

**WALRUS PUMP CO., LTD. AND
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Walrus Pump Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Walrus Pump Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group 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 judgement, were of most significance in our audit of the Group's 2024 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matter for the Group's 2024 consolidated financial statements is stated as follows:

Key audit matter - Assessment of allowance for inventory valuation losses

Description

Refer to Notes 4(11), 5(2) and 6(4) for the accounting policy, accounting estimates and assumptions and details of inventories.

The Group is primarily engaged in the manufacture and sales of pumps. As the market of pumps is highly competitive, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. The Group's inventories are measured at the lower of cost and net realisable value. For inventories that are over a certain age, the loss on slow-moving inventories is provided based on the Group's policy.

As the assessment of allowance for inventory valuation losses involves management's subjective judgement and a high degree of estimation uncertainty, and the Group's inventories and allowance for inventory valuation losses are significant to the financial statements, we considered the assessment of allowance for inventory valuation loss as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding and assessed the reasonableness of provision policies used on allowance for inventory valuation losses.

2. Obtained an understanding of the Group's warehousing management processes, reviewed the annual physical inventory count plan and participated in the annual inventory count in order to evaluate the effectiveness of procedures used by the management to identify and control obsolete inventories.
3. Verified the appropriateness of the system logic in evaluating the ageing of inventories used by management and confirmed whether inventories were classified into the accurate ageing range in the report.
4. Obtained the net realisable value assessment report of inventories to confirm whether the calculation logic was adopted consistently, sampled and tested the data sources of net realisable value, and ascertained the adequacy of provision for allowance for inventory valuation losses.

Other matter

We have audited and expressed an unmodified opinion on the parent company only financial statements of Walrus Pump Co., Ltd. as at and for the years ended December 31, 2024 and 2023.

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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the 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 appropriate audit evidence regarding the financial information of the 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 of the current period 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.

Chen, Ching Chang

For and on behalf of PricewaterhouseCoopers, Taiwan

Liao, Fu-Ming

February 26, 2025

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

WALRUS PUMP CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Assets			December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 253,819	11	\$ 210,258	11
1136	Financial assets at amortised cost-current	6(2) and 8	11,031	-	62,105	3
1150	Notes receivable, net	6(3)	53,339	2	54,285	3
1170	Accounts receivable, net	6(3)	210,550	9	184,974	9
1200	Other receivables		4,248	-	2,830	-
130X	Inventories	6(4)	412,373	17	333,584	17
1410	Prepayments		12,836	1	9,608	-
1470	Other current assets		623	-	728	-
11XX	Total current assets		958,819	40	858,372	43
Non-current assets						
1600	Property, plant and equipment	6(5) and 8	1,119,647	47	824,912	41
1755	Right-of-use assets	6(6), 7 and 8	229,812	10	235,652	12
1780	Intangible assets	6(7)	7,105	-	9,603	1
1840	Deferred tax assets	6(22)	7,464	-	7,870	-
1900	Other non-current assets	6(8)(12) and 8	66,118	3	56,125	3
15XX	Total non-current assets		1,430,146	60	1,134,162	57
1XXX	Total assets		\$ 2,388,965	100	\$ 1,992,534	100

(Continued)

WALRUS PUMP CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Liabilities and Equity			December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(9) and 8	\$ 248,000	11	\$ 457,000	23
2130	Contract liabilities-current	6(18)	8,248	-	8,721	-
2150	Notes payable		8,002	-	5,107	-
2170	Accounts payable		212,579	9	123,346	6
2200	Other payables	6(10)	180,752	8	108,731	5
2230	Current tax liabilities		7,065	-	2,480	-
2280	Lease liabilities-current	7	22,679	1	18,731	1
2320	Long-term liabilities, current portion	6(11) and 8	-	-	32,249	2
2399	Other current liabilities	6(14)	18,202	1	10,026	1
21XX	Total current liabilities		705,527	30	766,391	38
Non-current liabilities						
2540	Long-term borrowings	6(11) and 8	563,684	24	419,608	21
2550	Provisions-non-current	6(14)	6,742	-	8,052	1
2570	Deferred tax liabilities	6(22)	683	-	2	-
2580	Lease liabilities-non-current	7	155,984	6	161,446	8
2600	Other non-current liabilities		233	-	359	-
25XX	Total non-current liabilities		727,326	30	589,467	30
2XXX	Total Liabilities		1,432,853	60	1,355,858	68
Equity						
	Share capital	6(15)				
3110	Common share		403,491	17	353,491	18
	Capital surplus	6(16)				
3200	Capital surplus		403,603	17	181,313	9
	Retained earnings	6(17)				
3310	Legal reserve		20,967	1	13,647	1
3350	Unappropriated retained earnings		123,061	5	85,782	4
	Other equity interest					
3400	Other equity interest		4,990	-	2,443	-
3XXX	Total Equity		956,112	40	636,676	32
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 2,388,965	100	\$ 1,992,534	100

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

WALRUS PUMP CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Items	Notes	Year ended December 31			
			2024		2023	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(14)(18)	\$ 1,612,759	100	\$ 1,404,797	100
5000	Operating costs	6(4)(21)	(1,149,027)	(71)	(1,015,289)	(72)
5900	Gross profit		<u>463,732</u>	<u>29</u>	<u>389,508</u>	<u>28</u>
	Operating expenses	6(21)				
6100	Selling expenses		(103,254)	(6)	(93,385)	(7)
6200	Administrative expenses		(187,122)	(12)	(145,064)	(10)
6300	Research and development expenses		(63,580)	(4)	(63,330)	(5)
6450	Excepted credit impairment loss	12(2)	(220)	-	(2,025)	-
6000	Total operating expenses		(354,176)	(22)	(303,804)	(22)
6900	Operating profit		<u>109,556</u>	<u>7</u>	<u>85,704</u>	<u>6</u>
	Non-operating income and expenses					
7100	Interest income	6(2)	3,609	-	1,863	-
7010	Other income	6(19)	2,415	-	1,019	-
7020	Other gains and losses	6(20)	8,856	1	(420)	-
7050	Finance costs	6(6) and 7	(8,427)	(1)	(11,506)	(1)
7000	Total non-operating income and expenses		<u>6,453</u>	<u>-</u>	<u>(9,044)</u>	<u>(1)</u>
7900	Profit before income tax		<u>116,009</u>	<u>7</u>	<u>76,660</u>	<u>5</u>
7950	Income tax expense	6(22)	(14,851)	(1)	(3,460)	-
8200	Profit for the year		<u>\$ 101,158</u>	<u>6</u>	<u>\$ 73,200</u>	<u>5</u>
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gain on remeasurement of defined benefit plan	6(12)	\$ -	-	\$ 949	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		<u>2,547</u>	<u>-</u>	<u>(1,653)</u>	<u>-</u>
8300	Total other comprehensive income (loss) for the year		<u>\$ 2,547</u>	<u>-</u>	<u>(\$ 704)</u>	<u>-</u>
8500	Total comprehensive income for the year		<u>\$ 103,705</u>	<u>6</u>	<u>\$ 72,496</u>	<u>5</u>
	Profit attributable to:					
8610	Shareholders of the parent		<u>\$ 101,158</u>	<u>6</u>	<u>\$ 73,200</u>	<u>5</u>
	Total comprehensive income attributable to:					
8710	Shareholders of the parent		<u>\$ 103,705</u>	<u>6</u>	<u>\$ 72,496</u>	<u>5</u>
	Earnings per share (in dollars)	6(23)				
9750	Basic earnings per share		<u>\$ 2.85</u>		<u>\$ 2.07</u>	
9850	Diluted earnings per share		<u>\$ 2.83</u>		<u>\$ 2.06</u>	

