

**HIWIN Technologies Corp.**  
**Handbook for the 2024 Annual Meeting of**  
**Shareholders**

**Time: May 31st, 2024 (Friday) , 9:00 am**

**Place: 5F, No.129, Anhe Rd, Xitun District, Taichung (Taichung  
Howard Hotel CR500 conference hall)( Physical shareholders  
meeting)**

# ***DISCLAIMER***

*THIS IS A TRANSLATION OF THE HANDBOOK FOR THE 2022 ANNUAL GENERALMEETING (THE “HANDBOOK”) OF HIWIN TECHNOLOGIES CORP. (THE “COMPANY”). THIS TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NOTHING ELSE, THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE AGENDA SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.*

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# **HIWIN Technologies Corp.**

## **2024 Annual Shareholders' Meeting Procedure**

- I. Call the Meeting to Order
- II. Chairman Remarks
- III. Report on Company Affairs
- IV. Adoptions
- V. Proposed Resolution
- VI. Questions and Motions
- VII. Meeting Adjourned

# **HIWIN Technologies Corp.**

## **2024 Annual Shareholders' Meeting Agenda**

I. Meeting type: Physical Meeting

II. Time: 9:00 a.m. on May 31st, 2024 (Friday)

III. Place: 5F, No.129, Anhe Rd, Xitun District, Taichung (Taichung Howard Hotel CR500 conference hall)

IV. Call the Meeting to Order and Chairman Remarks

V. Report on Company Affairs

1. 2023 business report
2. 2023 Audit Committee's review report
3. Report on 2023 employees' profit-sharing bonus and directors' compensation
4. Report on 2023 annual earnings distribution cash dividend

VI. Adoptions

1. Adoption of the 2023 Business Report and Financial Statements
2. Adoption of the Proposal for Distribution of 2023 Earnings

VII. Proposed Resolution

Amendment to the Rules of Procedure for Shareholders' Meeting

VIII. Questions and Motions

VIII. Meeting Adjourned

# Report on Company Affairs

## Report No. 1

2023 Business Report, please refer to Chinese version, Appendix 1, P.6-7 for details.

## Report No. 2

2023 Audit Committee's Review Report, please refer to Chinese version, Appendix 2, P.8 and Appendix 3~4, P.9~P.30 for details.

## Report No. 3

Report on 2023 employees' profit-sharing bonus and directors' compensation.

Items	Proposed by the Board	Note
Employees' Profit	NTD\$161,497,771	Cash
Directors' Compensation	NTD\$80,748,886	

## Report No. 4

- (1) According to the Company's Articles of Incorporation with Article 31-1 & 32.
- (2) The Company proposed to distribute shareholders' dividend NTD\$0.6 per share and dividend NTD\$1.9 per share, a cash dividend of total NTD\$2.5 per share. Total dividend is NTD\$884,480,600. Cash dividend was calculated up to dollar. Total amount of undistributed fractional shares would be recognized in non-operating income.
- (3) The base date of dividend distribution and other related matters shall be determined by the chairman. If the company subsequently affects the number of outstanding shares due to the objective environment, and the dividend distribution rate changes as a result, the chairman shall be authorized to deal with it and make an announcement.

# Adoptions

## Item 1.

Adoption of the 2023 Business Report and Financial Statements. (Proposed by the Board)

Explanation:

- (1) The Company's 2023 Parent-company-only & Consolidated Financial Statements were audited by independent auditors, Ms. Li-Tung Wu and Ms. Xiao-Fang Yen of Deloitte Taiwan. Also, Business Report and Financial Statements have been approved by the Board and examined by the supervisors of the Company.
- (2) The 2023 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements could be referred to the Chinese version, Appendix 1, P.6-7 and Appendix 3&4, P.9~P.30.

Resolution:

## Item 2.

Adoption of the Proposal for Distribution of 2023 Earnings. (Proposed by the Board)

Explanation:

- (1) Please refer to the Chinese version, Appendix 5, P.31 of the 2023 profit distribution table.
- (2) According to the Company's Articles of Incorporation with Article 31-1 & 32.
- (3) The Company proposed to distribute share dividend NTD\$0.6 per share and dividend NTD\$1.9 per share, a cash dividend of total NTD\$2.5 per share. Total dividend is NTD\$884,480,600. According to distribution ratio, cash dividend was calculated up to dollar. Total amount of undistributed fractional shares would be recognized in non-operating income.
- (4) The base date of dividend distribution and other related matters shall be determined by the chairman of the board of directors. If the company subsequently affects the number of outstanding shares due to the objective environment, and the dividend distribution rate changes as a result, the chairman shall be authorized to deal with it and make an announcement.

Resolution:

# **Proposed Resolution**

## **Proposal:**

Amendment to the Rules of Procedure for Shareholder Meetings.

(Proposed by the Board)

## **Explanation:**

- (1) Special resolutions of the board of directors and relevant countermeasures for video shareholders' meetings should be taken to convene a video shareholders' meeting with rule No. 1120004167 on March 17th, 2023, issued by the Taiwan Stock Exchange Corporation.
- (2) The comparison tables for the are attached hereto as attachment Chinese version, Appendix 6, P.32~P.33 for details.

## **Resolution:**

## **Voting on The Above Proposals**

## **Questions and Motion**

## **Meeting Adjourned**



## 2023 Business Report

### To HIWIN's shareholders:

In 2023, amidst a global economic recession, geopolitics continues to heat up, inflation and high interest rates continue to weigh on the economic, leading to weak end-demand and conservative investment. Under such circumstances, the consolidated revenue of HIWIN Technologies Corp. was NT\$24.633 billion in 2023, a 16% decrease compared to 2022. Despite the difficulties, HIWIN remained committed to research and development (R&D) innovation and global expansion, providing smart manufacturing solutions to customers, assisting customers in transformation, and upgrading to increase competitiveness, and lay a solid foundation for HIWIN's next wave of growth.

