

English Translation of Financial Statements and a Report Originally Issued in Chinese

Ticker: 5288

**EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REVIEW REPORT OF INDEPENDENT AUDITORS
AS OF MARCH 31, 2025 AND 2024
AND FOR THE THREE-MONTH PERIODS THEN ENDED**

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The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

English Translation of Financial Statements and a Report Originally Issued in Chinese

Consolidated financial statements

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English Translation of a Report Originally Issued in Chinese
REVIEW REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders
of Eurocharm Holdings Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Eurocharm Holdings Co., Ltd. (the "Company") and its subsidiaries as of March 31, 2025 and 2024, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2025 and 2024 and the notes to the consolidated financial statements, including the summary of material accounting policies (together "the consolidated financial statements"). 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" as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, 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 conducted in accordance with the Standards on Auditing of the Republic of China 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.

Basis for Qualified Conclusion

As disclosed in Note 6(7), the financial statements of certain associates and joint ventures accounted for under the equity method were not reviewed by independent auditors. Those associates and joint ventures under equity method amounted to NT\$558,597 thousand and NT\$544,517 thousand as of March 31, 2025 and 2024, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to NT\$2,367 thousand and NT\$5,151 thousand, and the related shares of other comprehensive income from the associates and joint ventures under the equity method amounted to NT\$(936) thousand and NT\$9,686 thousand for the three-month periods ended March 31, 2025 and 2024, respectively. The information related to above-mentioned associates and joint ventures accounted for under the equity method disclosed in Note 13 was not reviewed by independent auditors.

Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain associates and joint ventures accounted for using equity method and the information disclosed in Note 13 been reviewed by independent auditors described in the preceding paragraph, 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 Company and its subsidiaries as of March 31, 2025 and 2024, and their consolidated financial performance and cash flows for the three-month periods ended March 31, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Chen, Kuo-Shuai

Chang, Chi-Ming

Ernst & Young, Taiwan

May 6, 2025

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices in the Republic of China and not those of any other jurisdictions. The standards, procedures and practice to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or the Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young 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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
 EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS
 As of March 31, 2025, December 31, 2024 and March 31, 2024
 (Amounts Expressed in Thousands of New Taiwan Dollars)

Assets		As of		
Accounts	Notes	March 31, 2025	December 31, 2024	March 31, 2024
Current assets				
Cash and cash equivalents	6(1)	\$972,593	\$1,067,079	\$701,082
Financial assets at fair value through profit or loss	6(2), 6(14)	-	20	38
Financial assets measured at amortized cost	6(3)	497,325	286,642	605,466
Trade receivables	6(4), 6(20), 8	949,469	932,320	913,045
Trade receivables-related parties	6(4), 6(20), 7	238,641	206,858	289,829
Other receivables		23,436	26,693	8,503
Other receivables-related parties	7	12,270	2,992	4,360
Current tax assets	6(25)	94	-	637
Inventories	6(5), 8	681,784	754,997	750,255
Prepayments	7	64,674	71,432	82,304
Other current assets		53,913	67,827	83,005
Total current assets		3,494,199	3,416,860	3,438,524
Non-current assets				
Financial assets measured at fair value through other comprehensive income	6(6)	95,705	95,705	95,705
Financial assets measured at amortized cost	6(3)	697,392	708,782	136,223
Investment accounted for under the equity method	6(7)	558,597	559,101	544,517
Property, plant and equipment	6(8), 7, 8	1,954,292	2,030,944	2,110,036
Right-of-use assets	6(23), 7	692,035	703,706	667,389
Investment property	6(9)	96,878	89,295	83,090
Intangible assets	6(10)	11,126	12,112	6,088
Deferred tax assets	6(25)	1,743	1,743	1,979
Other non-current assets	6(11)	9,440	9,384	5,655
Total non-current assets		4,117,208	4,210,772	3,650,682
Total assets		\$7,611,407	\$7,627,632	\$7,089,206

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
 EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS - (CONTINUED)
 As of March 31, 2025, December 31, 2024 and March 31, 2024
 (Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity		As of		
Accounts	Notes	March 31, 2025	December 31, 2024	March 31, 2024
Current liabilities				
Short-term borrowings	6(12), 8	\$-	\$-	\$119,021
Contract liabilities	6(19)	44,667	46,279	72,964
Trade payables		429,848	\$512,217	470,435
Trade payables-related parties	7	28,931	37,336	27,584
Other payables	6(13)	855,523	405,174	773,999
Current tax liabilities	6(25)	234,411	225,907	197,208
Lease liabilities	6(23)	-	-	1,616
Lease liabilities-related parties	6(23), 7	1,431	1,904	1,877
Other current liabilities		1,878	2,095	1,875
Current portion of bonds payable	6(14)	53,817	202,005	-
Refund liabilities		31,595	31,855	31,524
Total current liabilities		1,682,101	1,464,772	1,698,103
Non-current liabilities				
Bonds payable	6(14)	-	-	366,743
Deferred tax liabilities	6(25)	19,975	20,342	19,544
Lease liabilities-related parties	6(23), 7	-	-	1,431
Other non-current liabilities	6(15)	15,943	15,504	13,702
Total non-current liabilities		35,918	35,846	401,420
Total liabilities		1,718,019	1,500,618	2,099,523
Equity attributable to shareholders of the parent				
Capital	6(17)			
Common stock		691,480	680,975	666,824
Capital surplus	6(17)	1,316,548	1,180,782	989,146
Retained earnings	6(17)			
Legal reserve		434,441	434,441	321,016
Special reserve		81,875	81,875	233,118
Unappropriated Earnings		3,455,423	3,788,311	2,866,436
Other components of equity		(99,981)	(53,445)	(101,982)
Non-controlling interests	6(17), 6(27)	13,602	14,075	15,125
Total equity		5,893,388	6,127,014	4,989,683
Total liabilities and equity		\$7,611,407	\$7,627,632	\$7,089,206

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

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three-month periods ended March 31, 2025 and 2024

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Description	Notes	For the 3-month periods ended March 31,	
		2025	2024
Operating revenues	6(19), 7	\$1,892,248	\$1,775,154
Operating costs	6(21), 7	(1,457,709)	(1,390,596)
Gross profit		434,539	384,558
Realized sales profit		(13)	25
Gross profit, net		434,526	384,583
Operating expenses	6(21), 7		
Sales and marketing		(38,772)	(27,484)
General and administrative		(79,591)	(67,040)
Research and development		(21,324)	(22,613)
Expected credit losses	6(20)	(26)	-
Operating expenses total		(139,713)	(117,137)
Operating income		294,813	267,446
Non-operating incomes and expenses			
Interest income	6(22)	15,831	4,041
Other incomes	6(22), 7	16,678	24,268
Other gains and losses	6(22), 7	18,663	40,968
Finance costs	6(22), 7	(627)	(5,239)
Share of profit or loss of associates and joint ventures accounted for under the equity method	6(7)	2,367	5,151
Non-operating incomes and expenses total		52,912	69,189
Income before income tax		347,725	336,635
Income tax expense	6(25)	(89,038)	(77,368)
Net income		258,687	259,267
Other comprehensive income (loss)	6(24)		
May be reclassified to profit or loss in subsequent periods:			
Exchange differences arising on translation of foreign operations		(49,149)	179,222
Share of other comprehensive income of associates and joint ventures accounted for under the equity method		(936)	9,686
Total other comprehensive income, net of tax		(50,085)	188,908
Total comprehensive income		\$208,602	\$448,175
Net income (loss) attributable to:			
Stockholders of the parent		\$259,045	\$260,200
Non-controlling interests		(358)	(933)
		\$258,687	\$259,267
Total comprehensive income (loss) attributable to:			
Stockholders of the parent		\$209,075	\$448,575
Non-controlling interests		(473)	(400)
		\$208,602	\$448,175
Earnings per share-basic (in NTD)	6(26)	\$3.78	\$3.91
Earnings per share-diluted (in NTD)	6(26)	\$3.71	\$3.77

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

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the three-month periods ended March 31, 2025 and 2024
(Amounts Expressed in Thousands of New Taiwan Dollar)

Description	Equity Attributable to Shareholders of the Parent								Non-controlling Interests	Total Equity
	Share capital		Retained Earnings			Other Components of equity		Total		
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unearned Employee Benefit			
Balance as of January 1, 2024	\$664,729	\$962,026	\$321,016	\$233,118	\$3,125,389	\$(290,357)	\$-	\$5,015,921	\$15,525	\$5,031,446
Appropriation and distribution of 2023 earnings:										
Cash dividends-common shares					(519,153)			(519,153)		(519,153)
Net income for the first quarter of 2024					260,200			260,200	(933)	259,267
Other comprehensive income (loss) for the first quarter of 2024						188,375		188,375	533	188,908
Total comprehensive income (loss)	-	-	-	-	260,200	188,375	-	448,575	(400)	448,175
Conversion of convertible bonds	2,095	27,120						29,215		29,215
Balance as of March 31, 2024	<u>\$666,824</u>	<u>\$989,146</u>	<u>\$321,016</u>	<u>\$233,118</u>	<u>\$2,866,436</u>	<u>\$(101,982)</u>	<u>\$-</u>	<u>\$4,974,558</u>	<u>\$15,125</u>	<u>\$4,989,683</u>
Balance as of January 1, 2025	\$680,975	\$1,180,782	\$434,441	\$81,875	\$3,788,311	\$(38,764)	\$(14,681)	\$6,112,939	\$14,075	\$6,127,014
Appropriation and distribution of 2024 earnings:										
Cash dividends-common shares					(591,933)			(591,933)		(591,933)
Net income for the first quarter of 2025					259,045			259,045	(358)	258,687
Other comprehensive income (loss) for the first quarter of 2025						(49,970)		(49,970)	(115)	(50,085)
Total comprehensive income (loss)	-	-	-	-	259,045	(49,970)	-	209,075	(473)	208,602
Conversion of convertible bonds	10,625	138,063						148,688		148,688
Share-based payment	(120)	(2,297)					3,434	1,017		1,017
Balance as of March 31, 2025	<u>\$691,480</u>	<u>\$1,316,548</u>	<u>\$434,441</u>	<u>\$81,875</u>	<u>\$3,455,423</u>	<u>\$(88,734)</u>	<u>\$(11,247)</u>	<u>\$5,879,786</u>	<u>\$13,602</u>	<u>\$5,893,388</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three-month periods ended March 31, 2025 and 2024

(Amounts Expressed in Thousands of New Taiwan Dollars)

Items	For the 3-month periods ended March 31,		Items	For the 3-month periods ended March 31,	
	2025	2024		2025	2024
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	\$347,725	\$336,635	Decrease (increase) in financial assets measured at amortized cost	(199,293)	(232,082)
Adjustments to reconcile net income before tax to net cash provided by (used in) operating activities:			Acquisition of property, plant and equipment	(32,835)	(88,480)
Depreciation (include investment property)	75,903	70,368	Proceeds from disposal of property, plant and equipment	7,912	-
Amortization	899	744	Increase in refundable deposits	-	(13)
Expected credit losses	26	-	Acquisition of intangible assets	-	(54)
Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	(100)	(21)	Net cash provided by (used in) investing activities	(224,216)	(320,629)
Interest expense	627	5,239	Cash flows from financing activities:		
Interest income	(15,831)	(4,041)	Increase in (repayment of) short-term borrowings	-	(241,438)
Share-based payments	2,253	-	Increase (decrease) in guarantee deposits	439	1,471
Share of profit or loss of associates and joint ventures accounted for under the equity method	(2,367)	(5,151)	Repayment of lease liability principal	(480)	(1,462)
Loss (gain) on disposal of property, plant and equipment	(243)	-	Repurchase of restricted shares from employees	(1,236)	-
Unrealized (realized) sales profit	13	(25)	Net cash provided by (used in) financing activities	(1,277)	(241,429)
Changes in operating assets and liabilities:			Effect of exchange rate changes	(26,279)	80,481
Trade receivables	(16,701)	(142,830)	Net increase (decrease) in cash and cash equivalents	(94,486)	(272,966)
Trade receivables-related parties	(31,783)	(30,959)	Cash and cash equivalents at beginning of period	1,067,079	974,048
Other receivables	5,833	(1,130)	Cash and cash equivalents at end of period	\$972,593	\$701,082
Other receivables-related parties	(9,278)	(669)			
Inventories	74,215	(16,659)			
Prepayments	6,758	(13,248)			
Other current assets	13,914	(35,104)			
Contract liabilities	(1,612)	14,908			
Trade payables	(82,369)	122,927			
Trade payables-related parties	(8,405)	1,416			
Other payables	(135,228)	(95,461)			
Other current liabilities	(217)	197			
Net defined benefit liabilities	(95)	(121)			
Refund liabilities	(260)	1,064			
Cash generated from (used in) operations	223,677	208,079			
Interest received	13,144	5,819			
Interest paid	-	(4,125)			
Income tax paid	(79,535)	(1,162)			
Net cash provided by (used in) operating activities	157,286	208,611			

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

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of March 31, 2025 and 2024 and for the three-month periods then ended

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. HISTORY AND ORGANIZATION

Eurocharm Holdings Co., Ltd. ("the Company") was incorporated on July 18, 2011. The Company's subsidiaries are engaged in manufacturing and selling motorcycle and auto equipment parts, medical equipment, machine parts, and providing assembling services.

