

**Airtac International Group
and Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2025 and 2024 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, 2025 and 2024, 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, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the three months then ended March 31, 2025 and 2024 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- Huang Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 12, 2025

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, 2025		December 31, 2024		March 31, 2024	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 5,301,089	9	\$ 6,726,167	12	\$ 7,695,936	13
Financial assets at amortized cost - current (Notes 7 and 29)	1,492,862	3	1,890,652	3	890,940	2
Notes receivable (Note 8)	3,732,156	7	2,794,557	5	3,879,527	7
Trade receivables (Notes 8 and 28)	7,837,490	14	6,924,316	12	6,953,035	12
Other receivables	30,140	-	40,887	-	39,010	-
Current tax assets (Note 4)	10,488	-	11,373	-	22,886	-
Inventories (Note 9)	6,530,023	11	6,802,750	12	6,689,059	11
Other current assets (Note 14)	<u>245,628</u>	<u>-</u>	<u>227,891</u>	<u>-</u>	<u>280,032</u>	<u>-</u>
Total current assets	<u>25,179,876</u>	<u>44</u>	<u>25,418,593</u>	<u>44</u>	<u>26,450,425</u>	<u>45</u>
NON-CURRENT ASSETS						
Financial assets at amortized cost - non-current (Notes 7 and 29)	948,115	2	921,385	2	886,557	2
Property, plant and equipment (Notes 11 and 29)	29,185,981	51	28,987,297	50	28,531,043	49
Right-of-use assets (Note 12)	1,022,890	2	991,279	2	1,004,298	2
Investment properties (Note 13)	89,780	-	88,652	-	94,776	-
Other intangible assets	28,082	-	30,543	-	32,281	-
Deferred tax assets (Notes 4 and 22)	228,063	-	202,372	-	287,852	-
Other non-current assets (Note 14)	<u>947,056</u>	<u>1</u>	<u>920,687</u>	<u>2</u>	<u>972,633</u>	<u>2</u>
Total non-current assets	<u>32,449,967</u>	<u>56</u>	<u>32,142,215</u>	<u>56</u>	<u>31,809,440</u>	<u>55</u>
TOTAL	<u>\$ 57,629,843</u>	<u>100</u>	<u>\$ 57,560,808</u>	<u>100</u>	<u>\$ 58,259,865</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term loans (Note 15)	\$ 2,859,402	5	\$ 5,611,173	10	\$ 9,298,079	16
Contract liabilities - current (Note 20)	69,020	-	61,032	-	57,061	-
Notes payable (Note 16)	114,715	-	123,534	-	166,392	-
Trade payables (Note 16)	1,041,278	2	1,005,176	2	924,213	2
Lease liability - current (Note 12)	75,973	-	69,472	-	66,609	-
Other payables (Note 17)	5,574,925	9	1,522,751	3	4,704,736	8
Current tax liabilities (Note 4)	440,147	1	365,996	1	337,595	-
Other current liabilities (Note 17)	<u>439,299</u>	<u>1</u>	<u>344,331</u>	<u>-</u>	<u>340,176</u>	<u>1</u>
Total current liabilities	<u>10,614,759</u>	<u>18</u>	<u>9,103,465</u>	<u>16</u>	<u>15,894,861</u>	<u>27</u>
NON-CURRENT LIABILITIES						
Deferred tax liabilities (Notes 4 and 22)	408,739	1	446,198	1	607,866	1
Lease liabilities - non-current (Note 12)	92,273	-	80,681	-	110,385	1
Other non-current liabilities (Note 17)	<u>50,875</u>	<u>-</u>	<u>31,346</u>	<u>-</u>	<u>34,162</u>	<u>-</u>
Total non-current liabilities	<u>551,887</u>	<u>1</u>	<u>558,225</u>	<u>1</u>	<u>752,413</u>	<u>2</u>
Total liabilities	<u>11,166,646</u>	<u>19</u>	<u>9,661,690</u>	<u>17</u>	<u>16,647,274</u>	<u>29</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)						
Share capital	2,000,000	4	2,000,000	3	2,000,000	3
Capital surplus	14,847,244	26	14,846,145	26	14,846,145	25
Retained earnings	28,881,727	50	31,173,887	54	25,499,893	44
Other equity	<u>727,898</u>	<u>1</u>	<u>(127,364)</u>	<u>-</u>	<u>(740,216)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	46,456,869	81	47,892,668	83	41,605,822	71
NON-CONTROLLING INTERESTS	<u>6,328</u>	<u>-</u>	<u>6,450</u>	<u>-</u>	<u>6,769</u>	<u>-</u>
Total equity	<u>46,463,197</u>	<u>81</u>	<u>47,899,118</u>	<u>83</u>	<u>41,612,591</u>	<u>71</u>
TOTAL	<u>\$ 57,629,843</u>	<u>100</u>	<u>\$ 57,560,808</u>	<u>100</u>	<u>\$ 58,259,865</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			
	2025		2024	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 20 and 33)	\$ 8,096,083	100	\$ 7,205,592	100
OPERATING COSTS				
Cost of goods sold (Notes 9 and 21)	<u>4,522,060</u>	<u>56</u>	<u>3,810,294</u>	<u>53</u>
GROSS PROFIT	<u>3,574,023</u>	<u>44</u>	<u>3,395,298</u>	<u>47</u>
OPERATING EXPENSES (Note 21)				
Selling and marketing expenses	746,603	9	688,097	10
General and administrative expenses	301,819	4	274,551	4
Research and development expenses	269,982	3	247,589	3
Expected credit loss	<u>(16,829)</u>	<u>-</u>	<u>22,738</u>	<u>-</u>
Total operating expenses	<u>1,301,575</u>	<u>16</u>	<u>1,232,975</u>	<u>17</u>
PROFIT FROM OPERATIONS	<u>2,272,448</u>	<u>28</u>	<u>2,162,323</u>	<u>30</u>
NON-OPERATING INCOME AND EXPENSES (Note 21)				
Interest income	37,697	1	53,699	1
Other gains and losses	175,100	2	158,113	2
Finance costs	<u>(19,274)</u>	<u>-</u>	<u>(46,775)</u>	<u>-</u>
Total non-operating income and expenses	<u>193,523</u>	<u>3</u>	<u>165,037</u>	<u>3</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	2,465,971	31	2,327,360	33
INCOME TAX EXPENSE (Notes 4 and 22)	<u>530,319</u>	<u>7</u>	<u>498,196</u>	<u>7</u>
NET PROFIT FOR THE PERIOD	<u>1,935,652</u>	<u>24</u>	<u>1,829,164</u>	<u>26</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Exchange differences arising on translation to the presentation currency	1,039,700	13	813,234	11
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	<u>(184,460)</u>	<u>(3)</u>	<u>(151,646)</u>	<u>(2)</u>

