

**Airtac International Group
and Subsidiaries**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2023
and 2022 and
Independent Auditors' Review Report**

Note: The translation version is intended for reference only. If any inconsistency exists between the Chinese and English versions, the Chinese version shall govern.

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Airtac International Group

Introduction

We have reviewed the accompanying consolidated balance sheets of Airtac International Group and its subsidiaries (collectively, the “Company”) as of September 30, 2023 and 2022 the related consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022 and for the nine months then ended September 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the nine months ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as 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 International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Standards on Review Engagements of the Republic of China 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the consolidated financial position of the Company as of September 30, 2023 and 2022, its consolidated financial performance for the three months ended September 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2023 and 2022 in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Jui-Chuan Chih and Hui-Min Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 6, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance 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.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 8,171,066	14	\$ 6,345,451	12	\$ 4,258,508	8
Financial assets at fair value through profit or loss - current (Note 7)	28,251	-	2,163	-	-	-
Financial assets at amortized cost - current (Notes 8 and 30)	28,586	-	260,263	1	828,233	2
Notes receivable (Note 9)	4,780,360	8	2,937,652	5	2,564,502	5
Trade receivables (Notes 9 and 29)	7,353,747	13	6,112,157	11	5,971,669	11
Other receivables	28,511	-	20,495	-	21,745	-
Current tax assets (Note 4)	12,162	-	13,414	-	11,698	-
Inventories (Note 10)	6,579,761	11	7,250,257	13	6,942,271	13
Other current assets (Note 15)	289,468	1	312,263	1	295,053	1
Total current assets	27,271,912	47	23,254,115	43	20,893,679	40
NON-CURRENT ASSETS						
Property, plant and equipment (Notes 12 and 30)	28,942,763	49	28,829,175	53	28,408,708	54
Right-of-use assets (Note 13)	995,195	2	982,607	2	1,016,799	2
Investment properties (Note 14)	61,486	-	24,692	-	-	-
Other intangible assets	32,280	-	40,793	-	44,580	-
Deferred tax assets (Notes 4 and 23)	326,309	-	392,392	-	439,649	1
Other non-current assets (Note 15)	993,670	2	1,075,773	2	1,590,291	3
Total non-current assets	31,351,703	53	31,345,432	57	31,500,027	60
TOTAL	\$ 58,623,615	100	\$ 54,599,547	100	\$ 52,393,706	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term loans (Note 16)	\$ 10,097,071	17	\$ 10,781,921	20	\$ 9,164,112	18
Short-term bills payable (Note 16)	100,000	-	500,000	1	300,000	1
Contract liabilities - current (Note 21)	60,451	-	78,256	-	62,489	-
Notes payable (Note 17)	164,849	-	205,746	-	200,906	-
Trade payables (Note 17)	974,184	2	1,085,319	2	831,975	2
Lease liability - current (Note 13)	62,347	-	66,019	-	68,880	-
Other payables (Note 18)	4,155,200	7	1,478,211	3	2,351,333	4
Current tax liabilities (Note 4)	375,762	1	411,459	1	454,948	1
Current portion of long-term loans (Notes 16 and 30)	1,907	-	-	-	-	-
Other current liabilities (Note 18)	326,079	1	326,623	1	224,300	-
Total current liabilities	16,317,850	28	14,933,554	28	13,658,943	26
NON-CURRENT LIABILITIES						
Long-term loans (Notes 16 and 30)	10,798	-	-	-	-	-
Deferred tax liabilities (Notes 4 and 23)	567,586	1	610,426	1	572,402	1
Lease liabilities (Note 13)	99,496	-	122,477	-	136,313	-
Other non-current liabilities	36,425	-	-	-	-	-
Total non-current liabilities	714,305	1	732,903	1	708,715	1
Total liabilities	17,032,155	29	15,666,457	29	14,367,658	27
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)						
Share capital	2,000,000	4	2,000,000	4	2,000,000	4
Capital surplus	14,846,145	25	14,846,145	27	14,846,145	29
Retained earnings	25,442,907	43	22,867,172	42	21,525,234	41
Other equity	(704,555)	(1)	(787,488)	(2)	(352,686)	(1)
Total equity attributable to owners of the Company	41,584,497	71	38,925,829	71	38,018,693	73
NON-CONTROLLING INTERESTS	6,963	-	7,261	-	7,355	-
Total equity	41,591,460	71	38,933,090	71	38,026,048	73
TOTAL	\$ 58,623,615	100	\$ 54,599,547	100	\$ 52,393,706	100

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

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
Sales (Notes 21 and 34)	\$ 7,563,830	100	\$ 6,077,173	100	\$ 22,471,562	100	\$ 19,808,521	100
OPERATING COSTS								
Cost of goods sold (Notes 10 and 22)	4,056,162	54	3,262,883	54	12,178,297	54	10,820,108	55
GROSS PROFIT	3,507,668	46	2,814,290	46	10,293,265	46	8,988,413	45
OPERATING EXPENSES								
(Note 22)								
Selling and marketing expenses	742,976	10	626,899	10	2,150,962	9	1,898,833	9
General and administrative expenses	296,593	4	305,934	5	825,490	4	821,844	4
Research and development expenses	244,154	3	184,819	3	636,829	3	543,778	3
Expected credit loss	5,283	-	(6,376)	-	(12,788)	-	17,549	-
Total operating expenses	1,289,006	17	1,111,276	18	3,600,493	16	3,282,004	16
PROFIT FROM OPERATIONS	2,218,662	29	1,703,014	28	6,692,772	30	5,706,409	29
NON-OPERATING INCOME AND EXPENSES (Note 22)								
Other income	31,697	1	28,369	1	77,743	-	76,133	-
Other gains and losses	274,445	4	105,275	2	85,269	-	386,070	2
Finance costs	(50,051)	(1)	(34,424)	(1)	(137,667)	-	(103,475)	-
Total non-operating income and expenses	256,091	4	99,220	2	25,345	-	358,728	2
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	2,474,753	33	1,802,234	30	6,718,117	30	6,065,137	31
INCOME TAX EXPENSE (Notes 4 and 23)	535,242	7	411,201	7	1,451,967	6	1,394,306	7
NET PROFIT FOR THE PERIOD	1,939,511	26	1,391,033	23	5,266,150	24	4,670,831	24
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified subsequently to profit or loss:								
Exchange differences arising on translation to the presentation currency	1,296,277	17	305,956	5	82,933	-	1,083,920	5
Items that may be reclassified subsequently to profit or loss:								

(Continued)

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Exchange differences on translating foreign operations	(242,461)	(3)	(55,612)	(1)	(3)	-	(204,482)	(1)
Other comprehensive income for the period, net of income tax	1,053,816	14	250,344	4	82,930	-	879,438	4
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 2,993,327</u>	<u>40</u>	<u>\$ 1,641,377</u>	<u>27</u>	<u>\$ 5,349,080</u>	<u>24</u>	<u>\$ 5,550,269</u>	<u>28</u>
NET PROFIT								
ATTRIBUTABLE TO:								
Owner of the Company	\$ 1,939,625	26	\$ 1,391,166	23	\$ 5,266,445	23	\$ 4,671,193	24
Non-controlling interests	(114)	-	(133)	-	(295)	-	(362)	-
	<u>\$ 1,939,511</u>	<u>26</u>	<u>\$ 1,391,033</u>	<u>23</u>	<u>\$ 5,266,150</u>	<u>23</u>	<u>\$ 4,670,831</u>	<u>24</u>
TOTAL COMPREHENSIVE INCOME								
ATTRIBUTABLE TO:								
Owner of the Company	\$ 2,993,472	40	\$ 1,641,519	27	\$ 5,349,378	24	\$ 5,550,662	28
Non-controlling interests	(145)	-	(142)	-	(298)	-	(393)	-
	<u>\$ 2,993,327</u>	<u>40</u>	<u>\$ 1,641,377</u>	<u>27</u>	<u>\$ 5,349,080</u>	<u>24</u>	<u>\$ 5,550,269</u>	<u>28</u>
EARNINGS PER SHARE (Note 24)								
Basic	<u>\$ 9.70</u>		<u>\$ 6.96</u>		<u>\$ 26.33</u>		<u>\$ 23.36</u>	
Diluted	<u>\$ 9.70</u>		<u>\$ 6.95</u>		<u>\$ 26.32</u>		<u>\$ 23.34</u>	

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

(Concluded)

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company									
						Other Equity		Total	Non-controlling Interests	Total Equity
						Exchange Differences on Translating Foreign Operations	Remeasurement of Defined Benefits Plans			
Share Capital	Capital Surplus (Note 20)	Retained Earnings	Unappropriated Earnings							
Shares (In Thousands)	Ordinary Shares		Special Reserve							
BALANCE AT JANUARY 1, 2022	200,000	\$ 2,000,000	\$ 14,846,145	\$ -	\$ 19,529,933	\$ (1,238,417)	\$ 6,262	\$ 35,143,923	\$ 7,748	\$ 35,151,671
Appropriation of 2021 earnings										
Cash dividends distributed by the Company	-	-	-	-	(2,675,892)	-	-	(2,675,892)	-	(2,675,892)
Net profit for the nine months ended September 30, 2022	-	-	-	-	4,671,193	-	-	4,671,193	(362)	4,670,831
Other comprehensive income for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	879,469	-	879,469	(31)	879,438
Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	4,671,193	879,469	-	5,550,662	(393)	5,550,269
BALANCE AT SEPTEMBER 30, 2022	200,000	\$ 2,000,000	\$ 14,846,145	\$ -	\$ 21,525,234	\$ (358,948)	\$ 6,262	\$ 38,018,693	\$ 7,355	\$ 38,026,048
BALANCE AT JANUARY 1, 2023	200,000	\$ 2,000,000	\$ 14,846,145	\$ -	\$ 22,867,172	\$ (793,750)	\$ 6,262	\$ 38,925,829	\$ 7,261	\$ 38,933,090
Appropriation of 2022 earnings										
Special reserve	-	-	-	32,712	(32,712)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(2,690,710)	-	-	(2,690,710)	-	(2,690,710)
Net profit for the nine months ended September 30, 2023	-	-	-	-	5,266,445	-	-	5,266,445	(295)	5,266,150
Other comprehensive income for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	82,933	-	82,933	(3)	82,930
Total comprehensive income for the nine months ended September 30, 2023	-	-	-	-	5,266,445	82,933	-	5,349,378	(298)	5,349,080
BALANCE AT SEPTEMBER 30, 2023	200,000	\$ 2,000,000	\$ 14,846,145	\$ 32,712	\$ 25,410,195	\$ (710,817)	\$ 6,262	\$ 41,584,497	\$ 6,963	\$ 41,591,460