The Company's common shares were publicly listed on the Taiwan Stock Exchange (TWSE) on September 23, 2014 and started trading on September 25, 2014. The Company's registered office is at PO Box 472, 2nd Floor, Harbour Place, 103 South Church Street, George Town KY1-1106, Grand Cayman, Cayman Islands. The main business locations are Khai Quang Industrial Zone, Vinh Yen City, Vinh Phuc Province, Vietnam and No.15, Ln. 315 and Xinshu Rd., Xinzhuang Dist., New Taipei City, Taiwan (R.O.C.)

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the three-month periods ended March 31, 2025 and 2024 were authorized for issue by the board of directors on May 6, 2025.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

- (1) Changes in accounting policies resulting from applying for the first-time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2025. The adoption of these new standards and amendments and interpretations of initial application has no material impact on the Group.

- (2) The Q&A related to the early application of certain amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" issued by the FSC, which has not yet been adopted by the Group as at the date when the Group's financial statements were authorized for issue.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

In the Q&A, only Section 4.1 (Classification of Financial Assets) of the application guidance is allowed to early adopt from January 1, 2025. Additionally, entities must also comply with the requirements of paragraphs 20B, 20C and 20D of IFRS 7 and disclose the fact of early adoption of these amendments in the financial statements.

(3) Standards or interpretations issued, revised, or amended, by International Accounting Standards Board (“IASB”) which have been not endorsed by FSC, and not yet adopted by the Group as at the date when the Group’s financial statements were authorized for issue, are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
d	Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)	January 1, 2027
e	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	January 1, 2026
f	Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
g	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	January 1, 2026

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(A) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

(B) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation, and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

IFRS 17 was issued in May 2017, and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(C) IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 replaces IAS 1 Presentation of Financial Statements. The main changes are as below:

(a) Improved comparability in the statement of profit or loss (income statement)

IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit or loss. The improved structure and new subtotals will give investors a consistent starting point for analyzing entities’ performance and make it easier to compare entities.

(b) Enhanced transparency of management-defined performance measures

IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance measures.

(c) Useful grouping of information in the financial statements

IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(D) Disclosure Initiative– Subsidiaries without Public Accountability: Disclosures (IFRS 19)

This standard permits subsidiaries without public accountability to provide reduced disclosures when applying IFRS Accounting Standards in their financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

(E) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The amendments include:

- (a) Clarify that a financial liability is derecognised on the settlement date and describe the accounting treatment for settlement of financial liabilities using an electronic payment system before the settlement date.
- (b) Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.
- (c) Clarify the treatment of non-recourse assets and contractually linked instruments.
- (d) Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

(F) Annual Improvements to IFRS Accounting Standards – Volume 11

(a) Amendments to IFRS 1

The amendments mainly improve the consistency in wording between first-time adoption of IFRS and requirements for hedge accounting in IFRS 9.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Amendments to IFRS 7

The amendments update an obsolete cross-reference relating to gain or loss on derecognition.

(c) Amendments to Guidance on implementing IFRS 7

The amendments improve some of the wordings in the implementation guidance, including the introduction, disclosure of deferred difference between fair value and transaction price and credit risk disclosures.

(d) Amendments to IFRS 9

The amendments add a cross-reference to resolve potential confusion for a lessee applying the derecognition requirements and clarify the term “transaction price”.

(e) Amendments to IFRS 10

The amendments remove the inconsistency between paragraphs B73 and B74 of IFRS 10.

(f) Amendments to IAS 7

The amendments remove a reference to “cost method” in paragraph 37 of IAS 7.

(G) Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

The amendments include:

- (a) Clarify the application of the ‘own-use’ requirements.
- (b) Permit hedge accounting if these contracts are used as hedging instruments.
- (c) Add new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the new or amended standards and interpretations listed under (c), it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The consolidated financial statements of the Group for the three-month periods ended March 31, 2025 and 2024 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS 34 Interim Financial Reporting as endorsed and became effective by the FSC.

Except for the following 4(3)~4(5), the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2024. For more details, please refer to Note 4 of the Company's consolidated financial statements for the year ended December 31, 2024.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are presented in thousands of New Taiwan Dollars ("NT\$") unless otherwise specified.

(3) Basis of consolidation

The same principles of consolidation have been applied in the Group's consolidated financial statements as those applied in the Group's consolidated financial statements for the year ended December 31, 2024. For the principles of consolidation, please refer to Note 4(3) of the Group's consolidated financial statements for the year ended December 31, 2024.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			As of		
			Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
The Company	Eurocharm Innovation Co., Ltd. (B.V.I.)	Investment activities	100%	100%	100%
The Company	Eurocharm America LLC.	Trading activities, warehouse and logistic service	100%	100%	100%
The Company	Zhangu Technology Co., Ltd	Investment activities	100%	-	-
Eurocharm Innovation Co., Ltd. (B.V.I.)	Eurocharm Innovation Co., Ltd.	Manufacturing and sales of motor parts and medical equipment	100%	100%	100%
Eurocharm Innovation Co., Ltd. (B.V.I.)	Vietnam Precision Industrial No.1 Co., Ltd.	Manufacturing and sales of motor parts and medical equipment	100%	100%	100%
Eurocharm Innovation Co., Ltd. (B.V.I.)	Eurocharm Innovation (HK) Co., Limited	Trading activities	100%	100%	100%
Eurocharm Innovation Co., Ltd. (B.V.I.)	Vietnam Eurocharm Ways Plastics Company Limited.	Plastic dipping and processing	55%	55%	55%
Eurocharm Innovation Co., Ltd.	ECM Asset Management LLC	Investment activities	100% (Note)	-	-

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Note : ECM Asset Management LLC, which is 100% held by Eurocharm Innovation Co., Ltd., was registered in January 2025. As of March 31, 2025, the investment amounts has not been remitted.

(4) Post-employment benefits

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

(5) Income taxes

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. Only current income tax expense is using the estimated average annual effective income tax rate while deferred income tax is recognized and measured in consistent with annual financial reporting in accordance with IAS 12, "Income Tax." The impact of tax rate change in the interim period, if any, is recognized in earnings, other comprehensive income or directly equity.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The same significant accounting judgments, estimates and assumptions have been applied in the Group's consolidated financial statements for the three-month period ended March 31, 2025 as those applied in the Group's consolidated financial statements for the year ended December 31, 2024. For significant accounting judgments, estimates and assumptions, please refer to Note 5 to the Group's consolidated financial statements for the year ended December 31, 2024.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Cash on hand	\$1,559	\$1,743	\$1,067
Checking and saving	681,844	416,292	545,474
Time deposits (Note)	289,190	649,044	154,541
Total	<u>\$972,593</u>	<u>\$1,067,079</u>	<u>\$701,082</u>

Note: The contract will expire within three month and it must be readily convertible to a know amount of cash and be subject to an insignificant risk of changes in a value.

(2) Financial assets at fair value through profit or loss

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Financial assets at fair value through profit or loss			
Embedded derivatives	<u>\$-</u>	<u>\$20</u>	<u>\$38</u>

The embedded derivative financial instruments (the issuer's redemption options) on the bonds payable which amounted to NT\$0, NT\$20 thousand and NT\$38 thousand were recognized as current financial assets at fair value through profit or loss as of March 31, 2025, December 31, 2024 and March 31, 2024, respectively.

No financial assets at fair value through profit or loss was pledged as collateral.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Financial assets measured at amortized cost

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Time deposits	\$1,194,717	\$995,424	\$741,689
Current	\$497,325	\$286,642	\$605,466
Non-current	697,392	708,782	136,223
Total	\$1,194,717	\$995,424	\$741,689

The Group classifies certain of its financial assets as financial assets measured at amortized cost, which were not pledged. Please refer to Note 12 for more details on credit risk.

(4) Trade receivables and trade receivables-related parties

(a) Details of trade receivables and trade receivables-related are listed below:

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Trade receivables	\$1,007,296	\$990,621	\$970,742
Less: loss allowance	(57,827)	(58,301)	(57,697)
Subtotal	949,469	932,320	913,045
Trade receivables from related parties	238,641	206,858	289,829
Less: loss allowance	-	-	-
Subtotal	238,641	206,858	289,829
Total	\$1,188,110	\$1,139,178	\$1,202,874

(b) Please refer to Note 8 for more details on trade receivables under pledge.

(c) Trade receivables are generally on 15~90 days terms. The total carrying amounts were NT\$1,245,937 thousand, NT\$1,197,479 thousand and NT\$1,260,571 thousand as of March 31, 2025, December 31, 2024 and March 31, 2024, respectively. Please refer to Note 6(20) for more details on loss allowance of trade receivables for the three-month periods ended March 31, 2025 and 2024, respectively. Please refer to Note 12 for more details on credit risk.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5) Inventories

(a) Details of inventories are listed below:

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Raw materials and Supplies	\$290,610	\$275,342	\$213,710
Work in progress	171,428	247,715	290,203
Finished goods	219,571	231,776	245,100
Merchandises	175	164	1,242
Total	<u>\$681,784</u>	<u>\$754,997</u>	<u>\$750,255</u>

(b) The cost of inventories recognized in expenses amounted to NT\$1,457,709 thousand and NT\$1,390,596 thousand for the three-month periods ended March 31, 2025 and 2024, respectively.

The following losses were included in cost of sale:

	For the three-month period ended March 31,	
	2025	2024
Loss in inventory write-off obsolescence	<u>\$1</u>	<u>\$(1,175)</u>

(c) Please refer to Note 8 for more details on inventories under pledge.

(6) Financial assets at fair value through other comprehensive income

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Equity instruments investments measured at fair value through other comprehensive income - Non-current			
Unlisted companies stocks	<u>\$95,705</u>	<u>\$95,705</u>	<u>\$95,705</u>

(a) The Group classifies certain of its financial assets as financial assets at fair value through other comprehensive income, which were not pledged.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(7) Investments accounted for under the equity method

(a) Details of investments accounted for under the equity method are listed below:

Investee companies	As of					
	Mar. 31, 2025		Dec. 31, 2024		Mar. 31, 2024	
	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership
Investments in associates:						
Exedy Vietnam Co., Ltd.	\$75,669	20.00%	\$73,976	20.00%	\$86,737	20.00%
Hsieh Yuan Technology Vietnam Co., Ltd.	49,947	45.00%	48,748	45.00%	43,427	45.00%
Shiang Yu Precision Co., Ltd.	24,020	40.00%	26,133	40.00%	27,866	40.00%
Lieh Kwan International Co., Ltd.	23,116	40.00%	18,234	40.00%	20,149	40.00%
Vietnam King Duan Industrial Co., Ltd.	151,942	40.00%	150,096	40.00%	142,497	40.00%
Vietnam Uni-Calsonic Co., Ltd.	24,195	40.00%	26,199	40.00%	29,055	40.00%
PCI International Investment Inc.	45,131	45.00%	47,801	45.00%	54,153	45.00%
Vietnam Lioho Machine Works Co., Ltd.	131,235	30.00%	135,464	30.00%	140,633	30.00%
Treasure Zone Developments Limited	33,342	20.00%	32,450	20.00%	-	-
Total	<u>\$558,597</u>		<u>\$559,101</u>		<u>\$544,517</u>	

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Investments in associates

The Group's investments in above associates are not individually material. The aggregate carrying amounts of the Group's interests in above associates were NT\$558,597 thousand, NT\$559,101 thousand and NT\$544,517 thousand as of March 31, 2025, December 31, 2024, and March 31, 2024, respectively. The aggregate financial information based on the Group's share is as follows:

	For the three-month period ended March 31,	
	2025	2024
Profit (loss) from continuing operations	\$2,367	\$5,151
Other comprehensive income (loss) (post-tax)	(936)	9,686
Total comprehensive income	\$1,431	\$14,837

The aforementioned associates had no contingent liabilities or capital commitments and were not under pledge as of March 31, 2025, December 31, 2024, and March 31, 2024.

As of March 31, 2025 and 2024, the balances of investments accounted for under the equity method amounted to NT\$558,597 thousand and NT\$544,517 thousand, respectively. For the three-month periods then ended, shares of investment income from these associates and joint ventures amounted to NT\$2,367 thousand and NT\$5,151 thousand, respectively. For the three-month periods then ended, the share of other comprehensive income from these associates and joint ventures amounted to NT\$(936) thousand and NT\$9,686 thousand. These amounts were recognized based on unreviewed financial statements of the investees.

