

Stock Code : 4807

(English Translation of Consolidated Interim Financial Statements and Report Originally Issued in Chinese)

**REGAL HOLDING CO., LTD. AND ITS
SUBSIDIARIES**

Consolidated Interim Financial Statements

**With Independent Auditor's Review Report
March 31, 2024 and 2023**

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Independent Auditors' Review Report

To the Board of Directors of
Regal Holding Co., Ltd.:

Preface

We have reviewed the accompanying consolidated balance sheets of Regal Holding Co., Ltd. and its subsidiaries as of March 31, 2024 and 2023, and the related consolidated statements of income for the years ended March 31, 2024 and 2023, and the consolidated statements of changes in equity and cash flows for the years ended March 31, 2024 and 2023, and notes to the consolidated financial statements, including the summary of significant accounting policies. It is the responsibility of management to prepare consolidated financial statements that present fairly the financial position of the Company in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting", as endorsed by the Financial Supervisory Commission and issued by the Financial Supervisory Commission. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Statement of Auditing Standards No. 2410, "Review of Financial Statements". The procedures applied in reviewing consolidated financial statements include making inquiries (primarily of persons responsible for financial and accounting matters), analytical procedures and other review procedures. A review is substantially less in scope than an audit and consequently we may not be able to identify all of the significant matters that might be identified by an audit and hence cannot express an opinion.

Conclusion

Based on our review, no material deviations in the above-mentioned consolidated financial report were found in accordance with the Guidelines Governing the Preparation of Financial Reports and the International Accounting Standard No. 34 "Interim Financial Reporting", which made it impossible to properly express the consolidated financial position of Regal Holding Co., Ltd. and its subsidiaries on March 31, 2024 and 2023, the consolidated financial performance from January 1, 2024 to March 31, 2024 and January 1, 2023 to March 31, 2023, and the consolidated cash flow from January 1, 2024 to March 31, 2024 and January 1, 2023 to March 31, 2023.

The engagement partners on the reviews resulting in this independent auditors' review report are Chun-I Chang and Min-Ju Chao.

KPMG

Taipei, Taiwan (Republic of China)

May 13, 2024

REGAL HOLDING CO., LTD. AND ITS SUBSIDIARIES**Consolidated Balance Sheets****March 31, 2024, December 31, 2023 and March 31, 2023****(Expressed in Thousands of New Taiwan Dollars)**

		March 31, 2024		December 31, 2023		March 31, 2023				March 31, 2024		December 31, 2023		March 31, 2023	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
11xx	Current assets:							21xx	Current liabilities:						
1100	Cash and cash equivalents (note 6(a))	\$ 127,386	10	139,418	11	409,247	29	2100	Short-term loans (note 6(i) and note 8)	\$ 300,560	24	243,459	20	197,406	14
1170	Trade receivables, net (note 6(b) and 6(p))	239,492	19	224,675	18	183,705	13	2150	Notes payables	216	-	87	-	103	-
1200	Other receivables (note 6(c))	6,882	1	7,367	1	7,982	1	2170	Trade payables	16,080	2	14,671	1	16,327	1
1220	Current tax assets	10,753	1	14,260	1	10,123	1	2200	Other payables	44,090	3	68,625	6	55,908	4
130x	Inventories (note 6(d))	395,519	32	392,382	31	337,554	24	2230	Current tax liabilities	-	-	-	-	7,991	1
1470	Other current assets	25,741	2	27,369	2	28,686	2	2280	Current lease liabilities (note 6(k))	176	-	177	-	1,071	-
	Total current assets	805,773	65	805,471	64	977,297	70	2321	Bonds payable, current portion (note 6(j))	-	-	-	-	87,433	6
15xx	Non-current assets:							2322	Long-term loans, current portion (note 6(i))	3,713	-	3,787	-	87,433	6
1600	Property, plant and equipment (note 6(f) 、 8 and note 9)	362,766	29	370,050	29	372,593	27	2399	Other current liabilities (note 6(p))	7,150	1	2,055	-	6,990	1
1755	Right-of-use assets (note 6(g) and 6(k))	323	-	372	-	1,467	-		Total current liabilities	371,985	30	332,861	27	373,229	27
1780	Intangible assets (note 6(h))	17,559	1	16,695	1	10,597	1	25xx	Non-current liabilities:						
1840	Deferred tax assets	55,286	4	56,393	5	19,940	1	2540	Long-term loans (note 6(i))	12,838	1	7,783	1	-	-
1984	Other financial assets — non-current (note 8)	10,180	1	10,208	1	10,088	1	2570	Deferred tax liabilities	29,666	2	34,034	3	41,520	3
	Total non-current assets	446,114	35	453,718	36	414,685	30	2580	Non-current lease liabilities (note 6(k))	172	-	222	-	429	-
								2640	Net defined benefit liabilities — non-current	31,005	3	30,543	2	26,424	2
								2645	Guarantee deposits received	4,402	-	4,437	-	5,025	-
									Total non-current liabilities	78,083	6	77,019	6	73,398	5
								2xxx	Total liabilities	450,068	36	409,880	33	446,627	32
								31xx	Equity attributable to owners of the Company (note 6(e) 、 6(j) and 6(n)) :						
								3100	Common stock	383,960	31	383,960	30	383,960	28
								3200	Capital surplus	375,499	30	375,499	30	375,499	27
								33xx	Retained earnings:						
								3310	Legal reserve	86,840	7	86,840	7	83,469	5
								3320	Special reserve	121,175	9	121,175	10	121,175	9
								3350	Undistributed earnings (loss to be covered)	(178,354)	(14)	(150,630)	(12)	(46,488)	(3)
									Total retained earnings	29,661	2	57,385	5	158,156	11
									Other equity:						
								3410	Exchange differences on translation of foreign financial statements	(52,516)	(4)	(37,109)	(3)	(42,645)	(3)
								3420	Losses from investments in equity instruments measured at fair value through other comprehensive income	(12,200)	(1)	(12,200)	(1)	(12,200)	(1)
									Total other equity	(64,716)	(5)	(49,309)	(4)	(54,845)	(4)
									Total equity attributable to owners of the Company	724,404	58	767,535	61	862,770	62
								36xx	Non-controlling interests (note 6(e) and 6(n))	77,415	6	81,774	6	82,585	6
								3xxx	Total equity	801,819	64	849,309	67	945,335	68
1xxx	Total assets	\$ 1,251,887	100	1,259,189	100	1,391,982	100	2-3xxx	Total liabilities and equity	\$ 1,251,887	100	1,259,189	100	1,391,982	100

See accompanying notes to consolidated interim financial statements.

(English Translation of Consolidated Interim Financial Statements and Report Originally Issued in Chinese)

REGAL HOLDING CO., LTD. AND ITS SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended at March 31, 2024 and 2023

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

		For the three months ended at March 31			
		2024		2023	
		Amount	%	Amount	%
4000	Operating revenues (note 6(p))	290,960	100	234,796	100
5000	Operating costs (note 6(d) 、6(f) 、6(g) 、6(h) 、6(k) 、6(l) and note 12)	255,809	88	260,090	111
5900	Gross profit (loss)	35,151	12	(25,294)	(11)
6000	Operating expenses (note 6(b) 、6(f) 、6(g) 、6(h) 、6(k) 、6(l) 、note 7 and note 12):				
6100	Selling expenses	20,988	7	14,176	6
6200	Administrative expenses	38,632	13	36,868	15
6300	Research and development expenses	15,317	5	16,118	7
6450	Expected credit losses (gain on reversal)	217	-	(224)	-
	Total operating expenses	75,154	25	66,938	28
6900	Operating income (losses)	(40,003)	(13)	(92,232)	(39)
7000	Non-operating income and expenses (note 6(j) 、6(k) and 6(r)):				
7100	Interest income	33	-	1,179	1
7010	Other income	1,325	-	2,298	1
7020	Other gains and losses	7,170	2	(1,459)	(1)
7050	Finance costs	(2,108)	-	(1,641)	(1)
	Total non-operating income and expenses	6,420	2	377	-
7900	Profit (losses) before income tax	(33,583)	(11)	(91,855)	(39)
7950	Less: income tax expenses (note 6(m))	(3,096)	(1)	(8,028)	(3)
8200	Profit (losses) for the period	(30,487)	(10)	(83,827)	(36)
8300	Other comprehensive income:				
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	(17,003)	(6)	4,101	2
8399	Less: income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
8300	Other comprehensive income	(17,003)	(6)	4,101	2
8500	Total comprehensive income	<u>(47,490)</u>	<u>(16)</u>	<u>(79,726)</u>	<u>(34)</u>
8600	Profit (losses) attributable to (note 6(n)):				
8610	Owners of the Company	(27,724)	(9)	(80,196)	(34)
8620	Non-controlling interests	(2,763)	(1)	(3,631)	(2)
		<u>(30,487)</u>	<u>(10)</u>	<u>(83,827)</u>	<u>(36)</u>
8700	Comprehensive income attributable to (note 6(n)):				
8710	Owners of the Company	(43,131)	(15)	(76,472)	(33)
8720	Non-controlling interests	(4,359)	(1)	(3,254)	(1)
		<u>(47,490)</u>	<u>(16)</u>	<u>(79,726)</u>	<u>(34)</u>
	Earnings (losses) per share (New Taiwan Dollars) (note 6(o))				
9750	Basic earnings (losses) per share		<u>(0.72)</u>		<u>(2.09)</u>
9850	Diluted earnings (losses) per share		<u>(0.72)</u>		<u>(2.09)</u>