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

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 6,718,117	\$ 6,065,137
Adjustments for:		
Depreciation expenses	1,780,472	1,576,832
Amortization expenses	13,165	12,897
Expected credit loss	(12,788)	17,549
Net gain on financial assets at fair value through profit or loss	(11,659)	(168,431)
Finance costs	137,667	103,475
Interest income	(77,743)	(76,133)
Loss (gain) on disposal of property, plant and equipment	114,197	76,190
Write-down of inventories	9,142	12,291
Net gain on foreign currency exchange	8,733	5,372
Loss on Amendment of Lease agreement	(55)	-
Changes in operating assets and liabilities:		
Increase in notes receivables	(1,829,169)	(405,029)
Increase in trade receivables	(1,213,487)	(435,350)
Increase in other receivables	(1,520)	(3,290)
Increase in inventories	677,626	(1,475,351)
(Increase) decrease in other current assets	34,166	(15,204)
Increase in contract liabilities	(17,845)	(8,181)
Increase (decrease) in notes payables	(41,029)	(31,711)
Increase in trade payables	(112,655)	(275,562)
Increase in other payables	29,863	27,827
Increase in deferred revenue	36,251	-
(Decrease) increase in other current liabilities	(1,057)	29,884
Cash generated from operations	6,240,392	5,033,212
Interest received	68,916	63,434
Interest paid	(139,425)	(107,980)
Income tax paid	(1,461,913)	(1,218,904)
Net cash generated from operating activities	<u>4,707,970</u>	<u>3,769,762</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets measured at amortized cost	(505,322)	(2,324,648)
Proceeds on sale of financial assets at amortized cost	727,822	3,389,254
Proceeds from sale of financial assets at fair value through profit or loss	13,602	175,466
Payments for property, plant and equipment	(1,922,616)	(4,471,497)
Proceeds from disposal of property, plant and equipment	36,595	39,837
Increase in refundable deposits	(10,737)	(13,426)
Decrease in refundable deposits	8,690	35,573
Acquisitions of intangible assets	(3,635)	(4,263)
Acquisitions of right-of-use assets	(49,492)	-

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AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2023	2022
Net cash used in investing activities	<u>(1,705,093)</u>	<u>(3,173,704)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term loans	(681,640)	5,445,004
Repayments of (repayment of) short-term bills payables	(400,000)	(480,000)
Proceeds from long-term loans	12,705	-
Repayments of long-term loans	-	(3,577,000)
Dividends paid to owners of the Company	-	(1,976,675)
Repayment of the principal portion of lease liability	<u>(67,403)</u>	<u>(63,165)</u>
Net cash used in financing activities	<u>(1,136,338)</u>	<u>(651,836)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(40,924)</u>	<u>(60,016)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,825,615	(115,794)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>6,345,451</u>	<u>4,374,302</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 8,171,066</u>	<u>\$ 4,258,508</u>

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

(Concluded)

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 and 2022

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

(Reviewed, Not Audited)

1. GENERAL

Airtac International Group (the “Company,” the Company and its subsidiaries are collectively referred to as the “Group”) was incorporated on September 16, 2009 in British Cayman Islands under reorganization mainly for the purpose of applying for listing on Taiwan Stock Exchange (“TWSE”). Admire Fame International Limited (“Admire Fame”), the Company’s parent company decided on December 23, 2009 with the approval of the shareholders to convert all stocks of Admire Fame to the stocks of the Company at the ratio of 1:1 (referred to as “stock swap” hereunder), and decided to dissolve and liquidate Admire Fame in 2010. Following the stock swap and reorganization, the Company becomes the holding company of a group of enterprises and engages in investment. The main businesses of other companies under the Group are set out in Note 11.

The Company’s stocks were listed on TWSE in December 2010.

The functional currency of the Company is RMB. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars since the Company’s stocks are listed on the Taiwan Stock Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and issued on November 6, 2023.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the FSC.

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies:

- 1) Amendments to IAS 1 “Disclosure of Accounting Policies”

When applying the amendments, the Group refers to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the

primary users of general purpose financial statements make on the basis of those financial statements. Moreover:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The accounting policy information is likely to be considered material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgments or assumptions in applying an accounting policy, and the Group discloses those judgments or assumptions; or
- e) The accounting is complex, and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

Refer to Note 4 for related accounting policy information.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The Group has applied the amendments since January 1, 2023. The Group defines accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

- b. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17—Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (referred to as the “2020 amendments”) and “Non-current Liabilities with Covenants” (referred to as the “2022 amendments”)

The 2020 amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights exist at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Group shall disclose information that enables users of financial statements to understand the risk of the Group, which may have difficulty complying with the covenants and repaying its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the

Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such an option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

- c. The IFRSs endorsed by the FSC for application starting from 2024

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Leases Liability in a Sale and leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuingly assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IAS 34 "Interim Financial Reporting" as endorsed by the FSC. Disclosure information included in the consolidated financial statements is less than those required in a complete set of annual financial statements.

b. Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 11, Table 2 and Table 7 for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2022.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. MATERIAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

(1) Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions on probability of default and loss given default. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 9. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

(2) Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 865	\$ 579	\$ 715
Check accounts	56,876	85,708	45,977
Demand deposits	2,266,648	4,126,415	2,416,788
Cash equivalent (investments with original maturities of less than 3 months)			
Time deposits	5,846,677	2,132,749	1,795,028
	<u>\$ 8,171,066</u>	<u>\$ 6,345,451</u>	<u>\$ 4,258,508</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
— Foreign exchange forward contracts	\$ 28,251	\$ 2,163	\$ -

At the end of the reporting period, outstanding interest rate swap contracts not under hedge accounting were as follows:

September 30, 2023:

	Currency	Maturity Date	Notional Amount (In Thousands)
Buy	RMB /NTD	2023.10.06	RMB 220,000/ NTD 943,558

December 31, 2022

	Currency	Maturity Date	Notional Amount (In Thousands)
Buy	RMB /NTD	2023.02.01	RMB 343,000/ NTD 1,509,904

September 30, 2022: None

8. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Time deposits with original maturity of more than 3 month	\$ 6,511	\$ 6,390	\$ 6,483
Restricted bank deposits	22,075	33,060	38,021
Structured deposits	-	220,813	783,729
	<u>\$ 28,586</u>	<u>\$ 260,263</u>	<u>\$ 828,233</u>

Refer to Note 30 for information relating to investments in financial assets at amortized cost pledged as security.

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Notes receivable</u>			
At amortized cost			
Notes receivable - operating	\$ 4,802,810	\$ 2,960,239	\$ 2,587,456
Less: Allowance for impairment loss	(<u>22,450</u>)	(<u>22,587</u>)	(<u>22,954</u>)
	<u>\$ 4,780,360</u>	<u>\$ 2,937,652</u>	<u>\$ 2,564,502</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 7,415,087	\$ 6,185,129	\$ 6,043,524
Less: Allowance for impairment loss	(<u>61,340</u>)	(<u>72,972</u>)	(<u>71,855</u>)
	<u>\$ 7,353,747</u>	<u>\$ 6,112,157</u>	<u>\$ 5,971,669</u>

The average credit period of sales of goods was 30 to 180 days. No interest was charged on trade receivables. Credit rating information is obtained from independent rating agencies where available or, if not available, the Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

September 30, 2023

	Not Past Due	Less than 90 days	91 to 180 days	181 to 365 days	366 to 547 days	548 to 730 days	Over 731 days	Total
Expected credit loss rate	0.15%	3.65%	50.81%	73.09%	86.93%	89.81%	100%	
Gross carrying amount	\$ 11,749,619	\$ 405,469	\$ 19,564	\$ 4,810	\$ 1,653	\$ 4,280	\$ 32,502	\$ 12,217,897
Loss allowance (Lifetime ECL)	(17,734)	(14,817)	(9,941)	(3,515)	(1,437)	(3,844)	(32,502)	(83,790)
Amortized cost	<u>\$ 11,731,885</u>	<u>\$ 390,652</u>	<u>\$ 9,623</u>	<u>\$ 1,295</u>	<u>\$ 216</u>	<u>\$ 436</u>	<u>\$ -</u>	<u>\$ 12,134,107</u>

December 31, 2022

	Not Past Due	Less than 90 days	91 to 180 days	181 to 365 days	366 to 547 days	548 to 730 days	Over 731 days	Total
Expected credit loss rate	0.26%	3.82%	48.49%	65.96%	82.56%	86.85%	100%	
Gross carrying amount	\$ 8,698,815	\$ 363,857	\$ 39,708	\$ 5,929	\$ 3,950	\$ 5,233	\$ 27,876	\$ 9,145,368
Loss allowance (Lifetime ECL)	(22,798)	(13,913)	(19,255)	(3,911)	(3,261)	(4,545)	(27,876)	(95,559)
Amortized cost	<u>\$ 8,676,017</u>	<u>\$ 349,944</u>	<u>\$ 20,453</u>	<u>\$ 2,018</u>	<u>\$ 689</u>	<u>\$ 688</u>	<u>\$ -</u>	<u>\$ 9,049,809</u>

September 30, 2022

	Not Past Due	Less than 90 days	91 to 180 days	181 to 365 days	366 to 547 days	548 to 730 days	Over 731 days	Total
Expected credit loss rate	0.41%	3.95%	44.36%	62.99%	82.56%	86.86%	100.00%	
Gross carrying amount	\$ 8,245,152	\$ 329,184	\$ 10,818	\$ 3,586	\$ 4,650	\$ 5,091	\$ 32,499	\$ 8,630,980
Loss allowance (Lifetime ECL)	(34,000)	(12,991)	(4,799)	(2,259)	(3,839)	(4,422)	(32,499)	(94,809)
Amortized cost	<u>\$ 8,211,152</u>	<u>\$ 316,193</u>	<u>\$ 6,019</u>	<u>\$ 1,327</u>	<u>\$ 811</u>	<u>\$ 669</u>	<u>\$ -</u>	<u>\$ 8,536,171</u>

The movements of the loss allowance of note receivables were as follows:

		For the Nine Months Ended September 30	
		2023	2022
Balance at January 1		\$ 22,587	\$ 22,593
Less: Net remeasurement of loss allowance		(171)	(283)
Effects of foreign currency exchange differences		34	373
Balance at September 30		<u>\$ 22,450</u>	<u>\$ 22,954</u>

The movements of the loss allowance of trade receivables were as follows:

		For the Nine months Ended September 30	
		2023	2022
Balance at January 1		\$ 72,972	\$ 52,306
Add: Amounts recovered		659	58
Add: Net remeasurement of loss allowance		-	17,832
Less: Impairment losses reversed		(12,617)	-
Effects of foreign currency exchange differences		326	1,659
Balance at September 30		<u>\$ 61,340</u>	<u>\$ 71,855</u>

10. INVENTORIES

	September 30, 2023	December 31, 2021	September 30, 2022
Raw materials	\$ 1,801,295	\$ 1,844,692	\$ 1,714,365
Finished goods	2,636,441	3,039,249	3,063,258
Work in progress	<u>2,142,025</u>	<u>2,366,316</u>	<u>2,164,648</u>
	<u>\$ 6,579,761</u>	<u>\$ 7,250,257</u>	<u>\$ 6,942,271</u>

The cost of inventories recognized as cost of goods sold for the three months and nine months ended September 30, 2023 and 2022 were \$4,056,162 thousand, \$3,262,883 thousand, \$12,178,297 thousand and \$10,820,108 thousand, respectively. The cost of goods sold included inventory write-downs for the three months and nine months ended September 30, 2023 and 2022 were \$4,942 thousand, \$3,831 thousand, \$9,142 thousand and \$12,291 thousand, respectively.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

The consolidated entities were as follows:

Name of investing company	Name of subsidiary	% of Ownership		
		September 30, 2023	December 31, 2022	September 30, 2022
Airtac International Group	AIRTAC TRADING (HONG KONG) LIMITED	100	100	100
	AIRTAC INDUSTRIAL (HONG KONG) LIMITED	100	100	100
	INSTANT REACH INTERNATIONAL LIMITED	100	100	100
	AIRTAC HOLDING (SINGAPORE) PTE. LTD.	100	100	100
AIRTAC INDUSTRIAL (HONG KONG) LIMITED	Ningbo Airtac Automatic Industrial Co., Ltd.	100	100	100
	Guangdong Airtac Automatic Industrial Co., Ltd.	100	100	100
	Airtac (China) Co., Ltd.	100	100	100
	Airtac (Jiangsu) Automatic Co., Ltd.	100	100	100
INSTANT REACH INTERNATIONAL LIMITED	ATC (ITALIA) S.R.L.	100	100	100
	Airtac Enterprise Co., Ltd.	69.44	69.44	69.44
AIRTAC HOLDING (SINGAPORE) PTE. LTD.	AIRTAC INTERNATIONAL (SINGAPORE) PTE. LTD.	100	100	100
	Airtac Co., Ltd.	100	100	100
	AIRTAC USA CORPORATION	100	100	100
AIRTAC INTERNATIONAL (SINGAPORE) PTE. LTD.	AIRTAC INDUSTRIAL (MALAYSIA) SDN. BHD.	100	100	100
	AIRTAC INDUSTRIAL CO., LTD.	100	100	100
Airtac (China) Co., Ltd.	Guangdong Airtac Intelligent Equipment Co., Ltd.	100	100	100
	Airtac (Tianjin) Intelligent Technology Co., Ltd.	100	100	100
	Airtac (Fujian) Intelligent Equipment Co., Ltd.	100	100	100
	Airtac (Shandong) Automatic Industrial Co., Ltd.(Note)	100	-	-

Note: AirTAC (Shandong) Automation Co., Ltd. was established on June 16, 2023 with 100%

ownership by AirTAC (China) Co., Ltd. The main business scope is the sales of industrial automatic control system devices, intelligent warehousing equipment, metal tools, environmental protection special equipment, mechanical equipment, electrical equipment, mechanical and electrical equipment, general mechanical equipment installation services, and mechanical equipment research and development.

12. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2023	December 31, 2022	September 30, 2022
Assets used by the Group	\$28,887,680	\$28,734,768	\$28,295,229
Assets leased under operating leases	55,083	94,407	113,479
	<u>\$28,942,763</u>	<u>\$28,829,175</u>	<u>\$28,408,708</u>

(1) Assets used by the Group

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office facilities and other equipment	Property in construction	Total
Cost							
Balance at January 1, 2023	\$ 890,359	\$ 13,066,344	\$ 18,820,395	\$ 388,781	\$ 2,190,625	\$ 2,308,055	\$ 37,664,559
Additions	-	43,551	393,040	77,533	271,355	1,178,208	1,963,687
Disposals	-	(53)	(474,419)	(26,693)	(106,498)	-	(607,663)
Transfers to assets leased under operating leases	-	1,899,648	635,721	24,669	109,242	(2,669,280)	-
Reclassification	-	30,537	25,738	748	(8,005)	(3,427)	45,591
Balance at September 30, 2023	<u>\$ 890,359</u>	<u>\$ 15,040,027</u>	<u>\$ 19,400,475</u>	<u>\$ 465,038</u>	<u>\$ 2,456,719</u>	<u>\$ 813,556</u>	<u>\$ 39,066,174</u>
Accumulated depreciation and impairment							
Balance at January 1, 2023	\$ -	\$ 2,112,182	\$ 5,326,308	\$ 251,276	\$ 1,240,025	\$ -	\$ 8,929,791
Depreciation expense	-	244,196	1,157,955	35,966	261,837	-	1,699,954
Disposals	-	(53)	(326,233)	(25,794)	(104,791)	-	(456,871)
Effects of foreign currency exchange differences	-	11,242	7,606	(1,497)	(11,731)	-	5,620
Balance at September 30, 2023	<u>\$ -</u>	<u>\$ 2,367,567</u>	<u>\$ 6,165,636</u>	<u>\$ 259,951</u>	<u>\$ 1,385,340</u>	<u>\$ -</u>	<u>\$ 10,178,494</u>
Carrying amounts at September 30, 2023	<u>\$ 890,359</u>	<u>\$ 12,672,460</u>	<u>\$ 13,234,839</u>	<u>\$ 205,087</u>	<u>\$ 1,071,379</u>	<u>\$ 813,556</u>	<u>\$ 28,887,680</u>
Carrying amounts at December 31, 2022 and January 1, 2023	<u>\$ 890,359</u>	<u>\$ 10,954,162</u>	<u>\$ 13,494,087</u>	<u>\$ 137,505</u>	<u>\$ 950,600</u>	<u>\$ 2,308,055</u>	<u>\$ 28,734,768</u>
Cost							
Balance at January 1, 2022	\$ 890,359	\$ 12,736,461	\$ 14,615,907	\$ 415,282	\$ 1,920,056	\$ 1,150,496	\$ 31,728,561
Additions	-	108,286	3,576,277	33,504	311,743	997,956	5,027,766
Disposals	-	-	(446,841)	(22,807)	(116,908)	-	(586,556)
Transfers to assets leased under operating leases	-	38,194	-	-	-	(38,194)	-
Reclassification	-	258,815	338,020	11,786	48,826	40,721	698,168
Balance at September 30, 2022	<u>\$ 890,359</u>	<u>\$ 13,141,756</u>	<u>\$ 18,083,363</u>	<u>\$ 437,765</u>	<u>\$ 2,163,717</u>	<u>\$ 2,150,979</u>	<u>\$ 36,867,939</u>
Accumulated depreciation and impairment							
Balance at January 1, 2022	\$ -	\$ 1,769,648	\$ 4,267,055	\$ 243,292	\$ 1,094,843	\$ -	\$ 7,374,838
Depreciation expense	-	229,458	1,002,464	40,486	226,288	-	1,498,696
Disposals	-	-	(333,483)	(21,614)	(115,432)	-	(470,529)
Effects of foreign currency exchange differences	-	61,315	82,442	5,024	20,924	-	169,705
Balance at September 30, 2022	<u>\$ -</u>	<u>\$ 2,060,421</u>	<u>\$ 5,018,478</u>	<u>\$ 267,188</u>	<u>\$ 1,226,623</u>	<u>\$ -</u>	<u>\$ 8,572,710</u>
Carrying amounts at September 30, 2022	<u>\$ 890,359</u>	<u>\$ 11,081,335</u>	<u>\$ 13,064,885</u>	<u>\$ 170,577</u>	<u>\$ 937,094</u>	<u>\$ 2,150,979</u>	<u>\$ 28,295,229</u>

No impairment assessment was performed for the nine months ended September 30, 2023 and 2022 as there was no indication of impairment.

The above items of property, plant and equipment were depreciated on a straight-line basis over the estimated useful life of the asset:

Buildings and structures	
Main Buildings	40-50 years
Engineering systems	10-20 years
Machinery and equipment	5-20 years
Transportation equipment	5 years
Office equipment and other equipment	3-15 years

Refer to Note 30 for the carrying amount of property, plant and equipment pledged by the Group to secure bank loans.

(2) Assets leased under operating leases

	<u>Buildings</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 118,209
Transfers to investment properties	(43,901)
Effect of foreign currency exchange differences	(22)
Balance at September 30, 2023	<u>\$ 74,286</u>
<u>Accumulated depreciation</u>	
Depreciation expenses	\$ 23,802
Transfers to investment properties	1,834
Effect of foreign currency exchange differences	(6,448)
Depreciation expenses	<u>15</u>
Balance at September 30, 2023	<u>\$ 19,203</u>
Carrying amounts at September 30 , 2023	<u>\$ 55,083</u>
Carrying amounts at December 31, 2022 and January 1, 2023	<u>\$ 94,407</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 138,424
Effect of foreign currency exchange differences	<u>4,112</u>
Balance at September 30, 2023	<u>\$ 142,536</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2022	\$ 25,636
Depreciation expenses	2,632
Effect of foreign currency exchange differences	<u>789</u>
Balance at September 30, 2022	<u>\$ 29,057</u>
Carrying amounts at September 30 , 2022	<u>\$ 113,479</u>

Operating leases relate to leases of buildings with lease terms between 1 to 10 years. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating lease payments was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Year 1	\$ 608	\$ 3,105	\$ 5,217
Year 2	955	2,490	2,763
Year 3	-	2,614	2,616
Year 4	-	2,043	2,462
Year 5	-	1,164	1,161
Year 5 onwards	-	3,388	3,844
	<u>\$ 1,563</u>	<u>\$ 14,804</u>	<u>\$ 18,117</u>

The above items of property, plant and equipment leased under operating leases are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings

Main Buildings

40 years

13. LEASE AGREEMENT

(1) Right-of-use assets

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amount			
Land	\$ 831,431	\$ 794,558	\$ 811,042
Buildings	<u>163,764</u>	<u>118,049</u>	<u>205,757</u>
	<u>\$ 995,195</u>	<u>\$ 982,607</u>	<u>\$1,016,799</u>
	For the Three Months Ended September 30	For the Nine Months Ended September 30	
	2023	2022	2023
Additions to right-of-use assets			<u>\$ 89,297</u>
Depreciation of right-of-use assets			<u>\$ 51,376</u>
Land	\$ 4,654	\$ 4,722	\$ 14,049
Buildings	20,727	21,172	63,765
Transportation equipment	-	-	52
	<u>\$ 25,381</u>	<u>\$ 25,894</u>	<u>\$ 77,814</u>
			<u>\$ 75,504</u>

(2) Lease Liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Carry amount			
Current	<u>\$ 62,347</u>	<u>\$ 66,019</u>	<u>\$ 68,880</u>
Non-current	<u>\$ 99,496</u>	<u>\$ 122,477</u>	<u>\$ 136,313</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Buildings	1.79%~4.35%	1.79%~4.35%	1.79%~4.35%

(3) Material terms of right-of-use assets

The Company lease lands and buildings mainly for the use of offices, staff dormitories and logistic centers with lease terms of 1 to 7 years for the nine months ended September 30, 2023. The prepayments for leases is applicable to the land use right located in Mainland China with lease terms of 50 years. The Company does not have purchase options to acquire the leasehold buildings at the end of the lease terms.

(4) Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 12.

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	<u>\$ 11,651</u>	<u>\$ 6,565</u>	<u>\$ 22,461</u>	<u>\$ 20,286</u>
Total cash outflow for leases			<u>\$ 158,059</u>	<u>\$ 87,056</u>

All lease commitments with lease terms commencing after the balance sheet dates are as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Lease commitments	<u>\$ 33,665</u>	<u>\$ 15,249</u>	<u>\$ 11,552</u>

14. INVESTMENT PROPERTIES

	Buildings
<u>Cost</u>	
Balance at January 1, 2023	\$ 27,060
Transfers from assets used by the Group	43,901
Effect of foreign currency exchange differences	251
Balance at September 30, 2023	<u>\$ 71,212</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2023	\$ 2,368
Transfers from assets used by the Group	6,448
Depreciation expenses	870
Effect of foreign currency exchange differences	40
Balance at September 30, 2023	<u>\$ 9,726</u>
Carrying amount at September 30, 2023	<u>\$ 61,486</u>
Carrying amount at December 31, 2022 and January 1, 2023	<u>\$ 24,692</u>

The investment properties are leased out for 3 years. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	September 30, 2023	December 31, 2022
Year 1	\$ 3,829	\$ 156
Year 2	3,658	936
Year 3	1,444	936
Year 4	1,217	-
Year 5	730	-
	<u>\$ 10,878</u>	<u>\$ 2,028</u>

Investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Main buildings	40 years
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The fair value of investment properties as of December 31, 2022 was \$24,469 thousand. Management of the Company had assessed and determined that there were no significant changes in the fair value as of September 30, 2023 as compared to that as of December 31, 2022.

The fair values of investment properties measured on a recurring basis was \$25,356 thousand.

