

**Hiwin Technologies Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2023 and 2022 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Hiwin Technologies Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Hiwin Technologies Corporation (the "Corporation") and its subsidiaries (collectively, the "Group") as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months ended March 31, 2023 and 2022, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as 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 International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As disclosed in Note 11 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2023 and 2022, the combined total assets of these non-significant subsidiaries were NT\$11,010,126 thousand and NT\$10,451,068 thousand, representing 21% and 20%, respectively, of the consolidated total assets, and the combined total liabilities of these subsidiaries were NT\$5,408,639 thousand and NT\$5,356,195 thousand, representing 28% and 24%, respectively, of the consolidated total liabilities; for the three months ended March 31, 2023 and 2022, the amounts of combined comprehensive income of these subsidiaries were NT\$16,834 thousand and NT\$121,212 thousand, representing 3% and 9%, respectively, of the consolidated total comprehensive income.

Qualified Conclusion

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly in all material respects, the consolidated financial position of the Group as of March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 10, 2023

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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ review 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’ review report and consolidated financial statements shall prevail.

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 8,335,616	16	\$ 7,457,770	14	\$ 6,066,981	12
Financial assets at fair value through profit or loss - current (Note 7)	293	-	228	-	-	-
Notes receivable from unrelated parties, net (Note 9)	611,604	1	705,055	2	972,938	2
Notes receivable from related parties, net (Notes 9 and 27)	543	-	937	-	600	-
Trade receivables from unrelated parties, net (Note 9)	2,918,675	6	2,634,214	5	3,788,357	7
Trade receivables from related parties, net (Notes 9 and 27)	32,377	-	16,773	-	39,699	-
Inventories (Note 10)	8,720,071	16	8,937,842	17	8,639,669	16
Other current assets (Notes 6, 27 and 28)	498,726	1	565,981	1	675,748	1
Total current assets	<u>21,117,905</u>	<u>40</u>	<u>20,318,800</u>	<u>39</u>	<u>20,183,992</u>	<u>38</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	1,054,744	2	846,591	2	1,319,486	3
Financial assets at amortized cost - non-current	2,856	-	2,873	-	2,873	-
Investments accounted for using the equity method (Note 12)	337,497	1	327,423	1	266,341	1
Property, plant and equipment (Notes 13, 27 and 28)	27,727,477	52	27,678,842	53	27,385,748	52
Right-of-use assets (Notes 14, 27 and 28)	632,771	1	676,501	1	709,426	1
Goodwill	256,163	-	256,163	-	256,163	-
Deferred tax assets (Note 4)	534,966	1	577,194	1	631,740	1
Prepayments for machinery and equipment (Note 15)	1,084,777	2	1,094,142	2	1,407,176	3
Refundable deposits	101,122	-	103,594	-	97,851	-
Other non-current assets (Note 9)	265,204	1	257,543	1	272,192	1
Total non-current assets	<u>31,997,577</u>	<u>60</u>	<u>31,820,866</u>	<u>61</u>	<u>32,348,996</u>	<u>62</u>
TOTAL	<u>\$ 53,115,482</u>	<u>100</u>	<u>\$ 52,139,666</u>	<u>100</u>	<u>\$ 52,532,988</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 16 and 28)	\$ 2,213,100	4	\$ 1,856,941	4	\$ 5,323,491	10
Financial liabilities at fair value through profit or loss - current (Note 7)	2,704	-	4,757	-	11,351	-
Contract liabilities - current	146,542	-	154,384	-	196,165	-
Notes payable	1,663	-	2,591	-	940	-
Trade payables to unrelated parties	2,384,061	5	2,714,102	5	3,743,881	7
Trade payables to related parties (Note 27)	205,791	-	280,445	1	220,295	1
Other payables (Notes 17 and 27)	2,029,518	4	2,255,990	4	1,968,280	4
Dividends payable (Notes 19 and 24)	1,945,857	4	-	-	1,533,565	3
Current tax liabilities (Note 4)	1,183,787	2	1,102,488	2	1,626,098	3
Lease liabilities - current (Notes 14 and 27)	141,514	-	157,542	-	140,041	-
Current portion of long-term borrowings (Notes 16 and 28)	780,744	2	794,019	2	815,612	2
Other current liabilities	86,301	-	86,958	-	141,274	-
Total current liabilities	<u>11,121,582</u>	<u>21</u>	<u>9,410,217</u>	<u>18</u>	<u>15,720,993</u>	<u>30</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 16 and 28)	6,926,818	13	6,309,496	12	5,123,788	10
Deferred tax liabilities (Note 4)	870,778	2	854,128	2	747,888	1
Lease liabilities - non-current (Notes 14 and 27)	347,521	1	375,256	1	419,751	1
Net defined benefit liabilities - non-current (Notes 4 and 18)	172,554	-	191,481	-	255,581	-
Other non-current liabilities	9,553	-	34,421	-	11,639	-
Total non-current liabilities	<u>8,327,224</u>	<u>16</u>	<u>7,764,782</u>	<u>15</u>	<u>6,558,647</u>	<u>12</u>
Total liabilities	<u>19,448,806</u>	<u>37</u>	<u>17,174,999</u>	<u>33</u>	<u>22,279,640</u>	<u>42</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION						
Ordinary shares	3,537,923	7	3,537,923	7	3,407,923	7
Capital surplus	7,479,735	14	7,479,735	14	5,516,470	11
Retained earnings						
Legal reserve	3,390,134	6	3,390,134	7	3,071,586	6
Unappropriated earnings	18,568,273	35	20,069,127	38	17,442,764	33
Other equity	519,816	1	274,411	1	660,751	1
Total equity attributable to owners of the Corporation	<u>33,495,881</u>	<u>63</u>	<u>34,751,330</u>	<u>67</u>	<u>30,099,494</u>	<u>58</u>
NON-CONTROLLING INTERESTS	<u>170,795</u>	<u>-</u>	<u>213,337</u>	<u>-</u>	<u>153,854</u>	<u>-</u>
Total equity	<u>33,666,676</u>	<u>63</u>	<u>34,964,667</u>	<u>67</u>	<u>30,253,348</u>	<u>58</u>
TOTAL	<u>\$ 53,115,482</u>	<u>100</u>	<u>\$ 52,139,666</u>	<u>100</u>	<u>\$ 52,532,988</u>	<u>100</u>

