

**Airtac International Group
and Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2024 and 2023 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 referred to as the “Company”) as of March 31, 2024 and 2023, the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. 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 Statement of Auditing Standards No. 65 “Review of 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 March 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the three months then ended March 31, 2024 and 2023 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 Bo-Ren Weng and Li-Feng Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 13, 2024

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	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 7,695,936	13	\$ 9,191,705	16	\$ 5,264,114	10
Financial assets at fair value through profit or loss - current (Note 7)	-	-	-	-	10,001	-
Financial assets at amortized cost - current (Notes 8 and 30)	890,940	2	872,509	2	161,870	-
Notes receivable (Note 9)	3,879,527	7	2,953,117	5	3,555,386	6
Trade receivables (Notes 9 and 29)	6,953,035	12	6,932,598	12	6,894,871	13
Other receivables	39,010	-	33,920	-	26,445	-
Current tax assets (Note 4)	22,886	-	14,585	-	13,909	-
Inventories (Note 10)	6,689,059	11	6,528,334	11	7,210,991	13
Other current assets (Note 15)	<u>280,032</u>	<u>-</u>	<u>286,736</u>	<u>-</u>	<u>287,860</u>	<u>1</u>
Total current assets	<u>26,450,425</u>	<u>45</u>	<u>26,813,504</u>	<u>46</u>	<u>23,425,447</u>	<u>43</u>
NON-CURRENT ASSETS						
Financial assets at amortized cost - non-current	886,557	2	432,884	1	-	-
Property, plant and equipment (Notes 12 and 30)	28,531,043	49	28,559,818	49	29,051,016	53
Right-of-use assets (Note 13)	1,004,298	2	964,476	2	977,706	2
Investment properties (Note 14)	94,776	-	76,095	-	24,651	-
Other intangible assets	32,281	-	35,411	-	38,338	-
Deferred tax assets (Notes 4 and 23)	287,852	-	316,201	1	368,651	-
Other non-current assets (Note 15)	<u>972,633</u>	<u>2</u>	<u>850,376</u>	<u>1</u>	<u>989,985</u>	<u>2</u>
Total non-current assets	<u>31,809,440</u>	<u>55</u>	<u>31,235,261</u>	<u>54</u>	<u>31,450,347</u>	<u>57</u>
TOTAL	<u>\$ 58,259,865</u>	<u>100</u>	<u>\$ 58,048,765</u>	<u>100</u>	<u>\$ 54,875,794</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term loans (Note 16)	\$ 9,298,079	16	\$ 11,370,798	20	\$ 9,662,421	18
Short-term bills payable (Note 16)	-	-	-	-	300,000	-
Contract liabilities - current (Note 21)	57,061	-	66,885	-	67,243	-
Notes payable (Note 17)	166,392	-	159,464	-	154,566	-
Trade payables (Note 17)	924,213	2	958,453	2	870,816	2
Lease liability - current (Note 13)	66,609	-	61,032	-	67,377	-
Other payables (Note 18)	4,704,736	8	1,564,102	3	3,995,158	7
Current tax liabilities (Note 4)	337,595	-	364,847	1	527,440	1
Current portion of long-term loans (Notes 16 and 30)	-	-	2,701	-	319	-
Other current liabilities (Note 18)	<u>340,176</u>	<u>1</u>	<u>264,125</u>	<u>-</u>	<u>386,238</u>	<u>1</u>
Total current liabilities	<u>15,894,861</u>	<u>27</u>	<u>14,812,407</u>	<u>26</u>	<u>16,031,578</u>	<u>29</u>
NON-CURRENT LIABILITIES						
Long-term loans (Notes 16 and 30)	-	-	10,004	-	9,886	-
Deferred tax liabilities (Notes 4 and 23)	607,866	1	507,524	1	693,289	2
Lease liabilities - non-current (Note 13)	110,385	1	87,835	-	116,253	-
Other non-current liabilities (Note 18)	<u>34,162</u>	<u>-</u>	<u>34,616</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-current liabilities	<u>752,413</u>	<u>2</u>	<u>639,979</u>	<u>1</u>	<u>819,428</u>	<u>2</u>
Total liabilities	<u>16,647,274</u>	<u>29</u>	<u>15,452,386</u>	<u>27</u>	<u>16,851,006</u>	<u>31</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)						
Share capital	2,000,000	3	2,000,000	3	2,000,000	3
Capital surplus	14,846,145	25	14,846,145	25	14,846,145	27
Retained earnings	25,499,893	44	27,145,170	47	21,799,144	40
Other equity	<u>(740,216)</u>	<u>(1)</u>	<u>(1,401,822)</u>	<u>(2)</u>	<u>(627,661)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	41,605,822	71	42,589,493	73	38,017,628	69
NON-CONTROLLING INTERESTS	<u>6,769</u>	<u>-</u>	<u>6,886</u>	<u>-</u>	<u>7,160</u>	<u>-</u>
Total equity	<u>41,612,591</u>	<u>71</u>	<u>42,596,379</u>	<u>73</u>	<u>38,024,788</u>	<u>69</u>
TOTAL	<u>\$ 58,259,865</u>	<u>100</u>	<u>\$ 58,048,765</u>	<u>100</u>	<u>\$ 54,875,794</u>	<u>100</u>

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 March 31			
	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 21 and 35)	\$ 7,205,592	100	\$ 6,905,753	100
OPERATING COSTS				
Cost of goods sold (Notes 10 and 22)	<u>3,810,294</u>	<u>53</u>	<u>3,769,934</u>	<u>54</u>
GROSS PROFIT	<u>3,395,298</u>	<u>47</u>	<u>3,135,819</u>	<u>46</u>
OPERATING EXPENSES (Note 22)				
Selling and marketing expenses	688,097	10	656,955	9
General and administrative expenses	274,551	4	255,086	4
Research and development expenses	247,589	3	189,107	3
Expected credit loss	<u>22,738</u>	<u>-</u>	<u>(11,786)</u>	<u>-</u>
Total operating expenses	<u>1,232,975</u>	<u>17</u>	<u>1,089,362</u>	<u>16</u>
PROFIT FROM OPERATIONS	<u>2,162,323</u>	<u>30</u>	<u>2,046,457</u>	<u>30</u>
NON-OPERATING INCOME AND EXPENSES (Note 22)				
Interest income	53,699	1	20,633	-
Other gains and losses	158,113	2	62,092	1
Finance costs	<u>(46,775)</u>	<u>-</u>	<u>(42,112)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>165,037</u>	<u>3</u>	<u>40,613</u>	<u>-</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	2,327,360	33	2,087,070	30
INCOME TAX EXPENSE (Notes 4 and 23)	<u>498,196</u>	<u>7</u>	<u>464,483</u>	<u>6</u>
NET PROFIT FOR THE PERIOD	<u>1,829,164</u>	<u>26</u>	<u>1,622,587</u>	<u>24</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Exchange differences arising on translation to the presentation currency	813,234	11	199,467	3
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 March 31			
	2024		2023	
	Amount	%	Amount	%
Exchange differences on translating foreign operations	<u>(151,646)</u>	<u>(2)</u>	<u>(39,646)</u>	<u>(1)</u>
Other comprehensive income for the period, net of income tax	<u>661,588</u>	<u>9</u>	<u>159,821</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 2,490,752</u>	<u>35</u>	<u>\$ 1,782,408</u>	<u>26</u>
NET PROFIT ATTRIBUTABLE TO:				
Owner of the Company	\$ 1,829,263	25	\$ 1,622,682	24
Non-controlling interests	<u>(99)</u>	<u>-</u>	<u>(95)</u>	<u>-</u>
	<u>\$ 1,829,164</u>	<u>25</u>	<u>\$ 1,622,587</u>	<u>24</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the Company	\$ 2,490,869	35	\$ 1,782,509	26
Non-controlling interests	<u>(117)</u>	<u>-</u>	<u>(101)</u>	<u>-</u>
	<u>\$ 2,490,752</u>	<u>35</u>	<u>\$ 1,782,408</u>	<u>26</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 9.15</u>		<u>\$ 8.11</u>	
Diluted	<u>\$ 9.14</u>		<u>\$ 8.11</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				
	Share Capital		Capital Surplus (Note 20)	Retained Earnings		Exchange Differences on Translating Foreign Operations	Remeasurement of Defined Benefits Plans	Total	Non-controlling Interests	Total Equity
	Shares (In Thousands)	Ordinary Shares		Special Reserve	Unappropriated Earnings					
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										
Cash dividends distributed by the Company	-	-	-	-	(2,690,710)	-	-	(2,690,710)	-	(2,690,710)
Net profit for the three months ended March 31, 2023	-	-	-	-	1,622,682	-	-	1,622,682	(95)	1,622,587
Other comprehensive income for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	159,827	-	159,827	(6)	159,821
Total comprehensive income for the three months ended March 31, 2023	-	-	-	-	1,622,682	159,827	-	1,782,509	(101)	1,782,408
BALANCE AT MARCH 31, 2023	<u>200,000</u>	<u>\$ 2,000,000</u>	<u>\$ 14,846,145</u>	<u>\$ -</u>	<u>\$ 21,799,144</u>	<u>\$ (633,923)</u>	<u>\$ 6,262</u>	<u>\$ 38,017,628</u>	<u>\$ 7,160</u>	<u>\$ 38,024,788</u>
BALANCE AT JANUARY 1, 2024	200,000	\$ 2,000,000	\$ 14,846,145	\$ 32,712	\$ 27,112,458	\$ (1,408,084)	\$ 6,262	\$ 42,589,493	\$ 6,886	\$ 42,596,379
Appropriation of 2023 earnings										
Cash dividends distributed by the Company	-	-	-	-	(3,474,540)	-	-	(3,474,540)	-	(3,474,540)
Net profit for the three months ended March 31, 2024	-	-	-	-	1,829,263	-	-	1,829,263	(99)	1,829,164
Other comprehensive income for the three months ended March 31, 2024, net of income tax	-	-	-	-	-	661,606	-	661,606	(18)	661,588
Total comprehensive income for the three months ended March 31, 2024	-	-	-	-	1,829,263	661,606	-	2,490,869	(117)	2,490,752
BALANCE AT MARCH 31, 2024	<u>200,000</u>	<u>\$ 2,000,000</u>	<u>\$ 14,846,145</u>	<u>\$ 32,712</u>	<u>\$ 25,467,181</u>	<u>\$ (746,478)</u>	<u>\$ 6,262</u>	<u>\$ 41,605,822</u>	<u>\$ 6,769</u>	<u>\$ 41,612,591</u>

