

**Airtac International Group
and Subsidiaries**

**Consolidated Financial Statements for the
Six Months Ended June 30, 2025 and 2024 and
Independent Auditors' 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' AUDIT REPORT

The Board of Directors and Shareholders
Airtac International Group

Opinion

We have audited the accompanying consolidated financial statements of Airtac International Group (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of June 30, 2025, December 31, 2024 and June 30, 2024, and the consolidated statements of comprehensive income for the three months and six months ended June 30, 2025 and 2024, changes in equity and cash flows for the six months ended June 30, 2025 and 2024, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2025, December 31, 2024, and June 30, 2024 and its consolidated financial performance and its consolidated cash flows for the three months and six months ended June 30, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the six months ended June 30, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the six months ended June 30, 2025 are stated as follows:

Estimated recognition of sales revenue

One of the selling models of Airtac international Group is selling goods through dealers. For the six months ended June 30, 2025, the sales revenue from dealers was \$5,198,642 thousand. The Group might recognize the sales revenue even when the effective control of the goods sold does not transfer yet. Since the revenue recognition has been identified as a key audit matter. Please refer to Note 4 to the consolidated financial statements for the detail of the information about related accounting policy.

Our key audit procedures performed in respect of the above area included, in addition to testing relevant internal controls, the following:

1. We reviewed the control activities of receiving sales order and shipping goods and test the effective of the design and execution of the control activities. We sample the subsidiary of sales revenue and the timing of sales recognition is verified to the sales condition and was indeed receive the sales order from customers.
2. We sampled the sales contracts and sales order of main customers and confirm the timing of the sales condition and recognition of sales revenue is consistent.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally

accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the six months ended June 30, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

August 15, 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	June 30, 2025		December 31, 2024		June 30, 2024	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 6,472,498	12	\$ 6,726,167	12	\$ 5,070,340	9
Financial assets at amortized cost - current (Notes 7 and 29)	872,557	2	1,890,652	3	1,456,223	3
Notes receivable (Note 8)	3,616,487	7	2,794,557	5	3,524,917	6
Trade receivables (Notes 8 and 28)	7,945,172	14	6,924,316	12	7,704,418	14
Other receivables	38,817	-	40,887	-	55,470	-
Current tax assets (Note 4)	40,063	-	11,373	-	17,131	-
Inventories (Note 9)	5,624,519	10	6,802,750	12	6,561,256	11
Other current assets (Note 14)	221,380	-	227,891	-	267,515	-
Total current assets	<u>24,831,493</u>	<u>45</u>	<u>25,418,593</u>	<u>44</u>	<u>24,657,270</u>	<u>43</u>
NON-CURRENT ASSETS						
Financial assets at amortized cost - non-current (Notes 7 and 29)	854,499	2	921,385	2	900,814	2
Property, plant and equipment (Notes 11 and 29)	26,882,977	49	28,987,297	50	29,072,596	51
Right-of-use assets (Note 12)	908,831	2	991,279	2	1,005,883	2
Investment properties (Note 13)	79,643	-	88,652	-	53,240	-
Other intangible assets	23,725	-	30,543	-	30,087	-
Deferred tax assets (Notes 4 and 22)	239,844	-	202,372	-	225,196	-
Other non-current assets (Note 14)	992,377	2	920,687	2	1,017,268	2
Total non-current assets	<u>29,981,896</u>	<u>55</u>	<u>32,142,215</u>	<u>56</u>	<u>32,305,084</u>	<u>57</u>
TOTAL	<u>\$ 54,813,389</u>	<u>100</u>	<u>\$ 57,560,808</u>	<u>100</u>	<u>\$ 56,962,354</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term loans (Note 15)	\$ 1,744,000	3	\$ 5,611,173	10	\$ 5,145,202	9
Short-term bills payable (Note 15)	979,000	2	-	-	-	-
Contract liabilities - current (Note 20)	52,005	-	61,032	-	48,240	-
Notes payable (Note 16)	140,180	-	123,534	-	158,675	-
Trade payables (Note 16)	1,040,930	2	1,005,176	2	1,007,281	2
Lease liability - current (Note 12)	68,931	-	69,472	-	69,219	-
Other payables (Note 17)	5,570,091	10	1,522,751	3	4,844,046	9
Current tax liabilities (Note 4)	481,440	1	365,996	1	430,797	1
Other current liabilities (Note 17)	327,278	1	344,331	-	272,488	-
Total current liabilities	<u>10,403,855</u>	<u>19</u>	<u>9,103,465</u>	<u>16</u>	<u>11,975,948</u>	<u>21</u>
NON-CURRENT LIABILITIES						
Deferred tax liabilities (Notes 4 and 22)	274,358	1	446,198	1	667,209	1
Lease liabilities (Note 12)	77,727	-	80,681	-	105,758	-
Other non-current liabilities (Note 17)	43,978	-	31,346	-	33,338	-
Total non-current liabilities	<u>396,063</u>	<u>1</u>	<u>558,225</u>	<u>1</u>	<u>806,305</u>	<u>1</u>
Total liabilities	<u>10,799,918</u>	<u>20</u>	<u>9,661,690</u>	<u>17</u>	<u>12,782,253</u>	<u>22</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)						
Share capital	2,000,000	4	2,000,000	3	2,000,000	4
Capital surplus	14,847,244	27	14,846,145	26	14,846,145	26
Retained earnings	30,918,789	56	31,173,887	54	27,760,912	49
Other equity	(3,758,939)	(7)	(127,364)	-	(433,615)	(1)
Total equity attributable to owners of the Company	44,007,094	80	47,892,668	83	44,173,442	78
NON-CONTROLLING INTERESTS	6,377	-	6,450	-	6,659	-
Total equity	<u>44,013,471</u>	<u>80</u>	<u>47,899,118</u>	<u>83</u>	<u>44,180,101</u>	<u>78</u>
TOTAL	<u>\$ 54,813,389</u>	<u>100</u>	<u>\$ 57,560,808</u>	<u>100</u>	<u>\$ 56,962,354</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)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
Sales (Notes 20 and 33)	\$ 8,952,809	100	\$ 8,427,935	100	\$ 17,048,892	100	\$ 15,633,527	100
OPERATING COSTS								
Cost of goods sold (Notes 9 and 21)	<u>4,833,668</u>	<u>54</u>	<u>4,438,727</u>	<u>53</u>	<u>9,355,728</u>	<u>55</u>	<u>8,249,021</u>	<u>53</u>
GROSS PROFIT	<u>4,119,141</u>	<u>46</u>	<u>3,989,208</u>	<u>47</u>	<u>7,693,164</u>	<u>45</u>	<u>7,384,506</u>	<u>47</u>
OPERATING EXPENSES (Note 21)								
Selling and marketing expenses	807,013	9	805,530	10	1,553,616	9	1,493,627	9
General and administrative expenses	291,301	3	295,812	3	593,120	4	570,363	4
Research and development expenses	263,944	3	241,813	3	533,926	3	489,402	3
Expected credit loss (gain)	<u>25,179</u>	<u>-</u>	<u>(1,766)</u>	<u>-</u>	<u>8,350</u>	<u>-</u>	<u>20,972</u>	<u>-</u>
Total operating expenses	<u>1,387,437</u>	<u>15</u>	<u>1,341,389</u>	<u>16</u>	<u>2,689,012</u>	<u>16</u>	<u>2,574,364</u>	<u>16</u>
PROFIT FROM OPERATIONS	<u>2,731,704</u>	<u>31</u>	<u>2,647,819</u>	<u>31</u>	<u>5,004,152</u>	<u>29</u>	<u>4,810,142</u>	<u>31</u>
NON-OPERATING INCOME AND EXPENSES (Note 21)								
Other income	27,781	-	38,917	-	65,478	-	92,616	1
Other gains and losses	(176,518)	(2)	216,145	3	(1,418)	-	374,258	2
Finance costs	<u>(12,902)</u>	<u>-</u>	<u>(31,401)</u>	<u>-</u>	<u>(32,176)</u>	<u>-</u>	<u>(78,176)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(161,639)</u>	<u>(2)</u>	<u>223,661</u>	<u>3</u>	<u>31,884</u>	<u>-</u>	<u>388,698</u>	<u>2</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	2,570,065	29	2,871,480	34	5,036,036	29	5,198,840	33
INCOME TAX EXPENSE (Notes 4 and 22)	<u>533,071</u>	<u>6</u>	<u>610,562</u>	<u>7</u>	<u>1,063,390</u>	<u>6</u>	<u>1,108,758</u>	<u>7</u>
NET PROFIT FOR THE PERIOD	<u>2,036,994</u>	<u>23</u>	<u>2,260,918</u>	<u>27</u>	<u>3,972,646</u>	<u>23</u>	<u>4,090,082</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	(5,495,937)	(61)	372,968	4	(4,456,237)	(26)	1,186,202	7
Items that may be reclassified subsequently to profit or loss:								