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

WALRUS PUMP CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Equity attributable to owners of the parent						
		Retained Earnings				Other equity interest		
	Notes	Common share	Capital surplus	Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Gain on remeasurement of defined benefit plan	Total equity
<u>Year ended December 31, 2023</u>								
Balance at January 1, 2023		\$ 353,491	\$ 181,313	\$ 5,965	\$ 76,823	\$ 1,753	\$ 1,394	\$ 620,739
Profit for the year		-	-	-	73,200	-	-	73,200
Other comprehensive income (loss) for the year		-	-	-	-	(1,653)	949	(704)
Total comprehensive income (loss) for the year		-	-	-	73,200	(1,653)	949	72,496
Distribution of 2022 earnings	6(17)							
Legal reserve		-	-	7,682	(7,682)	-	-	-
Cash dividends		-	-	-	(56,559)	-	-	(56,559)
Balance at December 31, 2023		\$ 353,491	\$ 181,313	\$ 13,647	\$ 85,782	\$ 100	\$ 2,343	\$ 636,676
<u>Year ended December 31, 2024</u>								
Balance at January 1, 2024		\$ 353,491	\$ 181,313	\$ 13,647	\$ 85,782	\$ 100	\$ 2,343	\$ 636,676
Profit for the year		-	-	-	101,158	-	-	101,158
Other comprehensive income for the year		-	-	-	-	2,547	-	2,547
Total comprehensive income for the year		-	-	-	101,158	2,547	-	103,705
Issuance of shares	6(15)	50,000	213,882	-	-	-	-	263,882
Share-based payment	6(13)	-	8,408	-	-	-	-	8,408
Distribution of 2023 earnings	6(17)							
Legal reserve		-	-	7,320	(7,320)	-	-	-
Cash dividends		-	-	-	(56,559)	-	-	(56,559)
Balance at December 31, 2024		\$ 403,491	\$ 403,603	\$ 20,967	\$ 123,061	\$ 2,647	\$ 2,343	\$ 956,112

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

WALRUS PUMP CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Year ended December 31	
	Notes	2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 116,009	\$ 76,660
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5)(6)(21)	71,963	65,483
Amortization	6(7)(21)	4,197	2,265
Interest income	(	3,609)	(1,863)
Interest expense		8,427	11,506
Gain on disposal of property, plant and equipment	6(20)	(106)	(9)
Expected credit impairment loss	12(2)	220	2,025
Share-based payment cost	6(13)	8,408	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		946	(15,435)
Accounts receivable, net	(	25,796)	17,259
Other receivables	(	1,603)	1,799
Inventories	(	78,789)	38,445
Prepayments	(	3,228)	4,674
Other current assets		105	(55)
Other non-current assets		8,800	(4,496)
Changes in operating liabilities			
Contract liabilities-current	(	473)	2,617
Notes payable		2,895	(859)
Accounts payable		89,233	23,162
Other payables		27,547	(5,295)
Other current liabilities		8,176	6,673
Provisions-non-current	(	1,310)	1,531
Other non-current liabilities		-	1,011
Cash inflow generated from operations		232,012	227,098
Interest received		3,794	1,667
Interest paid	(	8,105)	(11,026)
Income tax paid	(	9,179)	(16,348)
Net cash flows from operating activities		218,522	201,391
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease (increase) in financial assets at amortised cost		51,074	(22,168)
Acquisition of property, plant and equipment	6(24)	(315,928)	(311,957)
Proceeds from disposal of property, plant and equipment		114	1,465
Acquisition of intangible assets	6(7)	(1,696)	(6,924)
Increase in deposits received	(	827)	(38)
Net cash flows used in investing activities	(	267,263)	(339,622)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings	6(25)	1,088,291	1,114,000
Repayment of short-term borrowings	6(25)	(1,297,291)	(1,140,000)
Decrease in lease liabilities	6(25)	(20,104)	(23,495)
Proceeds from long-term borrowings	6(25)	214,916	425,781
Repayment of long-term borrowings	6(25)	(103,089)	(112,028)
Issuance of shares	6(15)	263,882	-
Payment of cash dividends	6(17)	(56,559)	(56,559)
Net cash flows from financing activities		90,046	207,699
Effect of exchange rate changes		2,256	(2,248)
Net increase in cash and cash equivalents		43,561	67,220
Cash and cash equivalents at beginning of year		210,258	143,038
Cash and cash equivalents at end of year		\$ 253,819	\$ 210,258

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

WALRUS PUMP CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

Walrus Pump Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) in April 1978. The Company and subsidiaries (the “Group”) are primarily engaged in design, manufacturing and trading of pumps, motors, sprayers, mechanical parts, hydraulic and pneumatic systems for labor saving, automation machines and their components.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on February 26, 2025.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards-Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

- A. Except for the defined benefit assets recognised based on the net amount of pension fund assets less present value of defined benefit obligation, the consolidated financial statements have been prepared under the historical cost convention.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
 - (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Business activities	Ownership(%)		Description
			December 31, 2024	December 31, 2023	
The company	Suzhou Walrus Pump Co., Ltd.	Manufacture and sales of water-pump	100%	100%	-

- C. Subsidiaries not included in the consolidated financial statements: None.

- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Significant restrictions: None.
- F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

The Group measures using the currency of the primary economic environment in which the Company operates (the “functional currency”). The consolidated financial statements are presented in New Taiwan dollars, which is the Company’s functional and presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

The operating results and financial position of all the subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets that are expected to be realised, or are intended to be sold or consumed in the normal operating cycle;
- (b) Assets that are held primarily for the purpose of trading;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled in the normal operating cycle;
- (b) Liabilities that are held primarily for the purpose of trading;
- (c) Liabilities that are due to be settled within twelve months from the balance sheet date;
- (d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at amortised cost

Financial assets at amortised cost are those that meet all of the following criteria:

- A. The objective of the Group's business model is achieved by collecting contractual cash flows.
- B. The assets' contractual cash flows represent solely payments of principal and interest.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For accounts receivable and financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

(12) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	5 ~ 55 years
Machinery and equipment	1 ~ 14 years
Transportation equipment	1 ~ 15 years
Office equipment	1 ~ 10 years
Molding equipment	1 ~ 5 years
Others	1 ~ 20 years

(13) Leasing arrangements (lessee) — right-of-use assets / lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date;
- (c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(14) Intangible assets

- A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 2 to 5 years.