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

(With Deloitte & Touche auditors' review report dated May 10, 2023)

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
SALES (Note 27)	\$ 5,733,868	100	\$ 7,566,346	100
COST OF GOODS SOLD (Notes 10, 20 and 27)	<u>3,991,868</u>	<u>70</u>	<u>4,794,559</u>	<u>63</u>
GROSS PROFIT	<u>1,742,000</u>	<u>30</u>	<u>2,771,787</u>	<u>37</u>
OPERATING EXPENSES (Notes 20 and 27)				
Selling and marketing expenses	445,598	7	429,262	6
General and administrative expenses	505,094	9	537,323	7
Research and development expenses	<u>222,208</u>	<u>4</u>	<u>246,297</u>	<u>3</u>
Total operating expenses	<u>1,172,900</u>	<u>20</u>	<u>1,212,882</u>	<u>16</u>
PROFIT FROM OPERATIONS	<u>569,100</u>	<u>10</u>	<u>1,558,905</u>	<u>21</u>
NON-OPERATING INCOME AND EXPENSES				
Subsidy revenue (Note 16)	1,529	-	3,536	-
Finance costs (Notes 20 and 27)	(47,149)	(1)	(43,853)	(1)
Share of profit of associates accounted for using the equity method (Note 12)	14,023	-	15,639	-
Interest income	12,474	-	16,960	-
Other income (Note 27)	24,970	1	23,243	-
Gain (loss) on disposal of property, plant and equipment	(429)	-	437	-
Net foreign exchange gain (Note 30)	18,041	-	203,486	3
Other expenses (Note 27)	(1,865)	-	(1,952)	-
Valuation loss on financial assets (liabilities) at fair value through profit or loss	<u>(615)</u>	<u>-</u>	<u>(19,526)</u>	<u>-</u>
Total non-operating income and expenses	<u>20,979</u>	<u>-</u>	<u>197,970</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	590,079	10	1,756,875	23
INCOME TAX EXPENSE (Notes 4 and 21)	<u>187,627</u>	<u>3</u>	<u>422,808</u>	<u>5</u>
NET PROFIT FOR THE PERIOD	<u>402,452</u>	<u>7</u>	<u>1,334,067</u>	<u>18</u>

(Continued)