(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			
	2025		2024	
	Amount	%	Amount	%
Other comprehensive income for the period, net of income tax	<u>855,240</u>	<u>10</u>	<u>661,588</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 2,790,892</u>	<u>34</u>	<u>\$ 2,490,752</u>	<u>35</u>
NET PROFIT ATTRIBUTABLE TO:				
Owner of the Company	\$ 1,935,752	24	\$ 1,829,263	25
Non-controlling interests	<u>(100)</u>	<u>-</u>	<u>(99)</u>	<u>-</u>
	<u>\$ 1,935,652</u>	<u>24</u>	<u>\$ 1,829,164</u>	<u>25</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the Company	\$ 2,791,014	34	\$ 2,490,869	35
Non-controlling interests	<u>(122)</u>	<u>-</u>	<u>(117)</u>	<u>-</u>
	<u>\$ 2,790,892</u>	<u>34</u>	<u>\$ 2,490,752</u>	<u>35</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 9.68</u>		<u>\$ 9.15</u>	
Diluted	<u>\$ 9.67</u>		<u>\$ 9.14</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 19)	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, 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>
BALANCE AT JANUARY 1, 2025	200,000	\$ 2,000,000	\$ 14,846,145	\$ 32,712	\$ 31,141,175	\$ (133,626)	\$ 6,262	\$ 47,892,668	\$ 6,450	\$ 47,899,118
Appropriation of 2024 earnings										
Cash dividends distributed by the Company	-	-	-	-	(4,227,912)	-	-	(4,227,912)	-	(4,227,912)
Disgorgement of short-swing	-	-	1,099	-	-	-	-	1,099	-	1,099
Net profit for the three months ended March 31, 2025	-	-	-	-	1,935,752	-	-	1,935,752	(100)	1,935,652
Other comprehensive income for the three months ended March 31, 2025, net of income tax	-	-	-	-	-	855,262	-	855,262	(22)	855,240
Total comprehensive income for the three months ended March 31, 2025	-	-	-	-	1,935,752	855,262	-	2,791,014	(122)	2,790,892
BALANCE AT MARCH 31, 2025	<u>200,000</u>	<u>\$ 2,000,000</u>	<u>\$ 14,847,244</u>	<u>\$ 32,712</u>	<u>\$ 28,849,015</u>	<u>\$ 721,636</u>	<u>\$ 6,262</u>	<u>\$ 46,456,869</u>	<u>\$ 6,328</u>	<u>\$ 46,463,197</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	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,465,971	\$ 2,327,360
Adjustments for:		
Depreciation expenses	653,210	615,128
Amortization expenses	3,012	4,292
Expected credit (gain reversed) loss recognized	(16,829)	22,738
Finance costs	19,274	46,775
Interest income	(37,697)	(53,699)
Loss on disposal of property, plant and equipment	20,474	37,117
Write-down of inventories	4,898	6,285
Net loss (gain) on foreign currency exchange	(467)	8,041
Loss on amendment of lease agreement	(23)	(36)
Amortization of deferred revenue	(1,692)	(1,092)
Changes in operating assets and liabilities:		
Increase in notes receivable	(866,548)	(862,703)
Decrease (increase) in trade receivables	(738,281)	85,423
Decrease (increase) in other receivables	13,804	(7,374)
Decrease (increase) in inventories	410,263	(46,644)
Decrease (increase) in other current assets	(12,730)	11,956
Increase (decrease) in contract liabilities	6,604	(10,970)
Increase (decrease) in notes payable	(11,287)	3,905
Increase (decrease) in trade payables	14,357	(51,751)
Decrease in other payables	(189,691)	(336,069)
Increase in deferred revenue	20,303	-
Increase in other current liabilities	86,488	70,429
Cash generated from operations	1,843,413	1,869,111
Interest received	21,087	48,084
Interest paid	(20,786)	(45,279)
Income tax paid	(529,836)	(418,009)
Net cash generated from operating activities	<u>1,313,878</u>	<u>1,453,907</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets measured at amortized cost	(964,057)	(1,309,800)
Proceeds on sale of financial assets at amortized cost	1,403,265	874,974
Payments for property, plant and equipment	(471,250)	(437,137)
Proceeds from disposal of property, plant and equipment	55,932	170,542
Increase in refundable deposits	(3,931)	(4,655)
Decrease in refundable deposits	3,027	8,761
Acquisitions of intangible assets	-	(636)
Increase in prepayments for equipment	(5,944)	(109,813)
Net cash generated from (used in) investing activities	<u>17,042</u>	<u>(807,764)</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	
	2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term loans	(2,764,896)	(2,092,290)
Repayments of long-term loans	-	(12,705)
Repayment of the principal portion of lease liability	(22,872)	(21,073)
Disgorgement of short-swing	<u>1,099</u>	<u>-</u>
Net cash used in financing activities	<u>(2,786,669)</u>	<u>(2,126,068)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>30,671</u>	<u>(15,844)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,425,078)	(1,495,769)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>6,726,167</u>	<u>9,191,705</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 5,301,089</u>	<u>\$ 7,695,936</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, 2025 and 2024

(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 12, 2025.

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. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note 1)

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025.

Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets

The amendments mainly amend the requirements for the classification of financial assets, including:

- a) if a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,
 - In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and
 - In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.
- b) to clarify that a financial asset has non-recourse features if an entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
- c) to clarify that the characteristics of contractually linked instruments include a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool between the tranches.

An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate

prior periods if, and only if, it is possible to do so without the use of hindsight. As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of the amendments on the Group's financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
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
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

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

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 discontinued 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 10, Table 3 and Table 7 for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2024.

1. Carbon fee provision

In accordance with the Regulations Governing the Collection of Carbon Fees and related regulations of the ROC, the carbon fee provision is recognized and measured on the basis of the best estimate of the expenditure required to settle the obligation for the current year and the proportion of actual emissions to the total annual emissions.

2. Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

3. 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, 2025	December 31, 2024	March 31, 2024
Cash on hand	\$ 605	\$ 526	\$ 721
Check accounts	28,109	30,237	57,960
Demand deposits	3,175,088	2,565,450	2,999,576
Cash equivalent (investments with original maturities of less than 3 months)			
Time deposits	<u>2,097,287</u>	<u>4,129,954</u>	<u>4,637,679</u>
	<u>\$ 5,301,089</u>	<u>\$ 6,726,167</u>	<u>\$ 7,695,936</u>

7. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Current</u>			
Time deposits with original maturity of more than 3 month	\$ 1,492,862	\$ 499,317	\$ 6,543
Structured deposits	<u>-</u>	<u>1,391,335</u>	<u>884,397</u>
	<u>\$ 1,492,862</u>	<u>\$ 1,890,652</u>	<u>\$ 890,940</u>
<u>Non-Current</u>			
Time deposits with original maturity of more than 3 month	<u>\$ 948,115</u>	<u>\$ 921,385</u>	<u>\$ 886,557</u>

Refer to Note 29 for information relating to investments in financial assets at amortized cost pledged as security.

8. NOTES RECEIVABLE AND TRADE RECEIVABLES

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Notes receivable</u>			
At amortized cost			
Notes receivable - operating	\$ 3,755,301	\$ 2,817,213	\$ 3,902,595
Less: Allowance for impairment loss	(<u>23,145</u>)	(<u>22,656</u>)	(<u>23,068</u>)
	<u>\$ 3,732,156</u>	<u>\$ 2,794,557</u>	<u>\$ 3,879,527</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 7,915,746	\$ 7,017,488	\$ 7,049,873
Less: Allowance for impairment loss	(<u>78,256</u>)	(<u>93,172</u>)	(<u>96,838</u>)
	<u>\$ 7,837,490</u>	<u>\$ 6,924,316</u>	<u>\$ 6,953,035</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, 2025

	Not Past Due	Less than 90 days	91 to 180 days	181 to 365 days	366 to 547 days	548 to 630 days	Over 631 days	Total
Expected credit loss rate	0.05%	1.34%	29.71%	49.79%	57.58%	95.48%	100%	
Gross carrying amount	\$11,076,658	\$ 429,571	\$ 65,615	\$ 49,487	\$ 8,027	\$ 11,227	\$ 30,462	\$11,671,047
Loss allowance (Lifetime ECL)	(5,697)	(5,766)	(19,493)	(24,642)	(4,622)	(10,719)	(30,462)	(101,401)
Amortized cost	<u>\$11,070,961</u>	<u>\$ 423,805</u>	<u>\$ 46,122</u>	<u>\$ 24,845</u>	<u>\$ 3,405</u>	<u>\$ 508</u>	<u>\$ -</u>	<u>\$11,569,646</u>

