

WALRUS PUMP CO., LTD.
AND ITS SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
MARCH 31, 2025 AND 2024

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.

WALRUS PUMP CO., LTD. AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS’
REVIEW REPORT
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INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Walrus Pump Co., Ltd. and subsidiary (the "Group") as at March 31, 2025 and 2024, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of review

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

Qualified conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025 and 2024, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission.

Chen, Ching Chang

Liao, Fu-Ming

For and on Behalf of PricewaterhouseCoopers, Taiwan

May 9, 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 SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2025, DECEMBER 31, 2024 AND MARCH 31, 2024
(Expressed in thousands of New Taiwan dollars)

Assets			March 31, 2025		December 31, 2024		March 31, 2024				
			AMOUNT	%	AMOUNT	%	AMOUNT	%			
Current assets											
1100	Cash and cash equivalents	6(1)	\$	322,833	12	\$	253,819	11	\$	184,335	9
1110	Current financial assets at fair value through profit or loss	6(2)		2,901	-		-	-		-	-
1136	Financial assets at amortised cost-current	6(3) and 8		29,600	1		11,031	-		42,635	2
1150	Notes receivable, net	6(4)		62,221	2		53,339	2		55,357	3
1170	Accounts receivable, net	6(4)		223,682	9		210,550	9		212,225	11
1200	Other receivables			6,047	-		4,248	-		998	-
130X	Inventories	6(5)		437,628	17		412,373	17		303,239	15
1410	Prepayments			12,031	1		12,836	1		10,602	1
1470	Other current assets			1,081	-		623	-		751	-
11XX	Total current assets			1,098,024	42		958,819	40		810,142	41
Non-current assets											
1600	Property, plant and equipment	6(6) and 8		1,180,013	45		1,119,647	47		881,484	45
1755	Right-of-use assets	6(7), 7 and 8		223,483	9		229,812	10		230,148	12
1780	Intangible assets	6(8)		6,397	-		7,105	-		8,614	-
1840	Deferred tax assets			6,908	-		7,464	-		5,434	-
1900	Other non-current assets	6(9) and 8		89,630	4		66,118	3		36,300	2
15XX	Total non-current assets			1,506,431	58		1,430,146	60		1,161,980	59
1XXX	Total assets		\$	2,604,455	100	\$	2,388,965	100	\$	1,972,122	100

(Continued)

WALRUS PUMP CO., LTD. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2025, DECEMBER 31, 2024 AND MARCH 31, 2024
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	March 31, 2025		December 31, 2024		March 31, 2024	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short term borrowings	6(10) and 8	\$ 400,000	15	\$ 248,000	11	\$ 398,000	20
2130	Contract liabilities-current	6(18)	583	-	8,248	-	9,359	-
2150	Notes payable		11,991	-	8,002	-	12,552	1
2170	Accounts payable		236,799	9	212,579	9	157,330	8
2200	Other payables	6(11)	90,656	4	180,752	8	74,374	4
2230	Current tax liabilities		14,087	1	7,065	-	5,168	-
2280	Lease liabilities-current	7	22,907	1	22,679	1	19,689	1
2320	Long-term liabilities, current portion	6(12) and 8	-	-	-	-	21,274	1
2399	Other current liabilities	6(14)	9,636	-	18,202	1	5,416	-
21XX	Total current liabilities		<u>786,659</u>	<u>30</u>	<u>705,527</u>	<u>30</u>	<u>703,162</u>	<u>35</u>
Non-current liabilities								
2540	Long-term borrowings	6(12) and 8	669,354	26	563,684	24	441,358	23
2550	Provisions-non-current	6(14)	5,840	-	6,742	-	7,405	-
2570	Deferred tax liabilities		901	-	683	-	805	-
2580	Lease liabilities-non-current	7	151,295	6	155,984	6	157,644	8
2600	Other non-current liabilities		203	-	233	-	332	-
25XX	Total non-current liabilities		<u>827,593</u>	<u>32</u>	<u>727,326</u>	<u>30</u>	<u>607,544</u>	<u>31</u>
2XXX	Total liabilities		<u>1,614,252</u>	<u>62</u>	<u>1,432,853</u>	<u>60</u>	<u>1,310,706</u>	<u>66</u>
Equity								
	Share capital	6(15)						
3110	Common share		403,491	15	403,491	17	353,491	18
	Capital surplus	6(16)						
3200	Capital surplus		403,603	16	403,603	17	181,313	9
	Retained earnings	6(17)						
3310	Legal reserve		20,967	1	20,967	1	13,647	1
3350	Unappropriated retained earnings		155,434	6	123,061	5	109,165	6
	Other equity interest							
3400	Other equity interest		6,708	-	4,990	-	3,800	-
3XXX	Total equity		<u>990,203</u>	<u>38</u>	<u>956,112</u>	<u>40</u>	<u>661,416</u>	<u>34</u>
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		<u>\$ 2,604,455</u>	<u>100</u>	<u>\$ 2,388,965</u>	<u>100</u>	<u>\$ 1,972,122</u>	<u>100</u>

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

WALRUS PUMP CO., LTD. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2025 AND 2024