See accompanying notes to consolidated interim financial statements.

(English Translation of Consolidated Interim Financial Statements and Report Originally Issued in Chinese)

REGAL HOLDING CO., LTD. AND ITS SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended at March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of the Company							Other equity		Non-controlling interests	Total equity	
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Undistributed earnings (loss to be recovered)	Total retained earnings	Exchange differences on translation of foreign operations	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	Total equity attributable to owners of the Company			
Balance at January 1, 2023	\$ 383,960	375,499	83,469	121,175	33,708	238,352	(46,369)	(12,200)	(58,569)	939,242	101,226	1,040,468
Profit (losses) for the period	-	-	-	-	(80,196)	(80,196)	-	-	-	(80,196)	(3,631)	(83,827)
Other comprehensive income	-	-	-	-	-	-	3,724	-	3,724	3,724	377	4,101
Total comprehensive income	-	-	-	-	(80,196)	(80,196)	3,724	-	3,724	(76,472)	(3,254)	(79,726)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	2	2
Cash dividends distributed by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(15,389)	(15,389)
Balance at March 31, 2023	\$ 383,960	375,499	83,469	121,175	(46,488)	158,156	(42,645)	(12,200)	(54,845)	862,770	82,585	945,355
Balance at January 1, 2024	\$ 383,960	375,499	86,840	121,175	(150,630)	57,385	(37,109)	(12,200)	(49,309)	767,235	81,774	849,309
Profit (losses) for the period	-	-	-	-	(27,724)	(27,724)	-	-	-	(27,724)	(2,763)	(30,487)
Other comprehensive income	-	-	-	-	-	-	(15,407)	-	(15,407)	(15,407)	(1,596)	(17,003)
Total comprehensive income	-	-	-	-	(27,724)	(27,724)	(15,407)	-	(15,407)	(43,131)	(4,359)	(47,490)
Balance at March 31, 2024	\$ 383,960	375,499	86,840	121,175	(178,354)	29,661	(52,516)	(12,200)	(64,716)	724,404	77,415	801,819

See accompanying notes to consolidated interim financial statements.

REGAL HOLDING CO., LTD. AND ITS SUBSIDIARIES**Consolidated Statements of Cash Flows****For the three months ended at March 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	For the three months ended March 31	
	2024	2023
Cash flows from (used in) operating activities:		
Profit (losses) before tax	\$ (33,583)	(91,855)
Adjustments:		
Adjustments to reconcile profit (losses):		
Depreciation expenses	15,074	15,556
Amortization expenses	927	903
Expected credit losses (gains)	217	(224)
Interest expenses	2,108	1,641
Interest income	(33)	(1,179)
Losses on disposal of property, plant and equipment	34	8
Transfer of property, plant and equipment to expenses	-	60
Gains on financial liabilities measured at fair value through profit or loss	134	-
Unrealized foreign exchange losses (gains)	(3,837)	(2,791)
Transfer of intangible assets to expenses	-	286
Total adjustments to reconcile profit (losses)	14,624	14,260
Changes in operating assets and liabilities:		
Trade receivables	(10,775)	197,894
Other receivables	485	(299)
Inventories	(3,137)	(10,056)
Other current assets	1,684	(2,689)
Total changes in operating assets	(11,473)	184,850
Notes payables	129	40
Trade payables	974	(2,478)
Other payables	(24,392)	(26,662)
Other current liabilities	5,095	2,409
Net defined benefit liabilities	1,066	670
Total changes in operating liabilities	(17,128)	(26,021)
Total changes in operating assets and liabilities	(28,871)	158,829
Total adjustments	(14,247)	173,089
Cash inflows (outflows) generated from operations	(47,830)	81,234
Interest received	33	1,148
Interest paid	(2,226)	(1,354)
Income tax paid (refunded)	1,911	3,374
Net cash flows from operating activities	(48,112)	84,402
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(15,043)	(25,004)
Acquisition of intangible assets	(2,253)	(2,096)
Decrease (increase) in other financial assets — non-current	(217)	(217)
Net cash flows used in investing activities	(17,268)	(27,317)
Cash flows from (used in) financing activities:		
Increase in short-term loans	62,090	-
Long-term loans	6,157	-
Payments of long-term loans	(931)	-
Increase (decrease) in guarantee deposits received	(35)	419
Payments of lease liabilities	(43)	(237)
Changes in non-controlling interests	-	2
Cash dividends paid to non-controlling interests	-	(15,389)
Net cash flows used in financing activities	67,238	(15,205)
Effect of exchange rate changes on cash and cash equivalents	(13,890)	3,509
Net increase (decrease) in cash and cash equivalents	(12,032)	45,389
Cash and cash equivalents at the beginning of period	139,418	363,858
Cash and cash equivalents at the end of period	\$ 127,386	409,247

See accompanying notes to consolidated interim financial statements.

(English Translation of Consolidated Interim Financial Statements and Report Originally Issued in Chinese)

REGAL HOLDING CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements

March 31, 2024 and 2023

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

(1) Company history

Regal Holding Co., Ltd. (the "Company") was established in the Cayman Islands in October 2014. The main purpose of the establishment was to restructure its group entities for application to list on Taiwan Stock Exchange ("TWSE") in the Republic of China. The Company becomes the holding company of Regal Jewelry Manufacture Co., Ltd. ("RJM") by using share swaps with previous shareholders of RJM to restructure the group. The Company's shares have been listed and traded on the TWSE since June 26, 2017. The main business of the Company and subsidiaries are designing, manufacturing, electroplating and selling jewelry gems. Please refer to note 6(p).

(2) Approval date and procedures of the consolidated interim financial statements:

The consolidated financial statements were approved by the Board of Directors on May 13, 2024.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of adopting the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission (FSC), R.O.C.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

- Amendments to IAS 1, "Classification of Liabilities as Current or Noncurrent"
- Amendments to IAS 1, "Non-current Liabilities with Contractual Provisions"
- Amendments to IAS 7 and IFRS 7, "Supplier Finance Arrangement"
- Amendments to IFRS 16, "Lease Liability in a Sale and Leaseback"

- (b) The impact of IFRS issued by IASB but not yet endorsed by FSC

The standards and interpretations that have been issued and amended by IASB but not yet been endorsed by FSC, and may be relevant to the Company are as follows:

<u>New or Revised Standards</u>	<u>Major amendments</u>	<u>Effective Date Published by IASB</u>
IFRS 18, "Presentation and Disclosure in Financial Statements"	The new standard introduces three categories of income and expense, two income statement subtotals and a single note on management performance measures. These three amendments,	January 1, 2027

together with enhanced guidance on how information should be broken down in the financial statements, provide the basis for better and more consistent information for users and will affect all companies.

- More structured income statement: Under the current standard, companies used different formats to present their operating results, making it difficult for investors to compare financial performance between companies. The new standard adopts a more structured income statement, introduces a new definition of the "operating profit" sub-total, and requires that all revenues and expenses will be categorized into three new categories based on the company's principal operating activities.