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ 208,153	3	\$ (146,795)	(2)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	46,572	1	165,598	2
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 21)	(9,311)	-	(33,072)	-
	<u>37,261</u>	<u>1</u>	<u>132,526</u>	<u>2</u>
Other comprehensive income (loss) for the period, net of income tax	<u>245,414</u>	<u>4</u>	<u>(14,269)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 647,866</u>	<u>11</u>	<u>\$ 1,319,798</u>	<u>18</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 445,003	8	\$ 1,367,163	18
Non-controlling interests	(42,551)	(1)	(33,096)	-
	<u>\$ 402,452</u>	<u>7</u>	<u>\$ 1,334,067</u>	<u>18</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 690,408	12	\$ 1,352,774	18
Non-controlling interests	(42,542)	(1)	(32,976)	-
	<u>\$ 647,866</u>	<u>11</u>	<u>\$ 1,319,798</u>	<u>18</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 1.26</u>		<u>\$ 4.01</u>	
Diluted	<u>\$ 1.25</u>		<u>\$ 4.00</u>	

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

(With Deloitte & Touche auditors' review report dated May 10, 2023)

(Concluded)

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Dividends Per Share) (Reviewed, Not Audited)

	Equity Attributable to Owners of the Corporation (Note 19)								
	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 Translation of 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	-	-	-	(1,533,565)	-	-	(1,533,565)	-	(1,533,565)
Cash dividends - NT\$4.5 per share	-	-	-	(1,533,565)	-	-	(1,533,565)	-	(1,533,565)
Net profit (loss) for the three months ended March 31, 2022	-	-	-	1,367,163	-	-	1,367,163	(33,096)	1,334,067
Other comprehensive income (loss) for the three months ended March 31, 2022, net of income tax	-	-	-	-	132,406	(146,795)	(14,389)	120	(14,269)
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	1,367,163	132,406	(146,795)	1,352,774	(32,976)	1,319,798
BALANCE AT MARCH 31, 2022	\$ 3,407,923	\$ 5,516,470	\$ 3,071,586	\$ 17,442,764	\$ (467,256)	\$ 1,128,007	\$ 30,099,494	\$ 153,854	\$ 30,253,348
BALANCE AT JANUARY 1, 2023	\$ 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	-	-	-	(1,945,857)	-	-	(1,945,857)	-	(1,945,857)
Cash dividends - NT\$5.5 per share	-	-	-	(1,945,857)	-	-	(1,945,857)	-	(1,945,857)
Net profit (loss) for the three months ended March 31, 2023	-	-	-	445,003	-	-	445,003	(42,551)	402,452
Other comprehensive income (loss) for the three months ended March 31, 2023, net of income tax	-	-	-	-	37,252	208,153	245,405	9	245,414
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	445,003	37,252	208,153	690,408	(42,542)	647,866
BALANCE AT MARCH 31, 2023	\$ 3,537,923	\$ 7,479,735	\$ 3,390,134	\$ 18,568,273	\$ (343,450)	\$ 863,266	\$ 33,495,881	\$ 170,795	\$ 33,666,676

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

(With Deloitte & Touche auditors' review report dated May 10, 2023)

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 590,079	\$ 1,756,875
Adjustments for:		
Depreciation expense	565,591	512,323
Amortization expense	15,609	15,882
Expected credit loss recognized (reversed)	12	(3,910)
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	2,411	11,351
Finance costs	47,149	43,853
Interest income	(12,474)	(16,960)
Share of profit of associates accounted for using the equity method	(14,023)	(15,639)
Loss (gain) on disposal of property, plant and equipment	429	(437)
Inventory write-downs (reversal of) write-down of inventories	89,484	(28,661)
Unrealized gain on foreign currency exchange, net	(60,704)	(94,062)
Others	(265)	(317)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(4,529)	315
Notes receivable	90,413	117,848
Trade receivables	(232,911)	(497,845)
Inventories	213,628	(129,003)
Other current assets	79,974	(145,791)
Contract liabilities	(7,729)	22,941
Notes payable	(928)	(725)
Trade payables	(405,218)	(254,411)
Other payables	(296,557)	(269,361)
Other current liabilities	(1,045)	50,365
Net defined benefit liabilities	(18,939)	24,463
Cash generated from operations	639,457	1,099,094
Interest received	8,904	16,957
Interest paid	(48,104)	(44,324)
Income tax paid	(68,968)	(39,301)
Net cash generated from operating activities	<u>531,289</u>	<u>1,032,426</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(395,177)	(242,510)
Proceeds from disposal of property, plant and equipment	3,160	989
Decrease in refundable deposits	1,817	4,263
Increase in other non-current assets	(20,646)	(24,538)
Increase in prepayments for machinery and equipment	(152,267)	(141,296)
Net cash used in investing activities	<u>(563,113)</u>	<u>(403,092)</u>