As global industries face the issues of intelligence, digitization, and net-zero sustainability, the manufacturing industry is transforming and upgrading towards intelligence, high precision, energy conservation, and carbon reduction. HIWIN's motion control products and mechatronic integration Total Solution have become key drivers of precision machinery upgrades and the best partner for customers in practicing smart manufacturing. In 2023, HIWIN made important progress in high-end products and integrated system service. HIWIN Torque Motor Rotary table is used in advanced five-axis CNC machines and precision machining, provides customers with breakthrough solutions for high-precision, high-speed and significantly enhancing the production efficiency of precision processing of automotive, medical, and aerospace parts. The Wafer Robots, Wafer Aligner, Load Port, and Equipment Front End Module (EFEM) in semiconductor factories automation, had shown effectiveness and productivity at customers' production sites. HIWIN's products and services has extended from supplying components, subsystems, and system components to providing mechatronics total solution. With unique innovation and customized service. HIWIN has become an important partner of customers in realizing smart manufacturing with unique innovation and customized service.

Despite the global economic slowdown, HIWIN remains actively engaged in expanding both domestically and internationally to provide better local services. The expansion of Yunlin Factory 3, new Factory 1, and Factory 2 in Taichung Industrial Park, the new factory of the subsidiary in Italy, and the new Fengshan Factory of MATRIX will be constructed and start operations this year, which will preserve energy for the mid-to long-term growth of HIWIN.

The operating performance and brand recognition have continued to receive acclaim: In 2023, HIWIN was honor as 39<sup>th</sup> in the "Taiwan Best-in-Class 100," 44<sup>th</sup> in the "Excellence in Corporate Social Responsibility", and top 25 "Best Taiwan Global Brands" for four consecutive years. In terms of product innovation, the "Crossed Roller Bearing with Spacers" was awarded the National Invention and Creation Award - Invention Award Silver Medal, and the Intelligent i4.0 GW (Guideway)" was awarded the Taiwan Excellence Silver Award. HIWIN has actively promoted ESG initiatives and signed up to join the Science-Based Targets Initiative

(SBTi) in 2023, demonstrating determination in contributions to climate change and natural environment protection, and committed to achieving SBTi net-zero emissions by 2050. In terms of sustainable development, HIWIN was awarded the “Sustainability Resilience Excellence Award” by the British Standards Institute (BSI), the TCSA “Taiwan Corporate Sustainability Award – Taiwan Top 100 Sustainability Enterprise Award,” the “Taiwan Corporate Sustainability Award - Category 1 Platinum Class,” the “OHS SDGS” by the Ministry of Labor, the “Taiwan Sustainability Award Social Infusion Category SDG4-Gold” (TSAA), and many more, through the long-term efforts of HIWIN team in R&D and business operations.

Looking forward to 2024, we face the challenges of high inflation, increasing geopolitical risks, declining market confidence, ECFA uncertainty, warning of the World Bank about the possibility of global economy recession for the third consecutive year, which may even be the weakest economy since the 2009 financial crisis. In the long term, the global labor shortage and rising wage will increase the demand for intelligent automation. The demand for investments in energy-saving equipment will increase inevitably to respond to the trend of net-zero emission. It is estimated that investment in intelligent automation and energy-saving equipment will grow positively in 2024. HIWIN has continuously invested in R&D, vertical integration, and global marketing deployment to have a long-term competitive advantage. HIWIN will continue to innovate and create more added value for its customers. HIWIN will also combine the concept of corporate social responsibility with core competence and realize the company’s sustainable development goals through the implementation of ESG. HIWIN is looking forward to receiving continuous support and guidance from all shareholders, cooperate sector, financial sector, and government officials in 2024 as the HIWIN team fully commits to create new achievements in the future to come!

## **Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements, and proposal for allocation of earnings. The CPA firm of Deloitte & Touche was retained to Audit the Company's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earning allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of the Company. According to relevant requirements of the Securities and Exchange Act and the Company Law, we hereby submit this report.

Hiwin Technologies Corporation

Chairman of the Audit Committee : Chiang, Cheng -Ho

February 27th, 2024

**INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Hiwin Technologies Corporation

**Opinion**

We have audited the accompanying consolidated financial statements of Hiwin Technologies Corporation (the “Corporation”) and its subsidiaries (collectively the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Group's consolidated financial statements for the year ended December 31, 2023 are described as follows:

**Revenue Recognition**

The sales of the Group mainly rely on distribution channels. Revenue from the sale of goods is recognized when the Group satisfied the performance obligations. There is a risk that revenue might be recognized even when specific conditions have not been satisfied. Because of the risk of misstatement and materiality of sales revenue generated by distribution channels, we identified the recognition of sales revenue as a key audit matter. The accounting policy on sales revenue recognition is disclosed in Note 4 to the consolidated financial statements. Our key audit procedures performed in respect of revenue recognition included the following:

1. We understood the internal controls, evaluated the design and implementation of key controls and tested the operating effectiveness of relevant controls over order acceptance and shipping procedures. We selected sample sales transactions from distribution channels and verified that order receipts and the timing of revenue recognition were in accordance with the terms of the transaction.

2. We validated the terms of transactions against sales contracts and orders from major distributors to ensure the consistency between terms of transactions and the timing of revenue recognition. We tested the records of sales returns against source documents and checked whether there was any unusual item during the year and after the balance sheet date.