- Management Performance Measurement (MPM): The new standard introduces a definition of management performance measurement and requires companies to explain in a separate note to the financial statements, for each measure, why it provides useful information, how it is calculated and how it reconciles the measure to the amounts recognized under IFRS accounting standards.

- More disaggregated information: The new standard includes guidance on how companies can enhance the disaggregation of information in the financial statements. This includes guidance on whether information should be included in the primary financial statements or further disaggregated in the notes.

The Company is continuously evaluating the impact of the above standards and interpretations on the presentation and disclosure of the Company's financial position and operating results, and the related impact will be disclosed when the evaluation is completed.

The Group does not expect the following new and amended standards, which have not yet been endorsed, to have a significant impact on the consolidated financial statements:

- Amendments to IFRS 10 and IAS 28, "Disposal of or Contribution to Assets between an Investor and its Affiliates or Joint Ventures"
- IFRS 17 "Insurance Contracts" and related amendments
- Amendments to IFRS 17, "Comparative information for initial application of IFRS 17 and IFRS 9"
- Amendments to IAS 21, "Lack of Exchangeability"

REGAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(4) Summary of significant accounting policies:

Except as described below, the significant accounting policies used in this consolidated financial statements are the same as those used in the 2023 consolidated financial statements. For related information, please refer to Note 4 of it.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (Regulations) and International Accounting Standard 34, "Interim Financial Reporting", as endorsed by FSC and in effect. These consolidated financial reports do not include all information that is required to be disclosed in annual consolidated financial report prepared in accordance with International Financial Reporting Standards, International Accounting Standards, Interpretations and Explanatory Notes as endorsed and issued by FSC.

(b) Basis of consolidation

The principles of preparation of the consolidated financial statements are consistent with those of the consolidated financial statements for fiscal year 2023. For related information, please refer to Note 4(c) of the 2023 consolidated financial statements.

1. List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Main business	Percentage of ownership (%)		
			March 31, 2024	December 31, 2023	March 31, 2023
The Company	Regal Jewelry Manufacture Co., Ltd. (RJM)	Designing, manufacturing and selling jewelry and gems	99.99%	99.99%	99.99%
The Company	GIO VAN GOGH (International) Jewelry Ltd. (GVG Hon Kong)	Investment activities	- % (Note 4)	- % (Note 4)	- % (Note 4)
The Company	Regal Management Solution Co., Ltd. (RMS)	Technical services and resources consulting	99.90% (Note 1 and 6)	99.90% (Note 1 and 6)	99.99% (Note 1)
The Company	Reunite Inspiring Creation Co., Ltd. (RIC)	Selling jewelry and gems	100.00%	100.00% (Note 5 and 6)	100.00%
RJM	Regal Plating Co., Ltd. (RGP)	Plating jewelry and gems	51.00%	51.00%	51.00%
RJM	Regal Precious Metal Innovation Co., Ltd. (RPM)	Metal recycling	99.90%	99.90% (Note 2)	99.90%

REGAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

RJM	Linden Integrated Co., Ltd. (Linden)	Selling jewelry and gems	49.00% (Note 3 and 6)	49.00% (Note 3 and 6)	49.00%
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Note 1 : On March 29, 2023, June 20, 2023, August 2023 and October 2023, the Company all increased its capital by 1,998 thousand Thai Baht.

Note 2 : RJM injected its capital into RPM by 39,960 thousand Thai Baht on October 12, 2023.

Note 3 : Linden's administration, key managements, business activities and locations, and products are all assigned or provided by the Company or RJM, and therefore have substantial control over it.

Note 4 : The Company's Board of Directors resolved to terminate the operation of this subsidiary on March 11, 2022, and GVG Hong Kong obtained a certificate of deregistration on October 20, 2023. In 2023, due to the disposal of this company, the Company recognized a loss of \$1,406 thousand, and it was accounted for other gains and losses.

Note 5 : On February 23, 2023, the Board of Directors resolved that RIC reduced its capital by NT\$25,000 thousand to cover its losses and increased its capital by NT\$2,500 thousand in cash. The capital reduction was registered in June 2023, and the paid-in capital after the capital reduction and increase amounted to NT\$22,500 thousand, which was divided into 2,250 thousand shares at NT\$10 per share.

Note 6 : The Company's Board of Directors resolved to terminate the operations of the subsidiary on November 12, 2023, of which the Company has obtained the approval from the Department of Investment Review of the Ministry of Economic Affairs for RIC's dissolution application on January 22, 2024, and the relevant liquidation procedures are still in progress.

All subsidiaries of the Company are included in the consolidated financial statements.

(c) Employee benefits

Defined benefit pensions plan for the interim period are calculated using actuarially determined pension cost rates as of the end of the prior fiscal year, based on the beginning of the year through the end of the current period, adjusted for significant market fluctuations and significant curtailments, liquidations or other significant one-time events after that end date.

(d) Income taxes

Income tax expense is measured by multiplying net income before income taxes for the period under review by management's best estimate of the estimated effective tax rate for the full year and is recognized as income tax expense in current period.

Income tax expense recognized directly in equity or other comprehensive income is measured at the tax rates that are expected to apply when the related assets and liabilities are realized or settled, based on temporary differences between their carrying amounts for financial reporting purposes and their tax bases.

REGAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting," as endorsed by the FSC, requires managements to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

The significant judgments made by managements in the adoption of the Group's accounting policies and the key sources of estimation uncertainty in the preparation of the consolidated financial statements are consistent with Note 5 in 2023 consolidated financial statements.

(6) Explanation of significant accounts

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2023. Please refer to Note 6 of the 2023 annual consolidated financial statements.

(a) Cash and cash equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash	\$ 573	618	665
Demand deposits	113,323	125,062	245,341
Checking deposits	50	52	53
Fixed deposits	13,440	13,686	163,188
Cash and cash equivalents in consolidated statement of cash flows	<u>\$ 127,386</u>	<u>139,418</u>	<u>409,247</u>

For the interest rate risk and sensitivity analysis of the Company's consolidated financial assets and liabilities, please refer to Note 6(s).

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(b) Trade receivables

	March 31, 2024	December 31, 2023	March 31, 2023
Trade receivables	\$ 239,921	224,893	184,168
Less: allowance for loss	(429)	(218)	(463)
	<u>\$ 239,492</u>	<u>224,675</u>	<u>183,705</u>

The Group applies the simplified approach to assess its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information.

The Group's analysis on the expected credit loss of its trade receivables in the region of Thailand were as follows:

	March 31, 2024		
	Book value of trade receivables	Lifetime expected credit loss rate (%)	Allowance for lifetime expected credit loss
Not yet due	\$ 114,040	-	-
Past due 1~30 days	32,745	-	-
	<u>\$ 146,785</u>		<u>-</u>
	December 31, 2023		
	Book value of trade receivables	Lifetime expected credit loss rate (%)	Allowance for lifetime expected credit loss
Not yet due	\$ 103,573	-	-
Past due 1~30 days	29,992	-	-
Past due 31~60 days	194	-	-
	<u>\$ 133,759</u>		<u>-</u>

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	March 31, 2023		
	Book value of trade receivables	Lifetime expected credit loss rate (%)	Allowance for lifetime expected credit loss
Not yet due	\$ 86,220	-	-
Past due 1~30 days	41,988	-	-
Past due 31~60 days	21	-	-
Past due 61~90 days	31	-	-
	\$ 128,260		-

The Group's analysis on the expected credit loss of its trade receivables in other regions were as follows:

	March 31, 2024		
	Book value of trade receivables	Lifetime expected credit loss rate (%)	Allowance for lifetime expected credit loss
Not yet due	\$ 61,150	-	-
Past due 1~30 days	18,447	-	-
Past due 31~60 days	12,972	2.57	333
Past due 61~90 days	461	15.53	71
Past due 91~180 days	106	23.65	25
	\$ 93,136		429

	December 31, 2023		
	Book value of trade receivables	Lifetime expected credit loss rate (%)	Allowance for lifetime expected credit loss
Not yet due	\$ 59,537	-	-
Past due 1~30 days	25,108	-	-
Past due 31~60 days	6,109	2.57	157
Past due 61~90 days	359	15.53	56
Past due 91~180 days	21	23.65	5
	\$ 91,134		218

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	March 31, 2023		
	Book value of trade receivables	Lifetime expected credit loss rate (%)	Allowance for lifetime expected credit loss
Not yet due	\$ 51,110	0.46	233
Past due 1~30 days	4,393	1.94	85
Past due 31~60 days	289	12.40	36
Past due 61~90 days	11	35.17	4
Over 1 year	105	100.00	105
	\$ 55,908		463

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

	For the three months ended March 31	
	2024	2023
Balance at the beginning	\$ 218	684
Impairment losses recognized (gain on reversal)	217	(224)
Foreign currency translation effects	(6)	3
Balance at the end	\$ 429	463

(c) Other receivables

	March 31, 2024	December 31, 2023	March 31, 2023
Other receivables	\$ 23,090	23,899	24,434
Less: allowance for loss	(16,208)	(16,532)	(16,452)
	\$ 6,882	7,367	7,982

The movements of the allowance for loss for other receivables were as follows:

	For the three months ended March 31	
	2024	2023
Balance at the beginning	\$ 16,532	16,393
Foreign currency translation effects	(324)	59
Balance at the end	\$ 16,208	16,452

The Group did not have any past due other receivables as of March 31, 2024, December 31, 2023 and March 31, 2023.