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 Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,327,360	\$ 2,087,070
Adjustments for:		
Depreciation expenses	615,128	583,455
Amortization expenses	4,292	4,513
Expected credit (gain reversed) loss recognized	22,738	(11,786)
Net gain on financial assets at fair value through profit or loss	-	(11,361)
Finance costs	46,775	42,112
Interest income	(53,699)	(20,633)
Loss on disposal of property, plant and equipment	37,117	97,750
Write-down of inventories	6,285	2,655
Net loss on foreign currency exchange	8,041	3,567
Loss on amendment of lease agreement	(36)	-
Changes in operating assets and liabilities:		
Decrease (increase) in notes receivable	(862,703)	(603,559)
Increase in trade receivables	85,423	(740,982)
Increase in other receivables	(7,374)	(3,625)
Decrease (increase) in inventories	(46,644)	73,932
Decrease (increase) in other current assets	11,956	37,198
(Decrease) increase in contract liabilities	(10,970)	(11,448)
Decrease in notes payable	3,905	(52,375)
Increase (decrease) in trade payables	(51,751)	(220,803)
Decrease in other payables	(336,069)	(185,620)
Decrease in deferred revenue	(1,092)	-
Increase in other current liabilities	70,429	58,046
Cash generated from operations	1,869,111	1,128,106
Interest received	48,084	17,552
Interest paid	(45,279)	(45,996)
Income tax paid	(418,009)	(245,252)
Net cash generated from operating activities	<u>1,453,907</u>	<u>854,410</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets measured at amortized cost	(1,309,800)	(133,239)
Proceeds on sale of financial assets at amortized cost	874,974	222,967
Proceeds on financial assets at fair value through profit or loss	-	3,680
Payments for property, plant and equipment	(437,137)	(704,706)
Proceeds from disposal of property, plant and equipment	170,542	25,314
Increase in refundable deposits	(4,655)	(4,212)
Decrease in refundable deposits	8,761	2,863
Acquisitions of intangible assets	(636)	(1,890)
Increase in prepayments for equipment	<u>(109,813)</u>	<u>-</u>

(Continued)

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CASH FLOWS****(In Thousands of New Taiwan Dollars)****(Reviewed, Not Audited)**

	For the Three Months Ended March 31	
	2024	2023
Net cash used in generated from investing activities	<u>(807,764)</u>	<u>(589,223)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term loans	(2,092,290)	(1,139,757)
Decrease in short-term bills payable	-	(200,000)
Proceeds from long-term loans	-	10,205
Repayments of long-term loans	(12,705)	-
Repayment of the principal portion of lease liability	<u>(21,073)</u>	<u>(22,028)</u>
Net cash used in financing activities	<u>(2,126,068)</u>	<u>(1,351,580)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(15,844)</u>	<u>5,056</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,495,769)	(1,081,337)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>9,191,705</u>	<u>6,345,451</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 7,695,936</u>	<u>\$ 5,264,114</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 THREE MONTHS ENDED MARCH 31, 2024 and 2023

(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 May 13, 2024.

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.

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.

- 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
IFRS 18 “Presentation and Disclosures in Financial Statements”	January 1, 2027
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 to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

IFRS 18 “Presentation and Disclosures in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as ‘other’ only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as

a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously 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 SIGNIFICANT ACCOUNTING POLICIES

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 8 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, 2023.

1. Classification of current and non-current assets and liabilities

Current assets include:

- (1) Assets held primarily for the purpose of trading;
- (2) Assets expected to be realized within 12 months after the reporting period; and
- (3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- (1) Liabilities held primarily for the purpose of trading;
- (2) Liabilities due to be settled within 12 months after the reporting period; and
- (3) Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

2. 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 CRITICAL 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.

When developing material accounting estimates, the Group considers the possible impact of inflation and interest rate fluctuations on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

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

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand	\$ 721	\$ 640	\$ 752
Check accounts	57,960	51,277	57,937
Demand deposits	2,999,576	4,368,442	1,915,925
Cash equivalent (investments with original maturities of less than 3 months)			
Time deposits	4,637,679	4,771,346	3,289,500
	<u>\$ 7,695,936</u>	<u>\$ 9,191,705</u>	<u>\$ 5,264,114</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
— Foreign exchange forward contracts	\$ -	\$ -	\$ 10,001

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

March 31, 2023

	Currency	Maturity Date	Notional Amount (In Thousands)
Buy	RMB /NTD	2023.4.6	RMB 220,000/ NTD 965,778

8. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Time deposits with original maturity of more than 3 month	\$ 6,543	\$ 6,382	\$ 6,466
Restricted bank deposits	-	-	22,155
Structured deposits	884,397	866,127	133,249
	<u>\$ 890,940</u>	<u>\$ 872,509</u>	<u>\$ 161,870</u>
<u>Non-Current</u>			
Time deposits with original maturity of more than 3 month	<u>\$ 886,557</u>	<u>\$ 432,884</u>	<u>\$ -</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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Notes receivable</u>			
At amortized cost			
Notes receivable - operating	\$ 3,902,595	\$ 2,975,886	\$ 3,577,846
Less: Allowance for impairment loss	(<u>23,068</u>)	(<u>22,769</u>)	(<u>22,460</u>)
	<u>\$ 3,879,527</u>	<u>\$ 2,953,117</u>	<u>\$ 3,555,386</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 7,049,873	\$ 7,005,083	\$ 6,956,675
Less: Allowance for impairment loss	(<u>96,838</u>)	(<u>72,485</u>)	(<u>61,804</u>)
	<u>\$ 6,953,035</u>	<u>\$ 6,932,598</u>	<u>\$ 6,894,871</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:

March 31, 2024

	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	0.12%	1.08%	66.76%	83.33%	88.59%	91.34%	100%	
Gross carrying amount	\$ 10,154,167	\$ 670,246	\$ 74,828	\$ 9,497	\$ 7,706	\$ 5,195	\$ 30,829	\$ 10,952,468
Loss allowance (Lifetime ECL)	(12,420)	(7,215)	(49,956)	(7,914)	(6,827)	(4,745)	(30,829)	(119,906)
Amortized cost	<u>\$ 10,141,747</u>	<u>\$ 663,031</u>	<u>\$ 24,872</u>	<u>\$ 1,583</u>	<u>\$ 879</u>	<u>\$ 450</u>	<u>\$ -</u>	<u>\$ 10,832,562</u>

December 31, 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	0.18%	3.61%	52.33%	74.85%	86.93%	89.81%	100%	
Gross carrying amount	\$ 9,343,633	\$ 564,372	\$ 22,413	\$ 12,813	\$ 2,671	\$ 4,159	\$ 30,908	\$ 9,980,969
Loss allowance (Lifetime ECL)	(16,572)	(20,398)	(11,729)	(9,590)	(2,322)	(3,735)	(30,908)	(95,254)
Amortized cost	<u>\$ 9,327,061</u>	<u>\$ 543,974</u>	<u>\$ 10,684</u>	<u>\$ 3,223</u>	<u>\$ 349</u>	<u>\$ 424</u>	<u>\$ -</u>	<u>\$ 9,885,715</u>