- B. Trademark right (indefinite useful life)

Trademark right is stated at cost and regarded as having an indefinite useful life as it was assessed to generate continuous net cash inflow in the foreseeable future. Trademark right is not amortised, but is tested annually for impairment.

(15) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.
- B. The recoverable amounts of intangible assets with an indefinite useful life are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

(16) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(17) Accounts and notes payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and accounts and notes payable are those resulting from operating and non-operating activities.

B. The short-term accounts and notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(19) Provisions

Provisions (including warranties and sales discounts and allowances) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(20) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date).
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as other equity.
- iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(21) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(22) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business entity that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(23) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(24) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(25) Revenue recognition

The Group manufactures and sells a range of products related to pumps. Revenue is measured at the fair value of the consideration received or receivable taking into account of business tax, returns, rebates and discounts for the sale of goods to customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods is recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

(26) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. The Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the markets within the specified period in the future. Therefore, there might be material changes to the evaluation.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash on hand	\$ 431	\$ 387
Demand and checking accounts deposits	239,058	172,536
Time deposits	14,330	37,335
	<u>\$ 253,819</u>	<u>\$ 210,258</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets at amortised cost

Items	December 31, 2024	December 31, 2023
Current items:		
Restricted demand deposits	\$ 3,031	\$ 32,752
Restricted time deposits	8,000	14,000
Time deposits with original maturity over three months	-	15,353
	<u>\$ 11,031</u>	<u>\$ 62,105</u>

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	2024	2023
Interest income	<u>\$ 676</u>	<u>\$ 301</u>

B. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Notes receivable	<u>\$ 53,339</u>	<u>\$ 54,285</u>
Accounts receivable	\$ 212,800	\$ 186,999
Less: Allowance for uncollectible accounts	(2,250)	(2,025)
	<u>\$ 210,550</u>	<u>\$ 184,974</u>

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2024	December 31, 2023
Not past due	\$ 208,678	\$ 163,275
Up to 90 days	4,101	23,724
91 to 180 days	21	-
	<u>\$ 212,800</u>	<u>\$ 186,999</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2024 and 2023, notes and accounts receivable were all from contracts with customers. As of January 1, 2023, the balance of notes and accounts receivable from contracts with customers amounted to \$243,108.

C. The Group has no notes receivable or accounts receivable pledged to others as collateral.

D. As at December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts and notes receivable was \$266,139 and \$241,284, respectively.

E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Inventories

	December 31, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 167,520	(\$ 14,722)	\$ 152,798
Semi-finished goods and work in progress	161,977	(10,097)	151,880
Finished goods and merchandise inventory	109,054	(1,359)	107,695
	<u>\$ 438,551</u>	<u>(\$ 26,178)</u>	<u>\$ 412,373</u>

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 137,404	(\$ 16,365)	\$ 121,039
Semi-finished goods and work in progress	137,640	(11,567)	126,073
Finished goods and merchandise inventory	88,341	(1,869)	86,472
	<u>\$ 363,385</u>	<u>(\$ 29,801)</u>	<u>\$ 333,584</u>

The amount recognised as costs of goods sold for the year:

	Year ended December 31	
	2024	2023
Cost of goods sold	\$ 1,139,861	\$ 1,007,306
Estimated warranty loss	10,831	2,680
Inventories retirement losses	3,155	636
(Gain on reversal of) loss on decline in market value	(3,623)	5,564
Revenue from sale of scraps	(1,197)	(897)
	<u>\$ 1,149,027</u>	<u>\$ 1,015,289</u>

The Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because the Company sold certain inventories which were previously provisioned for loss on decline in market value.

(5) Property, plant and equipment

	2024								
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Molding equipment	Others	Unfinished construction	Total
At January 1									
Cost	\$ 64,438	\$ 114,996	\$ 268,569	\$ 34,532	\$ 59,922	\$ 146,679	\$ 68,086	\$ 522,189	\$ 1,279,411
Accumulated depreciation	-	(37,301)	(193,215)	(18,059)	(43,241)	(134,726)	(27,957)	-	(454,499)
	<u>\$ 64,438</u>	<u>\$ 77,695</u>	<u>\$ 75,354</u>	<u>\$ 16,473</u>	<u>\$ 16,681</u>	<u>\$ 11,953</u>	<u>\$ 40,129</u>	<u>\$ 522,189</u>	<u>\$ 824,912</u>
Opening net book amount as at January 1	\$ 64,438	\$ 77,695	\$ 75,354	\$ 16,473	\$ 16,681	\$ 11,953	\$ 40,129	\$ 522,189	\$ 824,912
Additions	-	20,729	18,557	7,281	6,402	5,852	9,303	273,990	342,114
Disposals	-	-	-	-	(8)	-	-	-	(8)
Reclassifications	-	-	-	-	-	-	-	5,280	5,280
Depreciation charge	-	(3,454)	(17,038)	(5,016)	(7,271)	(8,929)	(11,092)	-	(52,800)
Net exchange differences	-	-	97	20	9	-	23	-	149
Closing net book amount as at December 31	<u>\$ 64,438</u>	<u>\$ 94,970</u>	<u>\$ 76,970</u>	<u>\$ 18,758</u>	<u>\$ 15,813</u>	<u>\$ 8,876</u>	<u>\$ 38,363</u>	<u>\$ 801,459</u>	<u>\$ 1,119,647</u>
At December 31									
Cost	\$ 64,438	\$ 135,724	\$ 280,836	\$ 41,101	\$ 65,251	\$ 148,011	\$ 76,625	\$ 801,459	\$ 1,613,445
Accumulated depreciation	-	(40,754)	(203,866)	(22,343)	(49,438)	(139,135)	(38,262)	-	(493,798)
	<u>\$ 64,438</u>	<u>\$ 94,970</u>	<u>\$ 76,970</u>	<u>\$ 18,758</u>	<u>\$ 15,813</u>	<u>\$ 8,876</u>	<u>\$ 38,363</u>	<u>\$ 801,459</u>	<u>\$ 1,119,647</u>