#### Valuation and Impairment Assessment of Inventory

As of December 31, 2023, the carrying amount of inventory was \$7,489,605 thousand. Such carrying amount of inventory is measured at the lower of cost or net realizable value, which subject to the management's judgment and estimation uncertainty. Therefore, valuation and impairment assessment of inventory was identified as a key audit matter. The accounting policy on the valuation and impairment assessment of inventory and the details of inventory are disclosed in Notes 4, 5 and 10 to the consolidated financial statements.

Our key audit procedures performed in respect of the valuation and impairment assessment included the following:

1. We understood and assessed the related internal controls and procedures on the valuation of inventory.
2. We assessed the reasonableness of allowance for impairment of inventory by reference to the aging of inventories and the level of inventory consumed and sold.
3. We tested the net realizable value of sample inventory items and checked the accuracy of the net realizable value.
4. We compared the net realizable value of sample inventory items with the carrying amount to confirm that the carrying amount of inventory did not exceed its net realizable value.
5. We evaluated the adequacy of provision for obsolete and damaged inventories during our observation of inventory counts.

#### **Other Matter**

We have also audited the parent company only financial statements of Hiwin Technologies Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical

requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Li-Tung Wu and Hsiao-Fang Yen.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 27, 2024

#### Notice to Readers

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

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

# HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 7,564,000	15	\$ 7,457,770	14
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	9,874	-	228	-
Notes receivable from unrelated parties, net (Notes 4 and 9)	577,892	1	705,055	2
Notes receivable from related parties, net (Notes 4, 9 and 26)	418	-	937	-
Trade receivables from unrelated parties, net (Notes 4 and 9)	2,937,815	6	2,634,214	5
Trade receivables from related parties, net (Notes 4, 9 and 26)	36,627	-	16,773	-
Inventories (Notes 4, 5 and 10)	7,489,605	14	8,937,842	17
Other current assets (Notes 6, 26 and 27)	611,977	1	565,981	1
Total current assets	19,228,208	37	20,318,800	39
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	849,509	2	846,591	2
Financial assets at amortized cost - non-current (Note 4)	-	-	2,873	-
Investments accounted for using the equity method (Notes 4 and 12)	378,170	1	327,423	1
Property, plant and equipment (Notes 4, 13, 26 and 27)	28,214,864	55	27,678,842	53
Right-of-use assets (Notes 4, 14, 26 and 27)	614,429	1	676,501	1
Goodwill (Note 4)	256,163	1	256,163	-
Deferred tax assets (Notes 4 and 21)	491,237	1	577,194	1
Prepayments for machinery and equipment (Note 15)	1,048,381	2	1,094,142	2
Refundable deposits (Note 4)	110,967	-	103,594	-
Other non-current assets (Notes 4 and 9)	244,862	-	257,543	1
Total non-current assets	32,208,582	63	31,820,866	61
TOTAL	\$ 51,436,790	100	\$ 52,139,666	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 16, 26 and 27)	\$ 1,488,466	3	\$ 1,856,941	4
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	136	-	4,757	-
Contract liabilities - current (Note 4)	137,391	-	154,384	-
Notes payable (Note 26)	6,510	-	2,591	-
Trade payables to unrelated parties	2,671,351	5	2,714,102	5
Trade payables to related parties (Note 26)	161,153	1	280,445	1
Other payables (Notes 17 and 26)	2,029,697	4	2,255,990	4
Current tax liabilities (Notes 4 and 21)	559,567	1	1,102,488	2
Lease liabilities - current (Notes 4, 14 and 26)	105,088	-	157,542	-
Current portion of long-term borrowings (Notes 16 and 27)	615,124	1	794,019	2
Other current liabilities (Note 4)	185,515	1	86,958	-
Total current liabilities	7,959,998	16	9,410,217	18
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 16 and 27)	6,954,779	13	6,309,496	12
Deferred tax liabilities (Notes 4 and 21)	846,873	2	854,128	2
Lease liabilities - non-current (Notes 4, 14 and 26)	370,677	1	375,256	1
Net defined benefit liabilities - non-current (Notes 4 and 18)	140,836	-	191,481	-
Other non-current liabilities	49,302	-	34,421	-
Total non-current liabilities	8,362,467	16	7,764,782	15
Total liabilities	16,322,465	32	17,174,999	33
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION				
Ordinary shares	3,537,923	7	3,537,923	7
Capital surplus	7,479,735	14	7,479,735	14
Retained earnings				
Legal reserve	3,821,341	7	3,390,134	7
Unappropriated earnings	19,767,009	39	20,069,127	38
Other equity	392,016	1	274,411	1
Total equity attributable to owners of the Corporation	34,998,024	68	34,751,330	67
NON-CONTROLLING INTERESTS	116,301	-	213,337	-
Total equity	35,114,325	68	34,964,667	67
TOTAL	\$ 51,436,790	100	\$ 52,139,666	100