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			Three months ended March 31			
			2025		2024	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(14)(18)		\$ 429,431	100	\$ 364,432	100
5000 Operating costs	6(5)(21)		(308,371)	(71)	(259,381)	(71)
5900 Gross profit from operations			<u>121,060</u>	<u>29</u>	<u>105,051</u>	<u>29</u>
Operating expenses	6(21)					
6100 Selling expenses			(24,934)	(6)	(22,025)	(6)
6200 Administrative expenses			(44,020)	(10)	(42,271)	(12)
6300 Research and development expenses			(17,753)	(4)	(14,211)	(4)
6450 Excepted credit impairment loss	12(2)		<u>1,497</u>	<u>-</u>	<u>40</u>	<u>-</u>
6000 Total operating expenses			(85,210)	(20)	(78,467)	(22)
6900 Operating profit			<u>35,850</u>	<u>9</u>	<u>26,584</u>	<u>7</u>
Non-operating income and expenses						
7100 Interest income	6(3)		171	-	878	-
7010 Other income	6(19)		269	-	495	-
7020 Other gains and losses	6(20)		4,790	1	5,283	2
7050 Finance costs	6(7) and 7		(912)	-	(3,810)	(1)
7000 Total non-operating income and expenses			<u>4,318</u>	<u>1</u>	<u>2,846</u>	<u>1</u>
7900 Profit before income tax			40,168	10	29,430	8
7950 Income tax expense	6(22)		(7,795)	(2)	(6,047)	(1)
8200 Profit for the period			<u>\$ 32,373</u>	<u>8</u>	<u>\$ 23,383</u>	<u>7</u>
Other comprehensive income						
Components of other comprehensive income that will be reclassified to profit or loss						
8361 Financial statements translation differences of foreign operations			<u>\$ 1,718</u>	<u>-</u>	<u>\$ 1,357</u>	<u>-</u>
8300 Total other comprehensive income for the period			<u>\$ 1,718</u>	<u>-</u>	<u>\$ 1,357</u>	<u>-</u>
8500 Total comprehensive income for the period			<u>\$ 34,091</u>	<u>8</u>	<u>\$ 24,740</u>	<u>7</u>
Profit attributable to:						
8610 Shareholders of the parent			<u>\$ 32,373</u>	<u>8</u>	<u>\$ 23,383</u>	<u>7</u>
Total comprehensive income attributable to:						
8710 Shareholders of the parent			<u>\$ 34,091</u>	<u>8</u>	<u>\$ 24,740</u>	<u>7</u>
Earnings per share (in dollars)	6(23)					
9710 Basic earnings per share			\$	0.80	\$	0.66
9810 Diluted earnings per share				0.80		0.66

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

WALRUS PUMP CO., LTD. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent							
	Retained Earnings				Other Equity Interest		
		Capital surplus, additional paid- in capital		Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Gains on remeasurements of defined benefit plan	
Notes	Common share		Legal reserve				Total equity
<u>Three months ended March 31, 2024</u>							
Balance at January 1, 2024	\$ 353,491	\$ 181,313	\$ 13,647	\$ 85,782	\$ 100	\$ 2,343	\$ 636,676
Profit for the period	-	-	-	23,383	-	-	23,383
Other comprehensive income for the period	-	-	-	-	1,357	-	1,357
Total comprehensive income	-	-	-	23,383	1,357	-	24,740
Balance at March 31, 2024	<u>\$ 353,491</u>	<u>\$ 181,313</u>	<u>\$ 13,647</u>	<u>\$ 109,165</u>	<u>\$ 1,457</u>	<u>\$ 2,343</u>	<u>\$ 661,416</u>
<u>Three months ended March 31, 2025</u>							
Balance at January 1, 2025	\$ 403,491	\$ 403,603	\$ 20,967	\$ 123,061	\$ 2,647	\$ 2,343	\$ 956,112
Profit for the period	-	-	-	32,373	-	-	32,373
Other comprehensive income for the period	-	-	-	-	1,718	-	1,718
Total comprehensive income	-	-	-	32,373	1,718	-	34,091
Balance at March 31, 2025	\$ 403,491	\$ 403,603	\$ 20,967	\$ 155,434	\$ 4,365	\$ 2,343	\$ 990,203

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

WALRUS PUMP CO., LTD. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Expressed in thousands of New Taiwan dollars)