	2023									
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Molding equipment	Others	Unfinished construction	Total	
At January 1										
Cost	\$ 64,438	\$ 94,148	\$ 238,714	\$ 30,633	\$ 49,031	\$ 136,789	\$ 58,366	\$ 288,010	\$ 960,129	
Accumulated depreciation	-	(32,916)	(180,389)	(15,340)	(34,357)	(128,922)	(19,033)	-	(410,957)	
	<u>\$ 64,438</u>	<u>\$ 61,232</u>	<u>\$ 58,325</u>	<u>\$ 15,293</u>	<u>\$ 14,674</u>	<u>\$ 7,867</u>	<u>\$ 39,333</u>	<u>\$ 288,010</u>	<u>\$ 549,172</u>	
Opening net book amount as at January 1	\$ 64,438	\$ 61,232	\$ 58,325	\$ 15,293	\$ 14,674	\$ 7,867	\$ 39,333	\$ 288,010	\$ 549,172	
Additions	-	17,686	30,785	5,922	11,245	12,633	10,152	232,202	320,625	
Disposals	-	-	(56)	(23)	-	(1,377)	-	-	(1,456)	
Reclassifications	-	-	-	-	-	-	-	5,139	5,139	
Transfers	-	3,162	-	-	-	-	-	(3,162)	-	
Depreciation charge	-	(4,385)	(13,651)	(4,706)	(9,233)	(7,170)	(9,344)	-	(48,489)	
Net exchange differences	-	-	(49)	(13)	(5)	-	(12)	-	(79)	
Closing net book amount as at December 31	<u>\$ 64,438</u>	<u>\$ 77,695</u>	<u>\$ 75,354</u>	<u>\$ 16,473</u>	<u>\$ 16,681</u>	<u>\$ 11,953</u>	<u>\$ 40,129</u>	<u>\$ 522,189</u>	<u>\$ 824,912</u>	
At December 31										
Cost	\$ 64,438	\$ 114,996	\$ 268,569	\$ 34,532	\$ 59,922	\$ 146,679	\$ 68,086	\$ 522,189	\$ 1,279,411	
Accumulated depreciation	-	(37,301)	(193,215)	(18,059)	(43,241)	(134,726)	(27,957)	-	(454,499)	
	<u>\$ 64,438</u>	<u>\$ 77,695</u>	<u>\$ 75,354</u>	<u>\$ 16,473</u>	<u>\$ 16,681</u>	<u>\$ 11,953</u>	<u>\$ 40,129</u>	<u>\$ 522,189</u>	<u>\$ 824,912</u>	

- A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Year ended December 31	
	2024	2023
Amount capitalised	\$ 16,043	\$ 7,661
Range of the interest rates for capitalisation	2.15%~2.80%	1.50%~2.87%

- B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(6) Lease transactions — lessee

- A. The Group leases various assets including land, buildings and business vehicles. Rental contracts are made for periods of 2 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
- B. Short-term leases with a lease term of 12 months or less comprise outdoor advertising walls. Low-value assets comprise multifunction printers.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2024	December 31, 2023
	Carrying amount	Carrying amount
Land	\$ 177,957	\$ 170,182
Buildings	47,101	59,445
Transportation equipment	4,754	6,025
	<u>\$ 229,812</u>	<u>\$ 235,652</u>

	Year ended December 31	
	2024	2023
	Depreciation charge	Depreciation charge
Land	\$ 318	\$ 300
Buildings	17,574	16,086
Transportation equipment	1,271	608
	<u>\$ 19,163</u>	<u>\$ 16,994</u>

- D. For the years ended December 31, 2024 and 2023, the additions to right-of-use assets were \$18,330 and \$5,660, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,731	\$ 1,472
Expense on short-term lease contracts	1,188	1,070
Expense on leases of low-value assets	513	444
	<u>\$ 3,432</u>	<u>\$ 2,986</u>

F. For the years ended December 31, 2024 and 2023, the Group's total cash outflow for leases were \$23,536 and \$26,841, respectively.

G. Information about the Group's right-of-use assets that were pledged to others as collateral is provided in Note 8.

(7) Intangible assets

	2024		
	<u>Trademarks</u>	<u>Computer software</u>	<u>Total</u>
At January 1			
Cost	\$ 1,590	\$ 11,257	\$ 12,847
Accumulated amortisation	-	(3,244)	(3,244)
	<u>\$ 1,590</u>	<u>\$ 8,013</u>	<u>\$ 9,603</u>
Opening net book amount as at January 1	\$ 1,590	\$ 8,013	\$ 9,603
Additions	-	1,696	1,696
Amortisation charge	-	(4,197)	(4,197)
Net exchange differences	-	3	3
Closing net book amount as at December 31	<u>\$ 1,590</u>	<u>\$ 5,515</u>	<u>\$ 7,105</u>
At December 31			
Cost	\$ 1,590	\$ 12,956	\$ 14,546
Accumulated amortisation	-	(7,441)	(7,441)
	<u>\$ 1,590</u>	<u>\$ 5,515</u>	<u>\$ 7,105</u>

	2023		
	Trademarks	Computer software	Total
At January 1			
Cost	\$ 1,590	\$ 4,632	\$ 6,222
Accumulated amortisation	-	(1,276)	(1,276)
	<u>\$ 1,590</u>	<u>\$ 3,356</u>	<u>\$ 4,946</u>
Opening net book amount as at January 1	\$ 1,590	\$ 3,356	\$ 4,946
Additions	-	6,924	6,924
Amortisation charge	-	(2,265)	(2,265)
Net exchange differences	-	(2)	(2)
Closing net book amount as at December 31	<u>\$ 1,590</u>	<u>\$ 8,013</u>	<u>\$ 9,603</u>
At December 31			
Cost	\$ 1,590	\$ 11,257	\$ 12,847
Accumulated amortisation	-	(3,244)	(3,244)
	<u>\$ 1,590</u>	<u>\$ 8,013</u>	<u>\$ 9,603</u>

(8) Other non-current assets

	December 31, 2024	December 31, 2023
Prepayments for equipment	\$ 52,331	\$ 34,365
Guarantee deposits paid	8,858	8,031
Net defined benefit asset	-	7,375
Others	4,929	6,354
	<u>\$ 66,118</u>	<u>\$ 56,125</u>

Information on the Group's guarantee deposits paid that were pledged to others as collateral is provided in Note 8.

(9) Short-term borrowings

Type of borrowings	December 31, 2024	December 31, 2023	Collateral
Bank borrowings			
Secured borrowings	\$ 248,000	\$ 457,000	Note
Unsecured borrowings	-	-	None
	<u>\$ 248,000</u>	<u>\$ 457,000</u>	
Interest rate range	2.11%~2.33%	2.06%~2.50%	

Note: Details of endorsements and guarantees provided to related parties are provided in Note 7, and information relating to the collaterals is provided in Note 8.

(10) Other payables

	December 31, 2024	December 31, 2023
Payable on construction and equipment	\$ 73,413	\$ 29,261
Wages, salaries and bonuses payable	59,332	48,105
Employees' compensation payable	8,876	4,272
Labour and health insurance payable	6,306	5,491
Directors' and supervisors' remuneration payable	2,536	1,110
Pension payable	2,394	2,894
Others	27,895	17,598
	<u>\$ 180,752</u>	<u>\$ 108,731</u>

(11) Long-term borrowings

Type of borrowings	December 31, 2024	December 31, 2023	Collateral
Long-term bank borrowings			
Secured borrowings	\$ 496,684	\$ 363,746	Note
Unsecured borrowings	67,000	88,111	None
	563,684	451,857	
Less: Current portion	-	(32,249)	
	<u>\$ 563,684</u>	<u>\$ 419,608</u>	
Interest rate range	2.15%	2.019%~2.50%	

Note: Details of endorsements and guarantees provided to related parties are provided in Note 7. Except for the collaterals indirectly guaranteed by the Small & Medium Enterprise Credit Guarantee Fund of Taiwan, information relating to other collaterals is provided in Note 8.