15. OTHER ASSETS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Prepayments	\$ 108,076	\$ 93,929	\$ 84,327
Prepaid expenses	157,764	143,143	126,083
Excess VAT paid	21,701	75,191	83,447
Others	1,927	-	1,196
	<u>\$ 289,468</u>	<u>\$ 312,263</u>	<u>\$ 295,053</u>
<u>Non-current</u>			
Prepayments for equipment	\$ 965,508	\$ 1,049,490	\$ 1,564,179
Refundable deposits	21,204	19,326	19,155
Net defined benefit assets	6,958	6,957	6,957
	<u>\$ 993,670</u>	<u>\$ 1,075,773</u>	<u>\$ 1,590,291</u>

16. LOANS

(1) Short-term loans

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Unsecured loans</u>			
Line of credit loans	<u>\$ 10,097,071</u>	<u>\$ 10,781,921</u>	<u>\$ 9,164,112</u>

The range of interest rate on bank loans were 1.68%-5.60%, 1.40%-4.85%, and 0.92%-3.15% per annum as of September 30, 2023, December 31, 2022, and September 30, 2022, respectively.

(2) Short-term bills payable

	September 30, 2023	December 31, 2022	September 30, 2022
Commercial paper	<u>\$ 100,000</u>	<u>\$ 500,000</u>	<u>\$ 300,000</u>

Outstanding short-term bills payable were as follows:

September 30, 2023

<u>Promissory Institutions</u>	<u>Nominal amount</u>	<u>Discount amount</u>	<u>Discount amount</u>
<u>Commercial paper</u>			
TaChing Bills	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>

December 31, 2022

<u>Promissory Institutions</u>	<u>Nominal amount</u>	<u>Discount amount</u>	<u>Discount amount</u>
<u>Commercial paper</u>			
International Bills	\$ 300,000	\$ -	\$ 300,000
TaChing Bills	<u>200,000</u>	<u>-</u>	<u>200,000</u>
	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>

September 30, 2022

<u>Promissory Institutions</u>	<u>Nominal amount</u>	<u>Discount amount</u>	<u>Discount amount</u>
<u>Commercial paper</u>			
International Bills	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 300,000</u>

- The payables of the commercial paper have not been discounted, because the effect was not material.
- The range of interest rate on short-term bills were 1.778%, 1.708%-1.938% and 1.538% per annum as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

(3) Long-term loans

	<u>September 30,</u> <u>2023</u>
<u>Unsecured loans</u>	
Bank Loan	\$ 12,705
Deduct: Current portion	(<u>1,907</u>)
Long-term loans	<u>\$ 10,798</u>

During the six months ended June 30, 2023, the Group acquired new bank borrowing facilities in the amounts of \$12,705 thousand, with a fixed interest rate of 1.73% and will be repayable in the next 5 years.

Refer to Note 30 for the information relating to the Group's assets pledged as collateral bank loans.

17. NOTES PAYABLE AND TRADE PAYABLES

The Group's average credit terms of purchasing goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within pre-agreed credit terms.

18. OTHER LIABILITIES

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
<u>Current</u>			
Other payables			
Payables for dividends	\$ 2,690,710	\$ -	\$ 699,217
Salaries and bonus	1,061,366	1,044,519	969,274
Payables for purchase of equipment	138,873	182,964	484,453
Others	<u>264,251</u>	<u>250,728</u>	<u>198,389</u>
	<u>\$ 4,155,200</u>	<u>\$ 1,478,211</u>	<u>\$ 2,351,333</u>
Other current liabilities			
Other taxes	\$ 302,723	\$ 308,023	\$ 208,488
Others	<u>23,356</u>	<u>18,600</u>	<u>15,812</u>
	<u>\$ 326,079</u>	<u>\$ 326,623</u>	<u>\$ 224,300</u>

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

Airtac Enterprise Co. Ltd. of the Group adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiary in China and Italy are members of a state-managed retirement benefit plan operated by the government of China and Italy. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plan adopted by Airtac Enterprise Co. Ltd. of the Group in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the nine months before retirement. Airtac Enterprise Co. Ltd. contribute amounts to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

20. EQUITY

a. Share capital

Ordinary shares

	September 30, 2023	December 31, 2022	September 30, 2022
Numbers of shares authorized (in thousands)	200,000	200,000	200,000
Shares authorized	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Number of shares issued and fully paid (in thousands)	200,000	200,000	200,000
Shares issued	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>			
Issuance of ordinary shares	\$ 14,099,953	\$ 14,099,953	\$ 14,099,953
Organization Reconstruction	704,640	704,640	704,640
Donations	41,552	41,552	41,552
	<u>\$ 14,846,145</u>	<u>\$ 14,846,145</u>	<u>\$ 14,846,145</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Articles, the Company may, by a resolution adopted by a majority of the Directors who represent two-thirds or more of the total number of Directors in a board meeting, distribute to the Members, in the form of cash, all or a portion of its dividends and bonuses and/or legal reserve and capital reserve derived from issuance of new shares at a premium or from gifts received by the Company, and shall subsequently report such distribution to a shareholders' meeting.

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. At least 50% of the balance of net income less accumulated deficit, legal reserve and special reserve should be appropriated as dividends. The cash dividends should be at least 10% of total dividends declared.

For the policies on the distribution of employees' compensation and remuneration of directors and supervisors, please refer to employees' compensation and remuneration of directors and supervisors in Note 22 f.

The Company appropriates or reverses a special reserve in accordance with Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC on April 6, 2012 and the directive entitled "Questions and Answers on Special Reserves Appropriated Following the Adoption of IFRSs". Distributions can be made out of any subsequent reversal of the debit to other equity items.

	2022	2021
Special reserve	\$ 32,712	\$ -
Cash dividends	\$2,690,710	\$2,675,892
Cash dividends per share (NT\$)	\$ 13.45	\$ 13.38

The above 2022 and 2021 appropriations for cash dividends had been resolved by the Company's board of directors on March 8, 2023 and March 4, 2022, respectively. The other proposed appropriations for 2022 was resolved by the shareholders in their meeting to be held on June 20, 2023.

The above 2022 appropriations for cash dividends had been resolved by the Company's

board of directors on March 8, 2023 and the report of such distribution was submitted to the shareholder's meeting on June 20, 2023. The board of directors had resolved to issue cash dividends from capital surplus of RMB \$610,000 thousand (NT\$2,690,710 thousand), RMB \$3.05 (NT\$13.45) per share. The exchange rate for the actual cash dividend is based on the amount of the cash dividend converted from the exchange rate of RMB to NT\$ by the stock agency.

The above 2021 appropriations for cash dividends had been resolved by the Company's board of directors on March 4, 2022 and the report of such distribution had been submitted to the shareholder's meeting on June 16, 2022. The board of directors had resolved to issue cash dividends from capital surplus of RMB \$600,000 thousand, RMB \$3.0 per share. The actual amount converted and paid in New Taiwan Dollars were NT\$2,675,892 thousand, 13.38 per share.

d. Other equity items

Exchange differences on translating foreign operations

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	(\$ 793,750)	(\$1,238,417)
Exchange differences on translating foreign operations	(6,576)	(204,228)
Exchange differences on translating to presentation currency	<u>89,509</u>	<u>1,083,697</u>
Balance at September 30	(\$ <u>710,817</u>)	(\$ <u>358,948</u>)

The relating exchange differences arising from the net assets of the Group's foreign operations which are translated from the functional currency to expression currency (i.e. NTD) are recognized in exchange differences on translating foreign operations of other comprehensive income.

21. REVENUE

	For the Three Months Ended September 30		For the Nine months Ended September 30	
	2023	2022	2023	2022
Revenue from contracts with customers				
Revenue from sale of goods	<u>\$ 7,563,830</u>	<u>\$ 6,077,173</u>	<u>\$22,471,562</u>	<u>\$19,808,521</u>

a. Contract information

Revenue from sale of goods

The Group sells pneumatic control components to the wholesale market and directly to customers both through its own retail outlets. Volume discount is offered to wholesaler whose purchase exceeds a specific threshold. The amount of discount and related revenue are estimated using the most likely amount. All other goods are sold at respective fixed amounts as agreed in the contracts.

b. Contract balances

	September 30, 2023	December 31, 2022	September 30, 2022	January 1, 2022
Note receivables and trade receivables (Note 9)	<u>\$12,134,107</u>	<u>\$ 9,049,809</u>	<u>\$ 8,536,171</u>	<u>\$ 7,482,725</u>
Contract liabilities-current				
Sale of goods	<u>\$ 60,451</u>	<u>\$ 78,256</u>	<u>\$ 62,489</u>	<u>\$ 68,712</u>

c. Disaggregation of revenue

Refer to Note 34 for information about the disaggregation of revenue.

22. NET PROFIT (LOSS) AND OTHER COMPREHENSIVE INCOME (LOSS) FROM CONTINUING OPERATIONS

Net income from continuing operations includes:

a. Interest income

	For the Three Months Ended September 30		For the Nine months Ended September 30	
	2023	2022	2023	2022
Bank deposits	\$ 30,882	\$ 22,701	\$ 75,360	\$ 58,368
Financial assets at amortized cost	<u>815</u>	<u>5,668</u>	<u>2,383</u>	<u>17,765</u>
	<u>\$ 31,697</u>	<u>\$ 28,369</u>	<u>\$ 77,743</u>	<u>\$ 76,133</u>

b. Other gains and losses

	For the Three Months Ended September 30		For the Nine months Ended September 30	
	2023	2022	2023	2022
Gain on disposal of financial assets				
Financial assets designated as at FVTPL	\$ 31,898	\$ -	\$ 11,659	\$ 168,431
Net foreign exchange gains	251,665	88,728	35,015	248,849
Government grants	4,382	10,768	142,686	32,899
Gain on disposal of property, plant and equipment	(17,279)	2,951	(114,197)	(76,190)
Others	<u>3,749</u>	<u>2,828</u>	<u>10,106</u>	<u>12,081</u>
	<u>\$ 274,445</u>	<u>\$ 105,275</u>	<u>\$ 85,269</u>	<u>\$ 386,070</u>

c. Financial costs

	For the Three Months Ended September 30		For the Nine months Ended September 30	
	2023	2022	2023	2022
Interest on bank loans	\$ 48,929	\$ 32,957	\$ 134,092	\$ 99,194
Interest on lease liability	<u>1,122</u>	<u>1,467</u>	<u>3,575</u>	<u>4,281</u>
	<u>\$ 50,051</u>	<u>\$ 34,424</u>	<u>\$ 137,667</u>	<u>\$ 103,475</u>

d. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine months Ended September 30	
	2023	2022	2023	2022
An analysis of deprecation by function				
Operating costs	\$ 482,217	\$ 437,743	\$ 1,424,389	\$ 1,244,573
Operating expenses	<u>121,141</u>	<u>111,627</u>	<u>356,083</u>	<u>332,259</u>
	<u>\$ 603,358</u>	<u>\$ 549,370</u>	<u>\$ 1,780,472</u>	<u>\$ 1,576,832</u>