December 31, 2024

	Not Past Due	Less than 90 days	91 to 180 days	181 to 365 days	366 to 547 days	548 to 630 days	Over 631 days	Total
Expected credit loss rate	0.05%	0.84%	27.56%	42.81%	94.72%	98.51%	100%	
Gross carrying amount	\$ 9,193,817	\$ 405,855	\$ 123,431	\$ 65,171	\$ 7,877	\$ 8,410	\$ 30,140	\$ 9,834,701
Loss allowance (Lifetime ECL)	(4,634)	(3,389)	(34,022)	(27,897)	(7,461)	(8,285)	(30,140)	(115,828)
Amortized cost	<u>\$ 9,189,183</u>	<u>\$ 402,466</u>	<u>\$ 89,409</u>	<u>\$ 37,274</u>	<u>\$ 416</u>	<u>\$ 125</u>	<u>\$ -</u>	<u>\$ 9,718,873</u>

March 31, 2024

	Not Past Due	Less than 90 days	91 to 180 days	181 to 365 days	366 to 547 days	548 to 630 days	Over 631 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>

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

	For the Three Months Ended March 31	
	2025	2024
Balance at January 1	\$ 22,656	\$ 22,769
Add: Net remeasurement of loss allowance	11	-
Less: Impairment losses reversed	-	(116)
Foreign exchange gains and losses	478	415
Balance at March 31	<u>\$ 23,145</u>	<u>\$ 23,068</u>

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

	For the Three Months Ended March 31	
	2025	2024
Balance at January 1	\$ 93,172	\$ 72,485
Add: Amounts recovered	75	-
Add: Net remeasurement of loss allowance	-	22,854
Less: Impairment losses reversed	(16,840)	-
Foreign exchange gains and losses	1,849	1,499
Balance at March 31	<u>\$ 78,256</u>	<u>\$ 96,838</u>

9. INVENTORIES

	March 31, 2025	December 31, 2024	March 31, 2024
Raw materials	\$ 1,644,099	\$ 1,741,692	\$ 2,640,961
Finished goods	2,333,677	2,429,888	2,317,908
Work in progress	<u>2,552,247</u>	<u>2,631,170</u>	<u>1,730,190</u>
	<u>\$ 6,530,023</u>	<u>\$ 6,802,750</u>	<u>\$ 6,689,059</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2025 and 2024 were \$4,522,060 thousand and \$3,810,294 thousand, respectively. The cost of goods sold included inventory write-downs for the three months ended March 31, 2025 and 2024 were \$4,898 thousand and \$6,285 thousand, respectively.

10. 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, 2025	December 31, 2024	March 31, 2024
Airtac International Group	Airtac Trading (Hong Kong) Limited	100	100	100
	Airtac Industrial (Hong Kong) Limited	100	100	100
	INSTANT REACH	100	100	100
	INTERNATIONAL LIMITED			

Name of investing company	Name of subsidiary	% of Ownership		
		March 31, 2025	December 31, 2024	March 31, 2024
	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	100

- 1) Airtac Industrial (Hong Kong) Limited, INSTANT REACH INTERNATIONAL LIMITED and AIRTAC HOLDING (SINGAPORE) PTE. LTD. are primarily holding companies.
- 2) Ningbo Airtac Automatic Industrial Co., Ltd. was established on August 16, 2001 with an operation period of 50 years, and engages primarily in the production of pneumatic and hydraulic components, Actuator components, air preparation components, and pneumatic accessories. Guangdong Airtac Automatic Industrial Co., Ltd. (previously Guangzhou Airtac Automatic Industrial Co., Ltd.) was established on December 31, 2006 with an operation period of 50 years, and engages primarily in the production of pneumatic and hydraulic control components, Actuator components, air preparation components, and pneumatic accessories. Airtac (China) Co., Ltd. primarily in the production, R&D, distribution, storage of industrial con was established on May 6, 2011 with an operation period of 50 years, and engages troll components, pneumatic components, hydraulic components, pneumatic whole set equipment, wind power tools, electric tools, low-voltage electric appliances, and hand tools, import and export of the aforementioned products and support services. Airtac (Jiangsu) Automation Co., Ltd. primarily in the production, distribution, storage of industrial con was

established on July 2, 2015 with an operation period of 50 years, and engages troll components, pneumatic components, hydraulic components, pneumatic whole set equipment, wind power tools, electric tools, low-voltage electric appliances, and hand tools, import and export of the aforementioned products and support services.

- 3) Airtac Enterprise Co., Ltd. was established on May 9, 1989 and engages primarily in the processing and sales of machinery and automated machines, manufacturing, processing and sales of hydraulic/pneumatic parts and components, and import and export trade of the aforementioned products. ATC (ITALIA) S.R.L. was established on June 10, 2008 and engages primarily in the production and sales of pneumatic and hydraulic control components.
- 4) AIRTAC INTERNATIONAL (SINGAPORE) PTE. LTD. was established on August 11, 2011 and engages in the production and sales of pneumatic and hydraulic control components, actuators, air preparation units, pneumatic auxiliary components. Airtac Co., Ltd. was established on April 18, 2013 and engages in the production and sales of pneumatic and hydraulic control components, actuators, air preparation units, pneumatic auxiliary components. AIRTAC USA CORPORATION was established on November 4, 2016 and engages in the production and sales of pneumatic and hydraulic control components, actuators, air preparation units, pneumatic auxiliary components.
- 5) AIRTAC INDUSTRIAL (MALAYSIA) SDN. BHD. was established on July 16, 2013 and engages in the sales of pneumatic and hydraulic control components, actuators, air preparation units, pneumatic auxiliary components. AIRTAC INDUSTRIAL CO., LTD. was established on April 21, 2015 and engages in the production and sales of pneumatic and hydraulic control components, actuators, air preparation units, pneumatic auxiliary components.
- 6) Guangdong Airtac Intelligent Equipment Co., Ltd. was established on November 30, 2016 and engages in the production and sales of pneumatic and hydraulic control components, actuators, air preparation units, pneumatic auxiliary components. Airtac (Tianjin) Intelligent Technology Co., Ltd. was established on September 20, 2017 and engages in the production and sales of pneumatic and hydraulic control components, actuators, air preparation units, pneumatic auxiliary components, importing and exporting of the aforementioned products and support services. Airtac (Fujian) Intelligent Equipment Co., Ltd. was established on July 18, 2018 and engages in the sales of pneumatic and hydraulic control components, actuators, air preparation units, pneumatic auxiliary components, importing and exporting of the aforementioned products and support services.
- 7) 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.

11. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2025	December 31, 2024	March 31, 2024
Assets used by the Group	\$29,185,981	\$28,987,297	\$28,494,804
Assets leased under operating leases	-	-	36,239
	<u>\$29,185,981</u>	<u>\$28,987,297</u>	<u>\$28,531,043</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, 2025	\$ 890,359	\$ 15,989,718	\$ 20,629,742	\$ 483,637	\$ 2,648,824	\$ 905,675	\$ 41,547,955
Additions	-	4,810	238,032	22,342	73,835	118,179	457,198
Disposals	-	-	(228,261)	(12,473)	(33,253)	-	(273,987)
Effects of foreign currency exchange differences	-	223,290	351,009	9,754	49,883	20,819	654,755
Balance at March 31, 2025	<u>\$ 890,359</u>	<u>\$ 16,217,818</u>	<u>\$ 20,990,522</u>	<u>\$ 503,260</u>	<u>\$ 2,739,289</u>	<u>\$ 1,044,673</u>	<u>\$ 42,385,921</u>
Accumulated depreciation and impairment							
Balance at January 1, 2025	\$ -	\$ 2,560,397	\$ 8,077,695	\$ 316,101	\$ 1,606,465	\$ -	\$ 12,560,658
Depreciation expense	-	92,848	421,107	13,682	97,629	-	625,266
Disposals	-	-	(154,504)	(12,094)	(30,983)	-	(197,581)
Effects of foreign currency exchange differences	-	39,197	135,405	6,186	30,809	-	211,597
Balance at March 31, 2025	<u>\$ -</u>	<u>\$ 2,692,442</u>	<u>\$ 8,479,703</u>	<u>\$ 323,875</u>	<u>\$ 1,703,920</u>	<u>\$ -</u>	<u>\$ 13,199,940</u>
Carrying amounts at March 31, 2025	<u>\$ 890,359</u>	<u>\$ 13,525,376</u>	<u>\$ 12,510,819</u>	<u>\$ 179,385</u>	<u>\$ 1,035,369</u>	<u>\$ 1,044,673</u>	<u>\$ 29,185,981</u>
Carrying amounts at December 31, 2024 and January 1, 2025	<u>\$ 890,359</u>	<u>\$ 13,429,321</u>	<u>\$ 12,552,047</u>	<u>\$ 167,536</u>	<u>\$ 1,042,359</u>	<u>\$ 905,675</u>	<u>\$ 28,987,297</u>
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>