		Three months ended March 31	
	Notes	2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 40,168	\$ 29,430
Adjustments			
Adjustments to reconcile profit (loss)			
Gain on current financial assets at fair value through profit or loss	6(2)(20)	(2,901)	-
Depreciation	6(6)(7)(21)	19,255	17,474
Amortization	6(8)(21)	709	990
Interest income	(171)	(878)
Interest expense		912	3,810
Reversal of expected credit impairment loss	12(2)	(1,497)	(40)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net	(8,882)	(1,072)
Accounts receivable, net	(11,635)	(27,211)
Other receivables	(1,654)	1,830
Inventories	(25,255)	30,345
Prepayments		805	(994)
Other current assets	(458)	(23)
Other non-current assets	(13)	(1,329)
Changes in operating liabilities			
Contract liabilities-current	(7,665)	638
Notes payable		3,989	7,445
Accounts payable		24,220	33,984
Other payables	(26,978)	(14,468)
Other current liabilities	(8,566)	(4,610)
Provisions-non-current	(902)	(647)
Other non-current liabilities	(30)	(27)
Cash (outflow) inflow generated from operations	(6,549)	74,647
Interest received		26	880
Interest paid	(670)	(3,796)
Income tax paid		-	(97)
Net cash flows (used in) from operating activities	(7,193)	71,634
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase (decrease) in financial assets at amortised cost		(18,569)	19,470
Acquisition of property, plant and equipment	6(24)	(159,565)	(66,556)
Proceeds from disposal of property, plant and equipment		-	38
Decrease in deposits received	(403)	(569)
Net cash flows used in investing activities	(178,537)	(47,617)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings	6(25)	400,000	428,291
Repayment of short-term borrowings	6(25)	(248,000)	(487,291)
Decrease in lease liabilities	6(25)	(4,572)	(2,991)
Proceeds from long-term borrowings	6(25)	105,670	28,007
Repayment of long-term borrowings	6(25)	-	(17,232)
Net cash flows from (used in) financing activities		253,098	(51,216)
Effect of exchange rate changes		1,646	1,276
Net increase (decrease) in cash and cash equivalents		69,014	(25,923)
Cash and cash equivalents at beginning of period		253,819	210,258
Cash and cash equivalents at end of period		\$ 322,833	\$ 184,335

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

WALRUS PUMP CO., LTD. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2025 AND 2024

(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 May 9, 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 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.

(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
Specific provisions of Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’	January 1, 2026

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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Specific provisions of 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 adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2024, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, 'Interim Financial Reporting' that came into effect as endorsed by the FSC.

- B. The consolidated financial statements should be read together with the consolidated financial statements for the year ended December 31, 2024.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- 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:

Basis for preparation of these consolidated financial statements are the same as that for the preparation of the consolidated financial statements as of and for the year ended December 31, 2024.

- B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Business activities	Ownership (%)			Description
			March 31, 2025	December 31, 2024	March 31, 2024	
The company	Suzhou Walrus Pump Co., Ltd.	Manufacture and sales of water-pump	100%	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) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using settlement date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair

value, and recognises the gain or loss in profit or loss.

(5) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(6) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

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

There have been no significant changes as of March 31, 2025. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2024.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Cash on hand	\$ 486	\$ 431	\$ 447
Demand and checking accounts deposits	262,679	239,058	127,542
Time deposits	<u>59,668</u>	<u>14,330</u>	<u>56,346</u>
	<u>\$ 322,833</u>	<u>\$ 253,819</u>	<u>\$ 184,335</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 and liabilities at fair value through profit or loss – current

<u>Items</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Non-hedging derivatives			
Forward foreign exchange contracts	<u>\$ 2,901</u>	<u>\$ -</u>	<u>\$ -</u>

- A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Three months ended March 31	
	2025	2024
Financial assets mandatorily measured at fair value through profit or loss		
Derivative financial instruments	\$ <u>2,901</u>	\$ <u>-</u>

- B. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

Derivative financial instruments	March 31, 2025	
	Contract amount (notional principal)	Contract period
Current items:		
Forward foreign exchange contracts		
- Buy JPY sell NTD	JPY315,115 thousand	2025.1.16 ~ 2025.9.25

- (a) As of December 31, 2024 and March 31, 2024, the Group did not enter into contracts relating to derivative financial assets which were not accounted for under hedge accounting

- (b) Forward foreign exchange contracts

The Group entered into forward foreign exchange contracts to buy (sell) foreign exchange to hedge exchange rate risk of import proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

- C. The Group has no financial assets at fair value through profit or loss pledged to others.

- D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortised cost

Items	March 31, 2025	December 31, 2024	March 31, 2024
Current items:			
Restricted demand deposits	\$ 11,600	\$ 3,031	\$ 34,635
Restricted time deposits	-	8,000	8,000
Time deposits with original maturity over three months	18,000	-	-
	<u>\$ 29,600</u>	<u>\$ 11,031</u>	<u>\$ 42,635</u>

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

	Three months ended March 31	
	2025	2024
Interest income	\$ 166	\$ 413

- 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.

(4) Notes and accounts receivable

	March 31, 2025	December 31, 2024	March 31, 2024
Notes receivable	\$ 62,221	\$ 53,339	\$ 55,357
Accounts receivable	\$ 224,436	\$ 212,800	\$ 214,210
Less: Allowance for uncollectible accounts	(754)	(2,250)	(1,985)
	\$ 223,682	\$ 210,550	\$ 212,225

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

	March 31, 2025	December 31, 2024	March 31, 2024
Not past due	\$ 220,945	\$ 208,678	\$ 195,864
Up to 90 days	3,469	4,101	18,346
91 to 180 days	22	21	-
	\$ 224,436	\$ 212,800	\$ 214,210

The above ageing analysis was based on past due date.