The Company entered into a contract for a syndicated borrowing of banks including First Commercial Bank in April 2023, and the contract period was 7 years. Key contents of the contract are as follows:

- (a) The credit line of Tranche A is \$640,000, and the credit period is seven years from the date of first drawdown, which is non-revolving.
- (b) The credit line of Tranche B is \$48,000, and the credit period is seven years from the date of first drawdown, which is non-revolving.
- (c) The credit line of Tranche C is \$84,000, and the credit period is seven years from the date of first drawdown, which is non-revolving.
- (d) The total credit line of Tranche D and Tranche E amounted to \$300,000. The credit period of Tranche D is seven years from the date of first drawdown, which is non-revolving. The credit period of Tranche E is five years from the date of first drawdown, which is revolving during the credit period. The credit line shall be reduced from three years after the date of first drawdown and each subsequent year, totaling in three installments. The first and second installment shall be 10%, and the third installment shall be 80% or all of the remaining credit line.

(e) The Company's main commitments are as follows:

- i. The Company should provide six parcels of land, including 1st Subsection, Sinyuan Section, Luzhu District, Kaohsiung City, along with the constructed plants and ancillary facilities on the land and eight pieces of machinery and equipment, as collaterals for the credit of Tranche A and Tranche C.
- ii. The Company on the semi-annual and annual consolidated financial statements is required to maintain the following restrictions on financial ratios: The current ratio (current assets divided by current liabilities) should not be less than 100%; the debt ratio (total financial liabilities divided by total equity) should not be higher than 300%; the interest coverage ratio [(profit before tax + interest expense + depreciation + amortisation) divided by interest expense] should not be less than 200%; the net tangible assets (total equity - intangible assets) should not be less than NT\$300 million.

The Company calculated the abovementioned financial ratios and amounts based on the consolidated financial statements audited by the independent auditors on December 31, 2024 and 2023, which were not in violation of the requirements of the syndicated borrowing contract.

(f) On December 31, 2024, the drawdown of the abovementioned credit line amounted to \$563,684.

(12) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2024	December 31, 2023
Present value of defined benefit obligations	\$ -	\$ -
Fair value of plan assets	-	(7,375)
Net defined benefit asset	<u>\$ -</u>	<u>(\$ 7,375)</u>

(c) Movements in net defined benefit assets and liabilities are as follows:

	2024		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asset
At January 1	\$ -	(\$ 7,375)	(\$ 7,375)
Recovered cash from settled accounts	-	7,375	7,375
At December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	2024		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability (asset)
At January 1	\$ 618	(\$ 7,091)	(\$ 6,473)
Past service cost	181	-	181
Interest expense (income)	10	(109)	(99)
	<u>809</u>	<u>(7,200)</u>	<u>(6,391)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(167)	(167)
Experience adjustments	(782)	-	(782)
	<u>(782)</u>	<u>(167)</u>	<u>(949)</u>
Pension fund contribution	-	(35)	(35)
Paid pension	(27)	27	-
At December 31	<u>\$ -</u>	<u>(\$ 7,375)</u>	<u>(\$ 7,375)</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 is given

in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31, 2023
Discount rate	1.09%
Future salary increases	0.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
December 31, 2023				
Effect on present value of defined benefit obligation	(\$ 31)	\$ 38	\$ 43	(\$ 35)

(f) There were no employees who were subject to the old work seniority plan on December 31, 2023. The balance in the pension reserve account had been withdrawn in April 2024.

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount at least 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) Under the regulations of the People's Republic of China, the mainland subsidiaries included in the preparation of the consolidated financial statements contribute to the pension insurance scheme on a monthly basis at a specified percentage of the total local employee salaries. Each employee's pension is managed and arranged centrally by the government. Apart from the monthly contributions, the Group has no further obligations.

(c) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2024 and 2023 were \$14,744 and \$13,629, respectively.

(13) Share-based payment

- A. For the year ended December 31, 2024, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Vesting conditions
Cash capital increase reserved for employee preemption	2024.12.17	750,000 shares	Vested immediately

- B. Movements in the number (share) of the Company's stock options outstanding at January 1, 2024 and December 31, 2024 are as follows:

	Year ended December 31, 2024
At January 1	-
Options granted	750,000
Options exercised	(750,000)
At December 31	-

- C. The fair value of stock options granted is measured using the Black-Scholes option-pricing model and the Group recognised salary expenses amounting to \$8,408 based on the fair value of stock options at \$11.21 (in dollars) per unit. Relevant information is as follows:

Type of arrangement	Grant date	Equity value (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Risk-free interest rate	Fair value per unit (in dollars)
Cash capital increase reserved for employee reemption	2024.12.17	\$ 62.21	\$ 51	14.14%	0.02	1.29%	\$ 11.21

- D. The Group had no share-based payment for the year ended December 31, 2023.

(14) Provisions

	2024		
	Warranty	Sales discounts and allowances	Total
At January 1	\$ 9,202	\$ 6,572	\$ 15,774
Additional provisions	10,831	8,648	19,479
Used during the year	(6,645)	(6,572)	(13,217)
At December 31	<u>\$ 13,388</u>	<u>\$ 8,648</u>	<u>\$ 22,036</u>

	2023		
	Warranty	Sales discounts and allowances	Total
At January 1	\$ 6,521	\$ -	\$ 6,521
Additional provisions	3,996	6,572	10,568
Used during the year	(1,315)	-	(1,315)
At December 31	<u>\$ 9,202</u>	<u>\$ 6,572</u>	<u>\$ 15,774</u>

Analysis of total provisions:

	December 31, 2024	December 31, 2023
Current (shown as other current liabilities, others)	<u>\$ 15,294</u>	<u>\$ 7,722</u>
Non-current	<u>\$ 6,742</u>	<u>\$ 8,052</u>

(15) Share capital

- A. As of December 31, 2024, the Company's authorised capital was \$600,000, consisting of 60,000 thousand shares of ordinary share, and the paid-in capital was \$403,491 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.
- B. Movements in the number of the Company's ordinary shares outstanding (shares in thousands) for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
At January 1	35,349	35,349
Issuance of shares	5,000	-
At December 31	<u>40,349</u>	<u>35,349</u>

C. On November 8, 2024, the Company's Board of Directors resolved to increase its capital by issuing 5,000 thousand ordinary shares with a par value of \$10 (in dollars) per share to cooperate with the listing on the stock exchange. The effective date was set on December 17, 2024. The competitive auction was that the one who bid for the shares with the higher bid price could preferably win the bid. Each one who won the bid should acquire the shares based on its bid price. The price of each winning bid and its volume-weighted average price was \$53.64 (in dollars) per share and the public subscription offering price was \$51 (in dollars) per share. The registration for the change had been completed.