No impairment assessment was performed for the three months ended March 31, 2025 and 2024 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 29 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>

Operating leases relate to leases of buildings with lease terms between 4 to 5 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, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Year 1	\$ -	\$ -	\$ 607
Year 2	<u>-</u>	<u>-</u>	<u>433</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,040</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

12. LEASE AGREEMENT

1) Right-of-use assets

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Carrying amount			
Land	\$ 849,430	\$ 836,944	\$ 823,262
Buildings	<u>173,460</u>	<u>154,335</u>	<u>181,036</u>
	<u>\$1,022,890</u>	<u>\$ 991,279</u>	<u>\$1,004,298</u>

	For the Three Months Ended	
	2025	2024
Additions to right-of-use assets	<u>\$ 38,414</u>	<u>\$ 49,429</u>
Depreciation of right-of-use assets		
Land	\$ 5,199	\$ 4,833
Buildings	<u>22,002</u>	<u>19,801</u>
	<u>\$ 27,201</u>	<u>\$ 24,634</u>

2) Lease Liabilities

	March 31, 2025	December 31, 2024	March 31, 2024
Carry amount			
Current	<u>\$ 75,973</u>	<u>\$ 69,472</u>	<u>\$ 66,609</u>
Non-current	<u>\$ 92,273</u>	<u>\$ 80,681</u>	<u>\$ 110,385</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Buildings	1.73%~4.35%	1.73%~4.35%	1.73%~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 30 to 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	
	2025	2024
Expenses relating to short-term leases	<u>\$ 5,396</u>	<u>\$ 10,639</u>
Total cash outflow for leases	<u>\$ 29,092</u>	<u>\$ 27,159</u>

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

	March 31, 2025	December 31, 2024	March 31, 2024
Lease commitments	<u>\$ 5,143</u>	<u>\$ 5,231</u>	<u>\$ 11,928</u>

13. NVESTMENT PROPERTIES

	<u>Buildings</u>
<u>Cost</u>	
Balance at January 1, 2025	\$ 118,568
Effect of foreign currency exchange differences	<u>2,515</u>
Balance at March 31, 2025	<u><u>\$ 121,083</u></u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2025	\$ 29,916
Depreciation expenses	743
Effect of foreign currency exchange differences	<u>644</u>
Balance at March 31, 2025	<u><u>\$ 31,303</u></u>
Carrying amount at March 31, 2025	<u><u>\$ 89,780</u></u>
Carrying amount at December 31, 2024 and January 1, 2025	<u><u>\$ 88,652</u></u>
<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><u>\$ 115,613</u></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><u>\$ 20,837</u></u>
Carrying amount at March 31, 2024	<u><u>\$ 94,776</u></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:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Year 1	\$ 1,439	\$ 1,409	\$ 4,418
Year 2	1,573	1,720	2,820
Year 3	1,024	1,003	1,516
Year 4	512	752	987
Year 5	<u>-</u>	<u>-</u>	<u>494</u>
	<u><u>\$ 4,548</u></u>	<u><u>\$ 4,884</u></u>	<u><u>\$ 10,235</u></u>

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

Main buildings	40 years
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The 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, 2025	December 31, 2024	March 31, 2024
Fair value	<u>\$ 143,012</u>	<u>\$ 139,552</u>	<u>\$ 182,211</u>

14. OTHER ASSETS

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Current</u>			
Prepayments	\$ 86,984	\$ 78,656	\$ 92,994
Prepaid expenses	140,994	118,727	163,752
Excess VAT paid	16,158	29,046	23,280
Others	<u>1,492</u>	<u>1,462</u>	<u>6</u>
	<u>\$ 245,628</u>	<u>\$ 227,891</u>	<u>\$ 280,032</u>
<u>Non-current</u>			
Prepayments for equipment	\$ 922,859	\$ 897,787	\$ 948,173
Refundable deposits	17,240	15,943	17,503
Net defined benefit assets	<u>6,957</u>	<u>6,957</u>	<u>6,957</u>
	<u>\$ 947,056</u>	<u>\$ 920,687</u>	<u>\$ 972,633</u>

15. BORROWINGS

Short-term loans

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Unsecured loans</u>			
Line of credit loans	<u>\$ 2,859,402</u>	<u>\$ 5,611,173</u>	<u>\$ 9,298,079</u>

The range of interest rate on bank loans was 1.74-4.89%, 1.69%-5.15%, and 1.60-5.00% per annum as of March 31, 2025, December 31, 2024, and March 31, 2024, respectively.

16. 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.

17. OTHER LIABILITIES

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Current</u>			
Other payables			
Dividends	\$ 4,227,912	\$ -	\$ 3,474,540
Salaries and bonus	1,003,261	1,207,498	881,492
Payables for purchase of equipment	80,298	92,577	97,833
Others	<u>263,454</u>	<u>222,676</u>	<u>250,871</u>
	<u>\$ 5,574,925</u>	<u>\$ 1,522,751</u>	<u>\$ 4,704,736</u>
Other current liabilities			
Other taxes	\$ 407,741	\$ 314,672	\$ 312,536
Others	<u>31,558</u>	<u>29,659</u>	<u>27,640</u>
	<u>\$ 439,299</u>	<u>\$ 344,331</u>	<u>\$ 340,176</u>
<u>Non-Current</u>			
Other non-current liabilities			
Deferred revenue	<u>\$ 50,875</u>	<u>\$ 31,346</u>	<u>\$ 34,162</u>

18. 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.

19. EQUITY

a. Share capital

Ordinary shares

	March 31, 2025	December 31, 2024	March 31, 2024
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, 2025	December 31, 2024	March 31, 2024
<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>
	14,846,145	14,846,145	14,846,145
<u>Only used to offset a deficit</u>			
Disgorgement of short-swing	<u>1,099</u>	<u>-</u>	<u>-</u>
	<u>\$ 14,847,244</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 21 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 2024 and 2023 were as follows:

	For the Year Ended December 31	
	2024	2023
Special Reserve	<u>\$ 155,990</u>	<u>\$ -</u>
Cash dividends	<u>\$4,227,912</u>	<u>\$3,594,960</u>
Cash dividends per share (NT\$)	\$ 21.14	\$ 17.97

The above 2024 and 2023 appropriations for cash dividends had been resolved by the Company's board of directors on February 27, 2025 and March 11, 2024, respectively. The other proposed appropriations for 2024 will be resolved by the shareholders in their meeting to be held on May 21, 2025.

The above 2024 appropriations for cash dividends had been resolved by the Company's board of directors on February 27, 2025. The board of directors had resolved to issue cash dividends from capital surplus of RMB \$936,000 thousand (NT\$4,227,912 thousand), RMB \$4.68 (NT\$21.14) 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 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 had been submitted 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, RMB \$3.98 per share. The actual amount converted and paid in New Taiwan Dollars were NT\$3,594,960 thousand, 17.97 per share.

d. Other equity items

Exchange differences on translating foreign operations

	For the Three Months Ended March 31	
	2025	2024
Balance at January 1	(\$ 133,626)	(\$ 1,408,084)
Exchange differences on translating foreign operations	(184,304)	(151,501)
Exchange differences on translating to presentation currency	<u>1,039,566</u>	<u>813,107</u>
Balance at March 31	<u>\$ 721,636</u>	<u>(\$ 746,478)</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.