- B. As of March 31, 2025, December 31, 2024 and March 31, 2024, notes and accounts receivable were all from contracts with customers. As of January 1, 2024, the balance of notes and accounts receivable from contracts with customers amounted to \$241,284.
- C. The Group has no notes receivable or accounts receivable pledged to others as collateral.
- D. As at March 31, 2025, December 31, 2024 and March 31, 2024, 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 \$286,657, \$269,139 and \$269,567, respectively.
- E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

March 31, 2025			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 163,286	(\$ 11,999)	\$ 151,287
Semi-finished goods and work in progress	178,524	(9,921)	168,603
Finished goods and merchandise inventory	119,426	(1,688)	117,738
	<u>\$ 461,236</u>	<u>(\$ 23,608)</u>	<u>\$ 437,628</u>
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>
March 31, 2024			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 119,155	(\$ 15,089)	\$ 104,066
Semi-finished goods and work in progress	143,785	(9,073)	134,712
Finished goods and merchandise inventory	66,595	(2,134)	64,461
	<u>\$ 329,535</u>	<u>(\$ 26,296)</u>	<u>\$ 303,239</u>

The amount recognised as cost of goods sold for the period:

	Three months ended March 31	
	2025	2024
Cost of goods sold	\$ 306,310	\$ 260,945
Inventories retirement losses	3,225	1,232
Estimated warranty loss	1,652	1,042
Gain on reversal of decline in market value	(2,570)	(3,505)
Revenue from sale of scraps	(246)	(333)
	<u>\$ 308,371</u>	<u>\$ 259,381</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.

(6) Property, plant and equipment

	2025								
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Molding equipment	Others	Unfinished construction	Total
At January 1									
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>
Opening net book amount as at January 1	\$ 64,438	\$ 94,970	\$ 76,970	\$ 18,758	\$ 15,813	\$ 8,876	\$ 38,363	\$ 801,459	\$ 1,119,647
Additions	-	1,741	1,103	-	1,136	137	623	68,369	73,109
Reclassifications	-	-	-	-	-	-	-	1,360	1,360
Depreciation charge	-	(978)	(4,959)	(1,298)	(1,708)	(2,102)	(3,137)	-	(14,182)
Net exchange differences	-	-	58	6	6	-	9	-	79
Closing net book amount as at March 31	<u>\$ 64,438</u>	<u>\$ 95,733</u>	<u>\$ 73,172</u>	<u>\$ 17,466</u>	<u>\$ 15,247</u>	<u>\$ 6,911</u>	<u>\$ 35,858</u>	<u>\$ 871,188</u>	<u>\$ 1,180,013</u>
At March 31									
Cost	\$ 64,438	\$ 137,465	\$ 280,354	\$ 41,158	\$ 62,780	\$ 144,381	\$ 76,211	\$ 871,188	\$ 1,677,975
Accumulated depreciation	-	(41,732)	(207,182)	(23,692)	(47,533)	(137,470)	(40,353)	-	(497,962)
	<u>\$ 64,438</u>	<u>\$ 95,733</u>	<u>\$ 73,172</u>	<u>\$ 17,466</u>	<u>\$ 15,247</u>	<u>\$ 6,911</u>	<u>\$ 35,858</u>	<u>\$ 871,188</u>	<u>\$ 1,180,013</u>

	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	-	5,234	2,386	-	359	1,769	1,421	57,184	68,353
Disposals	-	-	-	-	-	(38)	-	-	(38)
Reclassifications	-	-	-	-	-	-	-	1,280	1,280
Depreciation charge	-	(783)	(4,046)	(1,187)	(2,189)	(2,332)	(2,565)	-	(13,102)
Net exchange differences	-	-	51	10	6	-	12	-	79
Closing net book amount as at									
March 31	<u>\$ 64,438</u>	<u>\$ 82,146</u>	<u>\$ 73,745</u>	<u>\$ 15,296</u>	<u>\$ 14,857</u>	<u>\$ 11,352</u>	<u>\$ 38,997</u>	<u>\$ 580,653</u>	<u>\$ 881,484</u>
At March 31									
Cost	\$ 64,438	\$ 120,230	\$ 269,713	\$ 34,131	\$ 60,300	\$ 148,410	\$ 69,534	\$ 580,653	\$ 1,347,409
Accumulated depreciation	-	(38,084)	(195,968)	(18,835)	(45,443)	(137,058)	(30,537)	-	(465,925)
	<u>\$ 64,438</u>	<u>\$ 82,146</u>	<u>\$ 73,745</u>	<u>\$ 15,296</u>	<u>\$ 14,857</u>	<u>\$ 11,352</u>	<u>\$ 38,997</u>	<u>\$ 580,653</u>	<u>\$ 881,484</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:

	Three months ended March 31	
	2025	2024
Amount capitalised	\$ 4,632	\$ 1,806
Range of the interest rates for capitalisation	2.15%~2.16%	2.02%

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

(7) 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:

	March 31, 2025	December 31, 2024	March 31, 2024
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 176,518	\$ 177,957	\$ 168,822
Buildings	42,543	47,101	55,577
Transportation equipment	4,422	4,754	5,749
	<u>\$ 223,483</u>	<u>\$ 229,812</u>	<u>\$ 230,148</u>