(Continued)

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
Exchange differences on translating foreign operations	<u>1,009,217</u>	<u>11</u>	<u>(66,376)</u>	<u>(1)</u>	<u>824,757</u>	<u>5</u>	<u>(218,022)</u>	<u>(1)</u>
Other comprehensive income for the period, net of income tax	<u>(4,486,720)</u>	<u>(50)</u>	<u>306,592</u>	<u>3</u>	<u>(3,631,480)</u>	<u>(21)</u>	<u>968,180</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ (2,449,726)</u>	<u>(27)</u>	<u>\$ 2,567,510</u>	<u>30</u>	<u>\$ 341,166</u>	<u>2</u>	<u>\$ 5,058,262</u>	<u>32</u>
NET PROFIT								
ATTRIBUTABLE TO:								
Owner of the Company	\$ 2,037,062	23	\$ 2,261,019	27	\$ 3,972,814	23	\$ 4,090,282	26
Non-controlling interests	<u>(68)</u>	<u>-</u>	<u>(101)</u>	<u>-</u>	<u>(168)</u>	<u>-</u>	<u>(200)</u>	<u>-</u>
	<u>\$ 2,036,994</u>	<u>23</u>	<u>\$ 2,260,918</u>	<u>27</u>	<u>\$ 3,972,646</u>	<u>23</u>	<u>\$ 4,090,082</u>	<u>26</u>
TOTAL COMPREHENSIVE INCOME								
ATTRIBUTABLE TO:								
Owner of the Company	\$ (2,449,775)	(27)	\$ 2,567,620	30	\$ 341,239	2	\$ 5,058,489	32
Non-controlling interests	<u>49</u>	<u>-</u>	<u>(110)</u>	<u>-</u>	<u>(73)</u>	<u>-</u>	<u>(227)</u>	<u>-</u>
	<u>\$ (2,449,726)</u>	<u>(27)</u>	<u>\$ 2,567,510</u>	<u>30</u>	<u>\$ 341,166</u>	<u>2</u>	<u>\$ 5,058,262</u>	<u>32</u>
EARNINGS PER SHARE (Note 23)								
Basic	<u>\$ 10.19</u>		<u>\$ 11.31</u>		<u>\$ 19.86</u>		<u>\$ 20.45</u>	
Diluted	<u>\$ 10.18</u>		<u>\$ 11.30</u>		<u>\$ 19.85</u>		<u>\$ 20.44</u>	

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

(Concluded)

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company					Other Equity		Total	Non-controlling Interests	Total Equity
	Share Capital		Capital Surplus (Note 20)	Retained Earnings		Exchange Differences on Translating Foreign Operations	Remeasurement of Defined Benefits Plans			
	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 six months ended June 30, 2024	-	-	-	-	4,090,282	-	-	4,090,282	(200)	4,090,082
Other comprehensive income for the six months ended June 30, 2024, net of income tax	-	-	-	-	-	968,207	-	968,207	(27)	968,180
Total comprehensive income for the six months ended June 30, 2024	-	-	-	-	4,090,282	968,207	-	5,058,489	(227)	5,058,262
BALANCE AT JUNE 30, 2024	<u>200,000</u>	<u>\$ 2,000,000</u>	<u>\$ 14,846,145</u>	<u>\$ 32,712</u>	<u>\$ 27,728,200</u>	<u>\$ (439,877)</u>	<u>\$ 6,262</u>	<u>\$ 44,173,442</u>	<u>\$ 6,659</u>	<u>\$ 44,180,101</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										
Special reserve	-	-	-	144,477	(144,477)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(4,227,912)	-	-	(4,227,912)	-	(4,227,912)
Disgorgement of short-swings	-	-	1,099	-	-	-	-	1,099	-	1,099
Net profit for the six months ended June 30, 2025	-	-	-	-	3,972,814	-	-	3,972,814	(168)	3,972,646
Other comprehensive income for the six months ended June 30, 2025, net of income tax	-	-	-	-	-	(3,631,575)	-	(3,631,575)	95	(3,631,480)
Total comprehensive income for the six months ended June 30, 2025	-	-	-	-	3,972,814	(3,631,575)	-	341,239	(73)	341,166
BALANCE AT JUNE 30, 2025	<u>200,000</u>	<u>\$ 2,000,000</u>	<u>\$ 14,847,244</u>	<u>\$ 177,189</u>	<u>\$ 30,741,600</u>	<u>\$ (3,765,201)</u>	<u>\$ 6,262</u>	<u>\$ 44,007,094</u>	<u>\$ 6,377</u>	<u>\$ 44,013,471</u>

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

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 5,036,036	\$ 5,198,840
Adjustments for:		
Depreciation expenses	1,282,102	1,247,979
Amortization expenses	5,653	7,725
Expected credit loss (gain) recognized reversed	8,350	20,972
Finance costs	32,176	78,176
Interest income	(65,478)	(92,616)
Loss on disposal of property, plant and equipment	15,572	40,026
Loss on disposal of investment properties	-	2,506
Write-down of inventories	10,872	17,368
Net loss (gain) on foreign currency exchange	2,129	6,432
Gain on amendment of lease agreement	(34)	(71)
Amortization of deferred revenue	(3,289)	-
Changes in operating assets and liabilities:		
Increase in notes receivable	(1,140,093)	(599,958)
Increase in trade receivables	(1,748,684)	(487,028)
Increase in other receivables	(1,672)	(38,599)
Decrease in inventories	632,514	124,262
Increase (decrease) in other current assets	(14,134)	26,840
Decrease in contract liabilities	(4,023)	(20,317)
(Decrease) increase in notes payable	29,291	(5,100)
(Decrease) increase in trade payables	131,994	22,740
Decrease in other payables	(28,917)	(210,084)
(Decrease) increase in deferred revenue	19,736	(2,206)
Increase in other current liabilities	<u>13,620</u>	<u>1,152</u>
Cash generated from operations	4,213,721	5,339,039
Interest received	36,652	88,201
Interest paid	(33,738)	(85,121)
Income tax paid	<u>(1,141,567)</u>	<u>(813,541)</u>
Net cash generated from operating activities	<u>3,075,068</u>	<u>4,528,578</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets measured at amortized cost	(937,155)	(2,757,500)
Proceeds from sale of financial assets at amortized cost	1,868,481	1,771,704
Payments for property, plant and equipment	(1,024,095)	(1,418,278)
Proceeds from disposal of property, plant and equipment	62,880	182,249
Increase in refundable deposits	(7,093)	(7,173)
Decrease in refundable deposits	7,635	10,374
Acquisitions of intangible assets	(846)	(1,634)
Proceeds from sale of investment properties	-	38,997
Increase in prepayments for equipment	<u>(161,389)</u>	<u>(146,422)</u>
Net cash used in investing activities	<u>(191,582)</u>	<u>(2,327,683)</u>

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AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term loans	(3,833,274)	(6,263,614)
Proceeds from short-term bills payable	979,000	-
Repayments of long-term loans	-	(12,705)
Repayment of the principal portion of lease liability	(46,444)	(43,295)
Disorgement of short-swing	<u>1,099</u>	<u>-</u>
Net cash used in financing activities	<u>(2,899,619)</u>	<u>(6,319,614)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(237,536)</u>	<u>(2,646)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(253,669)	(4,121,365)
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>\$ 6,472,498</u>	<u>\$ 5,070,340</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 SIX MONTHS ENDED JUNE 30, 2025 and 2024

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

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 August 15, 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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023

Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

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)
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 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 discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as 'other' only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

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

b. Basis of Preparation

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

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

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

c. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries, including structured entities). 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.