(16) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(17) Retained earnings / Events after the balance sheets date

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and recover prior year's losses and then 10% of the remaining amount shall be appropriate as legal reserve unless legal reserve amounts to the total paid-in capital. In addition, special reserve that has been appropriated or reversed in accordance with related regulations along with the accumulated unappropriated earnings shall be proposed by the Board of Directors for earnings appropriation of dividends and be approved to be appropriated as dividends and bonus or to be retained by the shareholders.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. The appropriations of 2022 earnings as resolved by the shareholders on May 19, 2023 are as follows:

	2022	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 7,682	
Cash dividends	56,559	\$ 1.6
	<u>\$ 64,241</u>	

D. The appropriations of 2023 earnings as resolved by the shareholders on June 3, 2024 are as follows:

	2023	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 7,320	
Cash dividends	56,559	\$ 1.6
	<u>\$ 63,879</u>	

E. Events after the balance sheet date

The appropriations of 2024 earnings as proposed by the Board of Directors on February 26, 2025 are as follows:

	2024	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 10,116	
Cash dividends	84,733	\$ 2.1
	<u>\$ 94,849</u>	

(18) Operating revenue

	Year ended December 31	
	2024	2023
Revenue from contracts with customers	<u>\$ 1,612,759</u>	<u>\$ 1,404,797</u>

A. Revenue from contracts with customers is disaggregated into the following geographical regions:

	Sales regions			
2024	Taiwan	Mainland China	Other regions	Total
Revenue from contracts with	<u>\$ 1,086,466</u>	<u>\$ 121,209</u>	<u>\$ 405,084</u>	<u>\$ 1,612,759</u>
	Sales regions			
2023	Taiwan	Mainland China	Other regions	Total
Revenue from contracts with	<u>\$ 953,223</u>	<u>\$ 112,243</u>	<u>\$ 339,331</u>	<u>\$ 1,404,797</u>

B. The Group has recognised the following sales revenue-related contract liabilities:

	December 31, 2024	December 31, 2023	January 1, 2023
Current contract liabilities	<u>\$ 8,248</u>	<u>\$ 8,721</u>	<u>\$ 6,104</u>

C. The revenue recognised that was included in the contract liability balance at the beginning of the years ended December 31, 2024 and 2023 was \$8,720 and \$6,104, respectively.

(19) Other income

	Year ended December 31	
	2024	2023
Government grants revenue	\$ 517	\$ 169
Other income	1,898	850
	<u>\$ 2,415</u>	<u>\$ 1,019</u>

(20) Other gains and losses

	Year ended December 31	
	2024	2023
Net currency exchange gains	\$ 9,757	\$ 714
Gain on disposal of property, plant and equipment	106	9
Other losses	(1,007)	(1,143)
	<u>\$ 8,856</u>	<u>(\$ 420)</u>

(21) Expenses by nature / Events after the balance sheets date

	2024		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 127,820	\$ 177,039	\$ 304,859
Labour and health insurance fees	13,518	14,563	28,081
Pension costs	7,019	7,725	14,744
Other personnel expenses	9,582	12,115	21,697
	<u>\$ 157,939</u>	<u>\$ 211,442</u>	<u>\$ 369,381</u>
Depreciation charge	<u>\$ 41,887</u>	<u>\$ 30,076</u>	<u>\$ 71,963</u>
Amortisation charge	<u>\$ 137</u>	<u>\$ 4,060</u>	<u>\$ 4,197</u>

	2023		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 103,826	\$ 138,784	\$ 242,610
Labour and health insurance fees	12,291	13,697	25,988
Pension costs	6,323	7,388	13,711
Other personnel expenses	7,398	11,699	19,097
	<u>\$ 129,838</u>	<u>\$ 171,568</u>	<u>\$ 301,406</u>
Depreciation charge	<u>\$ 36,958</u>	<u>\$ 28,525</u>	<u>\$ 65,483</u>
Amortisation charge	<u>\$ 22</u>	<u>\$ 2,243</u>	<u>\$ 2,265</u>

- A. According to the Articles of Incorporation of the Company, the current year's earnings, if any, shall be used to distribute 3%~10% as employees' compensation and shall not be higher than 2% as directors' and supervisors' remuneration. However, if the Company has accumulated deficit, the current year's earnings shall first be reserved to cover the deficit.
- B. For the years ended December 31, 2024 and 2023, employees' compensation and directors' and supervisors' remuneration were accrued as follows:

	Year ended December 31	
	2024	2023
Employees' compensation	\$ 8,876	\$ 4,272
Directors' and supervisors' remuneration	2,536	1,110
	<u>\$ 11,412</u>	<u>\$ 5,382</u>

The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' remuneration resolved by the Board of Directors on February 26, 2025 were \$8,876 and \$2,536, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation of \$4,272 and directors' and supervisors' remuneration of \$1,110 for 2023 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2023 financial statements. The employees' compensation and directors' and supervisors' remuneration will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration for 2022 as resolved by the Board of Directors amounted to \$5,350 and \$2,091, respectively. The difference of (\$49) between the amounts resolved by the Board of Directors and the amounts recognised in the 2022 financial statements, had been adjusted in the profit or loss of 2023.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(22) Income tax

A. Income tax expense

	Year ended December 31	
	2024	2023
Current tax:		
Current tax on profits for the year	\$ 15,815	\$ 12,579
Prior year income tax overestimation	(2,051)	(4,252)
Total current tax	13,764	8,327
Deferred tax:		
Origination and reversal of temporary differences	1,087	(4,867)
Income tax expense	<u>\$ 14,851</u>	<u>\$ 3,460</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2024	2023
Tax calculated based on profit before tax and statutory tax rate	\$ 23,505	\$ 15,437
Expenses disallowed by tax regulation	2	13
Tax exempt income by tax regulation	(1,091)	(1,070)
Change in assessment of realisation of deferred tax assets	10	(935)
Prior year income tax overestimation	(2,051)	(4,252)
Effect from investment tax credits	(6,999)	(5,733)
Recovered cash from settled accounts plus revenue	1,475	-
Income tax expense	<u>\$ 14,851</u>	<u>\$ 3,460</u>

C. Amounts of deferred tax assets and liabilities as a result of temporary differences are as follows:

2024			
	January 1	Recognised in profit or loss	December 31
— Deferred tax assets:			
Temporary differences:			
Inventory valuation loss	\$ 5,411	(\$ 625)	\$ 4,786
Unrealised exchange loss	608	(607)	1
Unrealised warranty cost	536	2,141	2,677
Unrealised discounts and allowances from sales	1,315	(1,315)	-
	<u>7,870</u>	<u>(406)</u>	<u>7,464</u>
— Deferred tax liabilities:			
Unrealised exchange gain	(2)	(681)	(683)
	<u>\$ 7,868</u>	<u>(\$ 1,087)</u>	<u>\$ 6,781</u>
2023			
	January 1	Recognised in profit or loss	December 31
— Deferred tax assets:			
Temporary differences:			
Inventory valuation loss	\$ 4,149	\$ 1,262	\$ 5,411
Unrealised exchange loss	-	608	608
Unrealised warranty cost	-	536	536
Unrealised discounts and allowances from sales	-	1,315	1,315
	<u>4,149</u>	<u>3,721</u>	<u>7,870</u>
— Deferred tax liabilities:			
Gain on investments accounted for using equity	(935)	935	-
Unrealised exchange gain	(213)	211	(2)
	<u>(1,148)</u>	<u>1,146</u>	<u>(2)</u>
	<u>\$ 3,001</u>	<u>\$ 4,867</u>	<u>\$ 7,868</u>

D. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority.