(c) Investments accounted for under the equity method were not pledged.

(d) Mid of May 2024, the board of directors of the Company's subsidiary - Eurocharm Innovation Co., Ltd. (BVI), resolved to invest US\$1,000 thousand in Treasure Zone Developments Limited. The percentage of ownership was 20%.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(8) Property, plant and equipment

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Owner occupied property, plant and equipment	\$1,954,292	\$2,030,944	\$2,110,036
Property, plant and equipment leased out under operating leases	-	-	-
Total	<u>\$1,954,292</u>	<u>\$2,030,944</u>	<u>\$2,110,036</u>

(a) Owner occupied property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation	Office Equipment	Other Equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As of Jan. 1, 2025	\$52,420	\$743,825	\$3,120,671	\$170,588	\$34,877	\$212,549	\$50,335	\$4,385,265
Additions	-	386	3,692	286	355	1,671	20,128	26,518
Disposals	-	-	(14,009)	(458)	-	(154)	-	(14,621)
Reclassify or Transfers	-	4,942	29,674	-	-	-	(20,763)	13,853
Exchange differences	-	(6,020)	(29,381)	(1,294)	(265)	(1,724)	(423)	(39,107)
As of Mar. 31, 2025	<u>\$52,420</u>	<u>\$743,133</u>	<u>\$3,110,647</u>	<u>\$169,122</u>	<u>\$34,967</u>	<u>\$212,342</u>	<u>\$49,277</u>	<u>\$4,371,908</u>
As of Jan. 1, 2024	\$52,420	\$661,651	\$2,822,974	\$160,253	\$30,233	\$189,943	\$86,562	\$4,004,036
Additions	-	462	40,845	631	637	2,160	64,008	108,743
Disposals	-	-	(4,384)	(204)	(152)	(530)	-	(5,270)
Reclassify or Transfers	-	(177)	(1,100)	-	-	-	888	(389)
Exchange differences	-	22,887	114,235	5,173	962	6,570	3,233	153,060
As of Mar. 31, 2024	<u>\$52,420</u>	<u>\$684,823</u>	<u>\$2,972,570</u>	<u>\$165,853</u>	<u>\$31,680</u>	<u>\$198,143</u>	<u>\$154,691</u>	<u>\$4,260,180</u>

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Land	Buildings	Machinery and equipment	Transportation	Office Equipment	Other Equipment	Construction in progress and equipment awaiting examination	Total
Depreciation and impairment:								
As of Jan. 1, 2025	\$-	\$261,795	\$1,771,651	\$112,325	\$22,981	\$185,569	\$-	\$2,354,321
Depreciation	-	8,977	50,989	3,071	1,039	4,561	-	68,637
Disposals	-	-	(6,340)	(458)	-	(154)	-	(6,952)
Reclassify or transfer	-	(4,148)	27,639	-	-	-	-	23,491
Exchange differences	-	(2,085)	(17,236)	(876)	(176)	(1,508)	-	(21,881)
As of Mar. 31, 2025	<u>\$-</u>	<u>\$264,539</u>	<u>\$1,826,703</u>	<u>\$114,062</u>	<u>\$23,844</u>	<u>\$188,468</u>	<u>\$-</u>	<u>\$2,417,616</u>
As of Jan. 1, 2024	\$-	\$219,613	\$1,506,668	\$97,462	\$19,301	\$166,912	\$-	\$2,009,956
Depreciation	-	8,334	47,869	3,045	1,045	4,712	-	65,005
Disposals	-	-	(4,384)	(204)	(152)	(530)	-	(5,270)
Reclassify or transfer	-	7,543	63,135	3,299	639	5,837	-	80,453
As of Mar. 31, 2024	<u>\$-</u>	<u>\$235,490</u>	<u>\$1,613,288</u>	<u>\$103,602</u>	<u>\$20,833</u>	<u>\$176,931</u>	<u>\$-</u>	<u>\$2,150,144</u>
Net carrying amount as of:								
Mar. 31, 2025	<u>\$52,420</u>	<u>\$478,594</u>	<u>\$1,283,944</u>	<u>\$55,060</u>	<u>\$11,123</u>	<u>\$23,874</u>	<u>\$49,277</u>	<u>\$1,954,292</u>
Dec. 31, 2024	<u>\$52,420</u>	<u>\$482,030</u>	<u>\$1,349,020</u>	<u>\$58,263</u>	<u>\$11,896</u>	<u>\$26,980</u>	<u>\$50,335</u>	<u>\$2,030,944</u>
Mar. 31, 2024	<u>\$52,420</u>	<u>\$449,333</u>	<u>\$1,359,282</u>	<u>\$62,251</u>	<u>\$10,847</u>	<u>\$21,212</u>	<u>\$154,691</u>	<u>\$2,110,036</u>

(b) Property, plant and equipment leased out under operating leases

	Machinery and equipment
Cost:	
As of Jan. 1, 2025	\$35,725
Reclassify	(27,639)
Exchange differences	(292)
As of Mar. 31, 2025	<u>\$7,794</u>
As of Jan. 1, 2024	\$34,160
Exchange differences	1,193
As of Mar. 31, 2024	<u>\$35,353</u>

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	<u>Machinery and equipment</u>
Depreciation and impairment:	
As of Jan. 1, 2025	\$35,725
Reclassify	(27,639)
Exchange differences	(292)
As of Mar. 31, 2025	<u>\$7,794</u>
As of Jan. 1, 2024	\$34,160
Exchange differences	1,193
As of Mar. 31, 2024	<u>\$35,353</u>
Net carrying amount as of:	
Mar. 31, 2025	<u>\$-</u>
Dec. 31, 2024	<u>\$-</u>
Mar. 31, 2024	<u>\$-</u>

(c) Significant components of buildings primarily comprised the main buildings and the facilities, which are depreciated based on their respective useful economic lives of 50 years and 5 to 20 years.

(d) Please refer to Note 8 for more details on property, plant and equipment under pledge.

(9) Investment property

The Group's investment properties include owned investment properties. The Group has entered into commercial property leases on its own investment properties with terms of between one and two years. These leases include a clause to enable the upward revision of the rental charge on basis according to prevailing market conditions.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	<u>Buildings</u>
Cost:	
As of Jan. 1, 2025	\$120,907
Transfers from property, plant and equipment	13,786
Exchange differences	(988)
As of Mar. 31, 2025	<u>\$133,705</u>
As of Jan. 1, 2024	\$105,149
Transfers from property, plant and equipment	389
Exchange differences	3,674
As of Mar. 31, 2024	<u>\$109,212</u>
Depreciation and impairment:	
As of Jan. 1, 2025	\$31,612
Depreciation	1,326
Transfers from property, plant and equipment	4,148
Exchange differences	(259)
As of Mar. 31, 2025	<u>\$36,827</u>
As of Jan. 1, 2024	\$23,953
Depreciation	1,317
Exchange differences	852
As of Mar. 31, 2024	<u>\$26,122</u>
Net carrying amount as of:	
Mar. 31, 2025	<u>\$96,878</u>
Dec. 31, 2024	<u>\$89,295</u>
Mar. 31, 2024	<u>\$83,090</u>

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the three-month period ended Mar. 31,	
	2025	2024
Rental income from investment property	\$12,344	\$13,774
Less : Direct operating expenses from investment property generating rental income	(1,595)	(2,169)
Total	<u>\$10,749</u>	<u>\$11,605</u>

- (a) No investment property was pledged.
- (b) Investment properties held by the Group were not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized within Level 3.
- (c) The fair values of investment properties held by the Group's subsidiary were NT\$413,448 thousand as of December 31, 2023. The determination of fair value was performed by an independent appraiser based on a comparative approach and income approach. After an assessment by the management of the Group, there were no significant changes in fair value compared to March 31, 2025, and March 31, 2024.

(10) Intangible assets

	<u>Computer software</u>
Cost:	
As of Jan. 1, 2025	\$55,218
Exchange differences	(430)
As of Mar. 31, 2025	<u>\$54,788</u>
As of Jan. 1, 2024	\$46,735
Additions-acquired separately	54
Deduction	(248)
Exchange differences	1,533
As of Mar. 31, 2024	<u>\$48,074</u>

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	<u>Computer software</u>
Amortization:	
As of Jan. 1, 2025	\$43,106
Amortization	899
Exchange differences	(343)
As of Mar. 31, 2025	<u>\$43,662</u>
As of Jan. 1, 2024	\$40,100
Amortization	744
Deduction	(248)
Exchange differences	1,390
As of Mar. 31, 2024	<u>\$41,986</u>
Net carrying amount as of:	
Mar. 31, 2025	<u>\$11,126</u>
Dec. 31, 2024	<u>\$12,112</u>
Mar. 31, 2024	<u>\$6,088</u>

Amortization of intangible assets is as follows:

	<u>For the three-month period ended Mar. 31,</u>	
	<u>2025</u>	<u>2024</u>
Operating costs	\$4	\$6
Sales and marketing expense	2	9
General and administrative expenses	888	725
Research and development expenses	5	4
Total	<u>\$899</u>	<u>\$744</u>

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(11) Other non-current assets

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Advance payments in equipment	\$1,344	\$1,383	\$798
Refundable deposits	336	336	349
Net defined benefit assets	7,760	7,665	4,508
Total	\$9,440	\$9,384	\$5,655

(12) Short-term borrowings

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Unsecured bank loans	\$-	\$-	\$119,021
Interest Rate (%)	-	0% ~ 5.95%	0% ~ 4%

The Group's unused short-term lines of credits amounted to NT\$2,236,830 thousand, NT\$2,473,013 thousand and NT\$3,223,984 thousand as of March 31, 2025, December 31, 2024 and March 31, 2024, respectively.

Please refer to Note 8 for more details on trade receivables, inventories, property, plant and equipment pledged as security for short-term borrowings.

(13) Other payables

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Accrued expense	\$258,995	\$394,223	\$245,231
Dividends payable	591,933	-	519,153
Payables on equipment	4,595	10,951	9,615
Total	\$855,523	\$405,174	\$773,999

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(14) Bonds payable

- A. The details of the bonds payable as of March 31, 2025 and December 31, 2024 and March 31, 2024 are as follows:

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Liability component:			
Unsecured domestic bonds payable	\$54,000	\$203,600	\$374,800
Discounts on bonds payable	(183)	(1,595)	(8,057)
Total	53,817	202,005	366,743
Less: current portion	(53,817)	(202,005)	-
Net	\$-	\$-	\$366,743
Embedded derivative	\$-	\$20	\$38
Equity component-conversion right	\$4,302	\$16,289	\$30,001

For the details of the gain or loss from valuation through profit or loss on embedded derivative - redemption options and the interest expense on the convertible bonds payable, please refer to Note 6 (22) to the consolidated financial statement.

- B. On March 25, 2022, the Company's board of directors' meetings resolved to issued first unsecured convertible bonds. The application has been governmentally approved by FSC in the Order No. Financial-Supervisory-Securities-Corporate-1110340539. The terms of the bonds are as follows:

(A) Issue date: June 8, 2022

(B) Issue amount: NT\$500,000 thousand

(C) Issue price: NT\$103.82

(D) Coupon rate: 0%

(E) Secured or unsecured: Unsecured bonds

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(F) Period: June 8, 2022 to June 8, 2025

(G) Terms of Conversion:

- (a) Conversion period: The bondholders will have the right to convert their bonds at any time during the conversion period commencing 9 September, 2022 (the 90th day following the closing date) and ending at the close of business on 8 June ,2025 (the maturity Date), provided, however, that the conversion right during any closed period shall be suspended and the conversion period shall not include any such closed period, which means (i) the period during which the Company may be required to close its stock transfer books under ROC laws and regulations applicable from time to time;(ii) the period beginning on the 15th trading day prior to the record date for the distribution of stock or cash dividends, or subscription of new shares due to capital increase to the date on (and including)such record; (iii) the period beginning on the record date of a capital reduction to one day prior to the trading day on which the shares of the Company are reissued after such capital reduction ; (iv)No request for conversion other than the starting date of the stop of conversion for the change of stock denomination to the day before the trading day before the start of the new stock exchange.

The starting date of the stop of conversion refers to the one business day before company applicate registration change to MOEA. The company shall announce four business days before the starting date of the stop of conversion.

- (b) Conversion price and adjustment: The conversion price was originally at NT\$153.00 per share. The conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture.

Due to the distribution of cash dividends on ordinary shares in 2022, the Company adjusted the conversion price in accordance with the terms of conversion of the Company's first unsecured convertible bonds. Therefore, the conversion price has been adjusted from NT\$153.00 to NT\$148.60 since September 8, 2022.