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. 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, US reciprocal tariffs on the cash flow projection, growth rates, discount rates, profitability 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

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Cash on hand	\$ 453	\$ 526	\$ 457
Check accounts	29,338	30,237	52,686
Demand deposits	3,183,636	2,565,450	2,784,075
Cash equivalent (investments with original maturities of less than 3 months)			
Time deposits	<u>3,259,071</u>	<u>4,129,954</u>	<u>2,233,122</u>
	<u>\$ 6,472,498</u>	<u>\$ 6,726,167</u>	<u>\$ 5,070,340</u>

7. FINANCIAL ASSETS AT AMORTIZED COST

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
<u>Current</u>			
Time deposits with original maturity of more than 3 month	\$ 872,557	\$ 499,317	\$ 6,664
Structured deposits	<u>-</u>	<u>1,391,335</u>	<u>1,449,559</u>
	<u>\$ 872,557</u>	<u>\$ 1,890,652</u>	<u>\$ 1,456,223</u>
<u>Non-current</u>			
Time deposits with original maturity of more than 3 month	<u>\$ 854,499</u>	<u>\$ 921,385</u>	<u>\$ 900,814</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

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
<u>Notes receivable</u>			
At amortized cost			
Notes receivable - operating	\$ 3,637,187	\$ 2,817,213	\$ 3,547,710
Less: Allowance for impairment loss	<u>(20,700)</u>	<u>(22,656)</u>	<u>(22,793)</u>
	<u>\$ 3,616,487</u>	<u>\$ 2,794,557</u>	<u>\$ 3,524,917</u>

	<u>June 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>June 30,</u> <u>2024</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 8,039,739	\$ 7,017,488	\$ 7,800,149
Less: Allowance for impairment loss	(<u>94,567</u>)	(<u>93,172</u>)	(<u>95,731</u>)
	<u>\$ 7,945,172</u>	<u>\$ 6,924,316</u>	<u>\$ 7,704,418</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:

June 30, 2025

	Not Past Due	Less than 90 days	91 to 180 days	181 to 365 days	366 to 547 days	548 to 730 days	Over 731 days	Total
Expected credit loss rate	0.09%	2.41%	46.40%	74.57%	86.48%	97.26%	100%	
Gross carrying amount	\$ 11,105,684	\$ 436,687	\$ 56,279	\$ 36,018	\$ 2,921	\$ 5,506	\$ 33,831	\$ 11,676,926
Loss allowance (Lifetime ECL)	(<u>10,069</u>)	(<u>10,514</u>)	(<u>26,114</u>)	(<u>26,858</u>)	(<u>2,526</u>)	(<u>5,355</u>)	(<u>33,831</u>)	(<u>115,267</u>)
Amortized cost	<u>\$ 11,095,615</u>	<u>\$ 426,173</u>	<u>\$ 30,165</u>	<u>\$ 9,160</u>	<u>\$ 395</u>	<u>\$ 151</u>	<u>\$ -</u>	<u>\$ 11,561,659</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 730 days	Over 731 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)	(<u>4,634</u>)	(<u>3,389</u>)	(<u>34,022</u>)	(<u>27,897</u>)	(<u>7,461</u>)	(<u>8,285</u>)	(<u>30,140</u>)	(<u>115,828</u>)
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>

June 30, 2024

	Not Past Due	Less than 90 days	91 to 180 days	181 to 365 days	366 to 547 days	548 to 730 days	Over 731 days	Total
Expected credit loss rate	0.10%	3.08%	33.12%	91.24%	94.71%	98.76%	100%	
Gross carrying amount	\$ 10,682,054	\$ 504,780	\$ 99,276	\$ 15,302	\$ 8,453	\$ 7,022	\$ 30,972	\$ 11,347,859
Loss allowance (Lifetime ECL)	(10,223)	(15,548)	(32,878)	(13,962)	(8,006)	(6,935)	(30,972)	(118,524)
Amortized cost	<u>\$ 10,671,831</u>	<u>\$ 489,232</u>	<u>\$ 66,398</u>	<u>\$ 1,340</u>	<u>\$ 447</u>	<u>\$ 87</u>	<u>\$ —</u>	<u>\$ 11,229,335</u>

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

	For the Six Months Ended June 30	
	2025	2024
Balance at January 1	\$ 22,656	\$ 22,769
Less: Impairment losses reversed	(5)	(582)
Foreign exchange gains and losses	(1,951)	606
Balance at June 30	<u>\$ 20,700</u>	<u>\$ 22,793</u>

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

	For the Six Months Ended June 30	
	2025	2024
Balance at January 1	\$ 93,172	\$ 72,485
Add: Amounts recovered	75	-
Add: Net remeasurement of loss allowance	8,355	21,554
Foreign exchange gains and losses	(7,035)	1,692
Balance at June 30	<u>\$ 94,567</u>	<u>\$ 95,731</u>

9. INVENTORIES

	June 30, 2025	December 31, 2024	June 30, 2024
Raw materials	\$ 1,544,448	\$ 1,741,692	\$ 2,441,407
Finished goods	1,885,261	2,429,888	2,395,971
Work in progress	<u>2,194,810</u>	<u>2,631,170</u>	<u>1,723,878</u>
	<u>\$ 5,624,519</u>	<u>\$ 6,802,750</u>	<u>\$ 6,561,256</u>

The cost of inventories recognized as cost of goods sold for the three months and six months ended June 30, 2025 and 2024 were \$4,833,668 thousand, \$4,438,727 thousand, \$9,355,728 thousand and \$8,249,021 thousand, respectively. The cost of goods sold included inventory write-downs for the three months and six months ended June 30, 2025 and 2024 were \$5,974 thousand, \$11,083 thousand, \$10,872 thousand and \$17,368 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		
		June 30, 2025	December 31, 2024	June 30, 2024
Airtac International Group	AIRTAC TRADING (HONG KONG) LIMITED	100	100	100
	AIRTAC INDUSTRIAL (HONG KONG) LIMITED	100	100	100
	INSTANT REACH INTERNATIONAL LIMITED	100	100	100
	AIRTAC HOLDING (SINGAPORE) PTE. LTD.	100	100	100
AIRTAC INDUSTRIAL (HONG KONG) LIMITED	Ningbo Airtac Automatic Industrial Co., Ltd.	100	100	100
	Guangdong Airtac Automatic Industrial Co., Ltd.	100	100	100
	Airtac (China) Co., Ltd.	100	100	100
	Airtac (Jiangsu) Automatic Co., Ltd.	100	100	100
INSTANT REACH INTERNATIONAL LIMITED	ATC (ITALIA) S.R.L.	100	100	100
	Airtac Enterprise Co., Ltd.	69.44	69.44	69.44
AIRTAC HOLDING (SINGAPORE) PTE. LTD.	AIRTAC INTERNATIONAL (SINGAPORE) PTE. LTD.	100	100	100
	Airtac Co., Ltd.	100	100	100
	AIRTAC USA CORPORATION	100	100	100
AIRTAC INTERNATIONAL (SINGAPORE) PTE. LTD.	AIRTAC INDUSTRIAL (MALAYSIA) SDN. BHD.	100	100	100
	AIRTAC INDUSTRIAL CO., LTD.	100	100	100
Airtac (China) Co., Ltd.	Guangdong Airtac Intelligent Equipment Co., Ltd.	100	100	100
	Airtac (Tianjin) Intelligent Technology Co., Ltd.	100	100	100
	Airtac (Fujian) Intelligent Equipment Co., Ltd.	100	100	100
	Airtac (Shandong) Automatic Industrial Co., Ltd.(Note)	100	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. 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

	June 30, 2025	December 31, 2024	June 30, 2024
Assets used by the Group	\$26,882,977	\$28,987,297	\$29,036,372
Assets leased under operating leases	-	-	36,224
	<u>\$26,882,977</u>	<u>\$28,987,297</u>	<u>\$29,072,596</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	-	10,615	405,573	69,417	195,066	321,560	1,002,231
Disposals	-	(42)	(240,744)	(33,803)	(65,015)	-	(339,604)
Reclassification	-	101,017	-	-	-	(101,017)	-
Effects of foreign currency exchange differences	-	(913,203)	(1,432,400)	(40,857)	(204,881)	(93,096)	(2,684,437)
Balance at June 30, 2025	<u>\$ 890,359</u>	<u>\$ 15,188,105</u>	<u>\$ 19,362,171</u>	<u>\$ 478,394</u>	<u>\$ 2,573,994</u>	<u>\$ 1,033,122</u>	<u>\$ 39,526,145</u>
Accumulated depreciation							
Balance at January 1, 2025	\$ -	\$ 2,560,397	\$ 8,077,695	\$ 316,101	\$ 1,606,465	\$ -	12,560,658
Depreciation expense	-	181,046	823,178	28,405	194,814	-	1,227,443
Disposals	-	(42)	(165,584)	(33,323)	(62,203)	-	(261,152)
Effects of foreign currency exchange differences	-	(162,691)	(569,016)	(24,142)	(127,932)	-	(883,781)
Balance at June 30, 2025	<u>\$ -</u>	<u>\$ 2,578,710</u>	<u>\$ 8,166,273</u>	<u>\$ 287,041</u>	<u>\$ 1,611,144</u>	<u>\$ -</u>	<u>\$ 12,643,168</u>
Carrying amounts at June 30, 2025	<u>\$ 890,359</u>	<u>\$ 12,609,395</u>	<u>\$ 11,195,898</u>	<u>\$ 191,353</u>	<u>\$ 962,850</u>	<u>\$ 1,033,122</u>	<u>\$ 26,882,977</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	-	32,727	327,835	72,738	202,043	764,304	1,399,647
Disposals	-	(362,288)	(101,327)	(48,331)	(138,540)	-	(650,486)
Reclassification	-	743,180	-	-	-	(743,180)	-
Effects of foreign currency exchange differences	-	261,039	418,076	11,184	57,527	25,080	772,906
Balance at June 30, 2024	<u>\$ 890,359</u>	<u>\$ 15,536,572</u>	<u>\$ 20,110,346</u>	<u>\$ 490,014</u>	<u>\$ 2,584,041</u>	<u>\$ 960,062</u>	<u>\$ 40,571,394</u>
Accumulated depreciation							
Balance at January 1, 2024	\$ -	\$ 2,348,769	\$ 6,457,356	\$ 309,892	\$ 1,427,026	\$ -	\$ 10,543,043
Depreciation expense	-	174,993	800,930	26,969	193,002	-	1,195,894
Disposals	-	(195,604)	(61,581)	(40,496)	(130,530)	-	(428,211)
Effects of foreign currency exchange differences	-	46,341	137,612	7,344	32,999	-	224,296
Balance at June 30, 2024	<u>\$ -</u>	<u>\$ 2,374,499</u>	<u>\$ 7,334,317</u>	<u>\$ 303,709</u>	<u>\$ 1,522,497</u>	<u>\$ -</u>	<u>\$ 11,535,022</u>
Carrying amounts at June 30, 2024	<u>\$ 890,359</u>	<u>\$ 13,162,073</u>	<u>\$ 12,776,029</u>	<u>\$ 186,305</u>	<u>\$ 1,061,544</u>	<u>\$ 960,062</u>	<u>\$ 29,036,372</u>