(23) Earnings per share

Year ended December 31, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 101,158	35,555	<u>\$ 2.85</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	127	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 101,158</u>	<u>35,682</u>	<u>\$ 2.83</u>
Year ended December 31, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 73,200	35,349	<u>\$ 2.07</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	184	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 73,200</u>	<u>35,533</u>	<u>\$ 2.06</u>

(24) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31	
	2024	2023
Purchase of property, plant and equipment	\$ 342,114	\$ 320,625
Add: Ending balance of prepayments for equipment	52,331	34,365
Opening balance of payable on construction and equipment	29,261	12,227
Less: Ending balance of payable on construction and equipment	(73,413)	(29,261)
Opening balance of prepayments for equipment	(34,365)	(25,999)
Cash paid during the year	<u>\$ 315,928</u>	<u>\$ 311,957</u>

(25) Changes in liabilities from financing activities

	2024			Liabilities from
	Short-term borrowings	Long-term borrowings	Lease liabilities	financing activities-gross
At January 1	\$ 457,000	\$ 451,857	\$ 180,177	\$ 1,089,034
Changes in cash flow from financing activities	(209,000)	111,827	(20,104)	(117,277)
Changes in other non-cash items	-	-	18,330	18,330
Net exchange differences	-	-	260	260
At December 31	<u>\$ 248,000</u>	<u>\$ 563,684</u>	<u>\$ 178,663</u>	<u>\$ 990,347</u>

	2023			Liabilities from
	Short-term borrowings	Long-term borrowings	Lease liabilities	financing activities-gross
At January 1	\$ 483,000	\$ 138,104	\$ 198,168	\$ 819,272
Changes in cash flow from financing activities	(26,000)	313,753	(23,495)	264,258
Changes in other non-cash items	-	-	5,660	5,660
Net exchange differences	-	-	(156)	(156)
At December 31	<u>\$ 457,000</u>	<u>\$ 451,857</u>	<u>\$ 180,177</u>	<u>\$ 1,089,034</u>

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Company name</u>	<u>Relationship with the Company</u>
Raymond Huang	The Company's chairman
Amy Huang	The Company's general manager
You Chang Investment Co., Ltd. (You Chang Investment)	The Company's director

(2) Significant related party transactions

A. Lease transactions — lessee

- (a) The Company leases buildings from You Chang Investment. Rental contracts are typically made for periods from January 1, 2021 to December 31, 2027. Rents are paid before the 5th day of each month.

(b) Ending balance of right-of-use assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
You Chang Investment	<u>\$ 33,941</u>	<u>\$ 45,255</u>

(c) Lease liabilities

(i) Outstanding balance:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
You Chang Investment	<u>\$ 35,084</u>	<u>\$ 46,391</u>

(ii) Interest expense

	<u>Year ended December 31</u>	
	<u>2024</u>	<u>2023</u>
You Chang Investment	<u>\$ 693</u>	<u>\$ 881</u>

B. Endorsements and guarantees provided to related parties:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Raymond Huang and Amy Huang	<u>\$ 811,684</u>	<u>\$ 908,857</u>

(3) Key management compensation

	<u>Year ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 55,050	\$ 44,986
Post-employment benefits	2,373	1,851
Other long-term benefits	2,634	1,601
Share-based payments	3,464	-
	<u>\$ 63,521</u>	<u>\$ 48,438</u>

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

Pledged asset	Book value	Book value	Purpose
	December 31, 2024	December 31, 2023	
Financial assets at amortised cost-current	\$ 11,031	\$ 46,752	Guarantee for short-term borrowings
Land	64,438	64,438	Guarantee for long term and short-term borrowings
Buildings and structures	94,970	77,695	Guarantee for long term and short-term borrowings
Unfinished construction	597,899	353,333	Guarantee for long-term borrowings
Right-of-use assets	211,766	214,986	Guarantee for long term and short-term borrowings
Guarantee deposits paid (shown as other non-current assets)	8,858	8,031	Performance guarantee
	<u>\$ 988,962</u>	<u>\$ 765,235</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2024	December 31, 2023
Property, plant and equipment	<u>\$ 268,950</u>	<u>\$ 436,133</u>

To line with the increase in order volume and production capacity of products, the Group plans to build the plant in Luzhu District, Kaohsiung City. The Group has entered into the construction contracts.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

- A. The distribution of the 2024 earnings, along with the proposed employees' compensation and directors' remuneration, is detailed in Notes 6(18) and 6(22).
- B. On February 26, 2025, the Company's Board of Directors resolved to issue employee restricted shares. The Company plans to issue 300 thousand ordinary shares with a par value of \$10 per share for no consideration. The issuance period is effective within two years of receipt of approval by the Authority. The shares may be issued in full or in several times if the Company considers it necessary due to objective facts. The actual issuance date and the relevant working matters will be set by the Board of Directors or the chairman as authorised by the Board.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders and issue new shares to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Financial assets at amortised cost		
Cash and cash equivalents	\$ 253,819	\$ 210,258
Financial assets at amortised cost	11,031	62,105
Notes receivable	53,339	54,285
Accounts receivable (including related parties)	210,550	184,974
Other receivables	4,248	2,830
Guarantee deposits paid (shown as other non-current assets)	8,858	8,031
	<u>\$ 541,845</u>	<u>\$ 522,483</u>
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 248,000	\$ 457,000
Notes payable	8,002	5,107
Accounts payable (including related parties)	212,579	123,346
Other accounts payable (including related parties)	180,752	108,731
Long-term borrowings (including current portion)	563,684	451,857
	<u>\$ 1,213,017</u>	<u>\$ 1,146,041</u>
Lease liability	<u>\$ 178,663</u>	<u>\$ 180,177</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. The Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group manages their credit risk taking into consideration the entire company's concern. According to the Group's credit policy, the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. In line with credit risk management procedure, when the counterparty experiences financial difficulties or dishonors the check, the default has occurred.
- iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk or default on that instrument since initial recognition:

If the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The Group classifies customer's accounts receivable in accordance with credit rating of customer and customer types. The Group applies the modified approach using a provision matrix to estimate the expected credit loss.

- vi. The Group had no significant loss allowance for notes receivable. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2024 and 2023, the provision matrix is as follows:

	<u>Not past due</u>	<u>Up to 90 days past due</u>	<u>Over 91 days past due</u>	<u>Total</u>
<u>At December 31, 2024</u>				
Expected loss rate	0.50%~1.00%	2.62%~42.08%	100.00%	
Total book value	\$ 208,678	\$ 4,101	\$ 21	\$ 212,800
Loss allowance	(1,888)	(341)	(21)	(2,250)
<u>At December 31, 2023</u>				
Expected loss rate	0.50%~0.67%	2.62%~23.47%	100.00%	
Total book value	\$ 163,275	\$ 23,724	\$ -	\$ 186,999
Loss allowance	(1,069)	(956)	-	(2,025)

- vii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	<u>2024</u>	<u>2023</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ 2,025	\$ -
Provision for impairment	220	2,025
Net exchange differences	5	-
At December 31	<u>\$ 2,250</u>	<u>\$ 2,025</u>

- viii. The Group did not accrue loss allowance for notes receivable since the Group had no significant expected credit losses of notes receivable.