20. REVENUE

	For the Three Months Ended March 31	
	2025	2024
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 8,096,083</u>	<u>\$ 7,205,592</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

	March 31, 2025	December 31, 2024	March 31, 2024	January 1, 2024
Notes receivables and trade receivables (Note 9)	<u>\$ 11,569,646</u>	<u>\$ 9,718,873</u>	<u>\$ 10,832,562</u>	<u>\$ 9,885,715</u>
Contract liabilities-current				
Sale of goods	<u>\$ 69,020</u>	<u>\$ 61,032</u>	<u>\$ 57,061</u>	<u>\$ 66,885</u>

c. Disaggregation of revenue

Refer to Note 33 for information about the disaggregation of revenue.

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

Net income from continuing operations includes:

a. Other income

	For the Three Months Ended March 31	
	2025	2024
Interest income		
Bank deposits	\$ 23,432	\$ 45,164
Financial assets at amortized cost	<u>14,265</u>	<u>8,535</u>
	<u>\$ 37,697</u>	<u>\$ 53,699</u>

b. Other gains and losses

	For the Three Months Ended March 31	
	2025	2024
Net foreign exchange gains	\$ 104,460	\$152,326
Government grants (Note 24)	83,339	35,130
Gain on disposal of property, plant and equipment	(20,474)	(37,117)
Others	<u>7,775</u>	<u>7,774</u>
	<u>\$ 175,100</u>	<u>\$158,113</u>

c. Financial costs

	For the Three Months Ended March 31	
	2025	2024
Interest on bank loans	\$ 18,393	\$ 45,809
Interest on lease liability	<u>881</u>	<u>966</u>
	<u>\$ 19,274</u>	<u>\$ 46,775</u>

d. Depreciation and amortization

	For the Three Months Ended March 31	
	2025	2024
An analysis of deprecation by function		
Operating costs	\$ 530,542	\$ 495,766
Operating expenses	<u>122,668</u>	<u>119,362</u>
	<u>\$ 653,210</u>	<u>\$ 615,128</u>
An analysis of amortization by function		
Operating costs	\$ 182	\$ 242
Operating expenses	<u>2,830</u>	<u>4,050</u>
	<u>\$ 3,012</u>	<u>\$ 4,292</u>

e. Employee benefits expense

	For the Three Months Ended March 31	
	2025	2024
Post-employment benefits		
Defined contribution plans	\$ 97,028	\$ 80,934
Other employee benefits	<u>1,767,367</u>	<u>1,614,826</u>
Total employee benefits expense	<u>\$ 1,864,395</u>	<u>\$ 1,695,760</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,069,820	\$ 1,002,812
Operating expenses	<u>794,575</u>	<u>692,948</u>
	<u>\$ 1,864,395</u>	<u>\$ 1,695,760</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, 2025 and 2024, the employees' compensation and the remuneration of directors and supervisors were as follows:

Accrual rate

	For the Three Months Ended March 31	
	2025	2024
Employees' compensation	1.2%	1.0%

Amount

	For the Three Months Ended March 31	
	2025	2024
Employees' compensation	<u>\$ 30,382</u>	<u>\$ 23,747</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, 2024 and 2023 which have been approved by the Company's board of directors on February 27, 2025 and March 11, 2024, respectively, were as follows:

Amount

	Cash	
	For the Year Ended December 31	
	2024	2023
Employees' compensation	\$ 96,870	\$ 89,861

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, 2024 and 2023.

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	
	2025	2024
Foreign exchange gains	\$ 104,812	\$ 152,326
Foreign exchange losses	(352)	-
	<u>\$ 104,460</u>	<u>\$ 152,326</u>

22. 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	
	2025	2024
Current tax		
In respect of the current period	\$ 452,534	\$ 376,325
Deferred tax		
In respect of the current period	<u>77,785</u>	<u>121,871</u>
Income tax expense recognized in profit or loss	<u>\$ 530,319</u>	<u>\$ 498,196</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 2023. The other subsidiaries have also filed business income tax returns by the deadlines set by the local governments.

23. 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	
	2025	2024
Profit for the period attributable to owners of the Company	<u>\$ 1,935,752</u>	<u>\$ 1,829,263</u>
Earnings used in the computation of basic earnings per share	<u>\$ 1,935,752</u>	<u>\$ 1,829,263</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 1,935,752</u>	<u>\$ 1,829,263</u>

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

	For the Three Months Ended March 31	
	2025	2024
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>105</u>	<u>87</u>
Weighted average number of ordinary shares used in computation of dilutive earnings per share	<u>200,105</u>	<u>200,087</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.

24. GOVERNMENT GRANTS

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

25. 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, 2025 and 2024.

- a. The Group acquired property, plant and equipment with an aggregate fair value of \$457,198 thousand during the period of the three months ended March 31, 2025. Other payables decrease \$14,052 thousand in total. The cash paid of the Group for acquisition of property, plant and equipment was \$ 471,250 thousand (see the Note 11).
- b. 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 11).

2. Reconciliation of liabilities arising from financing activities

For the period of the three months ended March 31, 2025

	Balance as of January 1, 2025	Cash Flow	Non-cash changes			Balance as of March 31, 2025
			New Lease	Lease Adjustments	Foreign Exchange Movement	
Short-term loans	\$ 5,611,173	(\$ 2,764,896)	\$ -	\$ -	\$ 13,125	\$ 2,859,402
Lease liabilities	150,153	(22,872)	38,414	(864)	3,415	168,246
	<u>\$ 5,761,326</u>	<u>(\$ 2,787,768)</u>	<u>\$ 38,414</u>	<u>(\$ 864)</u>	<u>\$ 16,540</u>	<u>\$ 3,027,648</u>

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>

26. 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.

27. 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. Categories of financial instruments

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Financial assets</u>			
Financial assets at amortized cost (Note 1)	\$19,359,092	\$19,313,907	\$20,362,507
<u>Financial liabilities</u>			
Financial liabilities at FVTPL			
Measured at amortized cost (Note 2)	8,587,059	7,055,136	14,211,928

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.

c. 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 31.

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	
	2025	2024
Profit and losses	\$ 5,716	\$ 5,764

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, 2025	December 31, 2024	March 31, 2024
Fair value risk			
-Financial assets	\$ 4,538,264	\$ 6,941,991	\$ 6,415,176
-Financial liabilities	2,859,402	5,611,173	9,298,079
Cash flow risk			
-Financial assets	3,175,088	2,565,450	2,999,576

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, 2025 and 2024 would increase or decrease by \$7,938 thousand and \$7,499 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, 2025 and 2024.