March 31, 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	0.20%	3.84%	51.92%	68.72%	85.40%	89.81%	100%	
Gross carrying amount	\$ 10,199,332	\$ 270,215	\$ 18,084	\$ 7,097	\$ 3,473	\$ 5,435	\$ 30,885	\$ 10,534,521
Loss allowance (Lifetime ECL)	(20,885)	(10,381)	(9,389)	(4,877)	(2,966)	(4,881)	(30,885)	(84,264)
Amortized cost	<u>\$ 10,178,447</u>	<u>\$ 259,834</u>	<u>\$ 8,695</u>	<u>\$ 2,220</u>	<u>\$ 507</u>	<u>\$ 554</u>	<u>\$ -</u>	<u>\$ 10,450,257</u>

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

	For the Three Months Ended March 31	
	2024	2023
Balance at January 1	\$ 22,769	\$ 22,587
Less: Net remeasurement of loss allowance	(116)	(243)
Foreign exchange gains and losses	415	116
Balance at March 31	<u>\$ 23,068</u>	<u>\$ 22,460</u>

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

	For the Three Months Ended March 31	
	2024	2023
Balance at January 1	\$ 72,485	\$ 72,972
Add: Net remeasurement of loss allowance	22,854	-
Less: Impairment losses reversed	-	(11,543)
Foreign exchange gains and losses	1,499	375
Balance at March 31	<u>\$ 96,838</u>	<u>\$ 61,804</u>

10. INVENTORIES

	March 31, 2024	December 31, 2023	March 31, 2023
Raw materials	\$ 2,640,961	\$ 2,486,844	\$ 1,726,638
Finished goods	2,317,908	2,212,975	3,230,254
Work in progress	<u>1,730,190</u>	<u>1,828,515</u>	<u>2,254,099</u>
	<u>\$ 6,689,059</u>	<u>\$ 6,528,334</u>	<u>\$ 7,210,991</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2024 and 2023 were \$3,810,294 thousand and \$3,769,934 thousand, respectively. The cost of goods sold included inventory write-downs for the three months ended March 31, 2024 and 2023 were \$6,285 thousand and \$2,655 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		
		March 31, 2024	December 31, 2023	March 31, 2023
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 Machinery Equipment Co., Ltd.	100	100	100
	Airtac (Tianjin) Technology Co., Ltd.	100	100	100
	Airtac (Fujian) Intelligent Equipment Co., Ltd.	100	100	100
	Airtac (Shandong) Automatic Industrial Co., Ltd. (Note)	100	100	-

Note: Airtac (Shandong) Automatic Industrial Co., Ltd. was established on June 16, 2023 and engages in the sales of industrial automatic control system devices, intelligent warehousing

equipment, metal tools, special equipment for environmental protection, mechanical equipment, electrical equipment, mechanical and electrical equipment, general mechanical equipment installation services, and mechanical equipment research and development.

12. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2024	December 31, 2023	March 31, 2023
Assets used by the Group	\$28,494,804	\$28,506,284	\$28,956,856
Assets leased under operating leases	36,239	53,534	94,160
	<u>\$28,531,043</u>	<u>\$28,559,818</u>	<u>\$29,051,016</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, 2024	\$ 890,359	\$ 14,861,914	\$ 19,465,762	\$ 454,423	\$ 2,463,011	\$ 913,858	\$ 39,049,327
Additions	-	19,546	109,054	55,219	97,561	130,597	411,977
Disposals	-	(357,274)	(89,907)	(38,799)	(90,354)	-	(576,334)
Reclassification	-	711,911	-	-	-	(711,911)	-
Effects of foreign currency exchange differences	-	181,402	286,394	7,694	39,210	11,515	526,215
Balance at March 31, 2024	<u>\$ 890,359</u>	<u>\$ 15,417,499</u>	<u>\$ 19,771,303</u>	<u>\$ 478,537</u>	<u>\$ 2,509,428</u>	<u>\$ 344,059</u>	<u>\$ 39,411,185</u>
Accumulated depreciation							
Balance at January 1, 2024	\$ -	\$ 2,348,769	\$ 6,457,356	\$ 309,892	\$ 1,427,026	\$ -	\$ 10,543,043
Depreciation expense	-	85,408	397,033	12,612	94,411	-	589,464
Disposals	-	(193,119)	(53,222)	(33,993)	(88,341)	-	(368,675)
Effects of foreign currency exchange differences	-	31,092	94,216	4,912	22,329	-	152,549
Balance at March 31, 2024	<u>\$ -</u>	<u>\$ 2,272,150</u>	<u>\$ 6,895,383</u>	<u>\$ 293,423</u>	<u>\$ 1,455,425</u>	<u>\$ -</u>	<u>\$ 10,916,381</u>
Carrying amounts at March 31, 2024	<u>\$ 890,359</u>	<u>\$ 13,145,349</u>	<u>\$ 12,875,920</u>	<u>\$ 185,114</u>	<u>\$ 1,054,003</u>	<u>\$ 344,059</u>	<u>\$ 28,494,804</u>
Carrying amounts at December 31, 2023 and January 1, 2024	<u>\$ 890,359</u>	<u>\$ 12,513,145</u>	<u>\$ 13,008,406</u>	<u>\$ 144,531</u>	<u>\$ 1,035,985</u>	<u>\$ 913,858</u>	<u>\$ 28,506,284</u>
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	-	26,432	63,879	40,962	74,635	595,381	801,289
Disposals	-	-	(354,746)	(1,976)	(28,175)	-	(384,897)
Reclassification	-	512,822	409,714	4,883	48,273	(975,692)	-
Effects of foreign currency exchange differences	-	33,700	76,003	1,623	9,145	12,925	133,396
Balance at March 31, 2023	<u>\$ 890,359</u>	<u>\$ 13,639,298</u>	<u>\$ 19,015,245</u>	<u>\$ 434,273</u>	<u>\$ 2,294,503</u>	<u>\$ 1,940,669</u>	<u>\$ 38,214,347</u>
Accumulated depreciation							
Balance at January 1, 2023	\$ -	\$ 2,112,182	\$ 5,326,308	\$ 251,276	\$ 1,240,025	\$ -	\$ 8,929,791
Depreciation expense	-	77,588	383,530	11,497	83,618	-	556,233
Disposals	-	-	(231,720)	(1,976)	(28,137)	-	(261,833)
Effects of foreign currency exchange differences	-	7,919	21,287	(417)	4,511	-	33,300
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 2,197,689</u>	<u>\$ 5,499,405</u>	<u>\$ 260,380</u>	<u>\$ 1,300,017</u>	<u>\$ -</u>	<u>\$ 9,257,491</u>
Carrying amounts at March 31, 2023	<u>\$ 890,359</u>	<u>\$ 11,441,609</u>	<u>\$ 13,515,840</u>	<u>\$ 173,893</u>	<u>\$ 994,486</u>	<u>\$ 1,940,669</u>	<u>\$ 28,956,856</u>

No impairment assessment was performed for the three months ended March 31, 2024 and 2023 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, 2024	\$ 72,806
Transfers to investment properties	(22,734)
Effect of foreign currency exchange differences	<u>1,144</u>
Balance at March 31, 2024	<u>\$ 51,216</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2024	\$ 19,272
Depreciation expenses	314
Transfers to investment properties	(4,926)
Effect of foreign currency exchange differences	<u>317</u>
Balance at March 31, 2024	<u>\$ 14,977</u>
Carrying amounts at March 31, 2024	<u>\$ 36,239</u>
Carrying amounts at December 31, 2023 and January 31, 2024	<u>\$ 53,534</u>
<u>Cost</u>	
Balance at January 1, 2023	\$118,209
Effect of foreign currency exchange differences	<u>616</u>
Balance at March 31, 2023	<u>\$118,825</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2023	\$ 23,802
Depreciation expenses	741
Effect of foreign currency exchange differences	<u>122</u>
Balance at March 31, 2023	<u>\$ 24,665</u>
Carrying amounts at March 31, 2023	<u>\$ 94,160</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:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Year 1	\$ 607	\$ 1,838	\$ 2,431
Year 2	433	1,717	2,529
Year 3	-	1,088	2,656
Year 4	-	1,142	1,660
Year 5	-	1,199	1,179
Year 6 onwards	<u>-</u>	<u>2,126</u>	<u>3,204</u>
	<u>\$ 1,040</u>	<u>\$ 9,110</u>	<u>\$ 13,659</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 AGUREMENT

1) Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amount			
Land	\$ 823,262	\$ 812,924	\$ 793,982
Buildings	<u>181,036</u>	<u>151,552</u>	<u>183,724</u>
	<u>\$1,004,298</u>	<u>\$ 964,476</u>	<u>\$ 977,706</u>

	For the Three Months Ended	
	2024	2023
Additions to right-of-use assets	<u>\$ 49,429</u>	<u>\$ 18,274</u>
Depreciation of right-of-use assets		
Land	\$ 4,833	\$ 4,733
Buildings	<u>19,801</u>	<u>21,578</u>
	<u>\$ 24,634</u>	<u>\$ 26,311</u>