(b) Liquidity risk

- i. Cash flow forecasting is prepared by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- ii. The Group has the following undrawn borrowing facilities:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Expiring within one year	\$ 485,000	\$ 174,150
Expiring beyond one year	538,316	713,098
	<u>\$ 1,023,316</u>	<u>\$ 887,248</u>

- iii. Except for those listed in the table below, the Group's non-derivative financial liabilities will expire within 1 year. As of December 31, 2024 and 2023, the cash flows within 1 year of notes payable, accounts payable (including related parties) and other payables (including related parties) are in agreement with the balance of each account in the balance sheets.

December 31, 2024	Within one year	Beyond one year	Total
<u>Non-derivative financial liabilities:</u>			
Short-term borrowings	\$ 248,800	\$ -	\$ 248,800
Lease liability	\$ 26,149	\$ 203,409	\$ 229,558
Long-term borrowings (including current portion)	\$ 12,790	\$ 618,253	\$ 631,043
December 31, 2023	Within one year	Beyond one year	Total
<u>Non-derivative financial liabilities:</u>			
Short-term borrowings	\$ 458,767	\$ -	\$ 458,767
Lease liability	\$ 21,751	\$ 205,270	\$ 227,021
Long-term borrowings (including current portion)	\$ 33,945	\$ 474,916	\$ 508,861

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

- B. Financial instruments not measured at fair value:

The carrying amounts of the Group's cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, notes payable, accounts payable, other payables and long-term borrowings (including current portion) are approximate to their fair values.

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 1.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): None.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 2.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 3.

14. Segment Information

(1) General information

The management of the Group has identified reportable segments based on the information used by the Board of Directors for decision-making purposes.

The Group is divided into business segments, primarily consisting of the Home Business Unit, Industrial Business Unit, Greater China Region, and International Business Unit.

(2) Measurement of segment information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows. Additionally, the Group does not provide the chief operating decision maker with total asset and total liability figures for making operational decisions.

	Taiwan			Greater China Region	International Business Unit	Total
	Home Business Unit	Industrial Business Unit	Others			
Year 2024						
Segment revenue	\$ 907,681	\$ 178,785	\$ -	\$ 121,209	\$ 405,084	\$ 1,612,759
Segment profit	\$ 97,039	(\$ 39,381)	(\$ 8,384)	\$ 4,804	\$ 55,478	\$ 109,556
Interest income and other income						6,024
Other gains and losses						8,856
Financial cost						(8,427)
Profit before income tax						116,009
Income tax expense						(14,851)
Profit for the year						\$ 101,158

	Taiwan			Greater China Region	International Business Unit	Total
	Home Business Unit	Industrial Business Unit	Others			
Year 2023						
Segment revenue	\$ 766,074	\$ 187,149	\$ -	\$ 112,243	\$ 339,331	\$ 1,404,797
Segment profit	\$ 60,334	(\$ 28,222)	(\$ 10,792)	\$ 7,272	\$ 57,112	\$ 85,704
Interest income and other income						2,882
Other gains and losses						(420)
Financial cost						(11,506)
Profit before income tax						76,660
Income tax expense						(3,460)
Profit for the year						\$ 73,200

(3) Reconciliation for segment income

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

(4) Information on products and services

Revenue from external customers primarily comes from home products and industrial products.

The following is an analysis of the Group's major products:

	2024	2023
Home Products	\$ 1,194,039	\$ 1,014,106
Industrial Products	356,917	334,028
Parts and Others	61,803	56,663
	<u>\$ 1,612,759</u>	<u>\$ 1,404,797</u>

(5) Geographical information

Geographical information please refer to the explanation in Note 6(18). The Group's non-current assets are as follows:

	December 31, 2024	December 31, 2023
	Non-current assets	Non-current assets
Taiwan	\$ 1,403,709	\$ 1,096,905
China	10,115	13,981
	<u>\$ 1,413,824</u>	<u>\$ 1,110,886</u>

Note: This section of non-current assets includes plant, property and equipment, right-of-use assets, intangible assets, and other non-current assets. It does not include deferred tax assets and guarantee deposits paid.

(6) Major customer information

No single customer contributed 10% or more to the Group's revenue for the years ended December 31, 2024 and 2023.

Walrus Pump Co., Ltd. And Subsidiaries
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
December 31, 2024

Table 1

Expressed In thousands of NTD
(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event (Note 2)	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
The Company	Plant in Luzhu District, Kaohsiung City	2022.7.3	\$ 706,667	Paid in accordance with the stage of completion. As of December 31, 2024, the Company had paid the construction expenses amounting to \$459,333 thousand.	Verizon Construction Co., Ltd.	Non-related party		Not applicable			Negotiation for construction contract	To meet the requirements of expanding operating scales	None
The Company	Plant in Luzhu District, Kaohsiung City	2023.9.28	\$ 100,000	Paid in accordance with the stage of completion. As of December 31, 2024, the Company had paid the construction expenses amounting to \$72,100 thousand.	Kuo Kuan Electromechanical Co., Ltd.	Non-related party		Not applicable			Negotiation for construction contract	To meet the requirements of expanding operating scales	None

Note 1: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 2: Date of the event referred to herein is the date of contract signing date, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

Walrus Pump Co., Ltd. And Subsidiaries
Information on investments in Mainland China
Year ended December 31, 2024

Table 2

Expressed In thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended		Accumulated amount of remittance from Taiwan to Mainland China as of	Net income of investee for the year ended	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended	Book value of investments in Mainland China as of December	Accumulated amount of investment income remitted back to Taiwan as of	Footnote
				January 1, 2024	Mainland China	to Taiwan	December 31, 2024	December 31, 2024		31, 2024 (Note 2)	31, 2024	December 31, 2024	
Suzhou Walrus	Manufacture and sales of water-pump	\$ 81,963 (USD 2,500 thousand)	(1)	\$ 42,621 (USD 1,300 thousand)	\$ -	\$ -	\$ 42,621 (USD 1,300 thousand)	\$ 5,342	100%	\$ 5,342	\$ 80,044	\$ -	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Suzhou Walrus	\$ 42,621 (USD 1,300 thousand)	\$ 81,963 (USD 2,500 thousand)	\$ 573,667

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: Investment income (loss) was recognised based on the financial statements audited by the parent company's CPA.

Note 3: The numbers in this table are expressed in New Taiwan dollars. Where foreign currencies are involved, they are translated into New Taiwan dollars using the U.S. dollar exchange rate of \$32.785 as of the balance sheet date.

Table 3

Walrus Pump Co., Ltd. And Subsidiaries
Major shareholders information
December 31, 2024

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
You chang Investment Co., Ltd.	9,680,000	23.99%
Jing zhi Investment Co., Ltd.	2,455,000	6.08%
Wen hua Investment Co., Ltd.	2,455,000	6.08%
Jing yu Investment Co., Ltd.	2,455,000	6.08%