	Three months ended March 31	
	2025	2024
	Depreciation charge	Depreciation charge
Land	\$ 79	\$ 80
Buildings	4,662	4,016
Transportation equipment	332	276
	<u>\$ 5,073</u>	<u>\$ 4,372</u>

- D. For the three months ended March 31, 2025 and 2024, there were no additions to right-of-use assets.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	Three months ended March 31	
	2025	2024
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 425	\$ 327
Expense on short-term lease contracts	339	21
Expense on leases of low-value assets	100	103
	<u>\$ 864</u>	<u>\$ 451</u>

F. For the three months ended March 31, 2025 and 2024, 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.

(8) Intangible assets

	2025		
	Trademarks	Computer software	Total
At January 1			
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>
Opening net book amount as at January 1	\$ 1,590	\$ 5,515	\$ 7,105
Amortisation charge	-	(709)	(709)
Net exchange differences	-	1	1
Closing net book amount as at March 31	<u>\$ 1,590</u>	<u>\$ 4,807</u>	<u>\$ 6,397</u>
At March 31			
Cost	\$ 1,590	\$ 12,921	\$ 14,511
Accumulated amortisation	-	(8,114)	(8,114)
	<u>\$ 1,590</u>	<u>\$ 4,807</u>	<u>\$ 6,397</u>

	2024		
	Trademarks	Computer software	Total
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
Amortisation charge	-	(990)	(990)
Net exchange differences	-	1	1
Closing net book amount as at March 31	<u>\$ 1,590</u>	<u>\$ 7,024</u>	<u>\$ 8,614</u>
At March 31			
Cost	\$ 1,590	\$ 11,257	\$ 12,847
Accumulated amortisation	-	(4,233)	(4,233)
	<u>\$ 1,590</u>	<u>\$ 7,024</u>	<u>\$ 8,614</u>

(9) Other non-current assets

	March 31, 2025	December 31, 2024	March 31, 2024
Prepayments for equipment	\$ 75,427	\$ 52,331	\$ 12,642
Guarantee deposits paid	9,261	8,858	8,600
Net defined benefit asset	-	-	7,375
Others	4,942	4,929	7,683
	<u>\$ 89,630</u>	<u>\$ 66,118</u>	<u>\$ 36,300</u>

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

(10) Short-term borrowings

Type of borrowings	March 31, 2025	December 31, 2024	March 31, 2024	Collateral
Bank borrowings				
Secured borrowings	\$ 350,000	\$ 248,000	\$ 398,000	Note
Unsecured borrowings	50,000	-	-	None
	<u>\$ 400,000</u>	<u>\$ 248,000</u>	<u>\$ 398,000</u>	
Interest rate range	2.11%~2.35%	2.11%~2.33%	2.11%~2.63%	

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.

(11) Other payables

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Wages, salaries and bonuses payable	\$ 36,511	\$ 59,332	\$ 30,140
Employees' compensation payable	11,952	8,876	5,479
Payable on construction and equipment	10,053	73,413	9,335
Labour and health insurance payable	6,152	6,306	5,509
Pension payable	4,105	2,394	2,907
Directors' and supervisors' remuneration payable	3,415	2,536	1,593
Others	18,468	27,895	19,411
	<u>\$ 90,656</u>	<u>\$ 180,752</u>	<u>\$ 74,374</u>

(12) Long-term borrowings

<u>Type of borrowings</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>	<u>Collateral</u>
Long-term bank borrowings				
Secured borrowings	\$ 602,354	\$ 496,684	\$ 379,104	Note
Unsecured borrowings	67,000	67,000	83,528	None
	669,354	563,684	462,632	
Less: Current portion	-	-	(21,274)	
	<u>\$ 669,354</u>	<u>\$ 563,684</u>	<u>\$ 441,358</u>	
Interest rate range	2.15%	2.15%	2.15%~2.48%	

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:

- 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.
- 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.
- 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 March 31, 2025, December 31, 2024 and March 31, 2024, which were not in violation of the requirements of the syndicated borrowing contract.
- (f) As of March 31, 2025, the amount drawn down from the abovementioned credit line was \$669,354.

(13) 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) There were no employees who were subject to the old work seniority plan on January 1, 2025. 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 three months ended March 31, 2025 and 2024 were \$4,043 and \$3,459, respectively.

(14) Provisions

2025			
	Warranty	Sales discounts and allowances	Total
At January 1	\$ 13,388	\$ 8,648	\$ 22,036
Additional provisions	1,652	428	2,080
Used during the period	(1,846)	(8,648)	(10,494)
At March 31	<u>\$ 13,194</u>	<u>\$ 428</u>	<u>\$ 13,622</u>

2024			
	Warranty	Sales discounts and allowances	Total
At January 1	\$ 9,202	\$ 6,572	\$ 15,774
Additional provisions	1,042	1,409	2,451
Used during the period	(1,242)	(6,572)	(7,814)
At March 31	<u>\$ 9,002</u>	<u>\$ 1,409</u>	<u>\$ 10,411</u>

Analysis of total provisions:

	March 31, 2025	December 31, 2024	March 31, 2024
Current (shown as other current liabilities, others)	<u>\$ 7,782</u>	<u>\$ 15,294</u>	<u>\$ 3,006</u>
Non-current	<u>\$ 5,840</u>	<u>\$ 6,742</u>	<u>\$ 7,405</u>

(15) Share capital

- A. As of March 31, 2025, 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 three months ended March 31, 2025 and 2024 are as follows:

	2025	2024
At January 1 (March 31)	40,349	35,349

The Company had the same number of outstanding shares at January 1 and March 31.