Due to the distribution of cash dividends on ordinary shares in 2023, the Company adjusted the conversion price in accordance with the terms of conversion of the Company's first unsecured convertible bonds. Therefore, the conversion price has been adjusted from NT\$148.60 to NT\$142.70 since August 19, 2023.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Due to the distribution of cash dividends on ordinary shares in 2024, the Company adjusted the conversion price in accordance with the terms of conversion of the Company's first unsecured convertible bonds. Therefore, the conversion price has been adjusted from NT\$142.70 to NT\$137.40 since August 21, 2024.

- (c) The Company will redeem the bonds in cash if the convertible bonds were not settled by the maturity date.

(H) Redemption clauses:

- (a) The Company may redeem the convertible bonds from the next day (September 9, 2022) following a three-month period after the bonds are issued to 40 days before the maturity date (April 30, 2025) if the following terms are met: when the closing price of the Company's common shares is 30% above the convertible price for 30 consecutive trading days, the Company may, within the following 30 business days (the aforesaid period shall start from the day the letter is delivered by the Company, and the expiry date of the period shall be the measurement date for bond recovery, and the aforesaid period shall not fall in the period of conversion suspension stated in Article 9 of the Regulation), send a bond redemption notification letter via registered mail to the bondholders. (The bondholders list shall be based on the updated list five business days before sending the bond redemption notification letter to the bondholders. Public announcements will be made for bondholders who acquire the convertible bonds subsequently from transactions or other reasons). The redemption price would be set at the face value and the bond is purchased by cash, which would be announced over the Taipei Exchange. When the Company executes the recovery request, it shall redeem the outstanding convertible bonds in cash at the face value within five business days after the bond recovery measurement date.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) The Company may redeem the convertible bonds from the next day (September 9, 2022) following a three-month period after the bonds are issued to 40 days before the maturity date (April 30, 2025) if the following terms are met: when the total value of outstanding convertible bonds becomes less than 10% of the total principal, the Company may, within the following 30 business days (the aforesaid period shall start from the day the letter is delivered by the Company, and the expiry date of the period shall be the measurement date for bond recovery, and the aforesaid period shall not fall in the period of conversion suspension stated in Article 9 of the Regulation), send a bond redemption notification letter via registered mail to the bondholders. (The bondholders list shall be based on the updated list five business days before sending the bond redemption notification letter to the bondholders. Public announcements will be made for bondholders who acquire the convertible bonds subsequently from transactions or other reasons). The redemption price would be set at the face value and the bond is purchased by cash, which would be announced over the Taipei Exchange. When the Company executes the recovery request, it shall redeem the outstanding convertible bonds in cash at the face value within five business days after the bond recovery measurement date.

(c) If the bondholders haven't respond bond redemption notification in written before the bond recovery measurement date, the company stock transfer agent shall redeem the outstanding convertible bonds in cash at the face value within five business days after the bond recovery measurement date.

C. The unsecured convertible bonds in the amount of NT\$446,000 thousand have been converted to 3,149 thousand common shares as of March 31, 2025. The surplus due to the conversion amounted to NT\$406,612 thousand, recorded under additional paid-in capital.

(15) Other non-current liabilities

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Guarantee deposits received	\$10,943	\$10,504	\$8,702
Other non-current liabilities	5,000	5,000	5,000
Total	\$15,943	\$15,504	\$13,702

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(16) Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three-month periods ended March 31, 2025 and 2024 were NT\$278 thousand and NT\$342 thousand, respectively.

Defined benefits plan

Expenses under the defined benefits plan for the three-month periods ended March 31, 2025 and 2024 were NT\$25 thousand and NT\$40 thousand, respectively.

(17) Equities

(a) Common stock

The Company's authorized capitals were all NT\$900,000 thousand as of March 31, 2025, December 31, 2024 and March 31, 2024, divided into 69,148 thousand, 68,098 thousand and 66,682 thousand shares, each at a par value of NT\$10, respectively. Total issued stock capital was NT\$691,480 thousand, NT\$680,975 thousand and NT\$666,824 thousand, respectively. Each share has one voting right and the right to receive dividends.

As of March 31, 2025, the first unsecured convertible bonds in amount of NT\$149,600 thousand were converted into 1,063 thousand common shares, each at a par value of NT\$10. Total issued stock capital was NT\$10,625 thousand.

As of March 31, 2024, the first unsecured convertible bonds in amount of NT\$29,900 thousand were converted into 210 thousand common shares, each at a par value of NT\$10. Total issued stock capital was NT\$2,095 thousand.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Capital surplus

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Additional paid-in capital	\$840,364	\$1,128,346	\$836,062
Conversion premium	442,333	16,289	122,363
Restricted stock	33,131	35,427	30,001
Other	720	720	720
Total	<u>\$1,316,548</u>	<u>\$1,180,782</u>	<u>\$989,146</u>

According to the Company Act, capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them. In addition, capital surplus derived from long-term investment accounted for under equity method shall not be used under any circumstances.

(c) Retained earnings and dividend policies

(1) Retained earnings and dividend policies

According to the Articles of Incorporation, the distribution of profits or covering of losses proposal may be proposed at the close of each half fiscal year. Such distribution of profits or covering of losses proposal shall be made based on the financial statements audited or reviewed by a certified public accountant and such proposal, together with the business reports and financial statements of the Company, shall be submitted to the audit committee for their auditing, and then submitted to the board of directors for approval by resolutions. Prior to distribution of its profits, the Company shall estimate and reserve an amount to be paid for or cover taxes, employee compensations, and losses and set aside a legal reserve (unless the amount of such legal reserve is equal to the total paid-in capital of the Company.) If the Company is to distribute profits in the form of cash, such proposal shall be approved by the board of directors; and if such distribution of profits is to be made in the form of new shares to be issued by the Company, it shall be approved by a special shareholders' meeting.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Unless otherwise required by law and the applicable public company rules, at the close of each fiscal year, the Company shall distribute profits in accordance with a proposal for distribution of profits prepared by the directors and approved by the members by an ordinary resolution at any general meeting. The directors shall prepare such a proposal as follows:

- i. If there is any profit (after tax) of the current fiscal year after final account, it shall first be used to offset its losses in previous years which have not been previously offset (include the adjusted amount of undistributed earnings).
- ii. Set aside a special capital reserve or reversal, if one is required, in accordance with the applicable public company rules or as requested by the authorities in charge.
- iii. If there is any profit, it shall set aside no more than 2% of the balance as compensation to directors and no less than 2% of the balance as compensation to employees of the Company, which may be distributed under an incentive program approved. The board of directors shall determine the exact percentages to be distributed as compensation to directors and the compensation to employees, and such resolution shall be reported in the shareholders' meeting. A director who also serves as an executive officer of the Company may receive a compensation in his capacity as a director and the compensation in his capacity as an employee.
- iv. The Company distributes profits or covering losses at the close of the first half fiscal year (if any).
- v. Any balance left over may be distributed as dividends in accordance with the law and the applicable public company rules and after taking into consideration profits of the current year and capital structure of the Company, the amount of profits distributed to shareholders shall not be lower than 20% of profits (after tax) of the current year and the amount of cash dividends distributed thereupon shall not be less than 50% of the profits proposed to be distributed of the current year; in the event that the dividends per share distributed in the current year is less than NT\$1, the Company may determine the dividends to be distributed partially or entirely by stock dividends or cash dividends.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As the Company is in the growing stage, the dividend distribution may take the form of a cash dividend and/or stock dividends and shall consider the Company's capital expenditures, future expansion plans, and financial structure and funds requirement for sustainable development needs etc.

(2) Legal reserve

According to the Company Act, legal reserve shall be set aside until such amount equal total authorized capital. Legal reserve can be used to offset deficits. If the Company does not incur any loss, the portion of legal reserve exceeding 25% of the paid-in capital may be distributed to shareholders by issuing new shares or by cash in proportion to the number of shares held by each shareholder.

(3) Special reserve

When the Company distributes distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the Company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

The FSC issued Order No. Jin-Guan-Cheng-Fa-1090150022 on March 31, 2021, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the Company elects to transfer to retained earnings by application of the exemption under IFRS 1, the Company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (4) The appropriations of earnings for the Year 2025 and 2024 were approved through the board of directors' meeting and Shareholders' meeting held on March 6, 2025 and May 31, 2024, respectively. The details of the distributions are as follows:

	Appropriation of earnings		Dividend per share (in NT\$)	
	2024	2023	2024	2023
Legal reserve (Note 1)	\$114,426	\$103,329		
Special reserve	(251,593)	57,239		
Common stock – cash dividend	591,933	519,153	\$8.69	\$7.7376
(Note 2)				
Total	<u>\$454,766</u>	<u>\$679,721</u>		

Note 1: The earnings appropriation for the six-month period ended June 30, 2024 was approved through the Board of Director's meeting held on August 7, 2024. The legal reserve set aside was NT\$55,819 thousand and the special reserve reversal was NT\$(208,482) thousand.

Note 2: According to the Articles of Incorporation, the board of directors has approved the appropriation of cash dividends for the year 2024 on March 6, 2025.

Please refer to Note 6(21) for further details on employees' compensation and remuneration to directors.

(d) Non-controlling interests

	For the three-month period ended Mar. 31,	
	2025	2024
Beginning balance	\$14,075	\$15,525
Profit (loss) attributable to non-controlling interests	(358)	(933)
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of a foreign operation	(115)	533
Ending balance	<u>\$13,602</u>	<u>\$15,125</u>

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(18) Share-based payment plans

Restricted stocks plan for employees

(a) On May 31, 2024, the Company passed the resolution of the shareholders' meeting to issue 200 thousand new shares with restricted employee rights, which was granted to employees of the Company who meet certain conditions, and has been declared to the financial regulatory commission to take effect, and the reference date of the capital increase was set to be September 16, 2024, and the total number of new shares issued by the actual capital increase was 185 thousand shares, and the stock price on grant date was NT\$201.5 per share.

I. Employees who are allotted the above employee restricted stocks may subscribe for the allotted shares at NT\$103.01 with the following vested conditions from the subscription date :

a. The vesting conditions are divided into Category A and Category B. Under Category A, 80 thousand shares will be issued to employees who have served 12 years or more of service as of the grant date. Under Category B, 120 thousand shares will be issued to employees who have served for less than twelve years (inclusive) as of the grant date.

b. Employees who remain employed and have not violated the labor contracts, work rules, non-compete agreements, confidentiality agreements, or contractual agreements with the company, and simultaneously achieve the individual performance evaluation metric and overall company performance metric set by the company, the respective share allocation ratio for meeting the vested conditions is as follows:

(a) after subscribing, upon completion of one year of service: 30%

(b) after subscribing, upon completion of two years of service: 30%

(c) after subscribing, upon completion of three years of service: 40%

c. Individual performance evaluation metric: The most recent annual individual performance evaluation score is 80 points or above.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

d. Overall company performance metric: Based on the most recent audited financial statements for the fiscal year ending at the completion of the vesting period, meeting one of the following conditions:

(a) revenue (compared to the previous year): Growth of 10%.

(b) operating profit margin: Reaching 13%

II. The rights of employees who are restricted after allotted new shares before vested conditions are met as follows :

i. Upon the grant of the Employee Restricted Stocks, the Employee Restricted Stocks shall be deposited in a trust/custody account. Before the vesting conditions are fulfilled, the employees cannot request the trustee/custodian to return to them the Employee Restricted Stocks for any reasons or by any means.

ii. Before employees meet the vesting conditions after subscribing to Employee Restricted Stocks, no employees granted Employee Restricted Stocks may sell, mortgage, transfer, give, or pledge, to another person, create any encumbrance on, or otherwise dispose of, any shares under the unvested Employee Restricted Stocks.

iii. The attendance, proposal rights, speech rights, voting rights and any other shareholder rights shall be exercised by the trust and custody agreement.

iv. Subject to the restrictions mentioned above, the rights of the employees with regard to the unvested Employee Restricted Stocks granted under these Rules before the fulfillment of the vesting conditions, including but not limited to the entitlement to any distribution regarding dividends, bonuses, and capital reserve, and the subscription right of the new shares issued for any capital increase, are the same as those of holders of common shares of the Company. The relevant matters shall be handled in accordance with the Employee Restricted Stocks trust/custody agreement.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- v. During each vesting period, if the Company conducts a capital reduction for cash return, or capital reduction for loss offset, or other non-statutory capital reduction, the unvested Employee Restricted Stocks shall be cancelled proportionally by the ratio of such capital reduction. If the Company conducts a capital reduction for cash return, the returned cash shall be deposited in a trust account and shall not be delivered to the employees until the vesting conditions are fulfilled and reached the expiration date. If the vesting conditions are not met upon the expiration of the deadline, the cash will be returned to the Company.
- (b) On September 16, 2024, the Company issued 185 thousand shares of restricted employee stock, resulting in additional paid-in capital – restricted employee stock of NT\$18,221 thousand. The restricted stocks plan was invalidated as of March 31, 2025 and 12 thousand shares were recalled. The unearned employee compensation was NT\$11,247 thousand as of March 31, 2025.
- (c) The expense recognized for employee services received is shown in the following table :
- | | For the three-month period ended March 31, | |
|--|--|------|
| | 2025 | 2024 |
| Total expense arising from equity-settled share-based payment transactions | \$2,253 | \$- |
- (d) No modification or cancellation of share-based payment plan has occurred for the three-month period ended March 31, 2025.
- (e) The Group's paid issuance of new shares with restricted employee rights granted before October 10, 2024, is handled in accordance with the Q&A regarding to whether retroactively apply "Doubts on the Handling of New Shares with Restricted Employee Right" issued by the Securities and Futures Bureau of the Financial Supervisory Commission.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(19) Operating revenue