2) Lease Liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Carry amount			
Current	<u>\$ 66,609</u>	<u>\$ 61,032</u>	<u>\$ 67,377</u>
Non-current	<u>\$ 110,385</u>	<u>\$ 87,835</u>	<u>\$ 116,253</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Buildings	1.73%~4.35%	1.73%~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 dormitory and logistic centers with lease terms of 1 to 7 years. 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

	For the Three Months Ended	
	2024	2023
Expenses relating to short-term leases	<u>\$ 10,639</u>	<u>\$ 6,675</u>
Total cash outflow for leases	<u>\$ 27,159</u>	<u>\$ 30,403</u>

All lease commitments (the Group as a lessee) with lease terms commencing after the balance sheet dates are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Lease commitments	<u>\$ 11,928</u>	<u>\$ 28,222</u>	<u>\$ 15,159</u>

14. NVESTMENT PROPERTIES

	Buildings
<u>Cost</u>	
Balance at January 1, 2024	\$ 90,958
Transfers from leased assets under operating leases	22,734
Effect of foreign currency exchange differences	<u>1,921</u>
Balance at March 31, 2024	<u>\$ 115,613</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2024	\$ 14,863
Depreciation expenses	716
Transfers from leased assets under operating leases	4,926
Effect of foreign currency exchange differences	<u>332</u>
Balance at March 31, 2024	<u>\$ 20,837</u>
Carrying amount at March 31, 2024	<u>\$ 94,776</u>
Carrying amount at December 31, 2023 and January 1, 2024	<u>\$ 76,095</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 27,060
Effect of foreign currency exchange differences	<u>141</u>
Balance at March 31, 2023	<u>\$ 27,201</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2023	\$ 2,368
Depreciation expenses	170
Effect of foreign currency exchange differences	<u>12</u>
Balance at March 31, 2023	<u>\$ 2,550</u>
Carrying amount at March 31, 2023	<u>\$ 24,651</u>

The investment properties are leased out for 2 to 5 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:

	March 31, 2024	December 31, 2023	March 31, 2023
Year 1	\$ 4,418	\$ 4,252	\$ 392
Year 2	2,820	3,951	941
Year 3	1,516	2,138	706
Year 4	987	2,176	-
Year 5	494	1,136	-
	<u>\$ 10,235</u>	<u>\$ 13,653</u>	<u>\$ 2,039</u>

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

Main buildings	40 years
----------------	----------

The management of the Company used the valuation model that market participants would use in determining the fair value, and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The fair value as appraised was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Fair value	<u>\$ 182,211</u>	<u>\$ 162,046</u>	<u>\$ 25,356</u>

15. OTHER ASSETS

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Prepayments	\$ 92,994	\$ 103,698	\$ 113,091
Prepaid expenses	163,752	140,205	137,437
Excess VAT paid	23,280	37,269	37,332
Others	6	5,564	-
	<u>\$ 280,032</u>	<u>\$ 286,736</u>	<u>\$ 287,860</u>
<u>Non-current</u>			
Prepayments for equipment	\$ 948,173	\$ 821,917	\$ 962,321
Refundable deposits	17,503	21,502	20,707
Net defined benefit assets	6,957	6,957	6,957
	<u>\$ 972,633</u>	<u>\$ 850,376</u>	<u>\$ 989,985</u>

16. BORROWINGS

(1) Short-term loans

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Unsecured loans</u>			
Line of credit loans	<u>\$ 9,298,079</u>	<u>\$ 11,370,798</u>	<u>\$ 9,662,421</u>

The range of interest rate on bank loans was 1.60-5.00%, 1.66%-5.82%, and 1.55%-5.40% per annum as of March 31, 2024, December 31, 2023, and March 31, 2023, respectively.

(2) Short-term bills payable

	March 31, 2024	December 31, 2023	March 31, 2023
Commercial paper	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300,000</u>

Outstanding short-term bills payable were as follows:

March 31, 2023

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

- a. The payables of the commercial paper have not been discounted, because the effect was not material.
- b. The range of interest rate on short-term bills were 1.7% per annum as of March 31, 2023.

(3) Long-term loans

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Secured loans</u>			
Bank Borrowing	\$ -	\$ 12,705	\$ 10,205
Deduct: Current portion	-	(2,701)	(319)
Long-term loans	<u>\$ -</u>	<u>\$ 10,004</u>	<u>\$ 9,886</u>

For the year ended December 31, 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. It has been repaid in 2024.

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

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Other payables			
Dividends	\$ 3,474,540	\$ -	\$ 2,690,710
Salaries and bonus	881,492	1,178,722	789,479
Payables for purchase of equipment	97,833	120,970	187,633
Others	<u>250,871</u>	<u>264,410</u>	<u>327,336</u>
	<u>\$ 4,704,736</u>	<u>\$ 1,564,102</u>	<u>\$ 3,995,158</u>
Other current liabilities			
Other taxes	\$ 312,536	\$ 237,175	\$ 368,600
Others	<u>27,640</u>	<u>26,950</u>	<u>17,638</u>
	<u>\$ 340,176</u>	<u>\$ 264,125</u>	<u>\$ 386,238</u>
<u>Non-Current</u>			
Other non-current liabilities			
Deferred revenue	<u>\$ 34,162</u>	<u>\$ 34,616</u>	<u>\$ -</u>

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

Airtac Industrial Co. 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 plans adopted by the Company and Airtac Enterprise Co., Ltd. in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. 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

	March 31, 2024	December 31, 2023	March 31, 2023
Numbers of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Shares authorized	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Shares issued	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
<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	<u>41,552</u>	<u>41,552</u>	<u>41,552</u>
	<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, if there is any Annual Net Income (after tax) of the current fiscal year after final account, it shall first be used to offset its losses in previous years which have not been previously offset (include the adjusted amount of undistributed earnings); then a special capital reserve shall be set aside in accordance with the Applicable Public Company Rules or as requested by the authorities in charge. The board shall prepare and propose a profit distribution proposal to the shareholders' meeting for a dividend distribution of any surplus, plus the undistributed earnings (include the adjusted amount of undistributed earnings) to be resolved and adopted by the shareholders' meeting. Unless otherwise resolved by the Directors at the board meeting and the Members at the general meeting by an Ordinary Resolution, the amount of profits distributed to Members shall not be lower than 30% of the distributable surplus earnings generated from the current fiscal year and the amount of cash dividends distributed shall not be less than 10% of the profits proposed to be distributed of the current fiscal year.

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.

The appropriations of earnings for 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Special Reserve	\$ <u>-</u>	\$ <u>32,712</u>
Cash dividends	\$ <u>3,474,540</u>	\$ <u>2,687,810</u>
Cash dividends per share (NT\$)	\$ 17.37	\$ 13.44

The above 2023 and 2022 appropriations for cash dividends had been resolved by the Company's board of directors on March 11, 2024 and March 8, 2023, respectively. The other proposed appropriations for 2022 was resolved by the shareholders in their meeting to be held on June 20, 2023.

The above 2023 appropriations for cash dividends had been resolved by the Company's board of directors on March 11, 2024 and the report of such distribution will be summited to the shareholder's meeting on May 30, 2024. The board of directors had resolved to issue cash dividends from capital surplus of RMB \$796,000 thousand (NT\$3,474,540 thousand),

RMB \$3.98 (NT\$17.37) 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 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 had been 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, RMB \$3.05 per share. The actual amount converted and paid in New Taiwan Dollars were NT\$2,687,810 thousand, 13.44 per share.

d. Other equity items

Exchange differences on translating foreign operations

	For the Three Months Ended March 31	
	2024	2023
Balance at January 1	(\$ 1,408,084)	(\$ 793,750)
Exchange differences on translating foreign operations	(151,501)	(39,601)
Exchange differences on translating to presentation currency	813,107	199,428
Balance at March 31	(\$ <u>746,478</u>)	(\$ <u>633,923</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 March 31	
	2024	2023
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 7,205,592</u>	<u>\$ 6,905,753</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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>	<u>January 1, 2023</u>
Notes receivables and trade receivables (Note 9)	<u>\$ 10,832,562</u>	<u>\$ 9,885,715</u>	<u>\$ 10,450,257</u>	<u>\$ 9,049,809</u>
Contract liabilities-current Sale of goods	<u>\$ 57,061</u>	<u>\$ 66,885</u>	<u>\$ 67,243</u>	<u>\$ 78,256</u>

c. Disaggregation of revenue

Refer to Note 35 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. Other income