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HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in short-term borrowings	\$ 354,052	\$ 358,796
Decrease in short-term bills payable	-	(89,923)
Proceeds from long-term borrowings	831,237	18,269
Repayments of long-term borrowings	(212,529)	(305,775)
Repayment of the principal portion of lease liabilities	(45,179)	(43,407)
Decrease in other non-current liabilities	<u>(24,633)</u>	<u>(1,988)</u>
Net cash generated from (used in) financing activities	<u>902,948</u>	<u>(64,028)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>6,722</u>	<u>68,622</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	877,846	633,928
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>7,457,770</u>	<u>5,433,053</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 8,335,616</u>	<u>\$ 6,066,981</u>

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

(With Deloitte & Touche auditors' review report dated May 10, 2023)

(Concluded)

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Hiwin Technologies Corporation (the “Corporation”) was incorporated on October 11, 1989. It manufactures and sells ballscrews, linear guideways, industrial robots, aerospace automation equipment parts, computer numerical control (CNC) milling machines and medical equipment.

The Corporation was approved by the Securities and Futures Bureau (SFB) of the Financial Supervisory Commission (FSC) to become a public company on April 16, 1997. The shares of the Corporation have been listed on the Taiwan Stock Exchange (TWSE) since June 26, 2009.

The consolidated financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on May 10, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the FSC

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the accounting policies of the Corporation and its subsidiaries (collectively referred to as the “Group”).

- b. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of above standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e. its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

See Note 11, Tables 7 and 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2022.

1) Retirement benefits

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

2) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The material accounting judgments and key sources of estimation uncertainty of these interim consolidated financial statements are the same as those applied to the preparation of the consolidated financial statements for the year ended December 31, 2022.

6. CASH AND CASH EQUIVALENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 1,801	\$ 2,145	\$ 2,008
Checking accounts and demand deposits	6,630,319	6,200,658	5,757,965
Pledged time deposits	300	300	2,000
Cash equivalents			
Time deposits (investments with original maturities of 3 months or less)	<u>1,703,496</u>	<u>1,254,967</u>	<u>307,008</u>
	8,335,916	7,458,070	6,068,981
Less: Pledged time deposits (classified as other current assets)	<u>(300)</u>	<u>(300)</u>	<u>(2,000)</u>
	<u>\$ 8,335,616</u>	<u>\$ 7,457,770</u>	<u>\$ 6,066,981</u>
 <u>Rate of interest per annum (%)</u>			
Cash in bank	0.00-1.5	0.00-1.25	0.00-0.40
Time deposits (investments with original maturities of 3 months or less)	0.05-4.88	0.05-4.20	0.00-2.90
Pledged time deposits	1.57	1.44	0.82

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group's financial assets and liabilities mandatorily designated as at fair value through profit or loss (FVTPL) are all generated from its derivative financial products of foreign exchange forward contracts. At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting are as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>March 31, 2023</u>			
Sell	EUR/NTD	2023.4.28-2023.6.9	EUR3,000/NTD97,984
Sell	RMB/NTD	2023.4.13-2023.5.22	RMB46,000/NTD203,150
Sell	USD/NTD	2023.4.21-2023.5.31	USD1,900/NTD57,862
<u>December 31, 2022</u>			
Sell	EUR/NTD	2023.1.19-2023.3.31	EUR4,800/NTD153,578
Sell	RMB/NTD	2023.1.17-2023.3.24	RMB40,000/NTD175,395
Sell	USD/NTD	2023.1.19-2023.2.24	USD2,400/NTD73,376
<u>March 31, 2022</u>			
Sell	EUR/NTD	2022.4.29-2022.6.17	EUR4,400/NTD137,741
Sell	RMB/NTD	2022.4.13-2022.7.11	RMB180,500/NTD801,349
Sell	USD/NTD	2022.4.26-2022.6.30	USD2,300/NTD65,058

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Name of Investee Company</u>			
Domestic listed ordinary shares			
Hiwin Mikrosystem Corp. (Hiwin Mikrosystem)	\$ 741,097	\$ 660,129	\$ 1,014,485
Ever Fortune. AI Co., Ltd. (Ever Fortune)	310,047	182,812	301,401
Domestic unlisted ordinary shares			
Taichung International Country Club	3,600	3,650	3,600
Sunengine Corporation Ltd. (Sunengine)	-	-	-
King Kong Iron Work Ltd.	-	-	-
	<u>\$ 1,054,744</u>	<u>\$ 846,591</u>	<u>\$ 1,319,486</u>

Ever Fortune's shares have been listed on the over-the-counter market in March 2023.