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



# HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
SALES (Notes 4 and 26)	\$ 24,632,772	100	\$ 29,314,648	100
COST OF GOODS SOLD (Notes 10, 20 and 26)	<u>16,977,522</u>	<u>69</u>	<u>18,599,298</u>	<u>63</u>
GROSS PROFIT	<u>7,655,250</u>	<u>31</u>	<u>10,715,350</u>	<u>37</u>
OPERATING EXPENSES (Notes 20 and 26)				
Selling and marketing expenses	1,905,243	7	1,854,045	6
General and administrative expenses	2,155,599	9	2,159,649	8
Research and development expenses	<u>943,458</u>	<u>4</u>	<u>1,129,207</u>	<u>4</u>
Total operating expenses	<u>5,004,300</u>	<u>20</u>	<u>5,142,901</u>	<u>18</u>
PROFIT FROM OPERATIONS	<u>2,650,950</u>	<u>11</u>	<u>5,572,449</u>	<u>19</u>
NON-OPERATING INCOME AND EXPENSES				
Subsidized revenue (Notes 4 and 16)	34,435	-	48,654	-
Finance costs (Notes 4, 20 and 26)	(194,843)	(1)	(186,879)	(1)
Share of profit of associates accounted for using the equity method (Notes 4 and 12)	48,717	-	79,727	-
Interest income (Note 4)	62,421	-	53,909	-
Other income (Notes 4 and 26)	146,676	1	103,486	-
Net foreign exchange gain (Notes 4 and 29)	16,423	-	301,085	1
Other expenses (Note 26)	(63,732)	-	(10,403)	-
Loss on disposal of property, plant and equipment (Notes 4 and 26)	(166,282)	(1)	(123,430)	-
Valuation gain (loss) on financial assets (liabilities) at fair value through profit or loss (Note 4)	<u>5,285</u>	<u>-</u>	<u>(20,648)</u>	<u>-</u>
Total non-operating income and expenses	<u>(110,900)</u>	<u>(1)</u>	<u>245,501</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	2,540,050	10	5,817,950	19
INCOME TAX EXPENSE (Notes 4 and 21)	<u>708,540</u>	<u>3</u>	<u>1,506,215</u>	<u>5</u>
NET PROFIT FOR THE YEAR	<u>1,831,510</u>	<u>7</u>	<u>4,311,735</u>	<u>14</u>

(Continued)

# HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	\$ (13,592)	-	\$ 29,718	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	69,397	-	(619,689)	(2)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 21)	<u>1,314</u>	<u>-</u>	<u>(3,924)</u>	<u>-</u>
	<u>57,119</u>	<u>-</u>	<u>(593,895)</u>	<u>(2)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	124,854	1	273,739	1
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 21)	<u>(24,958)</u>	<u>-</u>	<u>(54,727)</u>	<u>-</u>
	<u>99,896</u>	<u>1</u>	<u>219,012</u>	<u>1</u>
Other comprehensive income (loss) for the year, net of income tax	<u>157,015</u>	<u>1</u>	<u>(374,883)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,988,525</u>	<u>8</u>	<u>\$ 3,936,852</u>	<u>13</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 2,034,748	8	\$ 4,479,381	15
Non-controlling interests	<u>(203,238)</u>	<u>(1)</u>	<u>(167,646)</u>	<u>-</u>
	<u>\$ 1,831,510</u>	<u>7</u>	<u>\$ 4,311,735</u>	<u>15</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 2,192,551	9	\$ 4,102,206	14
Non-controlling interests	<u>(204,026)</u>	<u>(1)</u>	<u>(165,354)</u>	<u>(1)</u>
	<u>\$ 1,988,525</u>	<u>8</u>	<u>\$ 3,936,852</u>	<u>13</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 5.75</u>		<u>\$ 12.98</u>	
Diluted	<u>\$ 5.74</u>		<u>\$ 12.89</u>	

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

(Concluded)

# HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Corporation (Notes 19 and 23)								
	Ordinary Shares	Capital Surplus	Retained Earnings		Other Equity		Total	Non-controlling Interests (Notes 11 and 23)	Total Equity
			Legal Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
BALANCE AT JANUARY 1, 2022	\$ 3,407,923	\$ 5,516,470	\$ 3,071,586	\$ 17,609,166	\$ (599,662)	\$ 1,274,802	\$ 30,280,285	\$ 186,830	\$ 30,467,115
Appropriation of 2021 earnings									
Legal reserve	-	-	318,548	(318,548)	-	-	-	-	-
Cash dividends - NT\$4.5 per share	-	-	-	(1,533,565)	-	-	(1,533,565)	-	(1,533,565)
	-	-	318,548	(1,852,113)	-	-	(1,533,565)	-	(1,533,565)
Issuance of ordinary shares for cash	130,000	1,945,000	-	-	-	-	2,075,000	-	2,075,000
Share-based payment arrangements	-	18,265	-	-	-	-	18,265	-	18,265
Changes in non-controlling interests	-	-	-	-	-	-	-	1,000	1,000
Changes in percentage of ownership interests in subsidiaries	-	-	-	(190,861)	-	-	(190,861)	190,861	-
Net profit (loss) for the year ended December 31, 2022	-	-	-	4,479,381	-	-	4,479,381	(167,646)	4,311,735
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	23,554	218,960	(619,689)	(377,175)	2,292	(374,883)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	4,502,935	218,960	(619,689)	4,102,206	(165,354)	3,936,852
BALANCE AT DECEMBER 31, 2022	3,537,923	7,479,735	3,390,134	20,069,127	(380,702)	655,113	34,751,330	213,337	34,964,667
Appropriation of 2022 earnings									
Legal reserve	-	-	431,207	(431,207)	-	-	-	-	-
Cash dividends - NT\$5.5 per share	-	-	-	(1,945,857)	-	-	(1,945,857)	-	(1,945,857)
	-	-	431,207	(2,377,064)	-	-	(1,945,857)	-	(1,945,857)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	51,655	-	(51,655)	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	106,990	106,990
Net profit (loss) for the year ended December 31, 2023	-	-	-	2,034,748	-	-	2,034,748	(203,238)	1,831,510
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	(11,457)	99,863	69,397	157,803	(788)	157,015
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	2,023,291	99,863	69,397	2,192,551	(204,026)	1,988,525
BALANCE AT DECEMBER 31, 2023	\$ 3,537,923	\$ 7,479,735	\$ 3,821,341	\$ 19,767,009	\$ (280,839)	\$ 672,855	\$ 34,998,024	\$ 116,301	\$ 35,114,325