	For the three-month period ended March 31,	
	2025	2024
Revenue from contracts with customer		
Sale of goods	\$1,889,321	\$1,772,108
Revenue arising from rendering of services	2,927	3,046
Total	<u>\$1,892,248</u>	<u>\$1,775,154</u>

Analysis of revenue from contracts with customer during the three-month periods ended March 31, 2025 and 2024, respectively, is as follows:

(a) Disaggregation of revenue

	Single Segment	
	For the three-month period ended March 31,	
	2025	2024
Revenue from contracts with customer		
Sale of goods	\$1,889,321	\$1,772,108
Revenue arising from rendering of services	2,927	3,046
Total	<u>\$1,892,248</u>	<u>\$1,775,154</u>
Timing of revenue recognition:		
At a point in time	<u>\$1,892,248</u>	<u>\$1,775,154</u>

(b) Contract balances

Contract liabilities - current

	As of			
	Mar. 31, 2025	Dec.31, 2024	Mar. 31, 2024	Jan.1, 2024
Sales of goods	<u>\$44,667</u>	<u>\$46,279</u>	<u>\$72,964</u>	<u>\$58,056</u>

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The significant changes in the Group's balances of contract liabilities for the three-month periods ended 31 March 2025 and 2024 are as follows:

	Sales of goods	
	For the three-month period ended	
	March 31,	
	2025	2024
The opening balance transferred to revenue	\$(46,279)	\$(58,056)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	74,667	72,964

(c) Transaction price allocated to unsatisfied performance obligations

As of March 31, 2025, December 31, 2024 and March 31, 2024, there were no information of unsatisfied performance obligations provided in the consolidated financial statements because the durations of the Group's revenue contracts were all less than one year.

(d) Assets recognized from costs to fulfill a contract

None.

(20) Expected credit losses (gains)

	For the three-month period ended Mar. 31,	
	2025	2024
Operating expenses – Expected credit losses		
Trade receivables	\$26	\$-

The Group does not expects any significant loss against other receivables due to a counterparty being unable to fulfill its obligations. Please refer to Note 12 for more details on credit risk.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group measures the loss allowance of its trade receivables (including notes receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of March 31, 2025, December 31, 2024 and March 31, 2024, respectively, is as follows:

- (a) The Group considers the grouping of trade receivables by counterparties' credit rating and by geographical region and its loss allowance is measured by using a provision matrix, details are as follows:

As of March 31, 2025

Group 1

	Not yet due	Overdue				Total
		Less than 30 days	31-90 days	91-270 days	More than 271 days	
Gross carrying amount	\$441,223	\$322	\$3,595	\$3,467	\$-	\$448,607
Loss ratio	2.91%	19.90%	26.60%	100%	100%	
Lifetime expected credit losses	(12,848)	(64)	(956)	(3,467)	-	(17,335)
Carrying amount of trade receivables	<u>\$428,375</u>	<u>\$258</u>	<u>\$2,639</u>	<u>\$-</u>	<u>\$-</u>	<u>\$431,272</u>

Group 2

	Not yet due	Overdue				Total
		Less than 30 days	31-90 days	91-270 days	More than 271 days	
Gross carrying amount	\$730,265	\$3,556	\$62,291	\$1,085	\$133	\$797,330
Loss ratio	2.90%	16.69%	28.10%	100%	100%	
Lifetime expected credit losses	(21,173)	(594)	(17,507)	(1,085)	(133)	(40,492)
Carrying amount of trade receivables	<u>\$709,092</u>	<u>\$2,962</u>	<u>\$44,784</u>	<u>\$-</u>	<u>\$-</u>	<u>\$756,838</u>

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(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of December 31, 2024

Group 1

	Not yet due	Overdue				Total
		Less than 30 days	31-90 days	91-270 days	More than 271 days	
Gross carrying amount	\$437,072	\$30,465	\$-	\$74	\$-	\$467,611
Loss ratio	2.39%	19.72%	24.12%	100%	100%	
Lifetime expected credit losses	(10,436)	(6,007)	-	(74)	-	(16,517)
Carrying amount of trade receivables	<u>\$426,636</u>	<u>\$24,458</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$451,094</u>

Group 2

	Not yet due	Overdue				Total
		Less than 30 days	31-90 days	91-270 days	More than 271 days	
Gross carrying amount	\$594,038	\$84,199	\$39,125	\$7,119	\$5,387	\$729,868
Loss ratio	2.27%	9.63%	19.63%	100%	100%	
Lifetime expected credit losses	(13,491)	(8,107)	(7,680)	(7,119)	(5,387)	(41,784)
Carrying amount of trade receivables	<u>\$580,547</u>	<u>\$76,092</u>	<u>\$31,445</u>	<u>\$-</u>	<u>\$-</u>	<u>\$688,084</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of March 31, 2024

Group 1

	Not yet due	Overdue				Total
		Less than 30 days	31-90 days	91-270 days	More than 271 days	
Gross carrying amount	\$756,591	\$10,052	\$45,555	\$5,339	\$-	\$817,537
Loss ratio	2.21%	21.14%	34.97%	100.00%	100.00%	
Lifetime expected credit losses	(16,693)	(2,125)	(15,932)	(5,339)	-	(40,089)
Carrying amount of trade receivables	<u>\$739,898</u>	<u>\$7,927</u>	<u>\$29,623</u>	<u>\$-</u>	<u>\$-</u>	<u>\$777,448</u>

Group 2

	Not yet due	Overdue				Total
		Less than 30 days	31-90 days	91-270 days	More than 271 days	
Gross carrying amount	\$435,654	\$108	\$1,537	\$5,735	\$-	\$443,034
Loss ratio	2.59%	26.51%	37.58%	100.00%	100.00%	
Lifetime expected credit losses	(11,267)	(28)	(578)	(5,735)	-	(17,608)
Carrying amount of trade receivables	<u>\$424,387</u>	<u>\$80</u>	<u>\$959</u>	<u>\$-</u>	<u>\$-</u>	<u>\$425,426</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (b) The movement in the provision for impairment of notes receivables and trade receivables during the three-month periods ended March 31, 2025 and 2024 is as follows:

	Notes receivables	Trade receivables
As of Jan. 1, 2025	\$-	\$58,301
Addition for the current period	-	26
Write off	-	(26)
Exchange differences	-	(474)
As of Mar. 31, 2025	<u>\$-</u>	<u>\$57,827</u>
As of Jan. 1, 2024	\$-	\$55,757
Exchange differences	-	1,940
As of Mar. 31, 2024	<u>\$-</u>	<u>\$57,697</u>

- (21) Summary statement of employee benefits, depreciation and amortization by function during the three-month periods ended March 31, 2025 and 2024, respectively:

	For the three-month period ended March 31,					
	2025			2024		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$296,911	\$63,784	\$360,695	\$282,122	\$58,258	\$340,380
Labor and health insurance	101	695	796	240	780	1,020
Pension	40	263	303	82	300	382
Other employee benefits expense	2,308	1,795	4,103	2,108	1,646	3,754
Depreciation	65,072	10,831	75,903	62,955	7,413	70,368
Amortization	4	895	899	6	738	744

According to the Company's Articles of Incorporation, no less than 2% of the profit of the current year is distributable as employees' compensation and no more than 2% of profit of the current year is distributable as directors' remuneration. The Company may have the profit distributable as employees' compensation in the form of shares or cash; in addition, a report of such distribution is submitted to the shareholders' meeting. Information on the board of directors' resolution regarding the employees' compensation and directors' remuneration can be obtained from the "Market Observation Post System" on the website of the TWSE.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the three-month period ended March 31, 2025, the Company recorded the employees' compensation and directors' remuneration in the amount of NT\$10,905 thousand and NT\$3,904 thousand, respectively. While, employees' compensation and directors' remuneration for the three-month period ended March 31, 2024 amounted to NT\$10,020 thousand and NT\$4,186 thousand, respectively. The aforementioned employees' compensation and directors' remuneration were estimated based on post-tax net income of the period and recognized as salary expenses.

The Company's board of directors' meeting has determined the employees' compensation and directors' remuneration, all in cash, to be NT\$43,823 thousand and NT\$12,000 thousand, respectively, in a meeting held on March 6, 2025. No material differences existed between the estimated amount and the actual distribution of the employee' compensation and directors' remuneration and supervisors for the year ended December 31, 2024.

The Company's board of directors have determined the employees' compensation and directors' remuneration, all in cash, to be NT\$40,553 thousand and NT\$12,000 thousand, respectively, in a meeting held on February 29, 2024. No material differences existed between the estimated amount and the actual distribution of the employee' compensation and directors' remuneration for the year ended December 31, 2023.

(22) Non-operating income and expenses

(a) Interest income and other income

	For the three-month period ended March 31,	
	2025	2024
Interest income		
Financial assets measured at amortized cost	\$15,831	\$4,041
Rental income	13,720	13,774
Others	2,958	10,494
Total	<u>\$32,509</u>	<u>\$28,309</u>

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Other gains and losses

	For the three-month period ended March 31,	
	2025	2024
Gains (losses) on disposal of property, plant and equipment	\$243	\$-
Foreign exchange gains (losses)	21,461	42,292
Gains (losses) on financial assets and liability at fair value through profit or loss	100	21
Others	(3,141)	(1,345)
Total	<u>\$18,663</u>	<u>\$40,968</u>

(c) Finance costs

	For the three-month period ended March 31,	
	2025	2024
Interest on borrowings from bank	\$-	\$3,406
Interest on lease liabilities	7	35
Interest on convertible bonds	620	1,798
Total	<u>\$627</u>	<u>\$5,239</u>

(23) Leases

(a) The group as a lessee

The Group leases various properties, including real estates such as land and buildings. The lease terms range from two to fifty years. The Group is not allowed to lend to others, sub-lease out, sell, authorize others to use in any other way, or transfer to others all or parts of the leases without obtaining consent from the lessors.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group's leases effect on the financial position, financial performance and cash flows are as follows:

A. Amounts recognized in the balance sheet

(i) Right-of-use asset

The carrying amount of right-of-use asset

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Land	\$690,621	\$701,820	\$662,536
Buildings	1,414	1,886	4,853
Total	\$692,035	\$703,706	\$667,389

(ii) Lease liabilities

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Lease liabilities	\$1,431	\$1,904	\$4,924
Current	\$1,431	\$1,904	\$3,493
Non-current	\$-	\$-	\$1,431

Please refer to Note 6(22)(c) for the interest on lease liability recognized during the three-month periods ended March 31, 2025 and 2024, respectively, and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as of March 31, 2025 and 2024.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Amounts recognized in the statement of profit or loss

The depreciation charge for right-of-use assets

	For the three-month period ended March 31,	
	2025	2024
Buildings (Includes land use right)	\$5,940	\$4,046

C. Income and costs relating to leasing activities

	For the three-month period ended March 31,	
	2025	2024
Short-term lease expenses (Rental expenses)	\$21	\$43

As of March 31, 2025, December 31, 2024 and March 31, 2024, the portfolio of short-term leases of the Group to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expenses disclosed above. The number of its lease commitments all amounted to NT\$0.

D. Cash outflow relating to leasing activities

During the three-month periods ended March 31, 2025 and 2024, the Group's total cash outflow for leases amounted to NT\$494 thousand and NT\$1,470 thousand, respectively.

(b) The group as lessor

Please refer to Note 6(9) for details on the Group's owned investment properties. Leases of owned investment properties are classified as operating leases as they do not transfer all the risks and rewards incidental to ownership of underlying assets substantially.