For further credit risk information, please refer to Note 6(s).

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(d) Inventories

March 31, 2024			
	Cost	Allowance for devaluation and obsolescence	Net realizable value
Raw materials	\$ 331,503	63,190	268,313
Work in process	110,634	9,013	101,621
Finished goods	24,559	3,451	21,108
Supplies and spare parts	8,778	4,301	4,477
	\$ 475,474	79,955	395,519
December 31, 2023			
	Cost	Allowance for devaluation and obsolescence	Net realizable value
Raw materials	\$ 324,295	62,638	261,657
Work in process	100,201	8,399	91,802
Finished goods	39,240	5,208	34,032
Supplies and spare parts	9,671	4,780	4,891
	\$ 473,407	81,025	392,382
March 31, 2023			
	Cost	Allowance for devaluation and obsolescence	Net realizable value
Raw materials	\$ 289,903	52,190	237,713
Work in process	89,083	7,240	81,843
Finished goods	11,938	3,147	8,791
Supplies and spare parts	12,177	2,970	9,207
	\$ 403,101	65,547	337,554

The movements of the allowance for devaluation and obsolescence in inventories were as follows:

	<u>For the three months ended March 31</u>	
	2024	2023
Balance at the beginning	\$ 81,025	67,071
Current provision (reversal)	507	(1,768)
Foreign currency translation effects	(1,577)	244
Balance at the end	\$ 79,955	65,547

In addition to the regular costs of goods sold, the following profit and loss were the components

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included in the Group's operating costs:

	For the three months ended March 31	
	2024	2023
Loss on the allowance for inventory devaluation and obsolescence	\$ 507	(1,768)
Revenue from sales of scrap	(8,371)	(7,441)
Unallocated costs	13,279	-
	\$ 5,415	(9,209)

As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group did not pledge the inventories as collateral.

(e) Subsidiaries with material non-controlling interests

The non-controlling interests of subsidiaries that are material to the Group were as follows:

Subsidiary	Main operation place / country of incorporation	Percentage of non-controlling interests		
		March 31, 2024	December 31, 2023	March 31, 2023
Regal Plating Co., Ltd.	Thailand	49.00%	49.00%	49.00%

The following information of the aforementioned subsidiary has been prepared in accordance with the IFRS endorsed by the FSC, and the intra-group transactions were not eliminated in this information.

The collective financial information of the Regal Plating Co., Ltd. was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Current assets	\$ 150,755	158,403	156,792
Non-current assets	11,911	13,779	17,072
Current liabilities	(4,748)	(5,448)	(5,975)
Non-current liabilities	(1,556)	(1,517)	(1,364)
Net assets	\$ 156,362	165,217	166,525
Non-controlling interests	\$ 76,617	80,956	81,597

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	For the three months ended March 31	
	2024	2023
Sales revenue	\$ 38,083	45,937
Net income (loss)	\$ (5,631)	(7,385)
Other comprehensive income	3,224	762
	\$ (2,407)	(6,623)
Loss for current period attributable to non-controlling interests	\$ (2,759)	(3,619)
Total comprehensive income attributable to non-controlling interests	\$ (1,179)	(3,245)
Net cash flows from operating activities	\$ (14,718)	16,226
Net cash flows used in investing activities	(155)	(66)
Net cash flows used in financing activities	-	(31,406)
Net increase (decrease) in cash and cash equivalents	\$ (14,873)	(15,246)
Dividends paid to non-controlling interests	\$ -	(15,389)

(f) Property, plant and equipment

The cost, depreciation, and impairment losses of the property, plant and equipment of the Group of the three months ended at March 31, 2024 and 2023 were as follows:

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Land improvement	Unfinished work and Equipment to be inspected	Total
Cost or deemed as cost:								
Balance at January 1, 2024	\$ 157,534	273,533	347,745	23,518	157,087	11,914	19,440	990,771
Additions	-	256	1,765	-	2,787	63	10,172	15,043
Disposals	-	(11)	(3,363)	-	(596)	-	-	(3,970)
Reclassification	-	-	-	-	3,645	-	(3,645)	-
Foreign currency translation effect	(3,092)	(5,370)	(6,821)	(462)	(3,092)	(228)	(404)	(19,469)
Balance at March 31, 2024	\$ 154,442	268,408	339,326	23,056	159,831	11,749	25,563	982,375
Balance at January 1, 2023	\$ 156,207	250,199	326,196	23,306	145,199	10,285	27,796	939,188
Additions	-	856	6,779	8	8,678	73	8,610	25,004
Disposals	-	-	(2,935)	-	(1,409)	-	-	(4,344)
Reclassification	-	15,862	14,313	-	89	89	(30,413)	(60)
Foreign currency translation effect	559	828	1,095	84	488	35	187	3,276
Balance at March 31, 2023	\$ 156,766	267,745	345,448	23,398	153,045	10,482	6,180	963,064
Accumulated depreciation and impairment losses:								
Balance at January 1, 2024	\$ -	204,182	265,300	17,515	123,789	9,935	-	620,721
Depreciation	-	3,047	7,221	668	3,966	130	-	15,032
Disposals	-	(11)	(3,355)	-	(570)	-	-	(3,936)
Foreign currency translation effect	-	(4,018)	(5,221)	(346)	(2,432)	(191)	-	(12,208)
Balance at March 31, 2024	\$ -	203,200	263,945	17,837	124,753	9,874	-	619,609
Balance at January 1, 2023	\$ -	189,947	247,892	14,328	115,649	9,673	-	577,489
Depreciation	-	3,321	7,342	956	3,612	66	-	15,297
Disposals	-	-	(2,932)	-	(1,404)	-	-	(4,336)
Foreign currency translation effect	-	666	870	47	404	34	-	2,021
Balance at March 31, 2023	\$ -	193,934	253,172	15,331	118,261	9,773	-	590,471
Carrying amount:								
Balance at January 1, 2024	\$ 157,534	69,351	82,445	6,003	33,298	1,979	19,440	370,050
Balance at March 31, 2024	\$ 154,442	65,208	75,381	5,219	35,078	1,875	25,563	362,766
Balance at March 31, 2023	\$ 156,766	73,811	92,276	8,067	34,784	709	6,180	372,593

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Please refer to Note 8 for the disclosure of assets pledged as collateral for loans.