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Interest income		
Bank deposits	\$ 45,164	\$ 19,828
Financial assets at amortized cost	<u>8,535</u>	<u>805</u>
	<u>\$ 53,699</u>	<u>\$ 20,633</u>

b. Other gains and losses

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Gain/(loss) on disposal of financial assets		
Financial assets designated as at FVTPL	\$ -	\$ 11,361
Net foreign exchange gains	152,326	29,606
Government grants (Note 25)	35,130	114,560
Gain on disposal of property, plant and equipment	(37,117)	(97,750)
Others	<u>7,774</u>	<u>4,315</u>
	<u>\$ 158,113</u>	<u>\$ 62,092</u>

c. Financial costs

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Interest on bank loans	\$ 45,809	\$ 40,860
Interest on lease liability	<u>966</u>	<u>1,252</u>
	<u>\$ 46,775</u>	<u>\$ 42,112</u>

d. Depreciation and amortization

	For the Three Months Ended March 31	
	2024	2023
An analysis of deprecation by function		
Operating costs	\$ 495,766	\$ 466,691
Operating expenses	<u>119,362</u>	<u>116,764</u>
	<u>\$ 615,128</u>	<u>\$ 583,455</u>
An analysis of amortization by function		
Operating costs	\$ 242	\$ 280
Operating expenses	<u>4,050</u>	<u>4,233</u>
	<u>\$ 4,292</u>	<u>\$ 4,513</u>

e. Employee benefits expense

	For the Three Months Ended March 31	
	2024	2023
Post-employment benefits		
Defined contribution plans	\$ 80,934	\$ 74,292
Other employee benefits	<u>1,614,826</u>	<u>1,564,933</u>
Total employee benefits expense	<u>\$ 1,695,760</u>	<u>\$ 1,639,225</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,002,812	\$ 953,334
Operating expenses	<u>692,948</u>	<u>685,891</u>
	<u>\$ 1,695,760</u>	<u>\$ 1,639,225</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 ended March 31, 2024 and 2023, the employees' compensation and the remuneration of directors and supervisors were as follows:

Accrual rate

	For the Three Months Ended March 31	
	2024	2023
Employees' compensation	1%	1%

Amount

	For the Three Months Ended March 31	
	2024	2023
Employees' compensation	<u>\$ 23,747</u>	<u>\$ 20,816</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, 2023 and 2022 which have been approved by the Company's board of directors on March 11, 2024 and March 8, 2023, respectively, were as follows:

Amount

	Cash	
	For the Year Ended December 31	
	2023	2022
Employees' compensation	\$ 89,861	\$ 79,063

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, 2023 and 2022.

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 March 31	
	2024	2023
Foreign exchange gains	\$ 152,326	\$ 35,956
Foreign exchange losses	-	(6,350)
	<u>\$ 152,326</u>	<u>\$ 29,606</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 March 31	
	2024	2023
Current tax		
In respect of the current period	\$ 376,325	\$ 359,829
Deferred tax		
In respect of the current period	<u>121,871</u>	<u>104,654</u>
Income tax expense recognized in profit or loss	<u>\$ 498,196</u>	<u>\$ 464,483</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 2022. 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 March 31	
	2024	2023
Profit for the period attributable to owners of the Company	<u>\$ 1,829,263</u>	<u>\$ 1,622,682</u>
Earnings used in the computation of basic earnings per share	<u>1,829,263</u>	<u>1,622,682</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 1,829,263</u>	<u>\$ 1,622,682</u>

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

	For the Three Months Ended March 31	
	2024	2023
Weighted average number of ordinary shares in computation of basic earnings per share	200,000	200,000
Effect of dilutive potential ordinary shares:		
Employee dividends	<u>87</u>	<u>69</u>
Weighted average number of ordinary shares used in computation of dilutive earnings per share	<u>200,087</u>	<u>200,069</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 three months ended March 31, 2024 and 2023.

- a. The Group acquired property, plant and equipment with an aggregate fair value of \$411,977 thousand during the period of the three months ended March 31, 2024. Other payables decrease \$25,160 thousand in total. The cash paid of the Group for acquisition of property, plant and equipment was \$ 437,137 thousand (see the Note 12).
- b. The Group acquired property, plant and equipment with an aggregate fair value of \$801,289 thousand during the period of the three months ended March 31, 2023. Other non-current assets decrease \$92,860 thousand and other payables increase \$3,723 thousand in total. The cash paid of the Group for acquisition of property, plant and equipment was \$704,706 thousand (see the Note 12).

2. Reconciliation of liabilities arising from financing activities

For the period of the three months ended March 31, 2024

	Balance as of January 1, 2024	Cash Flow	Non-cash changes			Balance as of March 31, 2024
			New Lease	Lease Adjustments	Foreign Exchange Movement	
Short-term loans	\$11,370,798	(\$ 2,092,290)	\$ -	\$ -	\$ 19,571	\$ 9,298,079
Long-term loans	12,705	(12,705)	-	-	-	-
Lease liabilities	148,867	(21,073)	49,429	(1,815)	1,586	176,994
	<u>\$11,532,370</u>	<u>(\$ 2,126,068)</u>	<u>\$ 49,429</u>	<u>(\$ 1,815)</u>	<u>\$ 21,157</u>	<u>\$ 9,475,073</u>

For the period of the three months ended March 31, 2023

	Balance as of January 1, 2023	Cash Flow	Non-cash changes			Balance as of March 31, 2023
			New Lease	Lease Adjustments	Foreign Exchange Movement	
Short-term loans	\$10,781,921	(\$ 1,139,757)	\$ -	\$ -	\$ 20,257	\$ 9,662,421
Short-term bill payable	500,000	(200,000)	-	-	-	300,000
Long-term loans	-	10,205	-	-	-	10,205
Lease liabilities	188,496	(22,028)	18,274	(993)	(119)	183,630
	<u>\$11,470,417</u>	<u>(\$ 1,351,580)</u>	<u>\$ 18,274</u>	<u>(\$ 993)</u>	<u>\$ 20,138</u>	<u>\$10,156,256</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 from 2010.

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 or repurchased, and/or 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

March 31, 2024 and December 31, 2023: None.

March 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Foreign exchange forward contracts	\$ <u>-</u>	\$ <u>10,001</u>	\$ <u>-</u>	\$ <u>10,001</u>

There were no transfers between the level 1 and level 2 during the period of the three months ended March 31, 2024 and 2023.

(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	Discounted cash flow 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

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
Financial assets at FVTPL			
Designated as at FVTPL	\$ -	\$ -	\$ 10,001
Financial assets at amortized cost (Note 1)	20,362,507	20,438,235	15,923,393
<u>Financial liabilities</u>			
Financial liabilities at FVTPL			
Measured at amortized cost (Note 2)	14,211,928	12,886,800	14,203,687

Note 1: The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, debt investments with no active market, notes receivable, trade receivables, and other receivables.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term and long-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 cash and cash equivalents, 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, interest rate risk and other price 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.

	USD Impact	
	For the Three Months Ended March 31	
	2024	2023
Profit and losses	\$ 5,764	\$ 3,692

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:

	March 31, 2024	December 31, 2023	March 31, 2023
Fair value risk			
-Financial assets	\$ 6,415,176	\$ 6,076,739	\$ 3,429,215
-Financial liabilities	9,298,079	11,383,503	9,972,626
Cash flow risk			
-Financial assets	2,999,576	4,368,442	1,938,080

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 three months ended March 31, 2024 and 2023 would increase or decrease by \$7,499 thousand and \$4,845 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 three months ended March 31, 2024 and 2023.

The Group's concentration of credit risk by geographical locations was mainly in Mainland China, which accounted for 93.88%, 94.37%, and 94.04% of the total trade receivables as of March 31, 2024, December 31, 2023, and March 31, 2023, 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 March 31, 2024, December 31, 2023, and March 31, 2023, the Group had available unutilized short-term bank loan facilities set out in (2) below.

(1) Liquidity and interest rate risk table for non-derivative financial liabilities

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.

March 31, 2024

	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	\$ 2,222,968	\$ 3,572,373	\$ -	\$ -
Lease liabilities	12,676	57,240	113,100	-
Fixed interest rate liabilities	<u>9,201,341</u>	<u>113,831</u>	<u>-</u>	<u>-</u>
	<u>\$ 11,436,985</u>	<u>\$ 3,743,444</u>	<u>\$ 113,100</u>	<u>\$ -</u>

December 31, 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	\$ 2,561,049	\$ 120,970	\$ -	\$ -
Lease liabilities	12,757	51,299	89,756	-
Fixed interest rate liabilities	<u>9,681,829</u>	<u>1,700,048</u>	<u>10,270</u>	<u>-</u>
	<u>\$ 12,255,635</u>	<u>\$ 1,872,317</u>	<u>\$ 100,026</u>	<u>\$ -</u>

March 31, 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	\$ 2,142,197	\$ 2,878,343	\$ -	\$ -
Lease liabilities	18,733	52,501	119,519	-
Fixed interest rate liabilities	<u>9,335,234</u>	<u>634,914</u>	<u>9,886</u>	<u>-</u>
	<u>\$ 11,496,164</u>	<u>\$ 3,565,758</u>	<u>\$ 129,405</u>	<u>\$ -</u>