	For the Three Months Ended September 30		For the Nine months Ended September 30	
	2023	2022	2023	2022
An analysis of amortization by function				
Operating costs	\$ 204	\$ 279	\$ 753	\$ 836
Operating expenses	<u>4,029</u>	<u>3,989</u>	<u>12,412</u>	<u>12,061</u>
	<u>\$ 4,233</u>	<u>\$ 4,268</u>	<u>\$ 13,165</u>	<u>\$ 12,897</u>
e. Employee benefits expense				
	For the Three Months Ended September 30		For the Nine months Ended September 30	
	2023	2022	2023	2022
Post-employment benefits				
Defined contribution plans	\$ 74,063	\$ 68,165	\$ 221,678	\$ 225,024
Other employee benefits	<u>1,593,742</u>	<u>1,495,180</u>	<u>4,742,342</u>	<u>4,636,855</u>
Total employee benefits expense	<u>\$ 1,667,805</u>	<u>\$ 1,563,345</u>	<u>\$ 4,964,020</u>	<u>\$ 4,861,879</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 895,149	\$ 899,506	\$ 2,778,455	\$ 2,914,415
Operating expenses	<u>772,656</u>	<u>663,839</u>	<u>2,185,565</u>	<u>1,947,464</u>
	<u>\$ 1,667,805</u>	<u>\$ 1,563,345</u>	<u>\$ 4,964,020</u>	<u>\$ 4,861,879</u>

f. Employees' compensation and remuneration of directors and supervisors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. For the three months and nine months ended September 30, 2023 and 2022, the employees' compensation and the remuneration of directors and supervisors were as follows:

Accrual rate

	For the Nine months Ended September 30	
	2023	2022
Employees' compensation	1.0%	1.0%

Amount

	For the Three Months Ended September 30		For the Nine months Ended September 30	
	2023	2022	2023	2022
Employees' compensation	<u>\$ 24,758</u>	<u>\$ 17,875</u>	<u>\$ 67,539</u>	<u>\$ 61,052</u>

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate. The employees' compensation and remuneration to directors and supervisors for the years ended December 31, 2022 and 2021 which have been approved by the Company's board of directors on March 8, 2023 and March 4, 2022, respectively, were as follows:

Amount

	Cash	
	For the Year Ended December 31	
	2022	2021
Employees' compensation	\$ 79,063	\$ 83,142

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on the bonus to employees, directors and supervisors approved in shareholders' meetings is available on the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gain or loss on foreign currency exchange

	For the Three Months Ended September 30		For the Nine months Ended September 30	
	2023	2022	2023	2022
Foreign exchange gains	\$ 53,442	\$ 94,063	\$ 78,563	\$ 272,957
Foreign exchange losses	<u>198,223</u>	<u>(5,335)</u>	<u>(43,548)</u>	<u>(24,108)</u>
Net losses (gains)	<u>\$ 251,665</u>	<u>\$ 88,728</u>	<u>\$ 35,015</u>	<u>\$ 248,849</u>

23. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense were as follow:

	For the Three Months Ended September 30		For the Nine months Ended September 30	
	2023	2022	2023	2022
Current tax				
In respect of the current period	\$ 364,644	\$ 307,799	\$ 1,131,970	\$1,062,094
Adjustments for prior periods	<u>1,815</u>	<u>1,309</u>	<u>(19,481)</u>	<u>(9,020)</u>
	<u>366,459</u>	<u>309,108</u>	<u>1,112,489</u>	<u>1,053,074</u>
Deferred tax				
In respect of the current period	<u>166,783</u>	<u>102,093</u>	<u>339,478</u>	<u>341,232</u>
Income tax expense recognized in profit or loss	<u>\$ 533,242</u>	<u>\$ 411,201</u>	<u>\$ 1,451,967</u>	<u>\$1,394,306</u>

b. Income tax assessments

The income tax returns of the Company and subsidiaries, except the Company and Instant Reach International Limited are exempted from income tax, Airtac International Group Taiwan Branch, and Airtac Enterprise Co., Ltd. have been examined and cleared by the ROC tax authority through 2021. The other subsidiaries have also filed business income tax returns by the deadlines set by the local governments.

24. EARNINGS PER SHARE

The weighted average number of shares outstanding used for the earnings per share computation were as follows:

Net profit for the period

	For the Three Months Ended September 30		For the Nine months Ended September 30	
	2023	2022	2023	2022
Profit for the period attributable to owners of the Company	<u>\$ 1,939,625</u>	<u>\$ 1,391,166</u>	<u>\$ 5,266,445</u>	<u>\$ 4,671,193</u>
Earnings used in the computation of basic earnings per share	<u>\$ 1,939,625</u>	<u>\$ 1,391,166</u>	<u>\$ 5,266,445</u>	<u>\$ 4,671,193</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 1,939,625</u>	<u>\$ 1,391,166</u>	<u>\$ 5,266,445</u>	<u>\$ 4,671,193</u>

Weighted average number of ordinary shares outstanding (in thousand shares)

	For the Three Months Ended September 30		For the Nine months Ended September 30	
	2023	2022	2023	2022
Weighted average number of ordinary shares in computation of basic earnings per share	200,000	200,000	200,000	189,025
Effect of dilutive potential ordinary shares:				
Employees' compensation	<u>26</u>	<u>25</u>	<u>87</u>	<u>105</u>
Weighted average number of ordinary shares used in computation of dilutive earnings per share	<u>200,026</u>	<u>200,025</u>	<u>200,087</u>	<u>200,105</u>

If the Company offered to settle bonuses paid to employees in cash or shares, the Company assumed the entire amount of the bonus would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

25. GOVERNMENT GRANTS

The government grants indicate the governmental subsidies received by subsidiaries in Mainland China from the local finance bureau.

26. CASH FLOW INFORMATION

1. Non-Cash Transactions

The Group entered into the following non-cash investing and financing activities which were not reflected in the consolidated statement of cash flows during the period of the nine months ended September 30, 2023 and 2022.

- a. The Group acquired property, plant and equipment with an aggregate fair value of \$1,963,687 thousand during the period of the nine months ended September 30, 2023. Other nonr-current assets decrease \$85,243 thousand in total. Other payables decrease \$44,172 thousand in total. The cash paid of the Group for acquisition of property, plant and equipment was \$1,922,616 thousand (see the Note 12).
- b. The Group acquired property, plant and equipment with an aggregate fair value of \$5,027,766 thousand during the period of the nine months ended September 30, 2022. Other nonr-current assets decrease \$714,760 thousand in total. Other payables decrease \$158,491 thousand in total. The cash paid of the Group for acquisition of property, plant and equipment was \$4,471,497 thousand (see the Note 12).
- c. The cash dividends approved in the shareholders' meetings were not yet distributed as of September 30, 2023 was \$2,690,710 thousand. (refer to Note 18).

2. Reconciliation of liabilities arising from financing activities

For the period of the nine months ended September 30, 2023

	Balance as of		Non-cash changes			Balance as of
	January 1, 2023	Cash Flow	New Leases	Adjustments	Foreign Exchange Movement	September 30, 2023
Short-term loans	\$ 10,781,921	(\$ 681,640)	\$ -	\$ -	(\$ 3,210)	\$ 10,097,071
Short-term bill payable	500,000	(400,000)	-	-	-	100,000
Long-term loans	-	12,705	-	-	-	12,705
Lease liabilities	188,496	(67,403)	39,805	(2,104)	3,049	161,843
	<u>\$ 11,470,417</u>	<u>(\$ 1,136,338)</u>	<u>\$ 39,805</u>	<u>(\$ 2,104)</u>	<u>(\$ 161)</u>	<u>\$ 10,371,619</u>

For the period of the nine months ended September 30, 2022

	Balance as of		Non-cash changes			Balance as of
	January 1, 2022	Cash Flow	New Leases	Adjustments	Finance cost	September 30, 2022
Short-term loans	\$ 3,712,644	\$ 5,445,004	\$ -	\$ -	\$ -	\$ 9,164,112
Short-term bill payable	780,000	(480,000)	-	-	-	300,000
Long-term loans	3,572,226	(3,577,000)	-	-	4,774	-
Lease liabilities	209,252	(63,165)	51,376	(6,380)	-	205,193
	<u>\$ 8,274,122</u>	<u>\$ 1,324,839</u>	<u>\$ 51,376</u>	<u>(\$ 6,380)</u>	<u>\$ 4,774</u>	<u>\$ 9,669,305</u>

27. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of net debt borrowings offset by cash and cash equivalents and equity of the Group comprising issued capital, reserves, retained earnings, other equity and non-controlling interests.

The Group is not subject to any externally imposed capital requirements.

Key management personnel of the Group review the capital structure on a semi-annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued, and the amount of new debt issued or existing debt redeemed.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management of the Group considers that the carrying amounts of financial assets and liabilities not measured at fair value are close to the fair value.

b. Fair value of financial instruments measured at fair value on a recurring basis

(1) Fair value hierarchy

September 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Foreign exchange forward contracts	\$ -	\$ 28,251	\$ -	\$ 28,251

December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Foreign exchange forward contracts	\$ -	\$ 2,163	\$ -	\$ 2,163

September 30, 2023: None

There were no transfers between the level 1 and level 2 during the period of the nine months ended September 30, 2023 and 2022.

(2) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Derivatives - foreign exchange forward contracts	<u>Discounted cash flow</u> Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

c. Categories of financial instruments

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Financial assets</u>			
Financial assets at FVTPL			
Designated as at FVTPL	\$ 28,251	\$ 2,163	\$ -
Financial assets at amortized cost (Note 1)	20,383,474	15,695,344	13,663,812

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	14,442,643	13,006,678	11,879,052

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, debt investments, and notes receivable and trade receivables. Those reclassified to held-for-sale disposal groups are also included.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term loans, short-term bills payable, trade and other payables, and bonds issued. Those reclassified to held-for-sale disposal groups are also included.

d. Financial risk management objectives and policies

The Group's main financial instruments include debt investments, notes and trade receivables, other receivables, short-term bills payable, notes and trade payables, other payables and loans. The finance department of the Group provides service to business departments, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

1. Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see Note (1) below) and interest rates (see Note (2) below).

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

(1) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposing to foreign currency risk at the end of the reporting period are set out in Note 32.

Sensitivity analysis

The Group was mainly exposed to the currency USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the functional currency against the USD. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the functional currency strengthen 1% against the USD. For a 1% weakening of the functional currency against the USD, there would be an equal and opposite impact on pre-tax profit and other equity and the balances below would be negative.

	For the Nine Months Ended September 30	1 For the Nine Months Ended September 30
	2023	2022
Profit and losses	\$ 4,568	\$ 4,880

This was mainly attributable to the exposure outstanding on USD receivables and payables, which were not hedged at the end of the reporting period.

(2) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow loans at both fixed and floating interest rates. To manage this risk, the Group maintains an appropriate mix of fixed and floating rate borrowings. The Group periodically evaluates hedging activities, view it with interest and consistent with the established risk appetite, using hedging strategies to ensure the most cost-effective.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Fair value risk			
-Financial assets	\$ 5,853,188	\$ 2,359,952	\$ 2,585,240
-Financial liabilities	10,209,776	11,281,921	9,464,112
Cash flow risk			
-Financial assets	2,288,723	4,159,475	2,454,809

Sensitiveness analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher or lower and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2023 and 2022 would increase or decrease by \$17,165 thousand and \$18,411 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits and borrowings.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are audited and approved by the risk management committee annually.

The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk to any other counterparty did not exceed 1% of gross monetary assets at any time during the nine months ended September 30, 2023 and 2022.

The Group's concentration of credit risk by geographical locations was mainly in Mainland China, which accounted for 94.43%, 93.65%, and 92.97% of the total trade receivables as of September 30, 2023, December 31, 2022, and September 30, 2022, respectively.

The Group transacts with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

3. Liquidity

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank loans as a significant source of liquidity. As of September 30, 2023, December 31, 2022, and September 30, 2022, the Group had available unutilized short-term bank loan facilities set out in (2) below.