(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

- 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 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>	

- D. 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>	

The appropriations of 2024 have not yet been resolved by the shareholders at their meeting as of May 9, 2025.

(18) Operating revenue

	Three months ended March 31	
	2025	2024
Revenue from contracts with customers	<u>\$ 429,431</u>	<u>\$ 364,432</u>

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

	Sales regions			
Three months ended March 31, 2025	Taiwan	Mainland China	Other regions	Total
Revenue from contracts with customers	<u>\$ 290,428</u>	<u>\$ 31,731</u>	<u>\$ 107,272</u>	<u>\$ 429,431</u>

	Sales regions			
Three months ended March 31, 2024	Taiwan	Mainland China	Other regions	Total
Revenue from contracts with customers	<u>\$ 247,989</u>	<u>\$ 24,957</u>	<u>\$ 91,486</u>	<u>\$ 364,432</u>

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

	March 31, 2025	December 31, 2024	March 31, 2024
Current contract liabilities	<u>\$ 583</u>	<u>\$ 8,248</u>	<u>\$ 9,359</u>

C. The revenue recognised that was included in the contract liability balance at the beginning of the three months ended March 31, 2025 and 2024 was \$8,139 and \$2,536, respectively.

(19) Other income

	Three months ended March 31	
	2025	2024
Government grants revenue	\$ 36	\$ 358
Other income	233	137
	<u>\$ 269</u>	<u>\$ 495</u>

(20) Other gains and losses

	Three months ended March 31	
	2025	2024
Net currency exchange gains	\$ 1,923	\$ 5,313
Gain on disposal of property, plant and equipment	2,901	-
Other losses	(34)	(30)
	<u>\$ 4,790</u>	<u>\$ 5,283</u>

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

	Three months ended March 31, 2025		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 34,947	\$ 46,437	\$ 81,384
Labour and health insurance fees	3,868	4,697	8,565
Pension costs	1,911	2,132	4,043
Other personnel expenses	2,546	3,377	5,923
	<u>\$ 43,272</u>	<u>\$ 56,643</u>	<u>\$ 99,915</u>
Depreciation charge	<u>\$ 11,156</u>	<u>\$ 8,099</u>	<u>\$ 19,255</u>
Amortisation charge	<u>\$ 23</u>	<u>\$ 686</u>	<u>\$ 709</u>

	Three months ended March 31, 2024		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 27,191	\$ 39,058	\$ 66,249
Labour and health insurance fees	3,164	3,322	6,486
Pension costs	1,633	1,826	3,459
Other personnel expenses	2,198	3,115	5,313
	<u>\$ 34,186</u>	<u>\$ 47,321</u>	<u>\$ 81,507</u>
Depreciation charge	<u>\$ 9,566</u>	<u>\$ 7,908</u>	<u>\$ 17,474</u>
Amortisation charge	<u>\$ 68</u>	<u>\$ 922</u>	<u>\$ 990</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 three months ended March 31, 2025 and 2024, employees' compensation and directors' remuneration were accrued as follows:

	Three months ended March 31	
	2025	2024
Employees' compensation	\$ 3,076	\$ 1,207
Directors' remuneration	879	483
	<u>\$ 3,955</u>	<u>\$ 1,690</u>

The aforementioned amounts were recognised in salary expenses.

Employees' compensation of \$8,876 and directors' remuneration of \$2,536 for 2024 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2024 financial statements. The employees' compensation and directors' and supervisors' remuneration will be distributed in the form of cash.

Information about employees' compensation and directors' 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

	Three months ended March 31	
	2025	2024
Current tax:		
Current tax on profits for the period	\$ 7,021	\$ 2,808
Total current tax	7,021	2,808
Deferred tax:		
Origination and reversal of temporary differences	774	3,239
Income tax expense	\$ 7,795	\$ 6,047

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

(23) Earnings per share

	Three months ended March 31, 2025		
	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	\$ 32,373	40,349	\$ 0.80
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	139	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 32,373	40,488	\$ 0.80

Three months ended March 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	\$ 23,383	35,349	\$ <u>0.66</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	83	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ <u>23,383</u>	<u>35,432</u>	\$ <u>0.66</u>

(24) Supplemental cash flow information

Investing activities with partial cash payments

	Three months ended March 31	
	2025	2024
Purchase of property, plant and equipment	\$ 73,109	\$ 68,353
Add: Ending balance of prepayments for equipment	73,413	29,261
Opening balance of payable on construction and equipment	75,427	12,642
Less: Ending balance of payable on construction and equipment	(10,053)	(9,335)
Opening balance of prepayments for equipment	(52,331)	(34,365)
Cash paid during the period	\$ <u>159,565</u>	\$ <u>66,556</u>