(2) Financing facilities

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured bank loans (re-examined annually)			
-Amounts used	\$ 9,298,079	\$ 11,383,503	\$ 9,972,626
-Amounts unused	<u>14,437,830</u>	<u>12,206,180</u>	<u>13,205,043</u>
	<u>\$ 23,735,909</u>	<u>\$ 23,589,683</u>	<u>\$ 23,177,669</u>

e. Transfers of financial assets

During the three months ended March 31, 2024 and 2023, the Group transferred a portion of its commercial acceptance bills in mainland China with an aggregate carrying amount of \$387,233 thousand and \$7,054 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 March 31, 2024, December 31, 2023 and March 31, 2023, the carrying amount of these commercial acceptance bills that have been transferred but not derecognized were \$154,305 thousand, \$145,972 thousand and \$26,825 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 March 31, 2024, December 31, 2023 and March 31, 2023, the face amounts of these unsettled bills receivable was \$408,718 thousand, \$352,933 thousand and \$148,744 thousand, respectively. The unsettled bills receivable will be due in 12 months after March 31, 2024, December 31, 2023 and March 31, 2023. 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 three months ended March 31, 2024 and 2023 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 March 31, 2024 and December 31, 2023, the face amounts of these unsettled bills receivable were \$439,612 thousand and \$1,514,796 thousand. The unsettled bills receivable will be due in 12 months after March 31, 2024 and December 31, 2023. 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 three months ended March 31, 2024 the Group recognized financial cost of \$3,191 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

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

(2) Operating transaction

	For the Three Months Ended March 31	
	<u>2024</u>	<u>2023</u>
<u>Sales of goods</u>		
Substantive related parties	\$ <u>72</u>	\$ <u>5</u>

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

(3) Receivables from related parties

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Trade Receivables</u>			
Substantive related parties	\$ <u>-</u>	\$ <u>4</u>	\$ <u>4</u>

No expense was recognized for the three months ended March 31, 2024 and 2023 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 March 31	
	2024	2023
	<u>\$ 38,622</u>	<u>\$ 42,157</u>
Short-term employee benefits		

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:

	March 31, 2024	December 31, 2023	March 31, 2023
Pledge deposits (classified as financial assets at amortized cost)	\$ 6,453	\$ 6,382	\$ 6,466
Restricted bank deposits (classified as financial assets at amortized cost)	-	-	22,155
Land	890,359	890,359	890,359
Buildings, net	4,804,618	4,812,744	4,873,953
Machinery and Equipment	<u>1,155,586</u>	<u>1,204,176</u>	<u>1,350,328</u>
	<u>\$ 6,857,106</u>	<u>\$ 6,913,661</u>	<u>\$ 7,143,261</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 March 31, 2024, December 31, 2023 and March 31 2023, unused letters of credit for leasing of buildings amounted to \$2,346 thousand, \$4,137 thousand and \$4,111 thousand, respectively.
- 2) Unrecognized commitments were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Acquisition of property, plant and equipment	<u>\$ 1,647,095</u>	<u>\$ 1,660,559</u>	<u>\$ 948,314</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:

March 31, 2024

	Foreign currency	Exchange rate	Carrying amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 15,945	7.10 (USD:RMB)	\$ 498,670
USD	8,692	31.27 (USD:NTD)	271,827
RMB	1,798,207	4.41 (RMB:NTD)	7,926,496
EUR	6,513	7.82 (EUR:RMB)	224,455
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	5,777	7.10 (USD:RMB)	180,690
USD	430	31.27 (USD:NTD)	13,440
RMB	32,492	4.41 (RMB:NTD)	143,223
EUR	2,930	7.82 (EUR:RMB)	100,968

December 31, 2023

	Foreign currency	Exchange rate	Carrying amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 14,856	7.08 (USD:RMB)	\$ 455,303
USD	7,309	30.65 (USD:NTD)	223,990
RMB	1,855,179	4.33 (RMB:NTD)	8,027,360
EUR	8,294	7.85 (EUR:RMB)	281,817
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	5,457	7.08 (USD:RMB)	167,233
USD	1,086	30.65 (USD:NTD)	33,291
RMB	38,404	4.33 (RMB:NTD)	166,176
EUR	3,515	7.85 (EUR:RMB)	119,451

March 31, 2023

	Foreign currency	Exchange rate	Carrying amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 16,498	6.87 (USD:RMB)	\$ 502,341
USD	1,919	30.45 (USD:NTD)	58,435
RMB	1,724,244	4.43 (RMB:NTD)	7,640,124
EUR	8,703	7.48 (EUR:RMB)	288,517

Financial liabilities

Monetary items

USD	5,308	6.87 (USD:RMB)	161,606
USD	985	30.45 (USD:NTD)	30,003
RMB	24,317	4.43 (RMB:NTD)	107,750
EUR	3,250	7.48 (EUR:RMB)	107,738

For the three months ended March 31, 2024 and 2023, realized and unrealized net foreign exchange gains (losses) were \$152,326 thousand and \$29,606 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. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Company signed a contract with an unrelated party in May 2024 to acquire an industrial plant in Jinan City, Shandong Province. The total purchase price was approximately RMB \$90,249 thousand, equivalent to approximately NT\$405,759 thousand. As of March 31, 2024, the Company has paid a total price of RMB \$9,000 thousand, equivalent to approximately NT\$40,464 thousand, which is listed under property, plant and equipment.

34. 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 8)
 - 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 9)
 - 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 10)

35. 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 Three Months ended		For The Three Months ended	
	March 31		March 31	
	2024	2023	2024	2023
Pneumatic components				
-Direct sales	\$4,954,885	\$4,859,352	\$1,675,702	\$1,619,520
-Distributors	<u>2,250,707</u>	<u>2,046,401</u>	<u>761,172</u>	<u>682,023</u>
Total amounts of continuing operations	<u>\$7,205,592</u>	<u>\$6,905,753</u>	2,436,874	2,301,543
Interest income			53,699	20,633
Gain on disposal of property, plant and equipment			(37,117)	(97,750)
Net exchange gains (losses)			152,326	29,606
Net gain arising on financial assets designated as at FVTPL			-	11,361
HQ admin. cost and directors' salaries			(231,647)	(136,211)
Finance costs			(<u>46,775</u>)	(<u>42,112</u>)
Profit before income tax from continuing operations			<u>\$2,327,360</u>	<u>\$2,087,070</u>

The segment revenues were accounted for the transactions with external customers. No inter-segment sales occurred for the three months ended March 31, 2024 and 2023.

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Segment assets</u>			
Pneumatic components			
-Direct sales	\$ 39,848,390	\$ 40,788,974	\$ 38,345,097
-Distributors	<u>18,100,737</u>	<u>16,929,005</u>	<u>16,148,137</u>
Total segment total assets	57,949,127	57,717,979	54,493,234
Unallocated assets	<u>310,738</u>	<u>330,786</u>	<u>382,560</u>
Consolidated total assets	<u>\$ 58,259,865</u>	<u>\$ 58,048,765</u>	<u>\$ 54,875,794</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 THREE MONTHS ENDED MARCH 31, 2024
(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 310,140)	EUR 6,000 (NTD 206,760)	EUR 4,400 (NTD 151,624)	-	Short-term financing needs	\$ -	Revolving fund	\$ -	-	-	\$16,642,328	\$16,642,328	Note 2
0	Airtac International Group	Ningbo Airtac Automatic Industrial Co., Ltd.	Other receivables	Yes	USD 20,000 (NTD 625,496)	USD 10,000 (NTD 312,748)	USD - (NTD -)	-	Short-term financing needs	-	Revolving fund	-	-	-	16,642,328	16,642,328	Note 2
0	Airtac International Group	AIRTAC INTERNATIONAL (SINGAPORE) PTE. LTD.	Other receivables	Yes	USD 1,000 (NTD 31,275)	USD 1,000 (NTD 31,275)	USD - (NTD -)	-	Short-term financing needs	-	Revolving fund	-	-	-	16,642,328	16,642,328	Note 2
0	Airtac International Group	Airtac Co., Ltd.	Other receivables	Yes	USD 9,000 (NTD 281,473)	USD 6,000 (NTD 187,649)	USD 5,22-0 (NTD 163,254)	-	Short-term financing needs	-	Revolving fund	-	-	-	16,642,328	16,642,328	Note 2
0	Airtac International Group	AIRTAC INDUSTRIAL (MALAYSIA) SDN. BHD.	Other receivables	Yes	USD 3,500 (NTD 109,462)	USD 3,500 (NTD 109,462)	USD 2,000 (NTD 62,550)	-	Short-term financing needs	-	Revolving fund	-	-	-	16,642,328	16,642,328	Note 2
0	Airtac International Group	AIRTAC USA CORPORATION	Other receivables	Yes	USD 17,000 (NTD 531,672)	USD 11,000 (NTD 344,023)	USD 9,250 (NTD 289,292)	-	Short-term financing needs	-	Revolving fund	-	-	-	16,642,328	16,642,328	Note 2
1	Airtac Enterprise Co., Ltd.	Airtac International Group Taiwan Branch	Other receivables	Yes	NTD 10,000	NTD 10,000	NTD 10,000	-	Short-term financing needs	-	Revolving fund	-	-	-	10,282	10,282	Note 3