(1) Liquidity and interest rate risk tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are floating rate, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

September 30, 2023

	On Demand or Less than 3 Month	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 5,146,599	\$ 138,873	\$ -	\$ -
Lease liabilities	13,794	51,861	101,848	-
Fixed interest rate liabilities	10,105,752	101,986	10,798	-
	<u>\$ 15,266,145</u>	<u>\$ 292,720</u>	<u>\$ 112,646</u>	<u>\$ -</u>

December 31, 2022

	On Demand or Less than 3 Month	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 2,586,312	\$ 182,964	\$ -	\$ -
Lease liabilities	14,496	55,699	125,848	-
Fixed interest rate liabilities	10,799,801	495,426	-	-
	<u>\$ 13,400,609</u>	<u>\$ 734,089</u>	<u>\$ 125,848</u>	<u>\$ -</u>

September 30, 2022

	On Demand or Less than 3 Month	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 2,200,545	\$ 1,183,669	\$ -	\$ -
Lease liabilities	20,619	53,301	141,166	-
Fixed interest rate liabilities	8,911,540	556,371	-	-
	<u>\$ 11,132,704</u>	<u>\$ 1,793,341</u>	<u>\$ 141,166</u>	<u>\$ -</u>

(2) Financing facilities

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured bank loans (re-examined annually)			
-Amounts used	\$ 10,209,776	\$ 11,281,921	\$ 9,464,112
-Amounts unused	13,591,635	12,401,064	13,680,101
	<u>\$ 23,801,411</u>	<u>\$ 23,682,985</u>	<u>\$ 23,144,213</u>

e. Transfers of financial assets

During the nine months ended September 30, 2023 and 2022, the Group transferred a portion of its commercial acceptance bills in mainland China with an aggregate carrying amount of \$124,710 and \$411,811 thousand to some of its suppliers in order to settle the trade payables. According to the contract, if these commercial acceptance bills are not paid at maturity, suppliers have the right to request that the Group pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to these commercial acceptance bills, it continues to recognize the full carrying amounts of these commercial acceptance bills.

As of September 30, 2023, December 31, 2022 and September 30, 2022, the carrying amount of these commercial acceptance bills that have been transferred but not derecognized was \$6,754 thousand, \$75,532 thousand and \$117,289 thousand respectively.

The Group transferred a portion of its banker's acceptance bills in mainland China to some of its suppliers in order to settle the trade payables to these suppliers. As the Group has transferred substantially all risks and rewards relating to these bills receivable, it derecognized the full carrying amount of the bills receivable and the associated trade payables. However, if the derecognized bills receivable are not paid at maturity, the suppliers have the right to request that the Group pay the unsettled balance; therefore, the Group still has continuing involvement in these bills receivable.

The maximum exposure to loss from the Group's continuing involvement in the derecognized bills receivable is equal to the face amounts of the transferred but unsettled bills receivable, and as of September 30, 2023, December 31, 2022 and September 30, 2022, the face amounts of these unsettled bills receivable were \$117,956 thousand, \$264,973 thousand and \$294,592 thousand. The unsettled bills receivable will be due in 12 months after September 30, 2023, December 31, 2022 and September 30, 2022. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair values of its continuing involvement are not significant.

During the nine months ended September 30, 2023 and 2022, the Group did not recognize any gains or losses upon the transfer of the banker's acceptance bills. No gains or losses were recognized from the continuing involvement, both during the current year or cumulatively.

The Group discounted trade receivables in mainland China to banks for cash proceeds. As the Group has transferred substantially all risks and rewards relating to these bills receivable, it derecognized the full carrying amount of the bills receivable and the associated trade payables. However, if the derecognized bills receivable are not paid at maturity, the suppliers have the right to request that the Group pay the unsettled balance; therefore, the Group still has continuing involvement in these bills receivable.

The maximum exposure to loss from the Group's continuing involvement in the derecognized bills receivable is equal to the face amounts of the transferred but unsettled bills receivable, and as of December 31, 2022 and September 30, 2022 and, the face amounts of these unsettled bills receivable were \$1,087,427 thousand and \$1,490,124 thousand. The unsettled bills receivable will be due in 12 months after December 31, 2022 and September 30, 2022. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair values of its continuing involvement are not significant.

During the nine months ended September 30, 2023 and 2022, the Group recognized financial cost of \$16 and \$23,611 thousand upon the transfer of the banker's acceptance bills. No gains or losses were recognized from the continuing involvement, both during the current year or cumulatively.

29. TRANSACTIONS WITH RELATED PARTIES

Balances, transactions, revenue and expenses between the Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

(1) Name and relation

Name	Relation
Behealthy Electronic Technology Co., Ltd.	Substantive related parties (the responsible person of the party is the director of the Group)

(2) Operating transaction

Line Item	Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2023	2022	2023	2022
Sales	Substantive related parties	\$ 32	\$ 26	\$ 96	\$ 99

The sales prices and payment terms to related parties were not significantly different from those of sales to third parties.

(3) The trade receivables from related parties on the date of balance sheet were as follows:

Line Item	Related Party Category/Name	September 30, 2023	December 31, 2022	September 30, 2022
Trade Receivables	Substantive related parties	\$ 7	\$ -	\$ 5

No expense was recognized for the nine months ended September 30, 2023 and 2022 for allowance for impaired trade receivables with respect to the amounts owed by related parties.

(4) Compensation of key management personnel

The compensation to directors and other key management personnel were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Short-term employee benefits	<u>\$36,080</u>	<u>\$30,215</u>	<u>\$118,310</u>	<u>\$93,312</u>

The compensation to directors and other key management personnel were determined by the Remuneration Committee of Airtac in accordance with the individual performance and the market trends.

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank loans and the electricity tariff guarantee:

	September 30, 2023	December 31, 2022	September 30, 2022
Pledge deposits (classified as financial assets at amortized cost)	\$ 6,511	\$ 6,390	\$ 6,483
Restricted bank deposits (classified as financial assets at amortized cost)	22,075	33,060	38,021
Land	890,359	890,359	890,359
Machinery and Equipment	4,832,859	4,874,803	4,852,471
Buildings, net	<u>1,255,915</u>	<u>1,410,559</u>	<u>1,460,002</u>
	<u>\$ 7,007,719</u>	<u>\$ 7,215,171</u>	<u>\$ 7,247,336</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

Significant commitments

- 1) As of September 30, 2023 and December 31, 2022, unused letters of credit for leasing of buildings amounted to \$4,279 thousand and \$4,144 thousand, respectively.
- 2) Unrecognized commitments were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Acquisition of property, plant and equipment	<u>\$ 1,354,705</u>	<u>\$ 1,200,424</u>	<u>\$ 1,532,226</u>

32. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were as follows:

September 30, 2023

	Foreign currency	Exchange rate	Carrying amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 15,821	7.18 (USD : RMB)	\$ 501,522
USD	5,104	31.70 (USD : NTD)	161,795
RMB	1,875,948	4.42 (RMB : NTD)	8,282,313
EUR	9,249	7.68 (EUR : RMB)	313,641

Financial liabilities

Monetary items			
USD	5,420	7.18 (USD : RMB)	171,803
USD	1,096	31.70 (USD : NTD)	34,743
RMB	16,111	4.42 (RMB : NTD)	71,130
EUR	3,350	7.68 (EUR : RMB)	113,598

December 31, 2022

	Foreign currency	Exchange rate	Carrying amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 17,065	6.96 (USD : RMB)	\$ 523,908
USD	901	30.69 (USD : NTD)	27,649
RMB	1,501,235	4.41 (RMB : NTD)	6,617,442

Financial liabilities

Monetary items			
USD	1,671	6.96 (USD : RMB)	51,306
USD	34	30.69 (USD : NTD)	1,034
RMB	50,830	4.41 (RMB : NTD)	224,058

September 30, 2022

	Foreign currency	Exchange rate	Carrying amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 17,658	7.10 (USD : RMB)	\$ 560,772
USD	880	31.76 (USD : NTD)	27,940

RMB	1,714,717	4.47 (RMB : NTD)	7,669,931
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Financial liabilities

Monetary items

USD	1,916	7.10 (USD : RMB)	60,841
USD	1,257	31.76 (USD : NTD)	39,908
RMB	57,171	4.47 (RMB : NTD)	255,724

For the three months and nine months ended September 30, 2023 and 2022, realized and unrealized net foreign exchange gains (losses) were \$251,665 thousand, \$88,728 thousand, \$35,015 thousand and \$248,849 thousand, respectively. It is impractical to disclose net foreign exchange gains by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

33. DISCLOSED ITEMS

(1) Information about significant transactions and (2) investees:

1. Loans provided to other parties (Table 1)
2. Endorsements/guarantees given to other parties (None)
3. Marketable securities held (excluding investments in subsidiaries, associates and joint controlled entities) (Table 3)
4. Purchases or sales of the same marketable securities amounting to at least NT\$300 million or 20% of the paid-in capital. (Table 4)
5. Acquisition of real estate at costs of at least NT \$300 million or 20% of the paid-in capital (Table 5)
6. Disposal of real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
7. Purchases or sales with related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 7)
9. Derivative transactions (Note 7)
10. Intercompany relationships and significant intercompany transactions (Table 9)

(2) Information for investees (Table 2)

(3) Information for investments in Mainland China

1. Information for any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Tables 1 and 8)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements/guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the ending balance, the interest rate range, and the total of current interest with respect to loans provided.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

(4) Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 9)

34. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

Pneumatic components - direct sales
- distributors

a. Segment revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment.

	Revenues		Profit Before Tax	
	For the Nine Months Ended		For the Nine months Ended	
	September 30		September 30	
	2023	2022	2023	2022
Pneumatic components				
-Direct sales	\$ 16,108,553	\$ 13,978,403	\$ 5,389,405	\$ 4,606,792
-Distributors	<u>6,363,009</u>	<u>5,830,118</u>	<u>2,128,857</u>	<u>1,921,461</u>
Total amounts of continuing operations	<u>\$ 22,471,562</u>	<u>\$ 19,808,521</u>	7,518,262	6,528,253
Interest income			77,743	76,133
Gain on disposal of property, plant and equipment			(114,197)	(76,190)
Net exchange gains (losses)			35,105	248,849
Net gain arising on financial assets designated as at FVTPL			11,659	168,431
HQ admin. cost and directors' salaries			(672,698)	(776,864)
Finance costs			(<u>137,667</u>)	(<u>103,475</u>)
Profit before income tax from continuing operations			<u>\$ 6,718,117</u>	<u>\$ 6,065,137</u>

The segment revenues were accounted for the transactions with external customers. No inter-segment sales occurred for the nine months ended September 30, 2023 and 2022.

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, gain recognized on the disposal of interest in former associates, rental revenue, interest income, gain or loss on disposal of property, plant and equipment, gain or loss on disposal of financial instruments, exchange gain or loss, valuation gain or loss on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Segment assets</u>			
Pneumatic components			
-Direct sales	\$ 41,784,547	\$ 38,248,716	\$ 36,650,935
-Distributors	<u>16,500,597</u>	<u>15,945,025</u>	<u>15,291,424</u>
Total segment total assets	58,285,144	54,193,741	51,942,359
Unallocated assets	<u>338,471</u>	<u>405,806</u>	<u>451,347</u>
Consolidated total assets	<u>\$ 58,623,615</u>	<u>\$ 54,599,547</u>	<u>\$ 52,393,706</u>

For the purpose of monitoring segment performance and allocating resources between segments:

All assets were allocated to reportable segments other than interests in associates accounted for using the equity method, other financial assets, and current and deferred tax assets. Goodwill was allocated to reportable segments. Assets used jointly by reportable segments were allocated on the basis of the revenues earned by individual reportable segments.