(g) Right-of-use assets

The information for the cost and depreciation about the leases for which the Group as lessee was as follows:

	Buildings
Cost:	
Balance at January 1, 2024	\$ 536
Foreign currency translation effect	(10)
Balance at March 31, 2024	<u>\$ 526</u>
Balance at January 1, 2023	\$ 2,087
Additions	536
Effect of exchange rate changes	(2)
Balance at March 31, 2023	<u>\$ 2,621</u>
Accumulated depreciation:	
Balance at January 1, 2024	\$ 164
Depreciation	42
Foreign currency translation effect	(3)
Balance at March 31, 2024	<u>\$ 203</u>
Balance at January 1, 2023	\$ 894
Depreciation	259
Effect of exchange rate changes	1
Balance at March 31, 2023	<u>\$ 1,154</u>
Carrying amount	
Balance at January 1, 2024	<u>\$ 372</u>
Balance at March 31, 2024	<u>\$ 323</u>
Balance at March 31, 2023	<u>\$ 1,467</u>

(h) Intangible assets

The cost, amortization and impairment losses of the intangible assets of the Group for the three months ended at March 31, 2024 and 2023 were as follows:

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	<u>Computer software</u>	<u>Trademark</u>	<u>Total</u>
Costs:			
Balance at January 1, 2024	\$ 70,899	785	71,864
Additions	2,253	-	2,253
Disposal	(1,466)	-	(1,466)
Foreign currency translation effect	(1,361)	(16)	(1,377)
Balance at March 31, 2024	\$ 70,325	769	71,094
Balance at January 1, 2023	\$ 60,147	1,331	61,478
Additions	2,096	-	2,096
Reclassification	(5)	(281)	(286)
Foreign currency translation effect	200	6	206
Balance at March 31, 2023	\$ 62,438	1,056	63,494
Amortization and impairment loss:			
Balance at January 1, 2024	\$ 54,704	285	54,989
Amortization	908	19	927
Disposal	(1,332)	-	(1,332)
Foreign currency translation effect	(1,043)	(6)	(1,049)
Balance at March 31, 2024	\$ 53,237	298	53,535
Balance at January 1, 2023	\$ 51,673	145	51,818
Amortization	762	141	903
Foreign currency translation effect	176	-	176
Balance at March 31, 2023	\$ 52,611	286	52,897
Carrying amount:			
Balance at January 1, 2024	\$ 16,195	500	16,695
Balance at March 31, 2024	\$ 17,088	471	17,559
Balance at March 31, 2023	\$ 9,827	770	10,597

(i) Long-term and short-term loans

1. Short-term loans

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Credit loans	\$ 61,880	-	44,865
Guaranteed bank loans	238,680	243,459	152,541
Total	\$ 300,560	243,459	197,406
Unused credit lines	\$ 671,220	744,876	801,173
Interest rate (%)	<u>3.08~3.20</u>	<u>3.12~3.13</u>	<u>2.65</u>

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2. Long-term loans

	March 31, 2024		
	Interest rate (%)	Maturity Year	Amount
Unsecured bank loans	2.00~4.50	2028	\$ 16,551
Less: portion due within one year			(3,713)
Total			\$ 12,838
Unutilized credit			\$ 1,924
	December 31, 2023		
	Interest rate (%)	Maturity Year	Amount
Unsecured bank loans	2.00~4.50	2028	\$ 11,570
Less: portion due within one year			(3,787)
Total			\$ 7,783
Unutilized credit			\$ 9,169

3. Please refer to Note 8 for the Company's assets pledged as collateral for bank loans.

(j) Corporate bonds payable

1. The information on the issuance of corporate bonds was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Total convertible corporate bonds issued	\$ -	250,000	250,000
Unamortized discount amount on corporate bonds payable	-	-	(1,267)
Cumulative redemption amount	-	(249,700)	(161,000)
Cumulative conversion amount	-	(300)	(300)
Balance of corporate bonds payable at year-end	\$ -	-	87,433
Equity component – conversion rights (recorded as capital surplus - stock options)	\$ -	-	3,820

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	For the three months ended March 31	
	2024	2023
Interest expenses	\$ -	462

The Group did not issue, repurchase or repay the corporate bonds payables for the three months ended at March 31, 2024 and 2023. For more information, please refer to Note 6(j) of the consolidated financial report for the year 2023. From July 16, 2023, the price of the Company's convertible corporate bonds was adjusted from 27.8 dollar per share to 27.2 dollar per share. The aforementioned bonds payable to the Company were due for repayment on December 2, 2023.

Please refer to Note 6(o) for information on the conversion of corporate bonds payable to ordinary shares from January 1, 2022 to March 31, 2022. There was no conversion of corporate bonds payable into ordinary shares from January 1, 2023 to March 31, 2023.

2. The equity components were recorded as Capital surplus—stock options, and the information were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Balance at the beginning	\$ -	3,820	3,820
Less: redemption in the period	-	(3,820)	-
Balance at the end	\$ -	-	3,820

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(k) Lease liabilities

The lease liabilities of the Group were as follows:

	March 31, 2024		
	Future minimum lease payments	Interests	Present value of minimum lease payments
Less than one year	\$ 194	18	176
Between one to five year	178	6	172
	\$ 372	24	348
Current	\$ 194	18	176
Non-current	\$ 178	6	172
	December 31, 2023		
	Future minimum lease payments	Interests	Present value of minimum lease payments
Less than one year	\$ 198	21	177
Between one to five year	231	9	222
	\$ 429	30	399
Current	\$ 198	21	177
Non-current	\$ 231	9	222
	March 31, 2023		
	Future minimum lease payments	Interests	Present value of minimum lease payments
Less than one year	\$ 1,111	40	1,071
Between one to five year	453	24	429
	\$ 1,564	64	1,500
Current	\$ 1,111	40	1,071
Non-current	\$ 453	24	429

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The amounts recognized in profit or losses were as follows:

	For the three months ended March 31	
	2024	2023
Interests on lease liabilities	\$ 6	8
Expenses related to short-term leases	\$ 347	111
Expenses related to leases of low-value assets (excluding short-term leases of low-value assets)	\$ 108	142

The amounts recognized in the statement of cash flows for the Group were as follows:

	For the three months ended March 31	
	2024	2023
Total cash outflow for leases	\$ 504	498

1. Leases about buildings

The Group leases buildings for its office space, which typically run for a period from two to three years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract.

2. Other leases

The Group leases printers and other office equipment with contract terms of one to five years. These leases are short-term leases or leases of low-value items. The Group has chosen not to recognize as right-of-use assets and lease liabilities for these leases.

(l) Employee benefits

1. Defined benefit plans

Since there were no material market fluctuations, material reductions, liquidations or other material one-off events after the end of the previous fiscal year, the Group adopted the pension plan calculated on December 31, 2024 and 2023 to measure and disclose in interim periods.

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The details of the Group's costs and expenses were as follows:

	<u>For the three months ended March 31</u>	
	2024	2023
Operating costs	\$ 723	653
Operating expenses	342	309
	\$ 1,065	962

2. Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or deductive obligation.

The pension costs incurred from the contributions to the Bureau of Labor Insurance amounted to \$37 thousand and \$136 thousand for the three months ended March 31, 2024 and 2023, respectively.

(m) Income taxes

1. The Company is incorporated in the Cayman Islands, where corporate income tax is not required to be paid. In the Group, RJM, RGP, RMS, Linden, RPM and RIC's statutory income tax rate are 20%.
2. The information for the income tax benefits of the Group were as follows:

	<u>For the three months ended March 31</u>	
	2024	2023
Income tax benefits in current period		
Income tax benefits in current period	\$ (3,301)	(7,822)
Adjustment of current income tax for prior periods	205	(206)
Income tax benefits	\$ (3,096)	(8,028)

3. Situation of levy and approval of income tax

The Company is not required to pay income tax in the country where it is incorporated.

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In Thailand, where RJM, RGP, RMS, Linden, and RPM are operating, the corporate income tax declarations are examined by the tax authority without issuing official approval certificates. Income taxes paid in prior years have received income tax receipts up to 2023. Corporate income tax declarations submitted by the Company's Taiwan branch and RIC had been approved by the tax authority department through 2021. As described in Note 4(b), the RIC has entered into liquidation process, with the finalized filing completed in January 2024.

(n) Capital and other equity

Except for the following, there were no significant changes in the Group's capital and other equity during the three months ended March 31, 2024 and 2023. For the relevant information, please refer to Note 6(n) of the consolidated financial statements for 2023.

Reconciliation of shares outstanding and issued of the Group for the nine months ended March 31, 2024 and 2023 were as follows:

(Unit: thousand shares)

	Common Stock	
	For the three months ended March 31	
	2024	2023
Balance of outstanding shares on January 1 and March 31 (Balance of total shares issued on March 31)	38,396	38,396

As of March 31, 2024, December 31, 2023 and March 31, 2023, the total value of authorized ordinary shares of the Group were all amount to \$600,000 thousand, with a par value of \$10 per share. The paid-in capital was all \$383,960 thousand.