The Group has entered into leases on certain plants. The leases have average lives between one and two years. These leases are classified as operating leases as they do not transfer all the risks and rewards incidental to ownership of underlying assets substantially.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the three-month period ended March 31,	
	2025	2024
Lease income recognized by operating lease		
Fixed lease payment - related income	\$12,344	\$13,774

For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of March 31, 2025, December 31, 2024 and March 31, 2024, respectively, are as follows:

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Not later than one year	\$36,845	\$43,341	\$37,680
More than one year but less than two years	8,374	-	-
Total	\$42,219	\$43,341	\$37,680

(24) Components of other comprehensive income

	For the three-month period ended March 31, 2025				
	Arising during the period	Reclassification adjustments during the period	Subtotal	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translation of foreign operations	\$(49,149)	\$-	\$(49,149)	\$-	\$(49,149)
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	(936)	-	(936)	-	(936)
Total of other comprehensive income	\$(50,085)	\$-	\$(50,085)	\$-	\$(50,085)

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the three-month period ended March 31, 2024				
	Arising during the period	Reclassification adjustments during the period	Subtotal	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translation of foreign operations	\$179,222	\$-	\$179,222	\$-	\$179,222
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	9,686	-	9,686	-	9,686
Total of other comprehensive income	\$188,908	\$-	\$188,908	\$-	\$188,908

(25) Income tax

(a) The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	For the three-month period ended March 31,	
	2025	2024
Current income tax expense (income):		
Current income tax charge	\$89,405	\$76,871
Deferred tax expense (income):		
Deferred tax expense relating to origination and reversal of temporary differences	(367)	497
Total income tax expense	\$89,038	\$77,368

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) The assessment of income tax returns

As of March 31, 2025, the assessment status of income tax returns of the Company and subsidiaries were as follows:

	<u>The assessment of income tax returns</u>
Subsidiary–Eurocharm Innovation Co., Ltd.	Assessed and approved up to 2022
Subsidiary–Vietnam Precision Industrial No.1 Co., Ltd.	Assessed and approved up to 2020

(26) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity after dilution by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	<u>For the three-month period ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
(a) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	<u>\$259,045</u>	<u>\$260,200</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>68,555</u>	<u>66,502</u>
Basic earnings per share (NT\$)	<u>\$3.78</u>	<u>\$3.91</u>

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the three-month period ended March 31,	
	2025	2024
(b) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$259,045	\$260,200
Interest expense on convertible bonds (in thousand NT\$)	620	1,798
Gains on financial assets at fair value through profit or loss	(100)	(21)
Net income available to common shareholders outstanding after dilution (in thousand shares)	<u>\$259,565</u>	<u>\$261,977</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	68,555	66,502
Effect of dilution:		
Employee bonus — stock (in thousands)	234	198
Convertible bonds (in thousands)	998	2,807
Restricted stocks (in thousands)	102	-
Weighted average number of ordinary shares outstanding after dilution (in thousands)	<u>69,889</u>	<u>69,507</u>
Diluted earnings per share (NT\$)	<u>\$3.71</u>	<u>\$3.77</u>

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(27) Subsidiary that has material non-controlling interests

As of March 31, 2025, December 31, 2024 and March 31, 2024, the financial information of the subsidiary in which the Group has material non-controlling interests is provided as follows:

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	As of		
		Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Vietnam Eurocharm Ways Plastics Company Limited.	Vietnam	45%	45%	45%

Accumulated balances of material non-controlling interest:

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Vietnam Eurocharm Ways Plastics Company Limited.	\$13,602	\$14,075	\$15,125

Profit (loss) allocated to material non-controlling interest:

	For the three-month period ended March 31,	
	2025	2024
Vietnam Eurocharm Ways Plastics Company Limited.	\$(358)	\$(933)

The summarized financial information of this subsidiary is provided below. This information is based on amounts before inter-company eliminations.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Summarized information of profit or loss for the three-month periods ended Mar. 31, 2025 and 2024, respectively, is as follows:

	For the three-month period ended March 31,	
	2025	2024
Operating revenue	\$-	\$-
Profit/loss from continuing operation	(796)	(2,073)
Total comprehensive income for the period	(796)	(2,073)

Summarized information of financial position as of Mar. 31, 2025, December 31, 2024 and Mar. 31, 2024, respectively, is as follows:

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Current assets	\$17,806	\$13,584	\$13,939
Non-current assets	12,422	17,729	20,200
Current liabilities	-	34	528
Non-current liabilities	-	-	-

Summarized information of cash flows for the three-month periods ended Mar. 31, 2025 and 2024, respectively, is as follows:

	For the three-month period ended March 31,	
	2025	2024
Operating activities	\$199	\$(618)
Investing activities	12,123	(11,864)
Financing activities	-	-
Net increase (decrease) in cash and cash equivalents	12,322	(12,482)

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

7. RELATED PARTY TRANSACTIONS

(1) Deals with related parties as of the end of the reporting period

Related parties and relation

Related parties	Relationship
Exedy Vietnam Co., Ltd.	Associate
Hsieh Yuan Technology Vietnam Co., Ltd.	Associate
Shiang Yu Precision Co., Ltd.	Associate
Vietnam King Duan Industrial Co., Ltd.	Associate
Vietnam Uni-Calsonic Co., Ltd.	Associate
Vietnam Lieh Kwan Co., Ltd.	Associate
PCI Vietnam Company Limited	Associate
Vietnam Lioho Machine Works Co., Ltd.	Other related party
Vietnam Precision Industrial Joint Stock Company	Other related party
Northstar Precision (Vietnam) Company Limited	Other related party
Shen Yuan Metal Co., Ltd.	Other related party
Taiwan Techno State Co., Ltd.	Other related party
JENN FENG TRADING INC.	Other related party

(2) Significant transactions with related parties

(a) Sales

	For the three-month period ended March 31,	
	2025	2024
Associates	\$20,780	\$26,733
Other related party-Northstar Precision (Vietnam) Company Limited	314,646	354,305
Total	\$335,426	\$381,038

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The sales prices with related parties were decided based on product type, inventory cost, market conditions and other trading terms. Receivables shall be finalized monthly and shall be collected within 15 to 90 days after accounts have been finalized for the general clients. The terms of collection for related parties are within the range of trading terms for general clients.

(b) Purchases

	For the three-month period ended March 31,	
	2025	2024
Associates	\$81,234	\$72,614
Other related party	-	265
Total	\$81,234	\$72,879

The purchases prices with related parties were decided based on product type, market conditions and other trading terms. Payables shall be finalized monthly and shall be paid within 30 to 90 days after accounts have been finalized for the general suppliers. The terms of payment for related parties are within the range of trading terms for general suppliers.

- (c) For the three-month periods ended March 31, 2025 and 2024, the Group was charged by associates for processing and therefore recognized processing expense in the amount of NT\$14,551 thousand and NT\$16,100 thousand, respectively.
- (d) For the three-month periods ended March 31, 2025 and 2024, the Group charged associates for processing and therefore recognized processing income in the amount of NT\$2,927 thousand and NT\$2,907 thousand, respectively, which were recorded under the caption of operating revenues.
- (e) For the three-month period ended March 31, 2025 and 2024, the Group was charged by other related parties due to product defect and therefore recognized compensation in the amount of NT\$0 and NT\$1 thousand, respectively, which was recorded under non-operating income and expenses-other gain or loss.
- (f) For the three-month period ended March 31, 2025 and 2024, the Group recognized service fee in the amount of NT\$104 thousand and NT\$21 thousand, which were recorded under non-operating income, respectively.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(g) For the year ended March 31, 2025, the Group received compensation from other related parties in the amount of NT\$317 thousand, which was recorded under non-operating income.

(h) Trade receivables - related parties

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Associates	\$8,145	\$12,685	\$11,083
Other related party-Northstar Precision (Vietnam) Company Limited	230,496	194,173	278,746
Total	\$238,641	\$206,858	\$289,829

(i) Other receivables - related parties

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Associates	\$10,910	\$2,009	\$3,030
Other related party-Northstar Precision (Vietnam) Company Limited	1,360	983	1,330
Total	\$12,270	\$2,992	\$4,360

(j) Advance payment

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Associates	\$998	\$798	\$2,794

(k) Trade payables - related parties

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Associates	\$28,931	\$37,336	\$27,584

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(I) Operating lease

A. Right-of-use asset

Relationship	Property	As of		
		Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Other related party	Buildings	\$1,414	\$1,886	\$3,300

B. Lease liabilities

Relationship	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Other related party	\$1,431	\$1,904	\$3,308

C. Interest on lease liabilities

Relationship	Property	For the three-month period ended March 31,	
		2025	2024
Other related party	Rent office	\$7	\$16

D. For the three-month periods ended March 31, 2025 and 2024, the Group paid other related parties for rental expense every month by cash.

E. Lease transactions with related parties

Lessee	Lease	Duration	Rental income
<u>For the three-month period ended March 31, 2025</u>			
Associate	Buildings	Jan. 1, 2025 ~ Dec. 31, 2026	\$10,158
Other related party	Buildings	Jan. 1, 2025 ~ Dec. 31, 2025	2,186
Total			\$12,344
<u>For the three-month period ended March 31, 2024</u>			
Associate	Buildings	Jan. 1, 2022 ~ Dec. 31, 2024	\$10,663
Other related party	Buildings	Jan. 1, 2023 ~ Dec. 31, 2024	3,101
Total			\$13,764

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(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The lease contract's resolution and way of payment between the Group and related party are equivalent to the general lease transaction.

(m) For the three-month period ended March 31, 2025, the Group recognized NT\$243 thousand of disposed gain or loss from sale of machine to associates in the amounts of NT\$7,912 thousand.

(n) Salaries and rewards to key management of the Group

	For the three-month period ended March 31,	
	2025	2024
Short-term employee benefits	\$7,170	\$7,347
Post-employment benefits	53	94
Total	\$7,223	\$7,441

8. PLEDGED ASSETS

The following table lists assets of the Group pledged as collaterals:

Item	Carrying Amount As of			Secured liabilities
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024	
Trade receivables	\$133,600	\$134,700	\$133,300	Short-term borrowings
Inventories	133,600	134,700	133,300	Short-term borrowings
Property, plant and equipment - land	52,420	52,420	52,420	Short-term borrowings
Property, plant and equipment - buildings	324,721	332,716	345,151	Short-term borrowings
Total	\$644,341	\$654,536	\$664,171	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Financial instruments

Categories of financial instruments

Financial assets

	As of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Financial assets at fair value through profit or loss financial asset held for trading	\$-	\$20	\$38
Financial assets at fair value through other comprehensive income	95,705	95,705	95,705
Financial assets measured at amortized cost			
Cash and cash equivalents			
(exclude cash on hand)	971,034	1,065,336	700,015
Financial assets measured at amortized cost	1,194,717	995,424	741,689
Trade receivables (include related parties)	1,188,110	1,139,178	1,202,874
Other receivables (include related parties)	35,706	29,685	12,863
Refundable deposits	336	336	349
Subtotal	3,389,903	3,229,959	2,657,790
Total	<u>\$3,485,608</u>	<u>\$3,325,684</u>	<u>\$2,753,533</u>

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Financial liabilities

	As of		
	Mar. 31, 2025	Dec. 31, 2025	Mar. 31, 2024
Financial liabilities at fair value through profit or loss:			
Financial liabilities at amortized cost:			
Short-term borrowings	\$-	\$-	119,021
Trade payables (include related parties)	1,314,302	954,727	1,272,018
Leased liabilities (include related parties)	1,431	1,904	4,924
Guarantee deposits received	10,943	10,504	8,702
Bonds payable	53,817	202,005	366,743
Total	<u>\$1,380,493</u>	<u>\$1,169,140</u>	<u>\$1,771,408</u>

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, the due approval process by the board of directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risks (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables. There are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables; therefore natural hedge is received. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency USD. The information of the sensitivity analyses is as follows:

When NTD is strengthened/weakened against foreign currency USD by 1%, the profit for the three-month periods ended March 31, 2025 and 2024 decreased/increased by NT\$19,689 thousand and NT\$11,938 thousand, respectively.

When VND is strengthened/weakened against foreign currency USD by 1%, the profit for the three-month periods ended March 31, 2025 and 2024 decreased/increased by VND\$6,880,588 thousand and VND\$8,710,357 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the three-month periods ended March 31, 2025 and 2024 to increase/decrease by NT\$971 thousand and decrease/increase by NT\$545 thousand, respectively.

Equity price risk

The fair value of the Group's unlisted equity securities to market price risk arising from uncertainties about future values of the investment securities. The Group's unlisted equity securities measured at financial assets measured at fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's board of directors reviews and approves all equity investment decisions.

Please refer to Note 12(9) for sensitivity analysis information of other equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for trade receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counterparties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria, etc. Certain counterparties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of March 31, 2025, December 31, 2024 and March 31, 2024, trade receivables from top ten customers represented 72.27%, 80.34% and 80.89% of the total trade receivables of the Group, respectively. The credit concentration risk of other trade receivable is relatively insignificant.

Credit risk from balances with banks and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counterparties.