The Group's concentration of credit risk by geographical locations was mainly in Mainland China, which accounted for 94.20%, 93.92%, and 93.88% of the total trade receivables as of March 31, 2025, December 31, 2024, and March 31, 2024, 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, 2025, December 31, 2024, and March 31, 2024, 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, 2025

	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	\$ 2,422,708	\$ 4,308,210	\$ -	\$ -
Lease liabilities	15,817	63,121	94,616	-
Fixed interest rate liabilities	2,865,384	-	-	-
	<u>\$ 5,303,909</u>	<u>\$ 4,371,331</u>	<u>\$ 94,616</u>	<u>\$ -</u>

December 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	\$ 2,558,884	\$ 92,577	\$ -	\$ -
Lease liabilities	15,572	56,660	82,336	-
Fixed interest rate liabilities	5,620,641	2,940	-	-
	<u>\$ 8,195,097</u>	<u>\$ 152,177</u>	<u>\$ 82,336</u>	<u>\$ -</u>

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>

(2) Financing facilities

	March 31, 2025	December 31, 2024	March 31, 2024
Unsecured bank loans (re-examined annually)			
-Amounts used	\$ 2,859,402	\$ 5,611,173	\$ 9,298,079
-Amounts unused	<u>20,931,073</u>	<u>19,439,554</u>	<u>14,437,830</u>
	<u>\$ 23,790,475</u>	<u>\$ 25,050,727</u>	<u>\$ 23,735,909</u>

d. Transfers of financial assets

During the three months ended March 31, 2025 and 2024, the Group transferred a portion of its commercial acceptance bills in mainland China with an aggregate carrying amount of \$560,066 thousand and \$387,233 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, 2025, December 31, 2024 and March 31, 2024, the carrying amount of these commercial acceptance bills that have been transferred but not derecognized were \$174,793 thousand, \$225,822 thousand and \$154,305 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, 2025, December 31, 2024 and March 31, 2024, the face amounts of these unsettled bills receivable was \$661,205 thousand, \$636,171 thousand and \$408,718 thousand, respectively. The unsettled bills receivable will be due in 12 months after March 31, 2025, December 31, 2024 and March 31, 2024. 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, 2025 and 2024 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, 2025, December 31, 2024 and March 31, 2024, the face amounts of these unsettled bills receivable were \$483,831 thousand, \$1,325,722 thousand and \$439,612 thousand. The unsettled bills receivable will be due in 12 months after March 31, 2025, December 31, 2024 and March 31, 2024. 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, 2025 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.

28. TRANSACTIONS WITH RELATED PARTIES

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

(1) Name and relation

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

(2) Operating transaction

	For the Three Months Ended March 31	
	2025	2024
<u>Sales of goods</u>		
Substantive related parties	\$ 4	\$ 72

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

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Trade Receivables</u>			
Substantive related parties	\$ 5	\$ -	\$ -

No expense was recognized for the three months ended March 31, 2025 and 2024 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	
	2025	2024
Short-term employee benefits	\$ 51,887	\$ 38,622

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.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	March 31, 2025	December 31, 2024	March 31, 2024
Pledge deposits (classified as financial assets at amortized cost)	\$ 6,894	\$ 6,713	\$ 6,453
Land	-	-	890,359
Buildings, net	-	-	4,804,618
Machinery and Equipment	-	-	1,155,586
	<u>\$ 6,894</u>	<u>\$ 6,713</u>	<u>\$ 6,857,106</u>

30. 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, 2025, December 31, 2024 and March 31 2024, unused letters of credit for leasing of buildings amounted to \$1,660 thousand, \$2,459 thousand and \$2,346 thousand, respectively.

2) Unrecognized commitments were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Acquisition of property, plant and equipment	<u>\$ 1,200,805</u>	<u>\$ 701,347</u>	<u>\$ 1,647,095</u>

31. 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, 2025

	Foreign currency	Exchange rate	Carrying amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 16,300	7.26 (USD:RMB)	\$ 541,234
USD	3,398	33.20 (USD:NTD)	112,820
RMB	694,072	4.57 (RMB:NTD)	3,173,991
EUR	4,720	7.87 (EUR:RMB)	169,760
JPY	583,296	0.0487 (JPY:RMB)	129,903
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	2,455	7.26 (USD:RMB)	81,531
USD	27	33.20 (USD:NTD)	902
RMB	66,767	4.57 (RMB:NTD)	305,328

December 31, 2024

	Foreign currency	Exchange rate	Carrying amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 12,894	7.32 (USD:RMB)	\$ 422,715
USD	2,113	32.78 (USD:RMB)	69,271
RMB	888,969	4.48 (RMB:NTD)	3,980,802
EUR	6,990	7.62 (EUR:RMB)	238,637
JPY	583,296	0.0469 (JPY:RMB)	122,503
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	1,288	7.32 (USD:RMB)	42,235
USD	5	32.78 (USD:NTD)	178
RMB	36,172	4.48 (RMB:NTD)	161,980
EUR	140	7.62 (EUR:RMB)	4,788

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
JPY	583,296	0.0480 (JPY:RMB)	123,416
<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

For the three months ended March 31, 2025 and 2024, realized and unrealized net foreign exchange gains (losses) were \$104,460 thousand and \$152,326 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.

32. 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 (Table 2)
- 3) Marketable securities held (Table 4)
- 4) Purchases or sales with related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
- 6) Intercompany relationships and significant intercompany transactions (Table 8)

(2) Information for investees (Table 3)

(3) Information for investments in Mainland China

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

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:

a. Segment revenues and results

	Revenues		Profit Before Tax	
	For The Three Months ended March 31		For The Three Months ended March 31	
	2025	2024	2025	2024
Pneumatic components				
-Direct sales	\$ 5,512,566	\$ 4,954,885	\$ 1,752,799	\$ 1,675,702
-Distributors	<u>2,583,517</u>	<u>2,250,707</u>	<u>821,468</u>	<u>761,172</u>
Total amounts of continuing operations	<u>\$ 8,096,083</u>	<u>\$ 7,205,592</u>	2,574,267	2,436,874
Interest income			37,697	53,699
Loss on disposal of property, plant and equipment			(20,474)	(37,117)
Net exchange gains			104,460	152,326
HQ admin. cost and directors' salaries			(210,705)	(231,647)
Finance costs			(19,274)	(46,775)
Profit before income tax from continuing operations			<u>\$ 2,465,971</u>	<u>\$ 2,327,360</u>

The segment revenues were accounted for the transactions with external customers. No inter-segment sales occurred for the three months ended March 31, 2025 and 2024. 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

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Segment assets</u>			
Pneumatic components			
-Direct sales	\$ 39,077,330	\$ 38,997,165	\$ 39,848,390
-Distributors	<u>18,313,962</u>	<u>18,349,898</u>	<u>18,100,737</u>
Total segment total assets	57,391,292	57,347,063	57,949,127
Unallocated assets	<u>238,551</u>	<u>213,745</u>	<u>310,738</u>
Consolidated total assets	<u>\$ 57,629,843</u>	<u>\$ 57,560,808</u>	<u>\$ 58,259,865</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

**FINANCING PROVIDED TO OTHER
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(In Thousands of New Taiwan Dollars and Foreign Currencies, Unless Stated 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 323,728)	EUR 6,000 (NTD 215,819)	EUR 4,400 (NTD 158,267)	-	Short-term financing needs	\$ -	Revolving fund	\$ -	-	-	\$18,582,747	\$18,582,747	Note 2
	Airtac International Group	Ningbo Airtac Automatic Industrial Co., Ltd.	Other receivables	Yes	USD 10,000 (NTD 332,050)	USD 10,000 (NTD 332,050)	USD - (NTD -)	-	Short-term financing needs	-	Revolving fund	-	-	-	18,582,747	18,582,747	Note 2
	Airtac International Group	Airtac Co., Ltd.	Other receivables	Yes	USD 9,000 (NTD 298,845)	USD 7,000 (NTD 232,435)	USD 5,797 (NTD 192,503)	-	Short-term financing needs	-	Revolving fund	-	-	-	18,582,747	18,582,747	Note 2
	Airtac International Group	AIRTAC INDUSTRIAL (MALAYSIA) SDN. BHD.	Other receivables	Yes	USD 3,500 (NTD 116,218)	USD 3,500 (NTD 116,218)	USD 1,500 (NTD 49,808)	-	Short-term financing needs	-	Revolving fund	-	-	-	18,582,747	18,582,747	Note 2
	Airtac International Group	AIRTAC USA CORPORATION	Other receivables	Yes	USD 17,000 (NTD 564,485)	USD 12,000 (NTD 398,460)	USD 10,700 (NTD 355,294)	-	Short-term financing needs	-	Revolving fund	-	-	-	18,582,747	18,582,747	Note 2
1	Airtac Enterprise Co., Ltd.	Airtac International Group Taiwan Branch	Other receivables	Yes	NTD 9,000	NTD 9,000	NTD 9,000	-	Short-term financing needs	-	Revolving fund	-	-	-	9,758	9,758	Note 3

Note 1: Conversion to NTD used the spot exchange rate on March 31, 2025, that is, 1USD＝33.2050 NTD, 1EUR＝35.9698 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

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Guaranteed Party		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 1)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Airtac International Group	AIRTAC USA CORPORATION	Subsidiary	\$ 18,582,747	\$ 1,660	\$ 1,660	\$ 1,660	\$ -	-	\$ 23,228,434	Yes	No	No	

Note 1: Maximum endorsements/guarantees allowed for the Company is 50% of the Group’s net worth at the end of the period.
Note 2: For the Group, endorsements or guarantees to each counterparty are limited to 40% of its net worth at the end of the period.