No impairment assessment was performed for the six months ended June 30, 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	(22,973)
Effect of foreign currency exchange differences	<u>1,813</u>
Balance at June 30, 2024	<u>\$ 51,646</u>
 <u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2024	\$ 19,272
Depreciation expenses	634
Transfers to investment properties	(4,978)
Effect of foreign currency exchange differences	<u>494</u>
Balance at June 30, 2024	<u>\$ 15,422</u>
 Carrying amounts at June 30 , 2024	 <u>\$ 36,224</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>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Year 1	\$ -	\$ -	\$ 874
Year 2	<u>-</u>	<u>-</u>	<u>175</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,049</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>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>	
Carrying amount				
Land	\$ 755,186	\$ 836,944	\$ 825,168	
Buildings	<u>153,645</u>	<u>154,335</u>	<u>180,715</u>	
	<u>\$ 908,831</u>	<u>\$ 991,279</u>	<u>\$1,005,883</u>	
	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Additions to right-of-use assets			<u>\$ 52,252</u>	<u>\$ 69,513</u>
Depreciation of right-of-use assets				
Land	\$ 4,908	\$ 5,018	\$ 10,107	\$ 9,851
Buildings	<u>21,105</u>	<u>20,563</u>	<u>43,107</u>	<u>40,364</u>
	<u>\$ 26,013</u>	<u>\$ 25,581</u>	<u>\$ 53,214</u>	<u>\$ 50,215</u>

(2) Lease Liabilities

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Carry amount			
Current	<u>\$ 68,931</u>	<u>\$ 69,472</u>	<u>\$ 69,219</u>
Non-current	<u>\$ 77,727</u>	<u>\$ 80,681</u>	<u>\$ 105,758</u>

Range of discount rate for lease liabilities was as follows:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
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 and logistic centers with lease terms of 1 to 7 years for the six months ended June 30, 2025. 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

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Expenses relating to short-term leases	<u>\$ 4,682</u>	<u>\$ 10,287</u>	<u>\$ 10,078</u>	<u>\$ 20,926</u>
Total cash outflow for leases			<u>\$ 58,292</u>	<u>\$ 55,465</u>

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

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Lease commitments	\$ 4,300	\$ 5,231	\$ 6,026

13. INVESTMENT PROPERTIES

	<u>Buildings</u>
<u>Cost</u>	
Balance at January 1, 2025	\$ 118,568
Effect of foreign currency exchange differences	(10,247)
Balance at June 30, 2025	<u>\$ 108,321</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2025	\$ 29,916
Depreciation expenses	1,445
Effect of foreign currency exchange differences	(2,683)
Balance at June 30, 2025	<u>\$ 28,678</u>
Carrying amount at June 30, 2025	<u>\$ 79,643</u>
Carrying amount at December 31, 2024 and January 1, 2025	<u>\$ 88,652</u>
<u>Cost</u>	
Balance at January 1, 2024	\$ 90,958
Transfers from assets used by the Group	22,973
Disposal	(50,160)
Effect of foreign currency exchange differences	2,277
Balance at June 30, 2024	<u>\$ 66,048</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2024	\$ 14,863
Transfers from assets used by the Group	4,978
Depreciation expenses	1,236
Disposal	(8,657)
Effect of foreign currency exchange differences	388
Balance at June 30, 2024	<u>\$ 12,808</u>
Carrying amount at June 30, 2024	<u>\$ 53,240</u>

The lease terms of the investment properties are between 1 and 5 years. 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:

	June 30, 2025	December 31, 2024	June 30, 2024
Year 1	\$ 2,502	\$ 1,409	\$ 3,336
Year 2	2,958	1,720	1,707
Year 3	2,274	1,003	1,351
Year 4	229	752	996
Year 5	-	-	249
	<u>\$ 7,963</u>	<u>\$ 4,884</u>	<u>\$ 7,639</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:

	June 30, 2025	December 31, 2024	June 30, 2024
Fair values	<u>\$ 124,375</u>	<u>\$ 139,552</u>	<u>\$ 116,026</u>

14. OTHER ASSETS

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Current</u>			
Prepayments	\$ 74,075	\$ 78,656	\$ 115,141
Prepaid expenses	135,546	118,727	141,394
Excess VAT paid	11,745	29,046	10,969
Others	14	1,462	11
	<u>\$ 221,380</u>	<u>\$ 227,891</u>	<u>\$ 267,515</u>
<u>Non-current</u>			
Prepayments for equipment	\$ 970,739	\$ 897,787	\$ 991,849
Refundable deposits	14,681	15,943	18,462
Net defined benefit assets	6,957	6,957	6,957
	<u>\$ 992,377</u>	<u>\$ 920,687</u>	<u>\$ 1,017,268</u>

15. LOANS

(1) Short-term loans

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Unsecured loans</u>			
Line of credit loans	<u>\$ 1,744,000</u>	<u>\$ 5,611,173</u>	<u>\$ 5,145,202</u>

The range of interest rate on bank loans was 1.74%-1.75%, 1.69%-5.15%, and 1.69%-

5.00% per annum as of June 30, 2025, December 31, 2024, and June 30, 2024, respectively.

(2) Short-term bills payable

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Commercial paper	\$ 979,000	\$ -	\$ -

Outstanding short-term bills payable were as follows:

June 30, 2025

<u>Promissory Institutions</u>	<u>Nominal amount</u>	<u>Discount amount</u>	<u>Carrying amount</u>
Mizuho Bank/China Bills	\$ 979,000	\$ -	\$ 979,000

- a. The payables of the commercial paper have not been discounted, because the effect was not material.
- b. The range of interest rate on short-term bills were 1.72% per annum at June 30, 2025.

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

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
<u>Current</u>			
Other payables			
Payables for dividends	\$ 4,227,912	\$ -	\$ 3,474,540
Salaries and bonus	1,074,832	1,207,498	1,072,223
Payables for purchase of equipment	64,182	92,577	105,499
Others	203,165	222,676	191,784
	<u>\$ 5,570,091</u>	<u>\$ 1,522,751</u>	<u>\$ 4,844,046</u>
Other current liabilities			
Other taxes	\$ 296,498	\$ 314,672	\$ 245,847
Others	30,780	29,659	26,641
	<u>\$ 327,278</u>	<u>\$ 344,331</u>	<u>\$ 272,488</u>
<u>Non-Current</u>			
Other current liabilities			
Deferred revenue	\$ 43,978	\$ 31,346	\$ 33,338

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

b. Defined benefit plans

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

19. EQUITY

a. Share capital

Ordinary shares

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
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

	<u>June 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>June 30,</u> <u>2024</u>
<u>Used to offset a deficit, distributed as</u> <u>cash dividends, or transferred to share</u> <u>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>\$ 14,847,145</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, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company’s board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders’ meeting for the distribution of dividends and bonuses to shareholders. 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. At least 30% of the balance of net income less accumulated deficit, legal reserve and special reserve should be appropriated as dividends. The cash dividends should be at least 10% of total dividends declared.