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

# HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,540,050	\$ 5,817,950
Adjustments for:		
Depreciation expenses	2,263,216	2,137,424
Amortization expenses	62,593	64,146
Expected credit loss reversed	(2,319)	(5,640)
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	(9,738)	4,529
Finance costs	194,843	186,879
Interest income	(62,421)	(53,909)
Dividend income	(9,531)	(9,531)
Share-based compensation	-	18,265
Share of profit of associates accounted for using the equity method	(48,717)	(79,727)
Loss on disposal of property, plant and equipment	166,282	123,430
Impairment loss recognized on non-financial assets	13,360	73,859
Unrealized foreign currency exchange gain, net	(289)	(194)
Others	(434)	(2,036)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(4,529)	315
Notes receivable	105,343	376,666
Trade receivables	(315,633)	603,696
Inventories	1,771,413	(255,836)
Other current assets	21,016	(39,813)
Contract liabilities	(16,993)	(18,361)
Notes payable	3,919	926
Trade payables	(156,257)	(1,242,570)
Other payables	(381,022)	34,185
Other current liabilities	97,580	(6,220)
Net defined benefit liabilities	(65,744)	(11,666)
Cash generated from operations	6,165,988	7,716,767
Interest received	62,278	53,791
Dividend received	9,531	9,531
Interest paid	(199,771)	(194,842)
Income tax paid	(1,267,660)	(1,507,707)
Net cash generated from operating activities	<u>4,770,366</u>	<u>6,077,540</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of financial assets at fair value through other comprehensive income	61,333	-
Proceeds from refunds from financial assets at fair value through other comprehensive income capital premium	5,146	-
Proceeds from sale of financial assets at amortized cost	2,794	-
Payments for property, plant and equipment	(2,299,799)	(1,605,045)
Proceeds from disposal of property, plant and equipment	72,667	23,693
		(Continued)

# HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Increase in refundable deposits	\$ (8,639)	\$ (1,271)
Increase in other non-current assets	(42,184)	(51,832)
Increase in prepayments for machinery and equipment	(644,672)	(572,089)
Dividends received from associates	<u>7,320</u>	<u>3,309</u>
Net cash used in investing activities	<u>(2,846,034)</u>	<u>(2,203,235)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(354,462)	(3,063,211)
Repayments of short-term bills payable	-	(89,923)
Proceeds from long-term borrowings	1,471,892	1,653,720
Repayments of long-term borrowings	(913,454)	(807,037)
Repayment of the principal portion of lease liabilities	(181,045)	(178,223)
Increase in other non-current liabilities	15,728	20,742
Dividends paid to owners of the Corporation	(1,945,857)	(1,533,565)
Proceeds from issuance of ordinary shares	-	2,075,000
Changes in non-controlling interests	<u>106,990</u>	<u>1,000</u>
Net cash used in financing activities	<u>(1,800,208)</u>	<u>(1,921,497)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(17,894)</u>	<u>71,909</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	106,230	2,024,717
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>7,457,770</u>	<u>5,433,053</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 7,564,000</u>	<u>\$ 7,457,770</u>

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

**INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Hiwin Technologies Corporation

**Opinion**

We have audited the accompanying parent company only financial statements of Hiwin Technologies Corporation (the “Company”), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the “parent company only financial statements”).

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the parent company only financial statements for the year ended December 31, 2023 are described as follows:

**Revenue Recognition**

The sales of the Company mainly rely on distribution channels. Revenue from the sale of goods is recognized when the Company satisfies the performance obligations. There is a risk that revenue might be recognized even when specific conditions have not been satisfied. Because of the risk of misstatement and materiality of sales revenue generated by distribution channels, we identified the recognition of sales revenue as a key audit matter. The accounting policy on sales revenue recognition is disclosed in Note 4 to the parent company only financial statements.

Our key audit procedures performed in respect of revenue recognition included the following:

1. We understood the internal controls and evaluated the design and implementation of key controls and tested the operating effectiveness of relevant controls over order acceptance and shipping procedures. We selected sample sales transactions from distribution channels and verified that order receipts and the timing of the revenue recognition were in accordance with the terms of the transaction.
2. We validated the terms of transactions against sales contracts and orders from major distributors to ensure

the consistency between terms of transactions and the timing of the revenue recognition. We tested the records of sales returns against source documents and checked whether there was any unusual item during the year and after the balance sheet date.

#### Valuation and Impairment Assessment of Inventory

As of December 31, 2023, the carrying amount of inventory was \$3,934,868 thousand. Such carrying amount of inventory is measured at the lower of cost or net realizable value, which subject to the management's judgment and estimation uncertainty. Therefore, valuation and impairment assessment of inventory was identified as a key audit matter. The accounting policy on the valuation and impairment assessment of inventory and the details of inventory are disclosed in Notes 4, 5 and 10 to the parent company only financial statements.

Our key audit procedures performed in respect of the valuation and impairment assessment included the following:

1. We understood and assessed the related internal controls and procedures on the valuation of inventory.
2. We assessed the reasonableness of allowance for impairment of inventory by reference to the aging of inventories and the level of inventory consumed and sold.
3. We tested the net realizable value of sample inventory items and checked the accuracy of the net realizable value.
4. We compared the net realizable value of the sample inventory items with the carrying amount to confirm that the carrying amount of inventory did not exceed its net realizable value.
5. We evaluated the adequacy of provision for obsolete and damaged inventories during our observation of inventory counts.