TABLE 3

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

INFORMATION FOR INVESTEEES

FOR THE THREE MONTHS ENDED MARCH 31, 2025

(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, 2025			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				March 31, 2025 (Note1)	December 31, 2024 (Note1)	Shares	%	Carrying Amount			
Airtac International Group	Airtac Industrial (Hong Kong) Limited	Hong Kong	General investment	USD 87,500 RMB 537,500 (NTD 5,363,425)	USD 87,500 RMB 537,500 (NTD 5,363,425)	167,426,238	100	\$ 41,422,134	\$ 1,800,921	\$ 1,800,921	2
	Airtac Trading (Hong Kong) Limited	Hong Kong	General investment	USD - (NTD -)	USD - (NTD -)	7,000,000	100	2,088	(89)	(89)	2
INSTANT REACH INTERNATIONAL LIMITED	INSTANT REACH INTERNATIONAL LIMITED	British Virgin Island	General investment	USD 2,283 EUR 1,000 RMB 17,500 (NTD 191,805)	USD 2,283 EUR 1,000 RMB 17,500 (NTD 191,805)	1	100	76,410	(10,628)	(10,628)	2
	AIRTAC HOLDING (SINGAPORE) PTE. LTD.	Singapore	General investment	USD 12,000 (NTD 398,460)	USD 12,000 (NTD 398,460)	12,000,000	100	(163,458)	(2,664)	(2,664)	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	18,073	(329)	-	4
	ATC (ITALIA) S.R.L.	Italy	Production and sales of pneumatic and hydraulic control components	EUR 4,000 (NTD 143,879)	EUR 4,000 (NTD 143,879)	4,000,000	100	32,184	(10,391)	-	4
	AIRTAC INTERNATIONAL (SINGAPORE) PTE. LTD.	Singapore	Production and sales of pneumatic control components and accessories	USD 7,500 (NTD 249,038)	USD 7,500 (NTD 249,038)	7,500,000	100	176,967	3,625	-	4
	Airtac Co., Ltd.	Japan	Production and sales of pneumatic control components and accessories	JPY 98,000 (NTD 21,825)	JPY 98,000 (NTD 21,825)	2,000	100	(111,554)	(2,785)	-	4
AIRTAC HOLDING (SINGAPORE) PTE. LTD.	AIRTAC USA CORPORATION	USA	Production and sales of pneumatic control components and accessories	USD 3,000 (NTD 99,615)	USD 3,000 (NTD 99,615)	3,000	100	(238,526)	(3,504)	-	4
	AIRTAC INDUSTRIAL (MALAYSIA) SDN. BHD.	Malaysia	Production and sales of pneumatic control components and accessories	MYR 1,000 (NTD 7,219)	MYR 1,000 (NTD 7,219)	1,000,000	100	(10,964)	(1,904)	-	4
AIRTAC INTERNATIONAL (SINGAPORE) PTE. LTD.	AIRTAC INDUSTRIAL CO., LTD.	Thailand	Production and sales of pneumatic control components and accessories	THB 100,000 (NTD 98,290)	THB 100,000 (NTD 98,290)	1,000,000	100	153,752	6,231	-	4

Note 1 : Conversion to NTD used the spot exchange rate on March 31, 2025, that is, 1 USD=33.2050 NTD, 1 EUR=35.9698 NTD, 1 JPY=0.2227 NTD, 1 RMB= 4.5730 NTD, 1 MYR=7.2188 NTD, 1THB=0.9829 NTD.

Note 2 : The amount was eliminated upon consolidation.

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

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

TABLE 4

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2025
(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, 2025				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	-	\$ 472,662 (RMB 103,359)	-	\$ 472,662 (RMB 103,359)	1
Airtac (China) Co., Ltd.	Deposit denominated	-	Financial assets at amortized cost – non-current	-	\$ 475,453 (RMB 103,970)	-	\$ 475,453 (RMB 103,970)	1

Note 1 : Conversion to NTD used the spot exchange rate on March 31, 2025, that is, 1 RMB=4.5730 NTD.

TABLE 5

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

**PURCHASES OR SALES WITH RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2025**
(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	\$ 172,355	2	T/T 60 days	\$ -	-	\$ 281,292	4	
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac (China) Co., Ltd.	The same parent company	Sales	1,565,005	23	T/T 60 days	\$ -	-	1,700,415	23	
Ningbo Airtac Automatic Industrial Co., Ltd.	Guangdong Airtac Automatic Industrial Co., Ltd.	The same parent company	Sales	156,608	2	T/T 60 days	-	-	127,577	2	
Ningbo Airtac Automatic Industrial Co., Ltd.	Guangdong Airtac Machinery Equipment Co., Ltd.	The same parent company	Sales	2,016,143	29	T/T 60 days	-	-	2,906,107	39	
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac (Fujian) Intelligent Equipment Co., Ltd.	The same parent company	Sales	205,902	3	T/T 60 days	-	-	122,396	2	
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac (Jiangsu) Automatic Co., Ltd.	The same parent company	Sales	1,922,522	28	T/T 60 days	-	-	1,206,221	16	
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac (Shandong) Automatic Industrial Co., Ltd.	The same parent company	Sales	689,224	10	T/T 60 days	-	-	974,756	13	
Guangdong Airtac Automatic Industrial Co., Ltd.	Guangdong Airtac Machinery Equipment Co., Ltd.	The same parent company	Sales	285,092	30	T/T 180 days	-	-	158,426	14	
Guangdong Airtac Automatic Industrial Co., Ltd.	Ningbo Airtac Automatic Industrial Co., Ltd.	The same parent company	Sales	631,056	66	T/T 180 days	-	-	958,434	83	
Airtac International Group	Ningbo Airtac Automatic Industrial Co., Ltd.	Subsidiary	Sales	746,029	74	T/T 180 days	-	-	818,970	77	
Guangdong Airtac Machinery Equipment Co., Ltd.	Airtac (China) Co., Ltd.	The parent company	Sales	592,302	24	T/T 60 days	-	-	632,387	25	

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

TABLE 6

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

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

MARCH 31, 2025

(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	\$ 127,577	5	\$ -	-	\$ 54,963	\$ -
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac (China) Co., Ltd.	The same parent company	1,700,415	4	-	-	441,349	-
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac International Group	The parent company	281,392	3	-	-	215,868	-
Ningbo Airtac Automatic Industrial Co., Ltd.	Guangdong Airtac Machinery Equipment Co., Ltd.	The same parent company	2,906,107	3	-	-	983,579	-
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac (Jiangsu) Automatic Co., Ltd.	The same parent company	1,206,221	7	-	-	760,563	-
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac (Shandong) Automatic Industrial Co., Ltd.	The same parent company	974,756	3	-	-	255,731	-
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac (Fujian) Intelligent Equipment Co., Ltd.	The same parent company	122,396	6	-	-	77,631	-
Guangdong Airtac Automatic Industrial Co., Ltd.	Guangdong Airtac Machinery Equipment Co., Ltd.	The same parent company	158,426	6	-	-	128	-
Guangdong Airtac Automatic Industrial Co., Ltd.	Ningbo Airtac Automatic Industrial Co., Ltd.	The same parent company	958,434	3	-	-	437,915	-
Airtac International Group	Ningbo Airtac Automatic Industrial Co., Ltd.	Subsidiary	818,970	5	-	-	491,209	-
Guangdong Airtac Machinery Equipment Co., Ltd.	Airtac (China) Co., Ltd.	The parent company	632,387	4	-	-	153,881	-
Airtac International Group	ATC (ITALIA) S.R.L	Subsidiary	158,267	Note 1	-	-	-	-
Airtac International Group	AIRTAC USA CORPORATION	Subsidiary	355,294	Note 1	-	-	-	-
Airtac International Group	Airtac Co., Ltd.	Subsidiary	192,503	Note 1	-	-	-	-