TABLE 1

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

LOANS PROVIDED TO OTHER PARTIES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

(In Thousands of New Taiwan Dollars and Foreign Currencies, Unless Specified Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period (Note1)	Ending Balance (Note1)	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
0	Airtac International Group	ATC (ITALIA) S.R.L	Other receivables	Yes	EUR 9,000 (NTD 305,188)	EUR 6,000 (NTD 203,459)	EUR 4,900 (NTD 166,158)	-	Short-term financing needs	\$ -	Revolving fund	\$ -	-	-	\$ 16,633,800	\$ 16,633,800	Note 2
0	Airtac International Group	Ningbo Airtac Automatic Industrial Co., Ltd	Other receivables	Yes	USD 20,000 (NTD 633,976)	USD 10,000 (NTD 316,988)	USD - (NTD -)	-	Short-term financing needs	-	Revolving fund	-	-	-	16,633,800	16,633,800	Note 2
0	Airtac International Group	AIRTAC INTERNATIONAL (SINGAPORE) PTE. LTD.	Other receivables	Yes	USD 2,500 (NTD 79,247)	USD 1,000 (NTD 31,699)	USD - (NTD -)	-	Short-term financing needs	-	Revolving fund	-	-	-	16,633,800	16,633,800	Note 2
0	Airtac International Group	Airtac Co., Ltd	Other receivables	Yes	USD 9,000 (NTD 285,289)	USD 9,000 (NTD 285,817)	USD 5,000 (NTD 158,494)	-	Short-term financing needs	-	Revolving fund	-	-	-	16,633,800	16,633,800	Note 2
0	Airtac International Group	AIRTAC INDUSTRIAL (MALAYSIA) SDN. BHD.	Other receivables	Yes	USD 5,000 (NTD 158,494)	USD 3,500 (NTD 110,946)	USD 2,320 (NTD 73,541)	-	Short-term financing needs	-	Revolving fund	-	-	-	16,633,800	16,633,800	Note 2
0	Airtac International Group	AIRTAC USA CORPORATION	Other receivables	Yes	USD 15,000 (NTD 475,482)	USD 11,000 (NTD 348,687)	USD 9,250 (NTD 293,214)	-	Short-term financing needs	-	Revolving fund	-	-	-	16,633,800	16,633,800	Note 2
1	Airtac Enterprise Co., Ltd.	Airtac International Group Taiwan Branch	Other receivables	Yes	NTD 10,000	NTD 10,000	USD 10,000	-	Short-term financing needs	-	Revolving fund	-	-	-	10,539	10,539	Note 2

Note 1: Conversion to NTD used the spot exchange rate on September 30, 2023, that is, 1USD=31.6988 NTD, 1EUR=33.9098 NTD.

Note 2: According to Company's Loans to Others Procedure, the limits on loans provided to other parties is 40% of the Group's net worth at the end of the period.

Note 3: According to Company's Loans to Others Procedure, the limits on loans provided to other parties is 40% of Airtac Enterprise Co., Ltd.'s net worth at the end of the period.

TABLE 2

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

**INFORMATION FOR INVESTEEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies, Unless Specified Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		September 30, 2023			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				September 30, 2023 (Note1)	December 31, 2022 (Note1)	Shares	%	Carrying Amount			
Airtac International Group	AIRTAC INDUSTRIAL (HONG KONG) LIMITED	Hong Kong	General investment	USD 87,500 RMB 537,500 (NTD 5,146,708)	USD 87,500 RMB 467,500 (NTD 4,837,658)	167,426,238	100	\$ 34,673,006	\$ 5,108,140	\$ 54,108,140	2
	AIRTAC TRADING (HONG KONG) LIMITED	Hong Kong	General investment	USD - (NTD -)	USD - (NTD -)	7,000,000	100	2,157	(76)	(76)	2
	INSTANT REACH INTERNATIONAL LIMITED	British Virgin Island	General investment	USD 2,283 EUR 1,000 RMB 17,500 (NTD 183,541)	USD 2,283 EUR 1,000 RMB 17,500 (NTD 183,541)	1	100	117,699	19,697	19,697	2
	AIRTAC HOLDING (SINGAPORE) PTE. LTD.	Singapore	General investment	USD 17,000 (NTD 538,880)	USD 17,000 (NTD 538,880)	17,000,000	100	64,211	(21,560)	(21,560)	2
INSTANT REACH INTERNATIONAL LIMITED	Airtac Enterprise Co., Ltd.	Taiwan	Processing, sales and import/export of machines and components	NTD 54,581	NTD 54,581	69,435	69.44	19,387	(966)	-	4
	ATC (ITALIA) S.R.L	Italy	Production and sales of pneumatic and hydraulic control components	EUR 4,000 (NTD 135,639)	EUR 4,000 (NTD 135,639)	4,000,000	100	72,976	20,422	-	4
AIRTAC HOLDING (SINGAPORE) PTE. LTD.	AIRTAC INTERNATIONAL (SINGAPORE) PTE. LTD.	Singapore	Production and sales of pneumatic control components and accessories	USD 12,500 (NTD 396,235)	USD 12,500 (NTD 396,235)	12,500,000	100	314,217	(9,156)	-	4
	Airtac Co., Ltd.	Japan	Production and sales of pneumatic control components and accessories	JPY 98,000 (NTD 21,197)	JPY 98,000 (NTD 21,197)	2,000	100	(86,503)	(7,813)	-	4
	AIRTAC USA CORPORATION	USA	Production and sales of pneumatic control components and accessories	USD 3,000 (NTD 95,096)	USD 3,000 (NTD 95,096)	3,000	100	(171,497)	(4,629)	-	4
AIRTAC INTERNATIONAL (SINGAPORE) PTE. LTD.	AIRTAC INDUSTRIAL (MALAYSIA) SDN. BHD.	Malaysia	Production and sales of pneumatic control components and accessories	MYR 1,000 (NTD 6,457)	MYR 1,000 (NTD 6,457)	1,000,000	100	(24,080)	(3,507)	-	4
	AIRTAC INDUSTRIAL CO., LTD.	Thailand	Production and sales of pneumatic control components and accessories	THB 100,000 (NTD 86,540)	THB 100,000 (NTD 86,540)	1,000,000	100	118,103	10,191	-	4

Note 1 : Conversion to NTD used the spot exchange rate on September 30, 2023, that is, 1 USD=31.6988 NTD, 1 EUR=33.9098 NTD, 1 JPY=0.2163 NTD, 1 RMB= 4.4150 NTD, 1 MYR=6.4570 NTD, 1THB=0.8654 NTD.

Note 2 : The amount was eliminated upon consolidation.

Note 3 : Please refer to Table 7 for information on investment in mainland China.

Note 4: The share of profits/losses of the investee company is not reflected herein as such amount is already included in the share of profits/losses of the investor company.

TABLE 3

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Note 1)		Acquisition (Note 1)		Disposal (Note 1)				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
Guangdong Airtac Automatic Industrial Co., Ltd.	Structured deposits	Financial assets at amortized cost - current	Fubon Bank (China)	-	-	\$ 221,164 (RMB 50,094)	-	\$ 507,725 (RMB 115,000)	-	\$ 731,283 (RMB 165,636)	\$ 728,475 (RMB 165,000)	\$ 2,808 (RMB 636)	-	\$ - (RMB -)

Note1 : Conversion to NTD used the spot exchange rate on September 30, 2023, that is, 1 RMB=4.4150 NTD.

TABLE 4

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

ACQUISITION OF REAL ESTATE AT COSTS OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Acquiring company	Title of property	Transaction date or occurrence date	Transaction amount	Payment	Counterparty	Relationship	Where the counterparty is a related party, the previous transfer information				Pricing reference and basis	Purpose of acquisition and use	Other agreements
							Owner	Relationship with issuer	Date of transfer	Amount			
Ningbo Airtac Automatic Industrial Co., Ltd.	Plant	2020.09.08-2023.09.30	\$3,118,148	\$2,086,918	Self-building	-	-	-	-	\$ -	N/A	Manufacturing purpose	-
Guangdong Airtac Intelligent Equipment Co., Ltd.	Research base and logistics centers	2019.01.07-2023.09.30	359,823	349,028	Self-building	-	-	-	-	-	N/A	R&D and logistics purpose	-

TABLE 5

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

**PURCHASES OR SALES WITH RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023**
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Purchaser (Seller)	Counterparty	Relationship	Transaction				Non-arm's Length Transaction and Reasons		Notes/Trade Payables/ Receivable		Note
			Purchase (Sale)	Amount	% of Total	Payment Term	Unit Price (Note)	Payment Terms (Note)	Balance	% to Total	
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac (China) Co., Ltd.	The same parent company	Sales	\$ 4,610,604	26	T/T 60 days	\$ -	-	\$980,641	27	
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac International Group	The parent company	Sales	305,000	2	T/T 60 days	-	-	41,762	1	
Ningbo Airtac Automatic Industrial Co., Ltd.	Guangdong Airtac Automatic Industrial Co., Ltd.	The same parent company	Sales	338,906	2	T/T 60 days	-	-	134,537	4	
Ningbo Airtac Automatic Industrial Co., Ltd.	Guangdong Airtac Intelligent Equipment Co., Ltd.	The same parent company	Sales	4,911,237	28	T/T 60 days	-	-	1,328,232	37	
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac (Tianjin) Intelligent Technology Co., Ltd.	The same parent company	Sales	801,170	5	T/T 60 days	-	-	203,933	6	
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac (Fujian) Intelligent Equipment Co., Ltd.	The same parent company	Sales	500,591	3	T/T 60 days	-	-	22,880	1	
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac (Jiangsu) Automatic Co., Ltd.	The same parent company	Sales	5,924,671	33	T/T 60 days	-	-	759,408	21	
Ningbo Airtac Automatic Industrial Co., Ltd.	ATC (ITALIA) S.R.L.	The same parent company	Sales	165,432	1	T/T 60 days	-	-	82,129	2	
Guangdong Airtac Automatic Industrial Co., Ltd.	Guangdong Airtac Intelligent Equipment Co., Ltd.	The same parent company	Sales	826,476	32	T/T 180 days	-	-	744,100	29	
Guangdong Airtac Automatic Industrial Co., Ltd.	Ningbo Airtac Automatic Industrial Co., Ltd.	The same parent company	Sales	1,690,491	65	T/T 180 days	-	-	1,752,038	69	
Airtac International Group	Ningbo Airtac Automatic Industrial Co., Ltd.	Subsidiary	Sales	2,297,758	80	T/T 180 days	-	-	2,385,216	92	
Airtac (China) Co., Ltd.	Ningbo Airtac Automatic Industrial Co., Ltd.	The same parent company	Sales	374,997	5	T/T 120 days	-	-	188,364	9	
Guangdong Airtac Intelligent Equipment Co., Ltd.	Airtac (China) Co., Ltd.	The parent company	Sales	672,707	10	T/T 60 days	-	-	207,517	10	

Note: The sales prices and payment terms to related parties were not significantly different from those of sales to the third parties.