(25) Changes in liabilities from financing activities

2025				
	Short-term borrowings	Long-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1	\$ 248,000	\$ 563,684	\$ 178,663	\$ 990,347
Changes in cash flow from financing activities	152,000	105,670	(4,572)	253,098
Net exchange differences	-	-	111	111
At March 31	<u>\$ 400,000</u>	<u>\$ 669,354</u>	<u>\$ 174,202</u>	<u>\$ 1,243,556</u>
2024				
	Short-term borrowings	Long-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1	\$ 457,000	\$ 451,857	\$ 180,177	\$ 1,089,034
Changes in cash flow from financing activities	(59,000)	10,775	(2,991)	(51,216)
Net exchange differences	-	-	147	147
At March 31	<u>\$ 398,000</u>	<u>\$ 462,632</u>	<u>\$ 177,333</u>	<u>\$ 1,037,965</u>

7. Related Party Transactions

(1) Names of related parties and relationship

Company name	Relationship with the Company
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

Three months ended March 31			
	March 31, 2025	December 31, 2024	March 31, 2024
You Chang Investment	<u>\$ 31,113</u>	<u>\$ 33,941</u>	<u>\$ 42,427</u>

(c) Lease liabilities

(i) Outstanding balance:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
You Chang Investment	<u>\$ 32,227</u>	<u>\$ 35,084</u>	<u>\$ 43,582</u>

(ii) Interest expense

	<u>Three months ended March 31</u>	
	<u>2025</u>	<u>2024</u>
You Chang Investment	<u>\$ 143</u>	<u>\$ 191</u>

B. Endorsements and guarantees provided to related parties:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Raymond Huang and Amy Huang	<u>\$ 1,069,354</u>	<u>\$ 811,684</u>	<u>\$ 860,632</u>

(3) Key management compensation

	<u>Three months ended March 31</u>	
	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 14,142	\$ 11,868
Post-employment benefits	614	500
Other long-term benefits	578	619
	<u>\$ 15,334</u>	<u>\$ 12,987</u>

8. Pledged Assets

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

<u>Pledged asset</u>	<u>Book value</u>	<u>Book value</u>	<u>Book value</u>	<u>Purpose</u>
	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>	
Financial assets at amortised cost-current	\$ 11,600	\$ 11,031	\$ 42,635	Guarantee for short-term borrowings
Land	64,438	64,438	64,438	Guarantee for long term and short-term borrowings
Buildings and structures	95,733	94,970	82,146	Guarantee for long term and short-term borrowings
Unfinished construction	658,932	597,899	374,533	Guarantee for long-term borrowings
Right-of-use assets	207,578	211,766	210,878	Guarantee for long term and short-term borrowings
Guarantee deposits paid (shown as other non-current assets)	9,261	8,858	8,600	Performance guarantee
	<u>\$ 1,047,542</u>	<u>\$ 988,962</u>	<u>\$ 783,230</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:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Property, plant and equipment	<u>\$ 207,916</u>	<u>\$ 268,950</u>	<u>\$ 404,133</u>

In 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 construction contracts.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

On May 9, 2025, the Company's Board of Directors approved the issuance of the first and the second domestic unsecured convertible bonds. The maximum issuance of bonds totaled 5,000 bonds, with a face value of NT\$100 thousand (in dollars) per share. The issuance period is three years, with a coupon rate of 0%. The first domestic unsecured convertible bonds are issued at 100% of the face value and publicly offered through a book-building process. However, the second domestic unsecured convertible bonds are issued at no less than the face value, and the actual issuance amount was determined by the result of a competitive auction.

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>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Financial assets</u>			
Financial assets mandatorily measured at fair value through profit or loss	\$ 2,901	\$ -	\$ -
Financial assets at amortised cost			
Cash and cash equivalents	322,833	253,819	184,335
Financial assets at amortised cost	29,600	11,031	42,635
Notes receivable	62,221	53,339	55,357
Accounts receivable	223,682	210,550	212,225
Other receivables	6,047	4,248	998
Guarantee deposits paid (shown as other non-current assets)	9,261	8,858	8,600
	<u>\$ 656,545</u>	<u>\$ 541,845</u>	<u>\$ 504,150</u>

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 400,000	\$ 248,000	\$ 398,000
Notes payable	11,991	8,002	12,552
Accounts payable	236,799	212,579	157,330
Other accounts payable	90,656	180,752	74,374
Long-term borrowings (including current portion)	669,354	563,684	462,632
	<u>\$ 1,408,800</u>	<u>\$ 1,213,017</u>	<u>\$ 1,104,888</u>
Lease liability	<u>\$ 174,202</u>	<u>\$ 178,663</u>	<u>\$ 177,333</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 its 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. Group manages credit risk of cash in banks and other financial instruments based on the Company's credit policy. Only rated banks with an optimal rating and financial institutes with investment grade are accepted.

- v. 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.

- vi. 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.