#### **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

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



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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Li-Tung Wu and Hsiao-Fang Yen.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 27, 2024

#### Notice to Readers

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

*For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.*

# Hiwin Technologies Corporation

## BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 4,481,180	10	\$ 4,378,863	10
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	9,874	-	228	-
Notes receivable from unrelated parties, net (Notes 4 and 9)	82,734	-	75,014	-
Trade receivables from unrelated parties, net (Notes 4 and 9)	1,492,227	3	1,205,812	3
Trade receivables from related parties, net (Notes 4, 9 and 25)	2,134,914	5	2,514,522	5
Inventories (Notes 4, 5 and 10)	3,934,868	9	4,950,982	11
Other current assets (Note 25)	368,767	1	380,418	1
Total current assets	12,504,564	28	13,505,839	30
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	849,509	2	846,591	2
Financial assets at amortized cost - non-current (Note 4)	-	-	2,873	-
Investments accounted for using the equity method (Notes 4, 11, 22and 25)	7,739,608	18	7,409,794	17
Property, plant and equipment (Notes 4, 12, 25 and 26)	21,488,817	48	21,166,992	47
Right-of-use assets (Notes 4, 13 and 25)	186,038	1	258,602	1
Deferred tax assets (Notes 4 and 20)	437,588	1	525,605	1
Prepayments for machinery and equipment (Notes 14 and 25)	974,682	2	1,047,669	2
Refundable deposits (Note 4)	15,039	-	15,107	-
Prepaid investments (Note 11)	180,357	-	-	-
Other non-current assets (Notes 4 and 25 )	22,448	-	18,110	-
Total non-current assets	31,894,086	72	31,291,343	70
TOTAL	\$ 44,398,650	100	\$ 44,797,182	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	\$ 136	-	\$ 4,757	-
Contract liabilities - current (Note 4)	49,294	-	75,527	-
Notes payable	6,145	-	2,591	-
Trade payables to unrelated parties	2,482,742	6	2,454,193	6
Trade payables to related parties (Note 25)	93,105	-	64,342	-
Other payables (Notes 16 and 25)	1,345,176	3	1,746,870	4
Current tax liabilities (Notes 4 and 20)	502,276	1	977,940	2
Lease liabilities - current (Notes 4, 13 and 25)	42,446	-	76,304	-
Current portion of long-term borrowings (Notes 15 and 26)	385,081	1	472,893	1
Other current liabilities (Note 4)	47,110	-	48,247	-
Total current liabilities	4,953,511	11	5,923,664	13
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 15 and 26)	3,143,577	7	2,846,570	6
Deferred tax liabilities (Notes 4 and 20)	808,032	2	808,232	2
Lease liabilities - non-current (Notes 4, 13 and 25) 25	144,557	-	183,416	1
Net defined benefit liabilities - non-current (Notes 4 and 17)	110,609	-	168,915	-
Guarantee deposits	2,880	-	2,750	-
Credit balance for investments accounted for using the equity method (Notes 4 and 11)	237,188	1	111,971	-
Other non-current liabilities (Note 15)	272	-	334	-
Total non-current liabilities	4,447,115	10	4,122,188	9
Total liabilities	9,400,626	21	10,045,852	22
EQUITY				
Ordinary shares	3,537,923	8	3,537,923	8
Capital surplus	7,479,735	17	7,479,735	17
Retained earnings				
Legal reserve	3,821,341	9	3,390,134	7
Unappropriated earnings	19,767,009	44	20,069,127	45
Other equity	392,016	1	274,411	1
Total equity	34,998,024	79	34,751,330	78
TOTAL	\$ 44,398,650	100	\$ 44,797,182	100

The accompanying notes are an integral part of the parent company only financial statements.

# Hiwin Technologies Corporation

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
SALES (Notes 4 and 25)	\$ 17,657,613	100	\$ 22,314,862	100
COST OF GOODS SOLD (Notes 10, 19 and 25)	<u>13,221,881</u>	<u>75</u>	<u>15,026,082</u>	<u>67</u>
GROSS PROFIT	4,435,732	25	7,288,780	33
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH ASSOCIATE (Note 4)	<u>407,598</u>	<u>2</u>	<u>(7,085)</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>4,843,330</u>	<u>27</u>	<u>7,281,695</u>	<u>33</u>
OPERATING EXPENSES (Notes 19 and 25)				
Selling and marketing expenses	361,597	2	456,838	2
General and administrative expenses	840,920	5	998,488	5
Research and development expenses	<u>762,530</u>	<u>4</u>	<u>938,945</u>	<u>4</u>
Total operating expenses	<u>1,965,047</u>	<u>11</u>	<u>2,394,271</u>	<u>11</u>
PROFIT FROM OPERATIONS	<u>2,878,283</u>	<u>16</u>	<u>4,887,424</u>	<u>22</u>
NON-OPERATING INCOME AND EXPENSES				
Subsidized revenue (Notes 4 and 15)	16,653	-	28,682	-
Finance costs (Notes 4, 19 and 25)	(45,755)	-	(57,291)	-
Share of profit or loss of subsidiaries and associates accounted for using the equity method (Note 4)	(420,922)	(2)	446,868	2
Interest income (Notes 4 and 25)	32,327	-	36,163	-
Other income (Note 25)	104,716	-	102,406	1
Net foreign exchange gain (Notes 4 and 28)	25,971	-	325,222	1
Valuation gain (loss) on financial assets (liabilities) at fair value through profit or loss (Note 4)	5,285	-	(20,648)	-
Other expenses	(120)	-	(566)	-
Loss on disposal of property, plant and equipment (Note 4)	<u>(4,754)</u>	<u>-</u>	<u>(123,744)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(286,599)</u>	<u>(2)</u>	<u>737,092</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	2,591,684	14	5,624,516	25
INCOME TAX EXPENSE (Notes 4 and 20)	<u>556,936</u>	<u>3</u>	<u>1,145,135</u>	<u>5</u>
NET PROFIT FOR THE YEAR	<u>2,034,748</u>	<u>11</u>	<u>4,479,381</u>	<u>20</u>