1. Capital surplus

The balance of capital surplus of the Group was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Share premium on stock issuance	\$ 354,846	354,846	354,846
Restricted shares for employees	9,899	9,899	9,899
Issuance of convertible bonds-stock options	-	-	3,820
Convertible bond stock options - lapsed	10,754	10,754	6,934
	\$ 375,499	375,499	375,499

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2. Earnings distribution

On February 26, 2024, the Board of Directors proposed the amount of cash dividends to be distributed from the 2023 earnings to be \$0 thousand.

The appropriation of the 2023 earnings is subject to the resolution of the shareholders' meeting to be held on May 30, 2024.

The earnings distribution proposal for the year 2022 was resolved by the Company's shareholders' meeting on May 26, 2023, and the dividend distributed to the shareholders were as follows:

	2022	
	Amount per share	Total Amount
Dividends distributed to shareholders:		
Cash	\$ 0.450	<u><u>\$ 17,278</u></u>

The information about earnings distribution approved by the Company's Board of Directors and resolved by the shareholders' meeting would be available on the website of Market Observation Post System.

3. Other equity, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through profit or loss	Total
Balance at January 1, 2024	\$ (37,109)	(12,200)	(49,309)
Exchange differences arising from the translation of net assets of foreign operating entities	(15,407)	-	(15,407)
	-	-	-
Balance at January 1, 2024	<u><u>\$ (52,516)</u></u>	<u><u>(12,200)</u></u>	<u><u>(64,716)</u></u>
Balance at January 1, 2023	\$ (46,369)	(12,200)	(58,569)
Exchange differences arising from the translation of net assets of foreign operating entities	3,724	-	3,724
Balance at March 31, 2023	<u><u>\$ (42,645)</u></u>	<u><u>(12,200)</u></u>	<u><u>(54,845)</u></u>

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4. Non-controlling interests, net of tax

	For the three months ended March 31	
	2024	2023
Balance at the beginning	\$ 81,774	101,226
Share attributable to non-controlling interests:		
Net earnings (losses)	(2,763)	(3,631)
Exchange differences arising from the translation of net assets of foreign operating entities	(1,596)	377
Changes in non-controlling interests	-	2
Subsidiaries distributed cash dividends to non-controlling interests	-	(15,389)
	\$ 77,415	82,585

(o) Earnings (losses) per share

The information about basic and diluted loss per share was as follows:

	(Unit: thousand shares)	
	For the three months ended March 31	
	2024	2023
Basic earnings (losses) per share/ Diluted earnings (losses) per share:		
Net earnings (losses) attributable to common stocks	\$ (27,724)	(80,196)
Weighted-average number of common stock outstanding	38,396	38,396
Basic earnings (losses) per share/ Diluted earnings (losses) per share (New Taiwan Dollar)	\$ (0.72)	(2.09)

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(p) Revenue from contracts with customers

1. Disaggregation of revenue

	<u>For the three months ended March 31</u>	
	2024	2023
Primary markets:		
Thailand	\$ 116,784	88,874
France	41,016	41,146
United States	39,473	31,162
United Kingdom	34,322	16,044
Canada	19,236	20,268
Australia	13,338	16,325
Others	26,791	20,977
	\$ 290,960	234,796
Main products/service lines:		
Designing, manufacturing and selling jewelry and gems	\$ 274,145	219,149
Electroplating	16,815	15,647
	\$ 290,960	234,796

2. Remaining balance of contracts

	March 31, 2024	December 31, 2023	March 31, 2023
Trade receivables	\$ 239,921	224,893	184,168
Less: allowance for loss	(429)	(218)	(463)
Total	\$ 239,492	224,675	183,705
Contract liabilities (recorded as other current liabilities)	\$ 5,109	976	5,716

For details on trade receivables and impairments, please refer to Note 6(b).

The opening balances of contract liabilities on January 1, 2024 and 2023 which were recognized as income from January 1 to March 31, 2024, and January 1 to March 31, 2023, were \$292 thousand, and \$176 thousand, respectively.

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The change in contract liabilities was mainly due to the difference between the point at which the Company transfers goods or services to customers to satisfy its obligations and the point at which customers pay.

(q) Employees' and directors' compensation

According to the amendment of the Company's Articles of Incorporation which was approved during the shareholders' meeting at May 20, 2016, no less than 1% of the current-year profit before tax, shall be distributed as employee compensation, and no more than 3% of the current-year profit before tax as remuneration to directors. However, if the Company has an accumulated deficit, the profit should first be used to offset the deficit. The compensation and remuneration shall be made by way of cash or stock, or a combination of both, wherein the recipients may include the employees of the Company's affiliated companies who meet certain conditions decided by the Board of Directors of the Company.

There were net losses before income tax for the years ended March 31, 2024 and 2023, so the Company did not estimate for employees' compensation and directors' compensation. If the actual amount distributed in the following year differs from the estimated amount, the difference is accounted for as a change in accounting estimate and recognized as profit or loss in the following year. If the Board of Directors decides to pay employees in stock, the basis for calculating the number of shares for stock compensation is based on the closing price on the day before the decision of the Board of Directors.

For the years ended December 31, 2023 and 2022, the amount of employees' compensation was \$0 thousand and \$437 thousand, respectively; and the amount of directors' compensation was all \$0 thousand, which did not differ from the distribution resolved by the Board of Directors. The employees' compensation and directors' remuneration information would be available on the website of Market Observation Post System.

(r) Non-operating income and expenses

1. Interest income

The details of interest income of the Group were as follows:

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	For the three months ended March 31	
	2024	2023
Interest income from bank deposits	\$ 33	1,179

2. Other income

The details of other income of the Group were as follows:

	For the three months ended March 31	
	2024	2023
Others	\$ 1,325	2,298

3. Other gains and losses

The details of other gains or losses of the Group were as follows:

	For the three months ended March 31	
	2024	2023
Gains (losses) on disposal of property, plant and equipment	\$ (34)	(8)
Loss on disposal of intangible assets	(134)	-
Foreign exchange gains (losses)	7,338	(1,451)
Total	\$ 7,170	(1,459)

4. Financial costs

The details of financial costs of the Group were as follows:

	For the three months ended March 31	
	2024	2023
Interest expenses from bank loans	\$ 2,102	1,171
Corporate bonds payable	-	462
Interest expenses from lease liabilities	6	8
	\$ 2,108	1,641

(s) Financial instruments

Except for the following, there were no significant changes in the fair value of the Group's financial instruments and exposure to credit risk, liquidity risk and market risk due to financial instruments.

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For relevant information, please refer to Note 6(s) of the 2023 consolidated financial statements.

1. Credit risk

(1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(2) Concentration of credit risk

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the managements also consider the statistical information on the Group's customer base, including the default risk of the industry and country in which customers operate. These factors may have an influence on credit risk. The Group's trade receivables were obviously concentrated on three main customers, which accounted for 67%, 78% and 73% of the total amount of trade receivables as of March 31, 2024, December 31, 2023 and March 31, 2023. And the amount were \$159,975 thousand, \$174,632 thousand and \$133,937 thousand, respectively.

(3) Credit risk of receivables

For information about credit risk of trade receivables, and details about other receivables, please refer to Note 6(b) and Note 6(c) respectively.

2. Liquidity risk

The following table shows the contractual maturities of financial liabilities, excluding the effect of estimated interests:

	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	More than 2 years
March 31, 2024					
Non-derivative financial liabilities					
Short-term loans	\$ 300,560	300,560	300,560	-	-
Payables	60,386	60,386	60,386	-	-
Lease liabilities	348	348	176	172	-
Long-term loans	16,551	16,551	3,713	3,713	9,125
Guarantee deposits received	4,402	4,402	-	-	4,402
	\$ 382,247	382,247	364,845	3,885	13,527

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December 31, 2023

Non-derivative financial liabilities						
Short-term loans	\$	243,459	243,459	243,459	-	-
Payables		83,383	83,383	83,383	-	-
Lease liabilities		399	399	177	222	-
Long-term loans (including those due within one year)		11,570	11,570	3,787	3,787	3,996
Guarantee deposits received		4,437	4,437	-	-	4,437
	\$	343,248	343,248	330,806	4,009	8,433

March 31, 2023

Non-derivative financial liabilities						
Short-term loans	\$	197,406	198,714	198,714	-	-
Payables		72,338	72,338	72,338	-	-
Lease liabilities		1,500	1,500	1,071	429	-
Corporate bonds payable (including embedded derivative financial instruments)		87,433	87,433	87,433	-	-
Guarantee deposits received		5,025	5,025	-	-	5,025
	\$	363,702	365,010	359,556	429	5,025

The Group does not expect the cash flows included in the maturity analysis to occur earlier obviously, or the amounts are significantly different.