Note 1: Conversion to NTD used the spot exchange rate on March 31, 2024, that is, 1USD=31.2748 NTD, 1EUR=34.4600 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 THREE MONTHS ENDED MARCH 31, 2024

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		March 31, 2024			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				March 31, 2024 (Note1)	December 31, 2023 (Note1)	Shares	%	Carrying Amount			
Airtac International Group	Airtac Industrial (Hong Kong) Limited	Hong Kong	General investment	USD 87,500 RMB 537,500 (NTD 5,105,845)	USD 87,500 RMB 537,500 (NTD 5,105,845)	167,426,238	100	\$ 36,831,002	\$ 1,622,851	\$ 1,662,851	2
	Airtac Trading (Hong Kong) Limited	Hong Kong	General investment	USD - (NTD -)	USD - (NTD -)	7,000,000	100	2,100	3	3	2
	INSTANT REACH INTERNATIONAL LIMITED	British Virgin Island	General investment	USD 2,283 EUR 1,000 RMB 17,500 (NTD 183,000)	USD 2,283 EUR 1,000 RMB 17,500 (NTD 183,000)	1	100	123,924	4,682	4,682	2
	AIRTAC HOLDING (SINGAPORE) PTE. LTD.	Singapore	General investment	USD 17,000 (NTD 531,672)	USD 17,000 (NTD 531,672)	17,000,000	100	40,540	(17,643)	(17,643)	2
	Airtac Enterprise Co., Ltd.	Taiwan	Processing, sales and import/export of machines and components	NTD 54,581	NTD 54,581	69,435	69.44	18,941	(325)	-	4
	ATC (ITALIA) S.R.L	Italy	Production and sales of pneumatic and hydraulic control components	EUR 4,000 (NTD 137,840)	EUR 4,000 (NTD 137,840)	4,000,000	100	79,762	4,972	-	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 390,935)	USD 12,500 (NTD 390,935)	12,500,000	100	293,038	(13,649)	-	4
	Airtac Co., Ltd.	Japan	Production and sales of pneumatic control components and accessories	JPY 98,000 (NTD 20,737)	JPY 98,000 (NTD 20,737)	2,000	100	(88,550)	(2,929)	-	4
	AIRTAC USA CORPORATION	USA	Production and sales of pneumatic control components and accessories	USD 3,000 (NTD 93,824)	USD 3,000 (NTD 93,824)	3,000	100	(171,693)	(912)	-	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 6,349)	MYR 1,000 (NTD 6,349)	1,000,000	100	(20,102)	546	-	4
	AIRTAC INDUSTRIAL CO., LTD.	Thailand	Production and sales of pneumatic control components and accessories	THB 100,000 (NTD 86,320)	THB 100,000 (NTD 86,320)	1,000,000	100	118,536	1,694	-	4

Note 1 : Conversion to NTD used the spot exchange rate on March 31, 2024, that is, 1 USD=31.2748 NTD, 1 EUR=34.4600 NTD, 1 JPY=0.2116 NTD, 1 RMB= 4.4080 NTD, 1 MYR=6.3488 NTD, 1THB=0.8632 NTD.

Note 2 : The amount was eliminated upon consolidation.

Note 3 : Please refer to Table 8 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 HELD
MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	MARCH 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Ningbo Airtac Automatic Industrial Co., Ltd.	Deposit denominated	-	Financial assets at amortized cost – non-current	-	\$ 442,163 (RMB 100,309)	-	\$ 442,163 (RMB 100,309)	1
Guangdong Airtac Automatic Industrial Co., Ltd.	Structured deposits	-	Financial assets at amortized cost - current	-	\$ 397,673 (RMB 90,216)	-	\$ 397,673 (RMB 90,216)	1
Airtac (China) Co., Ltd.	Structured deposits	-	Financial assets at amortized cost - current	-	\$ 486,724 (RMB 110,418)	-	\$ 486,724 (RMB 110,418)	1
Airtac (China) Co., Ltd.	Deposit denominated	-	Financial assets at amortized cost – non-current	-	\$ 444,394 (RMB 100,815)	-	\$ 444,394 (RMB 100,815)	1

Note 1 : Conversion to NTD used the spot exchange rate on March 31, 2024, that is, 1 RMB=4.4080 NTD.

TABLE 4

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 THREE MONTHS ENDED MARCH 31, 2024
(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
Ningbo Airtac Automatic Industrial Co., Ltd.	Structured deposits	Financial assets at amortized cost - current	Fubon Bank (China)	-	-	\$ 661,800 (RMB 150,136)	-	\$ - (RMB -)	-	\$ 662,298 (RMB 150,249)	\$ 661,200 (RMB 150,000)	\$ 1,098 (RMB 249)	-	\$ - (RMB -)
Ningbo Airtac Automatic Industrial Co., Ltd.	Deposit denominated	Financial assets at amortized cost – non-current	Fubon Bank (China)	-	-	\$ - (RMB -)	-	\$ 440,800 (RMB 100,000)	-	\$ - (RMB -)	\$ - (RMB -)	\$ - (RMB -)	-	\$ 442,163 (RMB 100,309)
Guangdong Airtac Automatic Industrial Co., Ltd.	Structured deposits	Financial assets at amortized cost - current	Fubon Bank (China)	-	-	\$ - (RMB -)	-	\$ 396,720 (RMB 90,000)	-	\$ - (RMB -)	\$ - (RMB -)	\$ - (RMB -)	-	\$ 397,673 (RMB 90,216)
Airtac (China) Co., Ltd.	Structured deposits	Financial assets at amortized cost - current	Fubon Bank (China)	-	-	\$ 220,541 (RMB 50,032)	-	\$ 484,880 (RMB 110,000)	-	\$ 221,149 (RMB 50,170)	\$ 220,400 (RMB 50,000)	\$ 749 (RMB 170)	-	\$ 486,724 (RMB 110,418)

Note1 : Conversion to NTD used the spot exchange rate on March 31, 2024, that is, 1 RMB=4.4080 NTD.

TABLE 5

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 THREE MONTHS ENDED MARCH 31, 2024
(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	2020.09.08-2024.03.31	\$ 3,268,366	\$ 2,233,316	Self-building	-	-	-	-	\$ -	N/A	Manufacturing, research and development purpose	-

TABLE 6

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 THREE MONTHS ENDED MARCH 31, 2024
(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 International Group	The parent company	Sales	\$ 117,184	2	T/T 60 days	\$ -	-	\$ 120,046	3	
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac (China) Co., Ltd.	The same parent company	Sales	1,336,911	23	T/T 60 days	\$ -	-	837,197	20	
Ningbo Airtac Automatic Industrial Co., Ltd.	Guangdong Airtac Automatic Industrial Co., Ltd.	The same parent company	Sales	126,463	2	T/T 60 days	-	-	79,320	2	
Ningbo Airtac Automatic Industrial Co., Ltd.	Guangdong Airtac Machinery Equipment Co., Ltd.	The same parent company	Sales	1,649,994	28	T/T 60 days	-	-	1,984,492	46	
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac (Fujian) Intelligent Equipment Co., Ltd.	The same parent company	Sales	175,232	3	T/T 60 days	-	-	58,432	1	
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac (Jiangsu) Automatic Co., Ltd.	The same parent company	Sales	1,760,251	30	T/T 60 days	-	-	191,571	4	
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac (Shandong) Automatic Industrial Co., Ltd.	The same parent company	Sales	622,905	11	T/T 60 days	-	-	885,704	21	
Guangdong Airtac Automatic Industrial Co., Ltd.	Guangdong Airtac Machinery Equipment Co., Ltd.	The same parent company	Sales	277,081	32	T/T 180 days	-	-	439,009	25	
Guangdong Airtac Automatic Industrial Co., Ltd.	Ningbo Airtac Automatic Industrial Co., Ltd.	The same parent company	Sales	567,977	65	T/T 180 days	-	-	1,273,305	73	
Airtac International Group	Ningbo Airtac Automatic Industrial Co., Ltd.	Subsidiary	Sales	839,088	82	T/T 180 days	-	-	1,653,916	89	
Guangdong Airtac Machinery Equipment Co., Ltd.	Airtac (China) Co., Ltd.	The parent company	Sales	218,449	10	T/T 60 days	-	-	254,263	12	