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

TABLE 7

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

**INFORMATION FOR INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(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, 2025	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, 2025	Accumulated Inward Remittance of Earnings as of March 31, 2025	Note
					Outflow	Inflow							
Ningbo Airtac Automatic Industrial Co., Ltd.	Production of pneumatic control components and auxiliary components	USD 52,000 RMB 785,500 (NTD 5,318,752)	N/A	N/A	\$ -	\$ -	N/A	\$ 1,327,585	100	\$ 1,305,533	\$ 31,397,799	N/A	
Guangdong Airtac Automatic Industrial Co., Ltd.	Production of pneumatic control components and auxiliary components	USD 6,000 (NTD 199,230)	N/A	N/A	-	-	N/A	241,738	100	238,478	2,471,865	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 1,173,888)	N/A	N/A	-	-	N/A	242,503	100	242,503	3,448,788	N/A	
Airtac (Jiangsu) Automatic Co., Ltd.	Wholesale and agency of pneumatic components, tools and equipment, and related support services	USD 1,500 RMB 269,455 (NTD 1,282,026)	N/A	N/A	-	-	N/A	102,160	100	102,160	1,826,092	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 45,730)	N/A	N/A	-	-	N/A	103,983	100	103,983	531,652	N/A	
Airtac (Tianjin) Technology Co., Ltd.	Wholesale and agency of pneumatic components, tools and equipment, and related support services	RMB 10,000 (NTD 45,730)	N/A	N/A	-	-	N/A	6,651	100	6,651	87,164	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 45,730)	N/A	N/A	-	-	N/A	18,066	100	18,066	149,752	N/A	
Airtac (Shandong) Automatic Industrial Co., Ltd.	Wholesale and agency of pneumatic components, tools and equipment, and related support services	RMB 30,000 (NTD 137,190)	N/A	N/A	-	-	N/A	18,755	100	18,755	240,891	N/A	

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2025	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, 2025, that is, 1 USD=33.2050 NTD, 1 RMB=4.5730 NTD.

TABLE 8

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS FOR THE THREE MONTHS ENDED MARCH 31, 2025 (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	\$ 818,970	General terms and conditions	1%
		Ningbo Airtac Automatic Industrial Co., Ltd.	1	Sales revenue	746,029	General terms and conditions	9%
		Ningbo Airtac Automatic Industrial Co., Ltd.	1	Sell property, plant and equipment	53,671	General terms and conditions	1%
		Guangdong Airtac Automatic Industrial Co., Ltd.	1	Trade receivables	14,406	General terms and conditions	-
		Guangdong Airtac Automatic Industrial Co., Ltd.	1	Sales revenue	17,760	General terms and conditions	-
		AIRTAC INDUSTRIAL (MALAYSIA) SDN. BHD.	1	Other receivable	49,808	General terms and conditions	-
		ATC (ITALIA) S.R.L	1	Other receivable	158,267	General terms and conditions	-
		AIRTAC USA CORPORATION	1	Other receivable	355,294	General terms and conditions	-
		Airtac Co., Ltd.	1	Other receivable	192,503	General terms and conditions	-
1	Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac International Group	2	Trade receivables	281,392	General terms and conditions	-
		Airtac International Group	2	Sales revenue	172,355	General terms and conditions	2%
		Airtac (China) Co., Ltd.	3	Trade receivables	1,700,415	General terms and conditions	3%
		Airtac (China) Co., Ltd.	3	Sales revenue	1,565,005	General terms and conditions	19%
		Guangdong Airtac Automatic Industrial Co., Ltd.	3	Trade receivables	127,577	General terms and conditions	-
		Guangdong Airtac Automatic Industrial Co., Ltd.	3	Sales revenue	156,608	General terms and conditions	2%
		Airtac (Jiangsu) Automatic Co., Ltd.	3	Trade receivables	1,206,221	General terms and conditions	2%
		Airtac (Jiangsu) Automatic Co., Ltd.	3	Sales revenue	1,922,522	General terms and conditions	24%
		Guangdong Airtac Machinery Equipment Co., Ltd.	3	Trade receivables	2,906,107	General terms and conditions	5%-
		Guangdong Airtac Machinery Equipment Co., Ltd.	3	Sales revenue	2,016,143	General terms and conditions	25%
		Airtac (Tianjin) Technology Co., Ltd.	3	Sales revenue	44,618	General terms and conditions	1%
		Airtac (Fujian) Intelligent Equipment Co., Ltd.	3	Trade receivables	122,396	General terms and conditions	-
		Airtac (Fujian) Intelligent Equipment Co., Ltd.	3	Sales revenue	205,902	General terms and conditions	3%
		Airtac (Shandong) Automatic Industrial Co., Ltd.	3	Trade receivables	974,756	General terms and conditions	2%
		Airtac (Shandong) Automatic Industrial Co., Ltd.	3	Sales revenue	689,224	General terms and conditions	9%
		ATC (ITALIA) S.R.L	3	Trade receivables	77,853	General terms and conditions	-

No.	Company Name	Counter Party	Nature of Relationship (Note)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Consolidated Sales or Assets
2	Guangdong Airtac Automatic Industrial Co., Ltd	ATC (ITALIA) S.R.L	3	Sales revenue	54,472	General terms and conditions	1%
		AIRTAC INDUSTRIAL (MALAYSIA) SDN. BHD.	3	Trade receivables	18,351	General terms and conditions	-
		AIRTAC INDUSTRIAL (MALAYSIA) SDN. BHD.	3	Sales revenue	13,217	General terms and conditions	-
		AIRTAC USA CORPORATION	3	Trade receivables	31,338	General terms and conditions	-
		AIRTAC USA CORPORATION	3	Sales revenue	29,663	General terms and conditions	-
		AIRTAC INDUSTRIAL CO., LTD.	3	Trade receivables	21,003	General terms and conditions	-
		AIRTAC INDUSTRIAL CO., LTD.	3	Sales revenue	20,379	General terms and conditions	-
		Airtac International Group	3	Trade receivables	10,988	General terms and conditions	-
		Airtac International Group	3	Sales revenue	14,991	General terms and conditions	-
		Ningbo Airtac Automatic Industrial Co., Ltd.	3	Trade receivables	958,434	General terms and conditions	2%
		Ningbo Airtac Automatic Industrial Co., Ltd.	3	Sales revenue	631,056	General terms and conditions	8%
		Guangdong Airtac Machinery Equipment Co., Ltd.	3	Trade receivables	158,426	General terms and conditions	-
		Guangdong Airtac Machinery Equipment Co., Ltd.	3	Sales revenue	285,092	General terms and conditions	4%
		AIRTAC USA CORPORATION	3	Trade receivables	13,102	General terms and conditions	-
		AIRTAC USA CORPORATION	3	Sales revenue	12,883	General terms and conditions	-
3	Guangdong Airtac Machinery Equipment Co., Ltd.	Airtac (China) Co., Ltd.	3	Trade receivables	632,387	General terms and conditions	1%
		Airtac (China) Co., Ltd.	3	Sales revenue	592,302	General terms and conditions	7%
4	Airtac (Tianjin) Technology Co., Ltd.	Airtac (China) Co., Ltd.	3	Trade receivables	29,156	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.