
Director	Fan En Technology Co., Ltd.	Director of Z-COM, Inc.
Director	CHEN, YU AN	Director of Ablerex Electronic Co., Ltd. Director of Z-COM, Inc. Director of Eco Energy Corporation
Director	WU, CHIA-FANG	CEO of Z-COM, Inc. Director of Fan En Technology Co., Ltd. Director, Z-COM, Inc. CEO of JiangXi Zwaveasia Technology Co., Ltd. Director of Intelligent platform for IoT services co., LTD. Director of CHUNGHWA SOCHAMP TECHNOLOGY INC.

Category	Nane	Currently holding concurrent positions at other companies.
Director	SU, YUAN-LIANG	Chairman of Surplux Energy Inc. Independent Director of Z-COM, Inc. Independent Director of Ablere Electronic Co., Ltd.
Independent Director	CHOU, YIH-HENG	CEO of Accreditation of Chinese Collegiate School of Business(ACCBE) Independent Director of Z-COM, Inc.
Independent Director	CHAI WAN-HUI	Regional Treasury Chief Risk Officer, HK Hub (Greater China and North Asia), Standard Chartered Bank Hong Kong.
Independent Director	XU YIN-ZHU	Independent Director of Golden Win International CORP. Independent Director of Jia Jie Biomedical Co., Ltd. Manager of DAILY POLYMER CORP.