The Group adopted IFRS 9 to assess the expected credit losses. Except for trade receivables, the remaining debt instrument investments which are not measured at fair value through profit or loss are purchased based on low credit risk, and the Group makes an assessment on each balance sheet date as to whether the credit risk rises significantly since original recognition and then further determines the method of measuring the loss allowance and the loss rate. As of March 31, 2025, December 31, 2024 and March 31, 2024, the Group did not hold any debt instrument investment measured at fair value through profit or loss.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and bank borrowings, etc. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as at the end of the reporting period.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Non-derivative financial liabilities

	<u>Less than 1 year</u>	<u>1 to 5 years</u>	<u>Total</u>
<u>As of March 31, 2025</u>			
Trade and other payables	\$1,314,302	\$-	\$1,314,302
Leased Liabilities	1,431	-	1,431
Convertible Bonds	53,817	-	53,817
<u>As of December 31, 2024</u>			
Trade and other payables	\$954,727	\$-	\$954,727
Leased Liabilities	1,904	-	1,904
Convertible Bonds	202,005	-	202,005
<u>As of March 31, 2024</u>			
Short-term borrowings	\$119,461	\$-	\$119,461
Trade and other payables	1,272,018	-	1,272,018
Leased Liabilities	3,549	1,441	4,990
Convertible Bonds	-	374,800	374,800

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the three-month period ended March 31, 2025:

	<u>Short-term</u>	<u>Guarantee</u>	<u>Lease</u>	<u>Bonds</u>	<u>Total liabilities</u>
	<u>borrowings</u>	<u>deposits</u>	<u>liabilities</u>	<u>payable</u>	<u>from financing</u>
		<u>received</u>			<u>activities</u>
As of Jan. 1, 2025	\$-	\$10,504	\$1,904	\$202,005	\$214,413
Cash flows	-	439	(480)	-	(41)
Non-cash changes	-	-	7	(148,188)	(148,181)
As of Mar. 31, 2025	\$-	\$10,943	\$1,431	\$53,817	\$66,191

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Reconciliation of liabilities for the three-month period ended March 31, 2024:

	Short-term	Guarantee	Lease	Bonds	Total liabilities
	borrowings	deposits received	liabilities	payable	from financing activities
As of Jan. 1, 2024	\$360,459	\$7,231	\$2,502	\$394,184	\$764,376
Cash flows	(241,438)	1,471	(1,462)	-	(241,429)
Non-cash changes	-	-	3,884	(27,441)	(22,557)
As of Mar. 31, 2024	\$119,021	\$8,702	\$4,924	\$366,743	\$499,390

(7) Fair values of financial instruments

(a) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- i. The carrying amount of cash and cash equivalents, trade receivables, trade payable and other current liabilities approximate their fair value due to their short maturities.
- ii. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- iii. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- iv. Fair value of debt instruments without market quotations, bank loans, bonds payables and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.).
- v. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation methods (for example, Monte Carlo Simulation).

(b) Fair value of financial instruments measured at amortized cost

Except as described in the table below, the carrying amount of the Group's financial assets and liabilities measured at amortized cost approximates their fair value.

	Carrying amount as of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Financial liabilities:			
Bonds payable	\$53,817	\$202,005	\$366,743
	Fair value as of		
	Mar. 31, 2025	Dec. 31, 2024	Mar. 31, 2024
Financial liabilities:			
Bonds payable	\$53,924	\$202,867	\$369,328

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(8) Derivative financial instruments

As of March 31, 2025, December 31, 2024 and March 31, 2024, the Group's derivative financial instruments include embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled are as follows:

Embedded derivatives

The embedded derivatives arising from issuing convertible bonds have been separated from the host contract and carried at fair value through profit or loss. Please refer to Note 6(2) and Note 6(14) for further information on this transaction.

(9) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1– Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis.

Fair value measurement hierarchy of the Group's assets measured at fair value on a recurring basis is as follows:

As of March 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets:				
Equity instrument measured at fair value through other comprehensive income	\$-	\$-	\$95,705	\$95,705

As of December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss-current				
Embedded derivatives	\$-	\$-	\$20	\$20
Equity instrument measured at fair value through other comprehensive income	-	-	95,705	95,705
Total	\$-	\$-	\$95,725	\$95,725

As of March 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss-current				
Embedded derivatives	\$-	\$-	\$38	\$38
Equity instrument measured at fair value through other comprehensive income	-	-	95,705	95,705
Total	\$-	\$-	\$95,743	\$95,743

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy

For the three-month period ended March 31, 2025 and 2024 and for the years ended December 31, 2024, there was a movement of fair value measurements is as follows:

	Assets
	Financial assets at fair value through other comprehensive income
As of Jan. 1, 2025	\$95,705
Acquisition	-
As of March. 31, 2025	\$95,705

	Assets
	Derivatives financial assets at fair value through profit of loss
As of Jan. 1, 2025	\$20
Gain or disposal	(120)
Amount recognized in profit or loss (presented in "other gains and losses")	100
As of March. 31, 2025	\$-

	Assets
	Financial assets at fair value through other comprehensive income
As of Jan. 1, 2024	\$95,705
Acquisition	-
As of March. 31, 2024	\$95,705

	Assets
	Derivatives financial assets at fair value through profit of loss
As of Jan. 1, 2024	\$41
Gain or disposal	(24)
Amount recognized in profit or loss (presented in "other gains and losses")	21
As of March. 31, 2024	\$38

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of March 31, 2025

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
a. Financial assets measured at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	30%	The higher the extent of lacking marketability, the lower the fair value of the stocks.	Increase (decrease) in the extent for lack of marketability by 10% would result in (decrease) increase in the Group's other comprehensive income by NT\$9,571 thousand.
b. Financial assets measured at fair value through profit or loss					
Embedded derivatives	A binomial tree model for convertible bond pricing	Volatility	27.49%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase (decrease) in the volatility would result in increase (decrease) in the Group's profit or loss by NT\$0 thousand and NT\$0 thousand.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of December 31, 2024

	Valuation	Significant	Quantitative	Relationship	Sensitivity of the input
	techniques	unobservable	information	between inputs	to fair value
		inputs		and fair value	
Financial assets:					
a. Financial assets measured at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	30%	The higher the extent of lacking marketability, the lower the fair value of the stocks.	Increase (decrease) in the extent for lack of marketability by 10% would result in (decrease) increase in the Group's other comprehensive income by NT\$9,571 thousand.
b. Financial assets measured at fair value through profit or loss					
Embedded derivatives	A binomial tree model for convertible bond pricing	Volatility	27.09%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase (decrease) in the volatility would result in increase (decrease) in the Group's profit or loss by NT\$10 thousand and NT\$(10) thousand.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of March 31, 2024

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
a. Financial assets measured at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	5%	The higher the extent of lacking marketability, the lower the fair value of the stocks.	Increase (decrease) in the extent for lack of marketability by 10% would result in (decrease) increase in the Group's other comprehensive income by NT\$9,571 thousand.
b. Financial assets measured at fair value through profit or loss					
Embedded derivatives	A binomial tree model for convertible bond pricing	Volatility	17.47%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase (decrease) in the volatility would result in increase (decrease) in the Group's profit or loss by NT\$112 thousand and NT\$(37) thousand.

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's financial department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information and represent exercisable prices. The department analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies at each reporting date.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (c) Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed.

As of March 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment property (Note 6(9))	\$-	\$-	\$413,448	\$413,448
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payable (Note 12(7))	\$-	\$-	\$53,942	\$53,942

As of December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment property (Note 6(9))	\$-	\$-	\$413,448	\$413,448
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payable (Note 12(7))	\$-	\$-	\$202,867	202,867

As of March 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment property (Note 6(9))	\$-	\$-	\$413,448	\$413,448
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payable (Note 12(7))	\$-	\$-	\$369,328	\$369,328

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(10) Significant assets and liabilities denominated in foreign currencies (in thousand dollars)

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As of					
	Mar. 31, 2025			Dec. 31, 2024		
	Foreign currencies	Exchange rate	NTD	Foreign currencies	Exchange rate	NTD
<u>Financial assets</u>						
Monetary items:						
USD	\$63,904	33.48	\$2,139,441	\$40,750	33.52	\$1,365,788
VND	\$940,249,011	0.001336	\$1,256,508	\$1,380,994,298	0.001347	\$1,860,535
<u>Investments accounted for under the equity method</u>						
VND	\$342,071,555	0.001336	\$457,008	\$341,090,604	0.001347	\$460,552
<u>Financial liabilities</u>						
Monetary items:						
USD	\$3,434	33.41	\$114,728	\$4,268	33.76	\$144,086
VND	\$369,005,948	0.001336	\$492,992	\$507,048,293	0.001347	\$682,994
<u>As of</u>						
<u>Mar. 31, 2024</u>						
	Foreign currencies	Exchange rate	NTD			
<u>Financial assets</u>						
Monetary items:						
USD	\$46,913	32.56	\$1,527,609			
VND	\$734,308,593	0.001333	\$978,821			
<u>Investments accounted for under the equity method</u>						
VND	\$352,730,722	0.001333	\$470,190			

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As of		
	Mar. 31, 2024		
	Foreign currencies	Exchange rate	NTD
<u>Financial liabilities</u>			
Monetary items:			
USD	\$3,524	32.19	\$113,419
VND	\$594,915,748	0.001333	\$793,023

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

The Group's entities' functional currencies are various and hence is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange gains (loss) were NT\$21,461 thousand and NT\$42,292 thousand for the three-month periods ended March 31, 2025 and 2024, respectively.

(11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. OTHER DISCLOSURES

(1) Information at significant transactions:

(a) Financing provided to others: Please refer to Attachment 1.

(b) Endorsement/Guarantee provided to others: Please refer to Attachment 2.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (c) Marketable securities held as of March 31, 2025 (excluding investments in subsidiaries, associates and joint ventures): None.
- (d) Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital for the three-month period ended March 31, 2025: None.
- (e) Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital as of March 31, 2025: None.
- (f) Intercompany relationships and significant intercompany transactions for the three-month period ended March 31, 2025: Please refer to Attachment 7.

(2) Information on investees:

- (a) Names, locations and related information of investees (excluding investees in Mainland China): Please refer to Attachment 3.
- (b) Investees over which the Company exercises control disclose information in Note 13(1):
 - i. Financing provided to others: Please refer to Attachment 1.
 - ii. Endorsement/Guarantee provided to others: None.
 - iii. Marketable securities held as of March 31, 2025 (excluding investments in subsidiaries, associates and joint ventures): Please refer to Attachment 4.
 - iv. Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital for the three-month period ended March 31, 2025: Please refer to Attachment 5.
 - v. Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital as of March 31, 2025: Please refer to Attachment 6.

(3) Information on investments in Mainland China: None.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

14. OPERATING SEGMENT

The major operating revenues of the Group come from manufacturing and sales of motorcycle and auto equipment parts, medical equipment and machine parts. The chief operating decision maker reviewed the overall operating results to make a decision about resources to be allocated and evaluated the overall performance. Therefore, the Group was aggregated into a single segment.

ATTACHMENT 1 (Financing provided to others for the year ended March 31, 2025)

(All the currencies are denominated in Thousands of New Taiwan Dollars)

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NO. (Note1)	Lender	Counter-party	Financial accounting account	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing	Amount of sales to (purchases from) counter-party	Reason for financing	Loss allowance	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
												Item	Value		
0	Eurocharm Holdings Co., Ltd.	Eurocharm America LLC.	Other receivables -related parties	\$33,182	\$33,182	\$- (Note 4)	-%	Need for short term financing	\$-	Business turnover	\$-	-	\$-	\$1,175,957 (Note 2) (Note 3)	\$2,351,914 (Note 2)
0	Eurocharm Holdings Co., Ltd.	ECM Asset Management LLC	Other receivables -related parties	\$116,137	\$116,137	\$- (Note 4)	-%	Need for short term financing	\$-	Business turnover	\$-	-	\$-	\$1,175,957 (Note 2) (Note 3)	\$2,351,914 (Note 2)

Note 1 : Eurocharm Holdings Co., Ltd. is coded "0".

A subsidiary under the company's control is coded "1".

Note 2 : For the Company or subsidiaries lending to other companies, the lending amount shall not exceed 40% of its net equity.

The amount for lending to a single organization shall not exceed 20% of the lender's net equity.

Note 3 : According to the Company's "Procedure to provide financing to others", a public offering company that meets the requirements of Article 3, paragraph 4

in the event of providing financing to directly/indirectly 100%-owned foreign subsidiaries, the lending amount to a single subsidiary shall not exceed 40% of the current net assets of the Company.

Note 4 : Transactions between consolidated entities are eliminated in the consolidated financial statements.

ATTACHMENT 2 (Endorsement/ Guarantee provided to others for the year ended March 31, 2025)

(All the currencies are denominated in Thousands of New Taiwan Dollars, foreign currency)

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

No.	Endorser/Guarantor	Guaranteed party		Limit of		Maximum	Actual amount	Amount of	Ratio of accumulated	Maximum	Guarantee	Guarantee	Guarantee provided
		Relationship	to each guaranteed party	guarantee/endorsement amount	balance for the						provided by	provided by	
(Note 1)		Company name	(Note2)	(Note3)	period	Ending balance	drawn	endorsement	value per latest financial	amount allowed	parent company	a subsidiary	Mainland China
0	Eurocharm Holdings Co., Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	2	\$2,351,914	\$1,095,006	\$1,095,006	\$-	\$-	18.57%	\$2,939,893	Y	N	N
					(USD 33,000)	(USD 33,000)							
					(Note4)	(Note4)							

Note 1: Eurocharm Holdings Co., Ltd. is coded "0".