For the policies on the distribution of employees’ compensation and remuneration of directors and supervisors, please refer to employees’ compensation and remuneration of directors and supervisors in Note 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:

	<u>2024</u>	<u>2023</u>
Special reserve	\$ 144,477	\$ -
Cash dividends	\$4,227,912	\$3,594,960
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 were 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 and the report of such distribution was submitted to the shareholder’s meeting on May 21, 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, NT\$17.97 per share.

d. Other equity items

Exchange differences on translating foreign operations

	<u>For the Six Months Ended June 30</u>	
	<u>2025</u>	<u>2024</u>
Balance at January 1	(\$ 133,626)	(\$ 1,408,084)
Exchange differences on translating foreign operations	824,071	(217,809)
Exchange differences on translating to presentation currency	(4,455,646)	1,186,016
Balance at June 30	<u>(\$ 3,765,201)</u>	<u>(\$ 439,877)</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		For the Six Months Ended	
	June 30		June 30	
	2025	2024	2025	2024
Revenue from contracts with customers				
Revenue from sale of goods	<u>\$ 8,952,809</u>	<u>\$ 8,427,935</u>	<u>\$17,048,892</u>	<u>\$15,633,732</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

	June 30, 2025	December 31, 2024	June 30, 2024	January 1, 2024
Note receivables and trade receivables (Note 8)	<u>\$ 11,561,659</u>	<u>\$ 9,718,873</u>	<u>\$ 11,229,335</u>	<u>\$ 9,885,715</u>
Contract liabilities-current Sale of goods	<u>\$ 52,005</u>	<u>\$ 61,032</u>	<u>\$ 48,240</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. Interest income

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2025	2024	2025	2024
Bank deposits	\$ 15,088	\$ 24,890	\$ 38,520	\$ 70,054
Financial assets at amortized cost	<u>12,693</u>	<u>14,027</u>	<u>26,958</u>	<u>22,562</u>
	<u>\$ 27,781</u>	<u>\$ 38,917</u>	<u>\$ 65,478</u>	<u>\$ 92,616</u>

b. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Net foreign exchange gains (losses)	(\$ 286,573)	\$ 77,087	(\$ 182,113)	\$ 229,413
Government grants (Note 24)	105,346	142,616	188,685	177,746
Gain (loss) on disposal of property, plant and equipment	4,902	(2,909)	(15,572)	(40,026)
Loss on disposal of investment properties	-	(2,506)	-	(2,506)
Others	(193)	1,857	7,582	9,631
	<u>(\$ 176,518)</u>	<u>\$ 216,145</u>	<u>(\$ 1,418)</u>	<u>\$ 374,258</u>

c. Financial costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Interest on bank loans	\$ 11,984	\$ 30,373	\$ 30,377	\$ 76,182
Interest on lease liability	918	1,028	1,799	1,994
	<u>\$ 12,902</u>	<u>\$ 31,401</u>	<u>\$ 32,176</u>	<u>\$ 78,176</u>

d. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
An analysis of deprecation by function				
Operating costs	\$ 507,647	\$ 512,879	\$ 1,038,189	\$ 1,008,645
Operating expenses	121,245	119,972	243,913	239,334
	<u>\$ 628,892</u>	<u>\$ 632,851</u>	<u>\$ 1,282,102</u>	<u>\$ 1,247,979</u>
An analysis of amortization by function				
Operating costs	\$ 177	\$ 246	\$ 359	\$ 488
Operating expenses	2,464	3,187	5,294	7,237
	<u>\$ 2,641</u>	<u>\$ 3,433</u>	<u>\$ 5,653</u>	<u>\$ 7,725</u>

e. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Post-employment benefits				
Defined contribution plans	\$ 92,629	\$ 88,536	\$ 189,657	\$ 169,470
Other employee benefits	1,810,399	1,739,686	3,577,766	3,354,512
Total employee benefits expense	<u>\$ 1,903,028</u>	<u>\$ 1,828,222</u>	<u>\$ 3,767,423</u>	<u>\$ 3,523,982</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 1,082,184	\$ 1,035,518	\$ 2,152,004	\$ 2,038,330
Operating expenses	820,844	792,704	1,615,419	1,485,652
	<u>\$ 1,903,028</u>	<u>\$ 1,828,222</u>	<u>\$ 3,767,423</u>	<u>\$ 3,523,982</u>

f. Employees' compensation and remuneration of directors and supervisors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. For the three months and six months ended June 30, 2025 and 2024, the employees' compensation and the remuneration of directors and supervisors were as follows:

Accrual rate

	For the Six Months Ended June 30	
	2025	2024
Employees' compensation	1.2%	1.0%

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Employees' compensation	<u>\$ 30,446</u>	<u>\$ 28,843</u>	<u>\$ 60,828</u>	<u>\$ 52,590</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	<u>\$ 96,870</u>	<u>\$ 89,861</u>

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 June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Foreign exchange gains	\$ -	\$ 109,851	\$ 104,812	\$ 262,177
Foreign exchange losses	(286,573)	(32,764)	(286,925)	(32,764)
Net losses (gains)	<u>(\$ 286,573)</u>	<u>\$ 77,087</u>	<u>(\$ 182,113)</u>	<u>\$ 229,413</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 June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Current tax				
In respect of the current period	\$ 482,465	\$ 446,869	\$ 934,999	\$ 823,194
Adjustments for prior periods	(1,655)	338	(1,655)	338
	<u>480,810</u>	<u>447,207</u>	<u>933,344</u>	<u>823,532</u>
Deferred tax				
In respect of the current period	52,261	163,355	130,046	285,226
Income tax expense recognized in profit or loss	<u>\$ 533,071</u>	<u>\$ 610,562</u>	<u>\$ 1,063,390</u>	<u>\$ 1,108,758</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 Industrial 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 June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Profit for the period attributable to owners of the Company	<u>\$ 2,037,062</u>	<u>\$ 2,261,019</u>	<u>\$ 3,972,814</u>	<u>\$ 4,090,282</u>
Earnings used in the computation of basic earnings per share	<u>\$ 2,037,062</u>	<u>\$ 2,261,019</u>	<u>\$ 3,972,814</u>	<u>\$ 4,090,282</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 2,037,062</u>	<u>\$ 2,261,019</u>	<u>\$ 3,972,814</u>	<u>\$ 4,090,282</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Weighted average number of ordinary shares in computation of basic earnings per share	200,000	200,000	200,000	200,000
Effect of dilutive potential ordinary shares:				
Employees' compensation	<u>34</u>	<u>29</u>	<u>95</u>	<u>87</u>
Weighted average number of ordinary shares used in computation of dilutive earnings per share	<u>200,034</u>	<u>200,029</u>	<u>200,095</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 six months ended June 30, 2025 and 2024.

- a. The Group acquired property, plant and equipment with an aggregate fair value of \$1,002,231 thousand during the period of the six months ended June 30, 2025. Other payables decrease \$21,864 thousand in total. The cash paid of the Group for acquisition of property, plant and equipment was \$1,024,095 thousand (see the Note 11).
- b. The Group acquired property, plant and equipment with an aggregate fair value of \$1,399,647 thousand during the period of the six months ended June 30, 2024. Other payables decrease \$18,631 thousand in total. The cash paid of the Group for acquisition of property, plant and equipment was \$1,418,278 thousand (see the Note 11).

2. Reconciliation of liabilities arising from financing activities

For the period of the six months ended June 30, 2025

	Balance as of January 1, 2025	Cash Flow	Non-cash changes			Balance as of June 30, 2025
			New Leases	Adjustments	Foreign Exchange Movement	
Short-term loans	\$ 5,611,173	(\$ 3,833,274)	\$ -	\$ -	(\$ 33,899)	\$ 1,744,000
Short-term bills payable	-	979,000	-	-	-	979,000
Lease liabilities	150,153	(46,444)	52,252	(1,250)	(8,053)	146,658
	<u>\$ 5,761,326</u>	<u>(\$ 2,900,718)</u>	<u>\$ 52,252</u>	<u>(\$ 1,250)</u>	<u>(\$ 41,952)</u>	<u>\$ 2,869,658</u>

For the period of the six months ended June 30, 2024

	Balance as of January 1, 2024	Cash Flow	Non-cash changes			Balance as of June 30, 2024
			New Leases	Adjustments	Foreign Exchange Movement	
Short-term loans	\$ 11,370,798	(\$ 6,263,614)	\$ -	\$ -	\$ 38,018	\$ 5,145,202
Long-term loans	12,705	(12,705)	-	-	-	-
Lease liabilities	148,867	(43,295)	69,513	(2,808)	2,700	174,977
	<u>\$ 11,532,370</u>	<u>(\$ 6,319,614)</u>	<u>\$ 69,513</u>	<u>(\$ 2,808)</u>	<u>\$ 40,718</u>	<u>\$ 5,320,179</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, and 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

	December 31,		
	June 30, 2025	2024	June 30, 2024
<u>Financial assets</u>			
Financial assets at amortized cost (Note 1)	\$19,814,711	\$19,313,907	\$18,730,644

	December 31,		
	<u>June 30, 2025</u>	<u>2024</u>	<u>June 30, 2024</u>
<u>Financial liabilities</u>			
Financial liabilities at amortized cost			
(Note 2)	8,399,369	7,055,136	10,082,981

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

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

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 Six Months Ended June 30	
	2025	2024
Profit and losses	\$ 5,784	\$ 6,546

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:

	December 31,		
	June 30, 2025	2024	June 30, 2024
Fair value risk			
-Financial assets	\$ 4,986,127	\$ 6,941,991	\$ 4,950,159
-Financial liabilities	2,723,000	5,611,173	5,145,202
Cash flow risk			
-Financial assets	3,183,636	2,565,450	2,784,075

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 six months ended June 30, 2025 and 2024 would increase or decrease by \$15,918 thousand and \$13,920 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 six months ended June 30, 2025 and 2024.