3. Currency risk

(1) Currency risk exposure

The Group's financial assets and liabilities which exposed to significant foreign currency exchange rate risk were as follows:

	March 31, 2024			December 31, 2023			March 31, 2023		
	Foreign currency (in thousand dth)	Exchange rate	Amount	Foreign currency (in thousand dth)	Exchange rate	Amount	Foreign currency (in thousand dth)	Exchange rate	Amount
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 2,888	32.00	92,401	3,533	30.71	108,488	10,888	30.45	331,531
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	187	32.00	5,988	216	30.71	6,443	128	30.45	3,888

(2) Sensitivity analysis

The Group's exposure to foreign currency risk mainly arises from the translation of the foreign currency exchange gains or losses on bank deposits, trade receivables, trade payables and expenses payables, which are denominated in foreign currency. With all other factors held constant, a weakening (strengthening) of the TWD against the USD for 1% as of March 31, 2024 and 2023 would have decreased (increased) loss before tax for the three months ended

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March 31, 2024 and 2023, by \$864 thousand and \$3,276 thousand, respectively. The analysis is performed on the same basis.

(3) Exchange gains or losses of monetary items

Due to the different types of functional currency of the Group, the Group disclosed its exchange gains or losses of monetary items aggregately. Foreign currency exchange gains or losses for the Group (including both realized and unrealized) from January 1 to March 31, 2024, and January 1 to March 31, 2023 were \$7,338 thousand and \$(1,451) thousand, respectively.

4. Interest rate analysis

The interest rate risk exposure of the Group's financial assets and financial liabilities would be described in "Liquidity risk management" in this Note.

If the interest rate increases / decreases by 1%, the Group's loss before tax will increase / decrease by \$793 thousand and \$494 thousand for the three months ended March 31, 2024 and 2023 with all other variable factors remaining constant. This was mainly due to the Group's borrowing at variable rate.

5. Information about fair value

(1) Categories and fair value of financial instrument

The carrying amounts and fair values of the Group's financial assets and financial liabilities (including fair value hierarchy information, except that if the carrying amounts of financial instruments not carried at fair value are a reasonable approximation of fair value, disclosure of fair value information is not required by regulation) were as follows:

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	March 31, 2024				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 127,386	-	-	-	-
Trade receivables	239,492	-	-	-	-
Other receivables	6,882	-	-	-	-
Other financial assets— non-current	10,180	-	-	-	-
Total	\$ 383,940	-	-	-	-
Financial liabilities measured at amortized cost					
Bank loans	\$ 300,560	-	-	-	-
Notes and accounts payables	16,296	-	-	-	-
Other payables	44,090	-	-	-	-
Lease liabilities	348	-	-	-	-
Long-term loans	16,551	-	-	-	-
Guarantee deposits received	4,402	-	-	-	-
Total	\$ 382,247	-	-	-	-

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(2) The Group seeks to use market observable inputs when measuring the fair values of assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments, and the classifications are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: other than quoted prices included within Level 1, inputs are observable for assets or liabilities, either directly (i.e. such as prices) or indirectly (i.e. derived from calculation of prices).
- Level 3: inputs for assets or liabilities are not based on observable market data (unobservable inputs).

(3) Valuation techniques for financial instruments measured at fair value – non-derivative financial instruments

The fair value of unlisted equity instruments that the Group possesses are estimated and calculated by using the comparable company approach with the Liquidity Discount Model to adjust prices.

(4) Evaluation of derivative financial instruments

The put options and call options of the corporate bonds payables are based on Binomial Pricing Model to estimate the fair value.

(5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income – equity investments without active markets	Comparable company method	· Discount for lack of market liquidity	· The estimated fair value would decrease if liquidity discount were higher

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Financial liabilities at fair value through profit or loss – non-current	Binomial pricing model	Volatility	The higher the volatility, the higher the fair value
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(6) Fair value measurement in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group's fair value measurement of financial instruments is reasonable, but the use of different valuation models or valuation parameters may result in different valuation results. For financial instruments classified as Level 3, the significant unobservable inputs to the fair value were mainly the lack of market liquidity discount. However, since the potential changes in the lack of market liquidity discount would not result in a significant potential financial impact, the Group is not intended to disclose its sensitivity analysis.

(t) Financial risk management

There were no significant changes in the Group's financial risk management objectives and the policies from those disclosed in Note 6(t) of the 2023 consolidated financial statements.

(u) Capital management

The Group's capital management objectives, policies and procedures are consistent with those disclosed in the 2023 consolidated financial statements, and there were no significant changes in the aggregated quantitative information for capital management. For related information, please refer to Note 6(u) of the 2023 consolidated financial statements.

(v) Investing and financing activities not affecting cash flows

The reconciliation of the Group's liabilities from financing activities for the three months ended March 31, 2024 and 2023 was as follows:

	<u>January 1, 2024</u>	<u>Cash flow</u>	<u>Non-cash changes Foreign exchange movement</u>	<u>March 31, 2024</u>
Short-term loans	\$ 243,459	62,090	(4,989)	300,560
Long-term loans	11,570	5,226	(245)	16,551
Lease liabilities	399	(43)	(8)	348
Total liabilities from financing activities	\$ 255,428	67,273	(5,242)	317,459

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	January 1, 2023	Cash flows	Non-cash changes			March 31, 2023
			New / Cancel lease	Discount amortization	Foreign exchange movement	
Short-term loans	\$ 196,702	-	-	-	704	197,406
Lease liabilities	1,204	(237)	536	-	(3)	1,500
Corporate bonds payable	86,971	-	-	462	-	87,433
Total liabilities from financing activities	<u>\$ 284,877</u>	<u>(237)</u>	<u>536</u>	<u>462</u>	<u>701</u>	<u>286,339</u>

(7) Related-party transactions:

The compensation of main management personnel included:

	For the three months ended March 31	
	2024	2023
Short-term employee benefits	\$ 4,850	5,130
Post-employment benefits	59	52
	<u>\$ 4,909</u>	<u>5,182</u>

(8) Pledged assets:

Pledged assets	Object	March 31, 2024	December 31, 2023	March 31, 2023
Property, plant and equipment:				
Land	Short-term loans	\$ 126,258	128,786	128,158
Buildings	Short-term loans	7,452	8,563	11,431
Other financial assets – non-current:				
Refundable deposits	Guarantee for electricity supply and fuel cards	4,243	4,325	4,286
		<u>\$ 137,953</u>	<u>141,674</u>	<u>143,875</u>

(9) Commitments and contingencies:

(a) The guarantee amount provided by the bank for the Company was as follows:

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	March 31, 2024	December 31, 2023	March 31, 2023
Electricity guarantee	\$ 4,001	4,078	4,041

(b) The Company entered into contracts for the purchase of property, plant and equipment for the purpose of equipment renewal, and the total contract prices as of March 31, 2024, December 31, 2023, and March 31, 2023 were \$22,726 thousand, \$23,182 thousand, and \$22,680 thousand, respectively. The prices paid for each of these years were \$19,116 thousand, \$12,999 thousand, and \$3,179 thousand, respectively, and was recorded under property, plant and equipment.

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other:

(a) The summary of personnel costs, depreciation, depletion, and amortization by function was as follows:

Function	For the three months ended March 31					
	2024			2023		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Account						
Personnel costs						
Salaries	76,485	43,987	120,472	99,208	37,649	136,857
Health insurance	-	77	77	-	208	208
Pension	723	379	1,102	653	445	1,098
Other personnel expense	5,910	3,573	9,483	8,690	4,078	12,768
Depreciation	10,931	4,143	15,074	11,167	4,389	15,556
Amortization	30	897	927	248	655	903

(b) Seasonality of operation

The Group's operations are not affected by seasonal or cyclical factors.