- vii. 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 March 31, 2025, December 31, 2024 and March 31, 2024, 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 March 31, 2025</u>				
Expected loss rate	0.23%~0.42%	1.89%~50.81%	100.00%	
Total book value	\$ 220,945	\$ 3,469	\$ 22	\$ 224,436
Loss allowance	(609)	(123)	(22)	(754)

	<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>Not past due</u>	<u>Up to 90 days past due</u>	<u>Over 91 days past due</u>	<u>Total</u>
<u>At March 31, 2024</u>				
Expected loss rate	0.50%~0.67%	2.62%~23.47%	100.00%	
Total book value	\$ 195,864	\$ 18,346	\$ -	\$ 214,210
Loss allowance	(1,281)	(704)	-	(1,985)

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

	2025	2024
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ 2,250	\$ 2,025
Provision for impairment	(1,497)	(40)
Net exchange differences	<u>1</u>	<u>-</u>
At March 31	<u>\$ 754</u>	<u>\$ 1,985</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>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Expiring within one year	\$ 336,900	\$ 485,000	\$ 266,000
Expiring beyond one year	<u>482,646</u>	<u>538,316</u>	<u>412,392</u>
	<u>\$ 819,546</u>	<u>\$ 1,023,316</u>	<u>\$ 678,392</u>

- iii. Except for those listed in the table below, the Group's non-derivative financial liabilities will expire within 1 year. As of March 31, 2025, December 31, 2024 and March 31, 2024, 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.

March 31, 2025	<u>Within one year</u>	<u>Beyond one year</u>	<u>Total</u>
<u>Non-derivative financial</u>			
Short-term borrowings	\$ 404,241	\$ -	\$ 404,241
Lease liability	\$ 26,112	\$ 197,745	\$ 223,857
Long-term borrowings (including current portion)	\$ 15,078	\$ 730,466	\$ 745,544
December 31, 2024	<u>Within one year</u>	<u>Beyond one year</u>	<u>Total</u>
<u>Non-derivative financial</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
March 31, 2024	<u>Within one year</u>	<u>Beyond one year</u>	<u>Total</u>
<u>Non-derivative financial</u>			
Short-term borrowings	\$ 401,217	\$ -	\$ 401,217
Lease liability	\$ 22,671	\$ 200,702	\$ 223,373
Long-term borrowings (including current portion)	\$ 21,753	\$ 496,986	\$ 518,739

(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. The Group's investment in derivative financial instruments are included in Level 2.

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, current financial assets at amortised cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings (including current portion) and lease liabilities are approximate to their fair values.

- C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at March 31, 2025 and 2024 are as follows:

March 31, 2025	Level 1	Level 2	Level 3
<u>Non-recurring fair value measurements</u>			
Financial assets mandatorily measured at fair value through profit or loss			
Non-hedging derivatives			
Forward foreign exchange contracts	\$ 2,109	\$ -	\$ -

There was no such transaction as of December 31, 2024 and March 31, 2024.

D. For the three months ended March 31, 2025 and 2024, there was no transfer between Level 1 and Level 2.

E. For the three months ended March 31, 2025 and 2024, there were no financial and non-financial instruments in Level 3, and there was no transfer into or out from Level 3.

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of significant marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.
- D. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- E. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- F. 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 1.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

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 assets and total liabilities figures for making operational decisions.

Three months ended March 31, 2025	Taiwan			Greater China Region	International Business Unit	Total
	Home Business Unit	Industrial Business Unit	Others			
Segment revenue	\$ 229,881	\$ 44,206	\$ -	\$ 31,731	\$ 123,613	\$ 429,431
Segment profit	\$ 25,671	(\$ 10,674)	(\$ 217)	\$ 1,964	\$ 19,106	\$ 35,850
Interest income and other income						440
Other gains and losses						4,790
Financial cost						(912)
Profit before income tax						40,168
Income tax expense						(7,795)
Profit for the period						\$ 32,373

Three months ended March 31, 2024	Taiwan			Greater China Region	International Business Unit	Total
	Home Business Unit	Industrial Business Unit	Others			
Segment revenue	\$ 206,127	\$ 41,862	\$ -	\$ 24,957	\$ 91,486	\$ 364,432
Segment profit	\$ 18,320	-\$ 9,584	\$ 2,842	\$ 193	\$ 14,813	\$ 26,584
Interest income and other income						1,373
Other gains and losses						5,283
Financial cost						(3,810)
Profit before income tax						29,430
Income tax expense						(6,047)
Profit for the period						\$ 23,383

(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.

Walrus Pump Co., Ltd. And Subsidiaries
Information on investments in Mainland China
Three months ended March 31, 2025

Table 1

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 January 1, 2025	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three months ended March 31, 2025		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2025	Net income of investee for the three months ended March 31, 2025	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2025 (Note 2)	Book value of investments in Mainland China as of March 31, 2025	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2025	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Suzhou Walrus	Manufacture and sales of water-pump	\$ 83,013 (USD 2,500 thousand)	(1)	\$ 43,167 (USD 1,300 thousand)	\$ -	\$ -	\$ 43,167 (USD 1,300千元)	\$ 1,447	100%	\$ 1,447	\$ 83,209	\$ -	
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2025	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	\$ 43,167 (USD 1,300 thousand)	\$ 83,013 (USD 2,500 thousand)	\$ 594,122										

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 \$33.205 as of the balance sheet date.