The Group's concentration of credit risk by geographical locations was mainly in Mainland China, which accounted for 93.97%, 93.92%, and 94.39% of the total trade receivables as of June 30, 2025, December 31, 2024, and June 30, 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 June 30, 2025, December 31, 2024, and June 30, 2024, the Group had available unutilized short-term bank loan facilities set out in (2) below.

(1) Liquidity and interest rate risk tables

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

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

June 30, 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	\$ 2,459,107	\$ 4,292,094	\$ -	\$ -
Lease liabilities	14,635	56,817	79,796	-
Fixed interest rate liabilities	<u>2,729,511</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,203,253</u>	<u>\$ 4,348,911</u>	<u>\$ 79,796</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	<u>5,620,641</u>	<u>2,940</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,195,097</u>	<u>\$ 152,177</u>	<u>\$ 82,336</u>	<u>\$ -</u>

June 30, 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	\$ 2,429,963	\$ 3,580,039	\$ -	\$ -
Lease liabilities	15,054	57,552	108,158	-
Fixed interest rate liabilities	<u>4,883,098</u>	<u>273,312</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,328,115</u>	<u>\$ 3,910,903</u>	<u>\$ 108,158</u>	<u>\$ -</u>

(2) Financing facilities

	June 30, 2025	December 31, 2024	June 30, 2024
Unsecured bank loans (re-examined annually)			
-Amounts used	\$ 2,723,000	\$ 5,611,173	\$ 5,145,202
-Amounts unused	<u>16,899,920</u>	<u>19,439,554</u>	<u>19,362,695</u>
	<u>\$ 19,622,920</u>	<u>\$ 25,050,727</u>	<u>\$ 24,507,897</u>

d. Transfers of financial assets

During the six months ended June 30, 2025 and 2024, the Group transferred a portion of its banker's acceptance bills in mainland China with an aggregate carrying amount of \$1,675,593 thousand and \$953,974 thousand to some of its suppliers in order to settle the trade payables to these suppliers. According to the contract, if these banker's acceptance bills are not recoverable 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 banker's acceptance bills, it continues to recognize the full carrying amounts of these banker's acceptance bills.

As of June 30, 2025 and 2024, the carrying amount of these commercial acceptance bills that have been transferred but not derecognized were \$205,575 thousand and \$154,218 thousand.

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 June 30, 2025, December 31, 2024 and June 30, 2024, the face amounts of these unsettled bills receivable were \$694,914 thousand, \$636,171 thousand and \$467,990 thousand. The unsettled bills receivable will be due in 12 months after June 30, 2025, December 31, 2024 and June 30, 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 six months ended June 30, 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.

During the six months ended June 30, 2025 and 2024, the Group transferred a portion of its banker's acceptance bills in mainland China with an aggregate carrying amount of \$460,070 thousand and \$1,461,014 thousand to banks. 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 June 30, 2025, December 31, 2024, and June 30, 2024 the face amounts of these unsettled bills receivable were \$460,070 thousand, \$1,325,722 thousand and \$1,461,014 thousand. The unsettled bills receivable will be due in 12 months after June 30, 2025, December 31, 2024 and June 30, 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 six months ended June 30, 2025 and 2024 the Group recognized financial cost of \$475 thousand and \$7,940 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

Line Item	Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2025	2024	2025	2024
Sales	Substantive related parties	\$ <u>3</u>	\$ <u>5</u>	\$ <u>7</u>	\$ <u>77</u>

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

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

Line Item	Related Party Category/Name	June 30, 2025	December 31, 2024	June 30, 2024
Trade Receivables	Substantive related parties	\$ <u>3</u>	\$ <u>-</u>	\$ <u>5</u>

No expense was recognized for the six months ended June 30, 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		For the Six Months Ended	
	June 30		June 30	
	2025	2024	2025	2024
Short-term employee benefits	<u>\$48,481</u>	<u>\$55,394</u>	<u>\$100,368</u>	<u>\$94,016</u>

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

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	June 30, 2025	December 31, 2024	June 30, 2024
	<u> </u>	<u> </u>	<u> </u>
Pledge deposits (classified as financial assets at amortized cost)	\$ 6,222	\$ 6,713	\$ 6,664
Land	-	-	890,359
Buildings, net	-	-	4,790,155
Machinery and Equipment	-	-	1,106,286
	<u>\$ 6,222</u>	<u>\$ 6,913,661</u>	<u>\$ 6,793,464</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

- As of June 30, 2025, December 31, 2024 and June 30, 2024, unused letters of credit for leasing of buildings amounted to \$1,465 thousand, \$2,459 thousand and \$2,376 thousand, respectively.
- Unrecognized commitments were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
	<u> </u>	<u> </u>	<u> </u>
Acquisition of property, plant and equipment	<u>\$ 961,337</u>	<u>\$ 701,347</u>	<u>\$ 1,088,132</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:

June 30, 2025

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial assets</u>			
Monetary items			
USD	\$ 16,835	7.16(USD: RMB)	\$ 493,265
USD	6,197	29.30(USD: NTD)	181,565
RMB	710,830	4.09(RMB: NTD)	2,908,004
EUR	4,886	8.40(EUR: RMB)	167,847
JPY	583,296	0.0497(JPY: RMB)	118,597
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 3,270	7.16(USD: RMB)	\$ 95,798
USD	22	29.30(USD: NTD)	637
RMB	31,304	4.09(RMB: NTD)	128,065

December 31, 2024

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial assets</u>			
Monetary items			
USD	\$ 12,894	7.32(USD: RMB)	\$ 422,715
USD	2,113	32.78(USD: NTD)	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>			
Monetary items			
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

June 30, 2024

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial assets</u>			
Monetary items			
USD	\$ 18,253	7.13(USD: RMB)	\$ 578,243
USD	8,466	31.68(USD: NTD)	268,181
RMB	1,009,059	4.45(RMB: NTD)	4,485,267
EUR	5,205	7.81(EUR: RMB)	180,668
 <u>Financial liabilities</u>			
Monetary items			
USD	\$ 5,818	7.13(USD: RMB)	\$ 184,294
USD	239	31.68(USD: NTD)	7,580
RMB	66,654	4.45(RMB: NTD)	296,278
EUR	2,950	7.81(EUR: RMB)	102,395

For the three months and six months ended June 30, 2025 and 2024, realized and unrealized net foreign exchange losses were (\$286,573) thousand, \$77,087 thousand, (\$182,113) thousand and \$229,413 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

a. Information on significant transactions:

1. Financing provided to others (Table 1)
2. Endorsements/guarantees given to other parties (Table 2)
3. Significant marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 4)
4. Total purchases from or sales to 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)

b. Information on investees (Table 3)

c. Information on 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.

33. SEGMENT INFORMATION

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

Pneumatic components- direct sales
- distributors

a. Segment revenues and results

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

	Revenues		Profit Before Tax	
	For the Six Months Ended		For the Six Months Ended	
	June 30		June 30	
	2025	2024	2025	2024
Pneumatic components				
-Direct sales	\$ 11,850,250	\$ 10,721,219	\$ 3,892,222	\$ 3,689,555
-Distributors	<u>5,198,642</u>	<u>4,912,308</u>	<u>1,705,050</u>	<u>1,690,950</u>
Total amounts of continuing operations	<u>\$ 17,048,892</u>	<u>\$ 15,633,527</u>	5,597,272	5,380,505
Interest income			65,478	92,616
Gain on disposal of property, plant and equipment			(15,572)	(40,026)
Loss on disposal of investment properties			-	(2,506)
Net exchange gains (losses)			(182,113)	229,413
HQ admin. cost and directors' salaries			(396,853)	(382,986)
Finance costs			(32,176)	(78,176)
Profit before income tax from continuing operations			<u>\$ 5,036,036</u>	<u>\$ 5,198,840</u>

The segment revenues were accounted for the transactions with external customers. No inter-segment sales occurred for the six months ended June 30, 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

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Segment assets</u>			
Pneumatic components			
-Direct sales	\$ 37,328,582	\$ 38,997,165	\$ 39,114,716
-Distributors	<u>17,204,900</u>	<u>18,349,898</u>	<u>17,605,311</u>
Total segment total assets	54,533,482	57,347,063	56,720,027
Unallocated assets	<u>279,907</u>	<u>213,745</u>	<u>242,327</u>
Consolidated total assets	<u>\$ 54,813,389</u>	<u>\$ 57,560,808</u>	<u>\$ 56,962,354</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.