TABLE 6

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

SEPTEMBER 30, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Name	Related Party	Relationship	Ending Balance	Turnover rate (%)	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Ningbo Airtac Automatic Industrial Co., Ltd.	Guangdong Airtac Automatic Industrial Co., Ltd.	The same parent company	\$ 134,537	3	\$ -	-	\$ -	\$ -
Ningbo Airtac Automatic Industrial Co., Ltd.	Guangdong Airtac Intelligent Equipment Co., Ltd.	The same parent company	1,328,232	10	-	-	220,750	-
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac (China) Co., Ltd.	The same parent company	980,641	9	-	-	589,831	-
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac (Jiangsu) Automatic Co., Ltd.	The parent company	759,408	21	-	-	636,970	-
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac (Tianjin) Intelligent Technology Co., Ltd.	The same parent company	203,933	11	-	-	53,863	-
Guangdong Airtac Automatic Industrial Co., Ltd.	Guangdong Airtac Intelligent Equipment Co., Ltd.	The same parent company	744,100	1	-	-	167,955	-
Guangdong Airtac Automatic Industrial Co., Ltd.	Ningbo Airtac Automatic Industrial Co., Ltd.	The same parent company	1,752,038	2	-	-	221,483	-
Airtac (China) Co., Ltd.	Ningbo Airtac Automatic Industrial Co., Ltd.	The same parent company	188,364	3	-	-	887	-
Airtac International Group	Ningbo Airtac Automatic Industrial Co., Ltd.	Subsidiary	2,385,216	2	-	-	440,097	-
Guangdong Airtac Intelligent Equipment Co., Ltd.	Airtac (China) Co., Ltd.	The parent company	207,517	5	-	-	23,042	-
Airtac International Group	ATC (ITALIA) S.R.L	Subsidiary	166,158	Note 1	-	-	-	-
Airtac International Group	AIRTAC USA CORPORATION	Subsidiary	293,214	Note 1	-	-	-	-
Airtac International Group	Airtac Co., Ltd.	Subsidiary	158,955	Note 1	-	-	-	-

Note 1: The financial statement account is other receivables. Therefore, there is no turnover rate.

TABLE 7

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

INFORMATION FOR INVESTMENTS IN MAINLAND CHINA

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company Name	Main Businesses and Products	Paid-in Capital (Note 4)	Method of Investment (Note 1)	Accumulated Investment Outflow from Taiwan as of January 1, 2023	Investment Flow for the Period		Accumulated Investment Outflow from Taiwan as of September 30, 2023	Net income of Investee Company	% of Ownership – Direct or Indirect investment	Investment Gain (Loss) Recognized for the Period (Note 2)	Carrying Amount as of September 30, 2023	Accumulated Inward Remittance of Earnings as of September 30, 2023	Note
					Outflow	Inflow							
Ningbo Airtac Automatic Industrial Co., Ltd	Production of pneumatic control components and auxiliary components	USD 52,000 RMB 417,500 (NTD 3,491,601)	N/A	N/A	\$ -	\$ -	N/A	\$ 3,303,776	100	\$ 3,272,688	\$ 22,536,571	N/A	
Guangdong Airtac Automatic Industrial Co., Ltd	Production of pneumatic control components and auxiliary components	USD 6,000 (NTD 190,193)	N/A	N/A	-	-	N/A	638,702	100	698,221	3,051,577	N/A	
Airtac (China) Co., Ltd.	Wholesale and agency of pneumatic components, tools and equipment, and related support services	USD 18,000 RMB 126,000 (NTD 1,126,868)	N/A	N/A	-	-	N/A	867,771	100	1,014,006	4,788,729	N/A	
Airtac (Jiangsu) Automatic Co., Ltd.	Wholesale and agency of pneumatic components, tools and equipment, and related support services	USD 1,500 RMB 56,000 (NTD 294,788)	N/A	N/A	-	-	N/A	357,021	100	357,021	1,272,010	N/A	
Guangdong Airtac Intelligent Equipment Co., Ltd..	Wholesale and agency of pneumatic components, tools and equipment, and related support services	RMB 10,000 (NTD 44,150)	N/A	N/A	-	-	N/A	357,358	100	357,358	425,222	N/A	
Airtac (Tianjin) Intelligent Technology Co., Ltd.	Wholesale and agency of pneumatic components, tools and equipment, and related support services	RMB 10,000 (NTD 44,150)	N/A	N/A	-	-	N/A	43,569	100	43,569	109,506	N/A	
Airtac (Fujian) Intelligent Equipment Co., Ltd.	Wholesale and agency of pneumatic components, tools and equipment, and related support services	RMB 10,000 (NTD 44,150)	N/A	N/A	-	-	N/A	56,626	100	56,626	123,040	N/A	
Airtac (Shandong) Automatic Co., Ltd.	Wholesale and agency of pneumatic components, tools and equipment, and related support services	RMB 20,000 (NTD 88,300)	N/A	N/A	-	-	N/A	(3,977)	100	(3,977)	84,279	N/A	

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
N/A	N/A	N/A

Note 1: The ways to invest in companies in Mainland China are classified into three types below. Mark the type of investment:

1. Direct investment in China.
2. Investment in China through a company registered in the third region.
3. Other ways.

Note 2: The amount was calculated based on financial statements audited by a multinational accounting firm having a cooperative relationship with an accounting firm in Taiwan.

TABLE 8

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Company Name	Counter Party	Nature of Relationship (Note)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Consolidated Sales or Assets
0	Airtac International Group	Ningbo Airtac Automatic Industrial Co., Ltd.	1	Trade receivables	\$ 2,385,216	General terms and conditions	4%
		Ningbo Airtac Automatic Industrial Co., Ltd.	1	Sales revenue	2,297,758	General terms and conditions	10%
		Ningbo Airtac Automatic Industrial Co., Ltd.	1	Sale of fixed assets	63,333	General terms and conditions	-
		Guangdong Airtac Automatic Industrial Co., Ltd.	1	Trade receivables	13,554	General terms and conditions	-
		Guangdong Airtac Automatic Industrial Co., Ltd.	1	Sales revenue	46,777	General terms and conditions	-
		ATC (ITALIA) S.R.L	1	Sales revenue	21,442	General terms and conditions	-
		ATC (ITALIA) S.R.L	1	Other receivable	166,158	General terms and conditions	-
		AIRTAC INDUSTRIAL (MALAYSIA) SDN. BHD.	1	Other receivable	73,541	General terms and conditions	-
		AIRTAC USA CORPORATION	1	Other receivable	293,214	General terms and conditions	1%
		Airtac Co., Ltd.	1	Other receivable	158,494	General terms and conditions	-
1	Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac International Group	2	Trade receivables	41,762	General terms and conditions	-
		Airtac International Group	2	Sales revenue	305,000	General terms and conditions	1%
		Airtac (China) Co., Ltd	3	Trade receivables	980,641	General terms and conditions	2%
		Airtac (China) Co., Ltd	3	Sales revenue	4,610,604	General terms and conditions	21%
		Guangdong Airtac Automatic Industrial Co., Ltd.	3	Trade receivables	134,537	General terms and conditions	-
		Guangdong Airtac Automatic Industrial Co., Ltd.	3	Sales revenue	338,906	General terms and conditions	2%
		Airtac (Jiangsu) Automatic Co., Ltd.	3	Trade receivables	759,408	General terms and conditions	1%
		Airtac (Jiangsu) Automatic Co., Ltd.	3	Sales revenue	5,924,671	General terms and conditions	26%
		Guangdong Airtac Intelligent Equipment Co., Ltd.	3	Trade receivables	1,328,232	General terms and conditions	2%
		Guangdong Airtac Intelligent Equipment Co., Ltd.	3	Sales revenue	4,911,237	General terms and conditions	22%
		Airtac (Tianjin) Intelligent Technology Co., Ltd.	3	Trade receivables	203,933	General terms and conditions	-
		Airtac (Tianjin) Intelligent Technology Co., Ltd.	3	Sales revenue	801,170	General terms and conditions	4%
		Airtac (Fujian) Intelligent Equipment Co., Ltd.	3	Trade receivables	22,880	General terms and conditions	-
		Airtac (Fujian) Intelligent Equipment Co., Ltd.	3	Sales revenue	500,591	General terms and conditions	2%
		ATC (ITALIA) S.R.L	3	Trade receivables	82,129	General terms and conditions	-

No.	Company Name	Counter Party	Nature of Relationship (Note)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Consolidated Sales or Assets
2	Guangdong Airtac Automatic Industrial Co., Ltd	ATC (ITALIA) S.R.L	3	Sales revenue	165,432	General terms and conditions	1%
		AIRTAC USA CORPORATION	3	Trade receivables	41,361	General terms and conditions	-
		AIRTAC USA CORPORATION	3	Sales revenue	92,248	General terms and conditions	-
		Airtac Co., Ltd.	3	Sales revenue	22,367	General terms and conditions	-
		AIRTAC INDUSTRIAL CO., LTD.	3	Trade receivables	15,213	General terms and conditions	-
		AIRTAC INDUSTRIAL CO., LTD.	3	Sales revenue	40,101	General terms and conditions	-
		AIRTAC INDUSTRIAL (MALAYSIA) SDN. BHD.	3	Trade receivables	12,351	General terms and conditions	-
		AIRTAC INDUSTRIAL (MALAYSIA) SDN. BHD.	3	Sales revenue	241,852	General terms and conditions	-
		Airtac International Group	2	Sales revenue	31,567	General terms and conditions	-
		Ningbo Airtac Automatic Industrial Co., Ltd	3	Trade receivables	1,752,038	General terms and conditions	3%
		Ningbo Airtac Automatic Industrial Co., Ltd	3	Sales revenue	1,690,491	General terms and conditions	8%
		Guangdong Airtac Intelligent Equipment Co., Ltd.	3	Trade receivables	744,100	General terms and conditions	1%
		Guangdong Airtac Intelligent Equipment Co., Ltd.	3	Sales revenue	826,476	General terms and conditions	4%
		ATC (ITALIA) S.R.L	3	Trade receivables	11,452	General terms and conditions	-
		ATC (ITALIA) S.R.L	3	Sales revenue	24,307	General terms and conditions	-
3	Airtac (China) Co., Ltd.	AIRTAC USA CORPORATION	3	Trade receivables	18,148	General terms and conditions	-
		AIRTAC USA CORPORATION	3	Sales revenue	35,797	General terms and conditions	-
		Ningbo Airtac Automatic Industrial Co., Ltd.	3	Trade receivables	188,364	General terms and conditions	-
4	Guangdong Airtac Intelligent Equipment Co., Ltd.	Ningbo Airtac Automatic Industrial Co., Ltd.	3	Sales revenue	374,997	General terms and conditions	2%
		Airtac (China) Co., Ltd.	3	Trade receivables	207,517	General terms and conditions	-
5	Airtac (China) Co., Ltd.	Airtac (China) Co., Ltd.	3	Sales revenue	672,707	General terms and conditions	3%
		Ningbo Airtac Automatic Industrial Co., Ltd.	3	Sales revenue	13,402	General terms and conditions	-
		Ningbo Airtac Automatic Industrial Co., Ltd.	3	Sales revenue	15,201	General terms and conditions	-
6	Airtac Enterprise Co., Ltd.	Airtac International Group	2	Other receivables	10,000	General terms and conditions	-

Note : No 1. Represents the transactions from parent company to subsidiary.

No 2. Represents the transactions from subsidiary to parent company.

No 3. Represents the transactions from subsidiary to subsidiary.

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES**INFORMATION OF MAJOR SHAREHOLDERS****September 30, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Ding Kan Investment Ltd.	27,298,227	13.64%
YHZ Ltd.	11,858,142	5.42%
Express Brilliant Ltd.	10,350,000	5.17%

Note: The percentage of ownership of major shareholders included in the table should be more than 5%, which was calculated based on the total number of ordinary shares owned in the last trading day of the quarter that were traded in and registered electronically and was prepared by the Taiwan Depository & Clearing Corporation . In addition, the share capital and the actual number of traded shares with the completion of electronic registration stated in the consolidated financial statements might vary due to different calculation basis.