(13) Other disclosures:

(a) Information on significant transactions

Information regarding significant transactions that the Group should disclosed in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the period from January 1, 2024 to March 31, 2024 was as follows:

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1. Lending to other parties: None

2. Guarantees and endorsements for other parties:

(In Thousand Dollars)

No. (Note 1)	Endorser Company Name	Endorsed Parties		Endorsement Limit for Single Enterprise (Note 3)	Maximum Endorsement Balance for the Period (Note 4)	Endorsement Balance in End of Period (Note 5)	Actual Expenditure for Current Period	Endorsement Amount Guaranteed by Property	Cumulative Endorsement Amount as Percentage of Net Value of the Most Recent Financial Statements	Maximum Endorsement Amount (Note 3)	Endorsements by Parent Company to Subsidiary	Endorsements by Subsidiary to Parent Company	Endorsement for Mainland China
		Company Name	Relation (Note 2)										
1	RJM	RPM	2	72,440	17,712 (THB20,000)	17,680 (THB20,000)	-	-	2.44	72,440	Y	N	N

Note 1: The number is filled out as follows:

1. The Company is numbered as 0.
2. The investee companies are numbered according to their order, starting with the number 1.

Note 2: The relationship between the endorser and the endorsed party can be divided into the following seven categories:

1. Companies with businesses.
2. Companies in which the Company directly or indirectly holds more than 50% of the voting shares.
3. Companies that directly or indirectly holds more than 50% of the voting shares.
4. Between companies that the Company directly and indirectly holds more than 90% of the voting shares.
5. Companies that guarantee each other in accordance with the contract between peers or joint builders based on the need to contract projects.
6. Companies that are endorsed and guaranteed by all of the shareholders in accordance with their shareholding ratios due to a joint investment relationship.
7. Inter-companies guarantees for pre-sale contracts in accordance with the Consumer Protection Act.

Note 3: Inter-company endorsement and guarantee is allowed for companies in which the Company directly and indirectly holds 90% or more of the voting shares, and the amount of endorsement and guarantee shall not exceed 10% of the Company's net worth; however, intercompany endorsement and guarantee is not limited to this rule for companies in which the Company directly and indirectly owns 100% of the voting shares.

Note 4: The maximum balance of endorsement and guarantees for others until the current year of the reporting month.

3. Information about securities held at the reporting date (excluding subsidiaries, associates and joint ventures)

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account	Ending balance			Fair value	Note
				Shares (unit: thousands)	Carrying amount	Percentage of ownership (%)		
RIC	SELF PICK INC.	-	Financial assets at fair value through other comprehensive income - non current	2,400	-	14.58	-	
RIC	SELF TOKEN INC.	-	Financial assets at fair value through other comprehensive income - non current	500	-	6.25	-	

4. Information regarding purchase or sale of same securities for the period exceeding \$300 million or 20% of the Company's paid-in capital: None

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5. Information on acquisition of real estate with purchase amount exceeding \$300 million or 20% of the Company's paid-in capital: None
6. Information regarding receivables from disposal of real estate exceeding \$300 million or 20% of the Company's paid-in capital: None
7. Information regarding related-parties purchases and/or sales exceeding \$100 million or 20% of the Company's paid-in capital: None.
8. Information regarding receivables from related-parties exceeding \$100 million or 20% of the Company's paid-in capital: None
9. Information regarding trading in derivative financial instruments: None.
10. Significant transactions and business relationship between the parent company and its subsidiaries:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counterparty	Relationship (Note 2)	Transactions			Percentage of the consolidated revenue or total assets
				Account	Amount	Trading terms	
1	RGP	RJM	1	Operating revenues	21,267	The price is based on mutually agreed prices. 45-60 days	7.31%
1	RGP	RJM	1	Trade receivables	21,440		1.71%

Note 1: The number is filled out as follows:

No.1 represents RGP.

Note 2: The type of relationship with the counterparty is indicated as follows:

No.1 represents a subsidiary to the parent company.

Note 3: Disclosure is made for accounts that are balance sheet accounts and account for more than 1% of total consolidated assets and profit or loss accounts that account for more than 1% of total consolidated revenue.

(b) Related information on investee companies:

Information on investees for the period from January 1, 2024 to March 31, 2024 was as follows:

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main business and products	Original investment amount		Balance as of March 31, 2024			Net income (losses) of investee (Note 1)	Investment income or loss recognized in the period (Note 1 and Note 2)	Note
				March 31, 2024 (Note 2)	December 31, 2023	Shares (thousand)	Percentage of ownership	Carrying amount (Note 1)			
The Company	RJM	Thailand	Designing, manufacturing, and selling jewelry and gems	300,000	300,000	4,549,998	99.99%	739,097	(26,484)	(26,484)	Eliminated in the consolidated financial statements

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The Company	RMS	Thailand	Investment activities	33,810	33,810	7,392,600	99.90%	1,230	(4)	(4)	"
The Company	RIC	Taiwan	Selling jewelry and gems	22,500	22,500	2,250,000	100.00%	3,823	(145)	(145)	"
RJM	RGP	Thailand	Plating jewelry and gems	11,271 (THB 12,750)	11,497 (THB 12,750)	127,500	51.00%	79,746 (THB 90,211)	(5,631) (THB (6,348))	(2,862) (THB (3,226))	"
RJM	Linden	Thailand	Selling jewelry and gems	3,465 (THB 3,920)	3,535 (THB 3,920)	392,000	49.00%	687 (THB 778)	(6) (THB (6))	(3) (THB (3))	"
RJM	RPM	Thailand	Metal recycling	88,312 (THB 99,900)	90,080 (THB 99,900)	999,000	99.90%	80,961 (THB 91,585)	(1,134) (THB (1,278))	(1,133) (THB (1,277))	"

Note 1: Investment gains (losses) were based on the investee's financial statements audited by the Company's certified public accountants.

Note 2: The above paid-in capital of the subsidiaries invested by the Company was calculated using historical exchange rates; the paid-in capital of the subsidiaries invested by RJM was calculated using the exchange rate as of March 31, 2024 (closing rate THB:NTD=1:0.8840), and the rest was calculated using the average exchange rate (THB:NTD=1:0.8870).

(c) Information on investments in China: None

(d) Information about major shareholders:

Shareholder's name	Shareholding	Shares	Percentage
Solar Jewelers Group Corp.		13,760,000	35.83%
Bank SinoPac as Custodian for Arianna Investment Co., Ltd. Investment Account		2,549,559	6.64%

Note: (1) The major shareholders information in the table above contains a listing of shareholders with 5% or more ownership of the Company. The ownership information was calculated by Taiwan Depository & Clearing Corporation at the last trading date in each quarter using the number of common stocks (including treasury stocks) and preferred stocks issued in paperless form. There might be a difference between share capital on the financial report and the actual share that have completed non-physical delivered due to different basis of calculation.

(2) Shareholders who transferred their shares to trustees are disclosed by each settler of the trustee accounts. The ownership information disclosed by shareholders with ownership above 10% include their own shares and those shares that they transfer to trustees while retains the power to decide the allocation of trust property. Information on insider ownership declaration is available on the website of Market Observation Post System.

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(14) Segment information:

	January 1, 2024 to March 31, 2024			
	Manufacturing and selling jewelry and gems department	Electroplating department	Adjustments and eliminations	Total
Revenues:				
Revenues from external customers	\$ 274,145	16,815	-	290,960
Inter-segment revenues	-	21,267	(21,267)	-
Total revenues	<u>\$ 274,145</u>	<u>38,082</u>	<u>(21,267)</u>	<u>290,960</u>
Profit or loss of reportable segment	<u>\$ (27,748)</u>	<u>(5,835)</u>	<u>-</u>	<u>(33,583)</u>
	January 1, 2023 to March 31, 2023			
	Manufacturing and selling jewelry and gems department	Electroplating department	Adjustments and eliminations	Total
Revenues:				
Revenues from external customers	\$ 219,149	15,647	-	234,796
Inter-segment revenues	-	30,290	(30,290)	-
Total revenues	<u>\$ 219,149</u>	<u>45,937</u>	<u>(30,290)</u>	<u>234,796</u>
Profit or loss of reportable segment	<u>\$ (84,264)</u>	<u>(7,591)</u>	<u>-</u>	<u>(91,855)</u>

The eliminating inter-segment revenues from total reportable segment revenues for the periods of January 1 to March 31, 2024 and January 1 to March 31, 2023 were \$21,267 thousand and \$30,290 thousand, respectively.