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

TABLE 7

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

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

MARCH 31, 2024

(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 Machinery Equipment Co., Ltd.	The same parent company	\$ 1,984,492	3	\$ -	-	\$ 798,787	\$ -
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac (China) Co., Ltd.	The same parent company	837,197	6	-	-	681,089	-
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac (Jiangsu) Automatic Co., Ltd.	The same parent company	191,571	30	-	-	191,571	-
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac International Group	The parent company	120,046	4	-	-	-	-
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac (Shandong) Automatic Industrial Co., Ltd.	The same parent company	885,704	5	-	-	169,258	-
Guangdong Airtac Automatic Industrial Co., Ltd.	Guangdong Airtac Machinery Equipment Co., Ltd.	The same parent company	439,009	2	-	-	132,416	-
Guangdong Airtac Automatic Industrial Co., Ltd.	Ningbo Airtac Automatic Industrial Co., Ltd.	The same parent company	1,273,305	2	-	-	197,403	-
Airtac International Group	Ningbo Airtac Automatic Industrial Co., Ltd.	Subsidiary	1,653,916	2	-	-	1,635,235	-
Guangdong Airtac Machinery Equipment Co., Ltd.	Airtac (China) Co., Ltd.	The parent company	254,263	4	-	-	62,646	-
Airtac International Group	ATC (ITALIA) S.R.L	Subsidiary	151,624	Note 1	-	-	-	-
Airtac International Group	AIRTAC USA CORPORATION	Subsidiary	289,292	Note 1	-	-	-	-
Airtac International Group	Airtac Co., Ltd.	Subsidiary	163,254	Note 1	-	-	-	-

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

TABLE 8

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

**INFORMATION FOR INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Investee Company Name	Main Businesses and Products	Paid-in Capital (Note 3)	Method of Investment	Accumulated Investment Outflow from Taiwan as of January 1, 2024	Investment Flow for the Period		Accumulated Investment Outflow from Taiwan as of March 31, 2024	Net income of Investee Company	% of Ownership – Direct or Indirect investment	Investment Gain (Loss) Recognized for the Period (Note 2)	Carrying Amount as of March 31, 2024	Accumulated Inward Remittance of Earnings as of March 31, 2024	Note
					Outflow	Inflow							
Ningbo Airtac Automatic Industrial Co., Ltd.	Production of pneumatic control components and auxiliary components	USD 52,000 RMB 417,500 (NTD 3,466,630)	N/A	N/A	\$ -	\$ -	N/A	\$ 1,202,395	100	\$ 1,149,464	\$ 24,885,763	N/A	
Guangdong Airtac Automatic Industrial Co., Ltd.	Production of pneumatic control components and auxiliary components	USD 6,000 (NTD 187,649)	N/A	N/A	-	-	N/A	231,432	100	226,148	3,511,980	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 1,118,354)	N/A	N/A	-	-	N/A	238,286	100	238,286	5,303,388	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 293,760)	N/A	N/A	-	-	N/A	86,301	100	86,301	1,461,830	N/A	
Guangdong Airtac Machinery Equipment Co., Ltd.	Wholesale and agency of pneumatic components, tools and equipment, and related support services	USD 10,000 (NTD 44,080)	N/A	N/A	-	-	N/A	93,166	100	93,166	628,461	N/A	
Airtac (Tianjin) Technology Co., Ltd.	Wholesale and agency of pneumatic components, tools and equipment, and related support services	RMB 10,000 (NTD 44,080)	N/A	N/A	-	-	N/A	527	100	527	123,726	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 44,080)	N/A	N/A	-	-	N/A	14,801	100	14,801	156,276	N/A	
Airtac (Shandong) Automatic Industrial Co., Ltd.	Wholesale and agency of pneumatic components, tools and equipment, and related support services	RMB 20,000 (NTD 88,160)	N/A	N/A	-	-	N/A	34,689	100	34,689	126,859	N/A	

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2024	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.

Note 3: Conversion to NTD used the spot exchange rate on March 31, 2024, that is, 1 USD=31.2748 NTD, 1 RMB=4.4080 NTD.

TABLE 9

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS FOR THE THREE MONTHS ENDED MARCH 31, 2024

(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	\$ 1,653,916	General terms and conditions	3%
		Ningbo Airtac Automatic Industrial Co., Ltd.	1	Sales revenue	839,088	General terms and conditions	12%
		Guangdong Airtac Automatic Industrial Co., Ltd.	1	Sales revenue	11,858	General terms and conditions	-
		AIRTAC INDUSTRIAL (MALAYSIA) SDN. BHD.	1	Other receivable	62,550	General terms and conditions	-
		ATC (ITALIA) S.R.L	1	Other receivable	151,624	General terms and conditions	-
		AIRTAC USA CORPORATION	1	Other receivable	289,929	General terms and conditions	-
		Airtac Co., Ltd.	1	Other receivable	163,254	General terms and conditions	-
1	Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac International Group	2	Trade receivables	120,046	General terms and conditions	-
		Airtac International Group	2	Sales revenue	117,184	General terms and conditions	2%
		Airtac (China) Co., Ltd.	3	Trade receivables	837,197	General terms and conditions	1%
		Airtac (China) Co., Ltd.	3	Sales revenue	1,336,911	General terms and conditions	19%
		Guangdong Airtac Automatic Industrial Co., Ltd.	3	Trade receivables	79,320	General terms and conditions	-
		Guangdong Airtac Automatic Industrial Co., Ltd.	3	Sales revenue	126,463	General terms and conditions	2%
		Airtac (Jiangsu) Automatic Co., Ltd.	3	Trade receivables	191,571	General terms and conditions	-
		Airtac (Jiangsu) Automatic Co., Ltd.	3	Sales revenue	1,760,251	General terms and conditions	24%
		Guangdong Airtac Machinery Equipment Co., Ltd.	3	Trade receivables	1,984,492	General terms and conditions	3%-
		Guangdong Airtac Machinery Equipment Co., Ltd.	3	Sales revenue	1,649,994	General terms and conditions	23%
		Airtac (Tianjin) Technology Co., Ltd.	3	Sales revenue	14,259	General terms and conditions	-
		Airtac (Fujian) Intelligent Equipment Co., Ltd.	3	Trade receivables	58,432	General terms and conditions	-
		Airtac (Fujian) Intelligent Equipment Co., Ltd.	3	Sales revenue	175,232	General terms and conditions	2%
		Airtac (Shandong) Automatic Industrial Co., Ltd.	3	Trade receivables	885,704	General terms and conditions	2%
		Airtac (Shandong) Automatic Industrial Co., Ltd.	3	Sales revenue	622,905	General terms and conditions	9%
		ATC (ITALIA) S.R.L	3	Trade receivables	48,418	General terms and conditions	-
		ATC (ITALIA) S.R.L	3	Sales revenue	47,366	General terms and conditions	1%
		AIRTAC INDUSTRIAL (MALAYSIA) SDN. BHD.	3	Trade receivables	11,764	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	AIRTAC INDUSTRIAL (MALAYSIA) SDN. BHD.	3	Sales revenue	11,545	General terms and conditions	-
		AIRTAC USA CORPORATION	3	Trade receivables	37,040	General terms and conditions	-
		AIRTAC USA CORPORATION	3	Sales revenue	35,037	General terms and conditions	-
		Airtac Co. Ltd.	3	Trade receivables	12,816	General terms and conditions	-
		AIRTAC INDUSTRIAL CO., LTD.	3	Trade receivables	22,532	General terms and conditions	-
		AIRTAC INDUSTRIAL CO., LTD.	3	Sales revenue	18,297	General terms and conditions	-
		Ningbo Airtac Automatic Industrial Co., Ltd.	3	Trade receivables	1,273,305	General terms and conditions	2%
		Ningbo Airtac Automatic Industrial Co., Ltd.	3	Sales revenue	567,977	General terms and conditions	8%
		Guangdong Airtac Machinery Equipment Co., Ltd.	3	Trade receivables	439,009	General terms and conditions	1%
		Guangdong Airtac Machinery Equipment Co., Ltd.	3	Sales revenue	277,081	General terms and conditions	4%
3	Airtac (China) Co., Ltd.	AIRTAC USA CORPORATION	3	Trade receivables	21,614	General terms and conditions	-
		AIRTAC USA CORPORATION	3	Sales revenue	15,087	General terms and conditions	-
		Ningbo Airtac Automatic Industrial Co., Ltd.	3	Trade receivables	16,511	General terms and conditions	-
		Ningbo Airtac Automatic Industrial Co., Ltd.	3	Sales revenue	14,472	General terms and conditions	-
4	Guangdong Airtac Machinery Equipment Co., Ltd.	Airtac (Shandong) Automatic Industrial Co., Ltd.	3	Trade receivables	57,628	General terms and conditions	-
		Airtac (China) Co., Ltd.	3	Trade receivables	254,263	General terms and conditions	-
		Airtac (China) Co., Ltd.	3	Sales revenue	218,449	General terms and conditions	3%
5	Airtac (Tianjin) Technology Co., Ltd.	Airtac (China) Co., Ltd.	3	Other receivables	35,904	General terms and conditions	-
		Airtac (Shandong) Automatic Industrial Co., Ltd.	3	Trade receivables	29,031	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
MARCH 31, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Ding Kan Investment Ltd.	26,856,227	13.42%
YHZ Ltd.	10,858,142	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.