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

LOANS PROVIDED TO OTHER PARTIES

FOR THE SIX MONTHS ENDED JUNE 30, 2025

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

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period (Note1)	Ending Balance (Note1)	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
0	Airtac International Group	ATC (ITALIA) S.R.L	Other receivables	Yes	EUR 9,000 (NTD 309,151)	EUR 6,000 (NTD 206,101)	EUR 4,400 (NTD 151,140)	-	Short-term financing needs	\$ -	Revolving fund	\$ -	-	-	\$ 17,602,837	\$ 17,602,837	Note 2
	Airtac International Group	Ningbo Airtac Automatic Industrial Co., Ltd	Other receivables	Yes	USD 10,000 (NTD 293,000)	USD 10,000 (NTD 293,000)	USD - (NTD -)	-	Short-term financing needs	-	Revolving fund	-	-	-	17,602,837	17,602,837	Note 2
	Airtac International Group	Airtac Co., Ltd	Other receivables	Yes	USD 9,000 (NTD 263,700)	USD 7,000 (NTD 205,100)	USD 5,797 (NTD 169,864)	-	Short-term financing needs	-	Revolving fund	-	-	-	17,602,837	17,602,837	Note 2
	Airtac International Group	AIRTAC INDUSTRIAL (MALAYSIA) SDN. BHD.	Other receivables	Yes	USD 3,500 (NTD 102,550)	USD 3,500 (NTD 102,550)	USD 1,500 (NTD 43,950)	-	Short-term financing needs	-	Revolving fund	-	-	-	17,602,837	17,602,837	Note 2
	Airtac International Group	AIRTAC USA CORPORATION	Other receivables	Yes	USD 17,000 (NTD 498,100)	USD 15,000 (NTD 439,500)	USD 10,700 (NTD 313,510)	-	Short-term financing needs	-	Revolving fund	-	-	-	17,602,837	17,602,837	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	-	-	-	9,669	9,669	Note 3

Note 1: Conversion to NTD used the spot exchange rate on June 30, 2025, that is, 1USD=29.3000 NTD, 1EUR=34.3501 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.

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 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	\$ 17,602,837	\$ 1,465	\$ 1,465	\$ 1,465	\$ -	-	\$ 22,003,547	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 SIX MONTHS ENDED JUNE 30, 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		June 30, 2025			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				June 30, 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 4,762,663)	USD 87,500 RMB 537,500 (NTD 4,762,663)	167,426,238	100	\$ 30,002,224	\$ 4,019,256	\$ 4,019,256	2
	AIRTAC TRADING (HONG KONG) LIMITED	Hong Kong	General investment	USD - (NTD -)	USD - (NTD -)	7,000,000	100	1,861	(96)	(96)	2
	INSTANT REACH INTERNATIONAL LIMITED	British Virgin Island	General investment	USD 2,283 EUR 1,000 RMB 17,500 (NTD 172,835)	USD 2,283 EUR 1,000 RMB 17,500 (NTD 172,835)	1	100	61,887	(21,216)	(21,216)	2
	AIRTAC HOLDING (SINGAPORE) PTE. LTD.	Singapore	General investment	USD 12,000 (NTD 351,600)	USD 12,000 (NTD 351,600)	17,000,000	100	(134,269)	4,381	4,381	2
INSTANT REACH INTERNATIONAL LIMITED	Airtac Enterprise Co., Ltd.	Taiwan	Processing, sales and import/export of machines and components	NTD 54,581	NTD 54,581	69,435	69.44	17,794	(549)	-	4
	ATC (ITALIA) S.R.L	Italy	Production and sales of pneumatic and hydraulic control components	EUR 4,000 (NTD 137,400)	EUR 4,000 (NTD 137,400)	4,000,000	100	20,593	(20,726)	-	4
AIRTAC HOLDING (SINGAPORE) PTE. LTD.	AIRTAC INTERNATIONAL (SINGAPORE) PTE. LTD.	Singapore	Production and sales of pneumatic control components and accessories	USD 7,500 (NTD 219,750)	USD 7,500 (NTD 219,750)	7,500,000	100	170,721	12,495	-	4
	Airtac Co., Ltd.	Japan	Production and sales of pneumatic control components and accessories	JPY 98,000 (NTD 19,923)	JPY 98,000 (NTD 19,923)	2,000	100	(106,635)	(7,791)	-	4
	AIRTAC USA CORPORATION	USA	Production and sales of pneumatic control components and accessories	USD 3,000 (NTD 87,900)	USD 3,000 (NTD 87,900)	3,000	100	(206,821)	305	-	4
AIRTAC INTERNATIONAL (SINGAPORE) PTE. LTD.	AIRTAC INDUSTRIAL (MALAYSIA) SDN. BHD.	Malaysia	Production and sales of pneumatic control components and accessories	MYR 1,000 (NTD 6,689)	MYR 1,000 (NTD 6,689)	1,000,000	100	(4,240)	4,175	-	4
	AIRTAC INDUSTRIAL CO., LTD.	Thailand	Production and sales of pneumatic control components and accessories	THB 100,000 (NTD 90,830)	THB 100,000 (NTD 90,830)	1,000,000	100	145,346	9,592	-	4

Note 1 : Conversion to NTD used the spot exchange rate on June 30, 2025, that is, 1 USD=29.3000 NTD, 1 EUR=34.3501 NTD, 1 JPY=0.2033 NTD, 1 RMB=4.0910 NTD, 1 MYR=6.6892 NTD, 1THB=0.9083 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

JUNE 30, 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	JUNE 30, 2025				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Ningbo Airtac Automatic Industrial Co., Ltd.	Negotiable Certificates of Deposit	-	Financial assets at amortized cost - noncurrent	-	\$ 425,953 (RMB 104,120)	-	\$ 425,953 (RMB 104,120)	1
Airtac (China) Co., Ltd.	Negotiable Certificates of Deposit	-	Financial assets at amortized cost - noncurrent	-	\$ 428,546 (RMB 104,753)	-	\$ 428,546 (RMB 104,753)	1

Note 1 : Conversion to NTD used the spot exchange rate on June 30, 2025, that is, 1 RMB=4.0910 NTD.

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 SIX MONTHS ENDED JUNE 30, 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 (China) Co., Ltd.	The same parent company	Sales	\$ 3,173,343	22	T/T 60 days	\$ -	-	\$ 1,843,482	24	
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac International Group	The parent company	Sales	351,347	2	T/T 60 days	-	-	111,537	1	
Ningbo Airtac Automatic Industrial Co., Ltd.	Guangdong Airtac Automatic Industrial Co., Ltd.	The same parent company	Sales	303,491	2	T/T 60 days	-	-	104,551	1	
Ningbo Airtac Automatic Industrial Co., Ltd.	Guangdong Airtac Intelligent Equipment Co., Ltd.	The same parent company	Sales	4,285,640	30	T/T 60 days	-	-	2,958,698	38	
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac (Fujian) Intelligent Equipment Co., Ltd.	The same parent company	Sales	411,795	3	T/T 60 days	-	-	139,479	2	
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac (Jiangsu) Automatic Co., Ltd.	The same parent company	Sales	4,042,486	28	T/T 60 days	-	-	1,386,637	18	
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac (Shandong) Automatic Industrial Co., Ltd.	The same parent company	Sales	1,379,544	10	T/T 60 days	-	-	940,972	12	
Ningbo Airtac Automatic Industrial Co., Ltd.	ATC (ITALIA) S.R.L	The same parent company	Sales	102,935	1	T/T 60 days	-	-	95,719	1	
Guangdong Airtac Automatic Industrial Co., Ltd.	Guangdong Airtac Intelligent Equipment Co., Ltd.	The same parent company	Sales	597,891	31	T/T 180 days	-	-	336,632	25	
Guangdong Airtac Automatic Industrial Co., Ltd.	Ningbo Airtac Automatic Industrial Co., Ltd.	The same parent company	Sales	1,286,505	66	T/T 180 days	-	-	991,375	73	
Airtac International Group	Ningbo Airtac Automatic Industrial Co., Ltd.	Subsidiary	Sales	1,517,093	74	T/T 180 days	-	-	467,080	64	
Guangdong Airtac Intelligent Equipment Co., Ltd.	Airtac (China) Co., Ltd.	The parent company	Sales	1,283,465	24	T/T 60 days	-	-	675,455	25	