(Continued)

# Hiwin Technologies Corporation

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 17)	\$ (6,571)	-	\$ 19,618	-
Unrealized gain (loss) on investment in equity instruments at fair value through other comprehensive income	69,397	-	(619,689)	(3)
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	(6,200)	-	7,860	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 20)	<u>1,314</u>	<u>-</u>	<u>(3,924)</u>	<u>-</u>
	<u>57,940</u>	<u>-</u>	<u>(596,135)</u>	<u>(3)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	124,790	1	273,635	1
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	31	-	52	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 20)	<u>(24,958)</u>	<u>-</u>	<u>(54,727)</u>	<u>-</u>
	<u>99,863</u>	<u>1</u>	<u>218,960</u>	<u>1</u>
Other comprehensive income (loss) for the year, net of income tax	<u>157,803</u>	<u>1</u>	<u>(377,175)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,192,551</u>	<u>12</u>	<u>\$ 4,102,206</u>	<u>18</u>
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ 5.75</u>		<u>\$ 12.98</u>	
Diluted	<u>\$ 5.74</u>		<u>\$ 12.89</u>	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

## Hiwin Technologies Corporation

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)**

	Ordinary Shares (Note 18)	Capital Surplus (Note 18)	Retained Earnings (Notes 18 and 22)		Other Equity (Note 4)		Total Equity
			Legal Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2022	\$ 3,407,923	\$ 5,516,470	\$ 3,071,586	\$ 17,609,166	\$ (599,662)	\$ 1,274,802	\$ 30,280,285
Appropriation of 2021 earnings							
Legal reserve	-	-	318,548	(318,548)	-	-	-
Cash dividends - NT\$4.5 per share	-	-	-	(1,533,565)	-	-	(1,533,565)
	-	-	318,548	(1,852,113)	-	-	(1,533,565)
Issuance of ordinary shares for cash	130,000	1,945,000	-	-	-	-	2,075,000
Share-based payments arrangements	-	18,265	-	-	-	-	18,265
Changes in percentage of ownership interests in subsidiaries	-	-	-	(190,861)	-	-	(190,861)
Net profit for the year ended December 31, 2022	-	-	-	4,479,381	-	-	4,479,381
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	23,554	218,960	(619,689)	(377,175)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	4,502,935	218,960	(619,689)	4,102,206
BALANCE AT DECEMBER 31, 2022	3,537,923	7,479,735	3,390,134	20,069,127	(380,702)	655,113	34,751,330
Appropriation of 2022 earnings							
Legal reserve	-	-	431,207	(431,207)	-	-	-
Cash dividends - NT\$5.5 per share	-	-	-	(1,945,857)	-	-	(1,945,857)
	-	-	431,207	(2,377,064)	-	-	(1,945,857)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	51,655	-	(51,655)	-
Net profit for the year ended December 31, 2023	-	-	-	2,034,748	-	-	2,034,748
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	(11,457)	99,863	69,397	157,803
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	2,023,291	99,863	69,397	2,192,551
BALANCE AT DECEMBER 31, 2023	\$ 3,537,923	\$ 7,479,735	\$ 3,821,341	\$ 19,767,009	\$ (280,839)	\$ 672,855	\$ 34,998,024

The accompanying notes are an integral part of the parent company only financial statements.

# Hiwin Technologies Corporation

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,591,684	\$ 5,624,516
Adjustments for:		
Depreciation expenses	1,713,762	1,662,741
Amortization expenses	6,100	2,853
Expected credit loss reversed	-	(1,840)
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	(9,738)	4,529
Finance costs	45,755	57,291
Interest income	(32,327)	(36,163)
Dividend income	(9,531)	(9,531)
Share-based compensation	-	18,265
Share of profit or loss of subsidiaries and associates accounted for using the equity method	420,922	(446,868)
Loss on disposal of property, plant and equipment	4,754	123,744
Impairment loss recognized on non-financial assets	24,000	15,346
Unrealized (realized) gains on transactions with associate	(407,598)	7,085
Unrealized foreign currency exchange loss (gain), net	50,266	(64,020)
Others	(838)	(1,314)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(4,529)	315
Notes receivable	(7,720)	99,569
Trade receivables	37,866	2,610,811
Inventories	1,218,546	(63,102)
Other current assets	26,511	(99,970)
Contract liabilities	(26,233)	(23,422)
Notes payable	3,554	926
Trade payables	62,373	(1,175,802)
Other payables	(402,455)	130,553
Other current liabilities	(1,137)	(4,270)
Net defined benefit liabilities	(64,878)	(10,654)
Cash generated from operations	5,239,109	8,421,588
Interest received	31,991	35,962
Dividend received	9,531	9,531
Interest paid	(45,028)	(56,516)
Income tax paid	(982,951)	(1,105,971)
Net cash generated from operating activities	4,252,652	7,304,594
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of financial assets at fair value through other comprehensive income	61,333	-
Proceeds from refunds from financial assets at fair value through other comprehensive income capital premium	5,146	-
Proceeds from sale of financial assets at amortized cost	2,794	-