Note 2: The relationship between the guarantor of the endorsement and the object to be guaranteed is as follows:

- 1.The company with business contacts.
- 2.The company directly and indirectly holds more than 50% of the shares with voting rights.
- 3.Companies that directly and indirectly holds more than 50% of the shares of the company with voting rights.
- 4.The company directly and indirectly holds more than 90% of the shares with voting rights.
- 5.Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry.
- 6.A company whose co-investment relationship is endorsed by all shareholders in proportion to their shareholding ratio.
- 7.The performance guarantee of the preconstruction real estate contract between the same industry in accordance with the Consumer Protection Law is jointly guaranteed.

Note 3: According to the Company's "Endorsement Procedures", the limitation of endorsement or guarantee for other subsidiaries shall not exceed 50% of the current net value of the Company.

The limitation of endorsement or guarantee for one of the subsidiaries shall not exceed 10% of the current net value of Company.

The limitation of endorsement or guarantee for companies that directly and indirectly holds 100% of the shares with voting rights of a single subsidiary not exceed 40% of the current net value of Company.

Note 4: Foreign currency were exchanged by exchange rate as at balance sheet date.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

Investor company	Investee company	Address	Main businesses and products	Original investment amount		Investments as of Mar. 31, 2025			Net income (loss) of investee company	Investment income (loss) recognized	Note
				As of Mar. 31, 2025	As of Dec. 31, 2024	Number of shares	Percentage of ownership (%)	Book value			
Eurocharm Holdings Co., Ltd.	Eurocharm Innovation Co., Ltd. (B.V.I.)	British Virgin Islands	Investment holding	\$615,652	\$615,652	19,000,000	100.00%	\$6,409,223 (Note 5)	\$270,253	\$270,253 (Note 5)	Subsidiary
Eurocharm Holdings Co., Ltd.	Eurocharm America LLC.	America	Trading activities, warehouse and logistic service	USD 200	USD 200	200,000	100.00%	28,930 (Note 5)	4,926	4,926 (Note 5)	Subsidiary
Eurocharm Holdings Co., Ltd.	Zhangu Technology Co., Ltd.	British Virgin Islands	Investment holding	USD 1,000	-	1,000	100.00%	33,383	553	553 (Note 5)	Subsidiary
Eurocharm Innovation Co., Ltd. (B.V.I.)	Eurocharm Innovation Co., Ltd.	Taiwan	Manufacturing and sales of motor parts and medical equipment	61,425	61,425	5,850,000	100.00%	233,516 (Note 5)	(827)	(2,390) (Note 1) (Note 5)	Sub-subsidiary
Eurocharm Innovation Co., Ltd. (B.V.I.)	Vietnam Precision Industrial No.1 Co., Ltd.	Vietnam	Manufacturing and sales of motor parts and medical equipment	USD 8,700	USD 8,700	-	100.00%	5,222,034 (Note 3) (Note 5)	295,012	269,505 (Note 2) (Note 5)	Sub-subsidiary
Eurocharm Innovation Co., Ltd. (B.V.I.)	Eurocharm Innovation (HK) Co., Limited	Hong Kong	Trading activities	USD 1,500	USD 1,500	1,500,000	100.00%	(72,118) (Note 5)	(7,636)	3,476 (Note 4) (Note 5)	Sub-subsidiary
Eurocharm Innovation Co., Ltd. (B.V.I.)	Vietnam Eurocharm Ways Plastics Company Limited.	Vietnam	Plastic dipping and processing	USD 1,100	USD 1,100	-	55.00%	16,625 (Note 5)	(796)	(438) (Note 5)	Sub-subsidiary
Eurocharm Innovation Co., Ltd. (B.V.I.)	Hsieh Yuan Technology Vietnam Co., Ltd.	Vietnam	Manufacturing and sales of motor parts and surface plating	USD 562	USD 562	-	45.00%	49,947	3,550	1,598	Investment accounted for under the equity method
Eurocharm Innovation Co., Ltd. (B.V.I.)	Lieh Kwan International Co., Ltd.	British Virgin Islands	Investment holding	USD 800	USD 800	8,000	40.00%	23,116	12,576	5,031	Investment accounted for under the equity method
Eurocharm Innovation Co., Ltd. (B.V.I.)	Vietnam King Duan Industrial Co., Ltd.	Vietnam	Manufacturing and sales of motor parts	USD 4,000	USD 4,000	-	40.00%	151,942	7,679	3,071	Investment accounted for under the equity method
Eurocharm Innovation Co., Ltd. (B.V.I.)	Vietnam Uni-Calsonic Co., Ltd.	Vietnam	Manufacturing and sales of motor parts	USD 1,000	USD 1,000	-	40.00%	24,195	(4,474)	(1,790)	Investment accounted for under the equity method
Eurocharm Innovation Co., Ltd. (B.V.I.)	PCI International Investment Inc.	British Virgin Islands	Investment holding	USD 2,025	USD 2,025	2,025	45.00%	45,131	(5,065)	(2,279)	Investment accounted for under the equity method
Eurocharm Innovation Co., Ltd. (B.V.I.)	Treasure Zone Developments Limited	British Virgin Islands	Investment holding	USD 1,000	-	1,000	20.00%	33,342	(2,748)	(550)	Investment accounted for under the equity method
Vietnam Precision Industrial No.1 Co., Ltd.	Exedy Vietnam Co., Ltd.	Vietnam	Manufacturing and sales of motor parts	VND 13,212,264	VND 13,212,264	-	20.00%	75,669	11,545	2,309	Investment accounted for under the equity method
Vietnam Precision Industrial No.1 Co., Ltd.	Shiang Yu Precision Co., Ltd.	Vietnam	Design, manufacturing and sales of molds	USD 800	USD 800	-	40.00%	24,020	(4,749)	(1,900)	Investment accounted for under the equity method
Vietnam Precision Industrial No.1 Co., Ltd.	Vietnam Lioho Machine Works Co., Ltd.	Vietnam	Manufacturing and sales of motor parts	USD 4,500	USD 4,500	-	30.00%	131,235	(10,411)	(3,123)	Investment accounted for under the equity method

Note 1: Including investment gain recognized under equity method amounted to NT\$(827) thousand and unrealized profit on transaction between subsidiaries amounted to NT\$(1,563) thousand.

Note 2: Including investment gain recognized under equity method amounted to NT\$295,012 thousand and unrealized profit on transaction between subsidiaries amounted to NT\$(25,507) thousand.

Note 3: Holding net equity at the end of the period amount to NT\$5,273,787 thousand minus unrealized profit on transaction between subsidiaries amounted to NT\$(51,573) thousand.

Note 4: Including investment gain recognized under equity method amounted to NT\$(7,636) thousand and realized profit on transaction between subsidiaries amounted to NT\$11,112 thousand.

Note 5: Transactions between consolidated entities are eliminated in the consolidated financial statements.

ATTACHMENT 4 (Securities held as of March 31, 2025) (Excluding investments in subsidiaries, associates and joint ventures)

(All the currencies are denominated in Thousands of New Taiwan Dollars)

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

Company	Investee company	Relationship	Financial statement account	Investments as of March 31, 2025					
				Number of shares	Book value	Percentage of ownership (%)	Fair value	Note	Shares as collateral
Eurocharm Innovation (TW) Co., Limited.	Vietnam Precision Industrial Joint Stock Company	-	Financial assets measured at fair value through other comprehensive income	-	\$11,007	5.77%	\$11,007	-	None
Eurocharm Innovation (TW) Co., Limited.	AmTrust Capital II Corp.	-	Financial assets measured at fair value through other comprehensive income	4,000,000	40,000	4.00%	40,000	-	None
Eurocharm Innovation Co., Ltd. (B.V.I.)	Northstar Precision (Vietnam) Company Limited	Other related party	Financial assets measured at fair value through other comprehensive income	-	44,698	19.90%	44,698	-	None
	Total				<u>\$95,705</u>		<u>\$95,705</u>		

ATTACHMENT 5 (Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital for the year ended March 31, 2025)

(All the currencies are denominated in Thousands of New Taiwan Dollars)

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

			Transactions				Details of non-arm's length transaction		Notes and trade receivables (payables)		
			Percentage of						Percentage of total		
Purchase (sales)			Purchases	total purchases							
company	Related party	Relationship	(Sales)	Amount	(sales) (%)	Term	Unit price	Term	Balance	balances (%)	Note
Vietnam Precision Industrial No.1 Co., Ltd.	Northstar Precision (Vietnam) Company Limited	Other related party	Sales	\$314,369	16.48%	30~90 days after monthly closing	By product type, cost, market price and other trading terms.	Non related parties are 15~90 days after monthly closing	Trade receivables \$230,251	17.35%	
Vietnam Precision Industrial No.1 Co., Ltd.	Eurocharm America LLC.	Subsidiary	Sales	\$167,404	8.77%	60~90 days after monthly closing	By product type, cost, market price and other trading terms.	Non related parties are 60~90 days after monthly closing	Trade receivables \$200,524	15.11%	(Note 1)

Note 1: Transactions between consolidated entities are eliminated in the consolidated financial statements.

ATTACHMENT 6 (Receivables from related of at least NT\$100 million or 20 percent of the paid-in capital as of March 31, 2025)

(All the currencies are denominated in Thousands of New Taiwan Dollars)

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

Company name	Related party	Relationships	Ending balance	Turnover ratio	Overdue		Amount received in subsequent periods	Loss allowance	Note
					Amount	Action taken			
Vietnam Precision Industrial No.1 Co., Ltd.	Northstar Precision (Vietnam) Company Limited	Other related party	<u>\$230,251</u>	<u>5.97</u>	<u>\$-</u>	-	<u>\$91,451</u>	<u>\$-</u>	
Vietnam Precision Industrial No.1 Co., Ltd.	Eurocharm America LLC.	Subsidiary	<u>\$200,524</u>	<u>4.54</u>	<u>\$-</u>	-	<u>\$28,705</u>	<u>\$-</u>	

ATTACHMENT 7 (Intercompany relationships and significant intercompany transactions for the year ended March 31, 2025)

(All the currencies are denominated in Thousands of New Taiwan Dollars)

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

No (Note1)	Company name	Counter party	Nature of relationship (Note 2)	Intercompany transactions			
				Financial Statement Account	Amount	Terms	Percentage of consolidated total gross sales or total assets (Note3)
	<u>2025.01.01~2025.03.31</u>						
0	Eurocharm Holdings Co., Ltd.	Eurocharm Innovation (HK) Co., Limited	1	Other incomes	\$9,873	By contract	0.52%
0	Eurocharm Holdings Co., Ltd.	Eurocharm Innovation (HK) Co., Limited	1	Other receivables	3,318	By contract	0.04%
1	Eurocharm Innovation Co., Ltd. (B.V.I)	Vietnam Precision Industrial No.1 Co., Ltd.	1	Dividend receivables	121,059	-	1.59%
2	Eurocharm Innovation (TW) Co., Limited.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Commisions incomes	7,647	30 days after monthly closing	0.40%
2	Eurocharm Innovation (TW) Co., Limited.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Trade receivables	33,896	30 days after monthly closing	0.45%
3	Eurocharm Innovation (HK) Co., Limited	Vietnam Precision Industrial No.1 Co., Ltd.	3	Sales	5,724	30 days after monthly closing	0.30%
3	Eurocharm Innovation (HK) Co., Limited	Vietnam Precision Industrial No.1 Co., Ltd.	3	Trade receivables	8,996	30 days after monthly closing	0.12%
4	Vietnam Precision Industrial No.1 Co., Ltd.	Eurocharm America LLC.	3	Sales	167,404	150 days after monthly closing	8.85%
4	Vietnam Precision Industrial No.1 Co., Ltd.	Eurocharm America LLC.	3	Trade receivables	200,524	150 days after monthly closing	2.63%
4	Vietnam Precision Industrial No.1 Co., Ltd.	Eurocharm America LLC.	3	Other receivables	666	150 days after monthly closing	0.01%

Note 1: Eurocharm Holdings Co., Ltd. and subsidiaries are coded as follows:

1. Eurocharm Holdings Co., Ltd. is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows :

1. Investor to investee.
2. Investee to investor.
3. Investee to investee.

Note 3: The percentage base with respect to the total consolidated revenue-weighted average (about income statement accounts) or total assets (about balance sheet accounts).

Note 4: Foreign currencies were converted into New Taiwan dollars based on exchanged rate of balance sheet date.