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

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

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

JUNE 30, 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 Intelligent Equipment Co., Ltd.	The same parent company	\$ 104,551	5	-	-	\$ 53,195	-
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac (China) Co., Ltd.	The same parent company	1,843,482	4	-	-	566,149	-
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac International Group	The parent company	111,537	5	-	-	-	-
Ningbo Airtac Automatic Industrial Co., Ltd.	Guangdong Airtac Intelligent Equipment Co., Ltd.	The same parent company	2,958,698	3	-	-	776,656	-
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac (Jiangsu) Automatic Co., Ltd.	The same parent company	1,386,637	7	-	-	840,426	-
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac (Shandong) Automatic Co., Ltd.	The same parent company	940,972	3	-	-	250,369	-
Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac (Fujian) Intelligent Equipment Co., Ltd.	The same parent company	139,479	6	-	-	61,455	-
Guangdong Airtac Automatic Industrial Co., Ltd.	Guangdong Airtac Intelligent Equipment Co., Ltd.	The same parent company	336,632	4	-	-	122,738	-
Guangdong Airtac Automatic Industrial Co., Ltd.	Ningbo Airtac Automatic Industrial Co., Ltd.	The same parent company	991,375	3	-	-	538,903	-
Airtac International Group	Ningbo Airtac Automatic Industrial Co., Ltd.	Subsidiary	467,080	8	-	-	8,809	-
Guangdong Airtac Intelligent Equipment Co., Ltd.	Airtac (China) Co., Ltd.	The parent company	675,455	4	-	-	92,862	-
Airtac International Group	ATC (ITALIA) S.R.L	Subsidiary	151,140	Note 1	-	-	-	-
Airtac International Group	AIRTAC USA CORPORATION	Subsidiary	313,510	Note 1	-	-	-	-
Airtac International Group	Airtac Co., Ltd.	Subsidiary	169,864	Note 1	-	-	-	-

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

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

INFORMATION FOR INVESTMENTS IN MAINLAND CHINA FOR THE SIX MONTHS ENDED JUNE 30, 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, 2025	Investment Flow for the Period		Accumulated Investment Outflow from Taiwan as of June 30, 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 June 30, 2025	Accumulated Inward Remittance of Earnings as of June 30, 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 4,737,081)	N/A	N/A	\$ -	\$ -	N/A	\$ 3,015,835	100	\$ 3,022,182	\$ 24,442,514	N/A	
Guangdong Airtac Automatic Industrial Co., Ltd	Production of pneumatic control components and auxiliary components	USD 6,000 (NTD 175,800)	N/A	N/A	-	-	N/A	501,505	100	503,348	737,470	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 1,042,866)	N/A	N/A	-	-	N/A	492,633	100	492,633	2,475,209	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 1,146,290)	N/A	N/A	-	-	N/A	190,331	100	190,331	1,718,293	N/A	
Guangdong Airtac Intelligent Equipment Co., Ltd.	Wholesale and agency of pneumatic components, tools and equipment, and related support services	USD 10,000 (NTD 40,910)	N/A	N/A	-	-	N/A	238,976	100	238,976	285,252	N/A	
Airtac (Tianjin) Intelligent Technology Co., Ltd.	Wholesale and agency of pneumatic components, tools and equipment, and related support services	RMB 10,000 (NTD 40,910)	N/A	N/A	-	-	N/A	9,060	100	9,060	67,474	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 40,910)	N/A	N/A	-	-	N/A	36,876	100	36,876	95,725	N/A	
Airtac (Shandong) Automatic Co., Ltd.	Wholesale and agency of pneumatic components, tools and equipment, and related support services	RMB 30,000 (NTD 122,730)	N/A	N/A	-	-	N/A	43,282	100	43,282	169,843	N/A	

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 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 June 30, 2025, that is, 1 USD=29.3000 NTD, 1RMB=4.0910 NTD.

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 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	\$ 467,080	General terms and conditions	1%	
		Ningbo Airtac Automatic Industrial Co., Ltd.	1	Sales revenue	1,517,093	General terms and conditions	9%	
		Ningbo Airtac Automatic Industrial Co., Ltd.	1	Sell property, plant and equipment	52,173	General terms and conditions		
		Guangdong Airtac Automatic Industrial Co., Ltd.	1	Sales revenue	33,899	General terms and conditions	-	
		ATC (ITALIA) S.R.L	y	1	Sales revenue	10,354	General terms and conditions	-
		ATC (ITALIA) S.R.L		1	Other receivable	151,140	General terms and conditions	-
		AIRTAC INDUSTRIAL (MALAYSIA) SDN. BHD.		1	Other receivable	43,950	General terms and conditions	-
		AIRTAC USA CORPORATION		1	Other receivable	313,510	General terms and conditions	1%
		Airtac Co., Ltd.		1	Other receivable	169,864	General terms and conditions	-
1	Ningbo Airtac Automatic Industrial Co., Ltd.	Airtac International Group	2	Trade receivables	111,537	General terms and conditions	-	
		Airtac International Group	2	Sales revenue	351,347	General terms and conditions	2%	
		Airtac (China) Co., Ltd	3	Trade receivables	1,843,482	General terms and conditions	3%	
		Airtac (China) Co., Ltd	3	Sales revenue	3,173,343	General terms and conditions	19%	
		Guangdong Airtac Automatic Industrial Co., Ltd.	3	Trade receivables	104,551	General terms and conditions	-	
		Guangdong Airtac Automatic Industrial Co., Ltd.	3	Sales revenue	303,491	General terms and conditions	2%	
		Airtac (Jiangsu) Automatic Co., Ltd.	3	Trade receivables	1,386,637	General terms and conditions	3%	
		Airtac (Jiangsu) Automatic Co., Ltd.	3	Sales revenue	4,042,486	General terms and conditions	24%	
		Guangdong Airtac Intelligent Equipment Co., Ltd.	3	Trade receivables	2,958,698	General terms and conditions	5%	
		Guangdong Airtac Intelligent Equipment Co., Ltd.	3	Sales revenue	4,285,640	General terms and conditions	25%	
		Airtac (Tianjin) Intelligent Technology Co., Ltd.	3	Trade receivables	19,004	General terms and conditions	-	
		Airtac (Tianjin) Intelligent Technology Co., Ltd.	3	Sales revenue	97,036	General terms and conditions	1%	
		Airtac (Fujian) Intelligent Equipment Co., Ltd.	3	Trade receivables	139,479	General terms and conditions	-	
		Airtac (Fujian) Intelligent Equipment Co., Ltd.	3	Sales revenue	411,795	General terms and conditions	2%	
		Airtac (Shandong) Automatic Co., Ltd.	3	Trade receivables	940,972	General terms and conditions	2%	
		Airtac (Shandong) Automatic Co., Ltd.	3	Sales revenue	1,379,544	General terms and conditions	8%	

No.	Company Name	Counter Party	Nature of Relationship (Note)	Transaction Details			% of Consolidated Sales or Assets
				Financial Statement Account	Amount	Payment Terms	
2	Guangdong Airtac Automatic Industrial Co., Ltd	ATC (ITALIA) S.R.L	3	Trade receivables	95,719	General terms and conditions	-
		ATC (ITALIA) S.R.L	3	Sales revenue	102,935	General terms and conditions	1%
		AIRTAC USA CORPORATION	3	Trade receivables	27,869	General terms and conditions	-
		AIRTAC USA CORPORATION	3	Sales revenue	41,505	General terms and conditions	-
		Airtac Co., Ltd.	3	Trade receivables	13,664	General terms and conditions	-
		Airtac Co., Ltd.	3	Sales revenue	17,058	General terms and conditions	-
		AIRTAC INDUSTRIAL CO., LTD.	3	Trade receivables	23,987	General terms and conditions	-
		AIRTAC INDUSTRIAL CO., LTD.	3	Sales revenue	41,566	General terms and conditions	-
		AIRTAC INDUSTRIAL (MALAYSIA) SDN. BHD.	3	Trade receivables	18,404	General terms and conditions	-
		AIRTAC INDUSTRIAL (MALAYSIA) SDN. BHD.	3	Sales revenue	25,051	General terms and conditions	-
		Airtac International Group	3	Sales revenue	23,824	General terms and conditions	-
		Ningbo Airtac Automatic Industrial Co., Ltd.	3	Trade receivables	991,375	General terms and conditions	2%
		Ningbo Airtac Automatic Industrial Co., Ltd.	3	Sales revenue	1,286,505	General terms and conditions	8%
		Guangdong Airtac Intelligent Equipment Co., Ltd.	3	Trade receivables	336,632	General terms and conditions	1%
		Guangdong Airtac Intelligent Equipment Co., Ltd.	3	Sales revenue	597,891	General terms and conditions	3%
		3	Guangdong Airtac Intelligent Equipment Co., Ltd.	ATC (ITALIA) S.R.L	3	Trade receivables	13,108
ATC (ITALIA) S.R.L	3			Sales revenue	18,483	General terms and conditions	-
AIRTAC USA CORPORATION	3			Trade receivables	11,167	General terms and conditions	-
AIRTAC USA CORPORATION	3			Sales revenue	16,500	General terms and conditions	-
3	Guangdong Airtac Intelligent Equipment Co., Ltd.	Airtac (China) Co., Ltd.	3	Trade receivables	675,455	General terms and conditions	1%
		Airtac (China) Co., Ltd.	3	Sales revenue	1,283,465	General terms and conditions	8%
4	Airtac (Tianjin) Intelligent Technology Co., Ltd.	Airtac (China) Co., Ltd.	3	Other receivables	13,266	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.