(Continued)

# Hiwin Technologies Corporation

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Increase in prepayments for investments	\$ (180,357)	\$ -
Payments for property, plant and equipment	(1,522,601)	(934,267)
Proceeds from disposal of property, plant and equipment	2,967	22,665
Decrease in refundable deposits	68	302
Increase in other non-current assets	(10,614)	(5,611)
Increase in prepayments for machinery and equipment	<u>(595,551)</u>	<u>(522,728)</u>
Net cash used in investing activities	<u>(2,236,815)</u>	<u>(1,439,639)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	-	(1,940,000)
Proceeds from long-term borrowings	780,400	2,000
Repayments of long-term borrowings	(571,313)	(572,777)
Increase (decrease) in guarantee deposit received	130	(1,850)
Repayment of the principal portion of lease liabilities	(77,580)	(74,348)
Dividends paid	(1,945,857)	(1,533,565)
Proceeds from issuance of ordinary shares	-	2,075,000
Acquisition of additional shares of subsidiary	<u>(99,300)</u>	<u>(1,693,250)</u>
Net cash used in financing activities	<u>(1,913,520)</u>	<u>(3,738,790)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	102,317	2,126,165
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,378,863</u>	<u>2,252,698</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,481,180</u>	<u>\$ 4,378,863</u>

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

# HIWIN Technologies Corp.

## 2023 Profit Distribution Table

Unit: NTD dollars

Opening undistributed profit	17,692,061,956
Retained earnings adjusted for investments using the equity method	(6,199,874)
Defined benefit plan remeasurement recognized in retained earnings	(5,256,606)
Disposal of equity instrument investments measured at fair value through other comprehensive profit and loss, accumulated profits and losses are transferred directly to retained earnings	51,654,582
Net profit for the period	2,034,747,630
Provision of legal reserve (10%)	(207,494,573)
Distributable surplus for the period	19,559,513,115
Assign items	
Share dividends (6%)	212,275,344
Cash dividends (19%)	672,205,256
Undistributed profit at the end of the period	18,675,032,515



## HIWIN Technologies Corp.

### Comparison Table of Provisions Before and After Revision of Rules of Procedure for Shareholders' Meeting

Amended Provisions	Article Before Amendment	Amendment Instructions
<p>Article 2</p> <p>Unless otherwise provided by law, the company's shareholders' meeting shall be convened by the board of directors.</p> <p><u>When a company convenes a video meeting of shareholders, unless otherwise specified in the stock affairs handling standards for companies that issue shares to the public, it should be stated in the articles of association and approved by the board of directors, and the video meeting of shareholders should be carried out by a special resolution of the board of directors.</u></p> <p>(The following is omitted.)</p>	<p>Article 2</p> <p>Unless otherwise provided by law, the company's shareholders' meeting shall be convened by the board of directors.</p> <p>(The following is omitted.)</p>	<p>Amended in accordance with Taiwan Securities Exchange Co., Ltd. Taiwan Securities Exchange Announcement No. 1120004167 on March 17th, 2023.</p>
<p>Article 5-1</p> <p>When a company convenes a video</p>	<p>Article 5-1</p> <p>When a company convenes a video</p>	<p>Amended in accordance with Taiwan</p>

<p>meeting of shareholders, the following matters should be stated in the notice of the shareholders' meeting:</p> <p>3. Convene a video conference of shareholders and specify the appropriate alternative measures for shareholders who would have difficulty participating via video conference. <u>Except for the circumstances stipulated in Paragraph 6 of Article 44-9 of the Standards for Handling Stock Affairs of Companies with Public Issuance of Stocks, shareholders should at least be provided with connection equipment and necessary assistance, and the period during which shareholders can apply to the company and other relevant matters should be noted.</u> matter.</p>	<p>meeting of shareholders, the following matters should be stated in the notice of the shareholders' meeting:</p> <p>3. Convene a video conference of shareholders and specify the appropriate alternative measures for shareholders who would have difficulty participating via video conference.</p>	<p>Securities Exchange Co., Ltd. Taiwan Securities Exchange Announcement No. 1120004167 on March 17th, 2023.</p>
<p>Article 8</p> <p>When the meeting time has expired, the chairman shall announce the meeting immediately. However, if shareholders representing more than half of the total number of issued shares are not</p>	<p>Article 8</p> <p>When the meeting time has expired, the chairman shall announce the meeting immediately. However, if shareholders representing more than half of the total number of issued shares are not</p>	<p>Edit the text as appropriate.</p>

<p>present, the chairman may announce the postponement of the meeting. The number of postponements is limited to two times, and the total postponement time shall not exceed one. Hour. If the two postponements still do not result in the attendance of shareholders representing more than one-third of the total issued shares, the chairman shall announce the adjournment of the meeting; if the shareholders' meeting is held by video conference, the adjournment of the meeting shall also be announced on the shareholders' meeting video conference platform.</p> <p>(The following is omitted.)</p>	<p>present, the chairman may announce the postponement of the meeting. The number of postponements is limited to two times, and the total postponement time shall not exceed one. Hour. If the meeting is still insufficient after two postponements and shareholders representing more than one-third of the total issued shares are present, the chairman shall announce the adjournment of the meeting; if the shareholders' meeting is held by video conference, the adjournment of the meeting shall also be announced on the shareholders' meeting video conference platform.</p> <p>(The following is omitted.)</p>	
<p>Article 20</p> <p>(omitted.)</p> <p>The eighth amendment was made on May 31st, 2024.</p>	<p>Article 20</p> <p>(Omitted)</p>	<p>Add revision date.</p>