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 612,187	\$ 706,028	\$ 974,970
Less: Allowance for impairment loss	<u>(40)</u>	<u>(36)</u>	<u>(1,432)</u>
	<u>\$ 612,147</u>	<u>\$ 705,992</u>	<u>\$ 973,538</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 2,964,571	\$ 2,664,402	\$ 3,841,641
Less: Allowance for impairment loss	<u>(13,519)</u>	<u>(13,415)</u>	<u>(13,585)</u>
	<u>\$ 2,951,052</u>	<u>\$ 2,650,987</u>	<u>\$ 3,828,056</u>

a. Notes receivable

The Group's aging of notes receivable is as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Not past due	\$ 612,187	\$ 706,028	\$ 974,970
Past due	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 612,187</u>	<u>\$ 706,028</u>	<u>\$ 974,970</u>

The above aging schedule was based on the past due days.

b. Trade receivables

The Group determines the credit period of sales of goods based on the counterparty's credit rating, location and transaction terms.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic

condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlooks. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

	Not Past Due	1 to 120 Days	121 to 360 Days	Over 360 Days	Total
<u>March 31, 2023</u>					
Gross carrying amount	\$ 2,903,802	\$ 51,981	\$ 3,869	\$ 4,919	\$ 2,964,571
Loss allowance (Lifetime ECLs)	<u>(5,583)</u>	<u>(1,808)</u>	<u>(1,209)</u>	<u>(4,919)</u>	<u>(13,519)</u>
Amortized cost	<u>\$ 2,898,219</u>	<u>\$ 50,173</u>	<u>\$ 2,660</u>	<u>\$ -</u>	<u>\$ 2,951,052</u>
<u>December 31, 2022</u>					
Gross carrying amount	\$ 2,554,104	\$ 103,958	\$ 1,379	\$ 4,961	\$ 2,664,402
Loss allowance (Lifetime ECLs)	<u>(5,648)</u>	<u>(2,476)</u>	<u>(330)</u>	<u>(4,961)</u>	<u>(13,415)</u>
Amortized cost	<u>\$ 2,548,456</u>	<u>\$ 101,482</u>	<u>\$ 1,049</u>	<u>\$ -</u>	<u>\$ 2,650,987</u>
<u>March 31, 2022</u>					
Gross carrying amount	\$ 3,736,933	\$ 90,161	\$ 2,811	\$ 11,736	\$ 3,841,641
Loss allowance (Lifetime ECLs)	<u>(2,379)</u>	<u>(2,217)</u>	<u>(353)</u>	<u>(8,636)</u>	<u>(13,585)</u>
Amortized cost	<u>\$ 3,734,554</u>	<u>\$ 87,944</u>	<u>\$ 2,458</u>	<u>\$ 3,100</u>	<u>\$ 3,828,056</u>

The movements of the loss allowance were as follows (other receivables are classified as other non-current assets):

	For the Three Months Ended March 31, 2023		
	Notes Receivable	Trade Receivables	Other Receivables
Balance at January 1, 2023	\$ 36	\$ 13,415	\$ 27,395
Net remeasurement of loss allowance	4	8	-
Foreign exchange gains and losses	<u>-</u>	<u>96</u>	<u>-</u>
Balance at March 31, 2023	<u>\$ 40</u>	<u>\$ 13,519</u>	<u>\$ 27,395</u>
	For the Three Months Ended March 31, 2022		
	Notes Receivable	Trade Receivables	Other Receivables
Balance at January 1, 2022	\$ 1,884	\$ 16,890	\$ 27,395
Net remeasurement of loss allowance	(452)	(3,458)	-
Amounts written off	-	(3)	-
Foreign exchange gains and losses	<u>-</u>	<u>156</u>	<u>-</u>
Balance at March 31, 2022	<u>\$ 1,432</u>	<u>\$ 13,585</u>	<u>\$ 27,395</u>

10. INVENTORIES

	March 31, 2023	December 31, 2022	March 31, 2022
Merchandise	\$ 1,147	\$ 4,172	\$ 3,086
Finished goods	3,966,160	4,092,583	3,209,185
Work in process	1,463,314	1,396,857	1,998,632
Raw materials and supplies	2,966,438	3,084,782	2,791,494
Inventory in transit	<u>323,012</u>	<u>359,448</u>	<u>637,272</u>
	<u>\$ 8,720,071</u>	<u>\$ 8,937,842</u>	<u>\$ 8,639,669</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2023 and 2022 was \$3,991,868 thousand and \$4,794,559 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2023 and 2022 included inventory write-downs of \$89,484 thousand and reversal of inventory write-downs of \$28,661 thousand and unallocated fixed overhead of \$87,542 thousand and \$80,417 thousand, respectively. Previous write-downs were reversed as a result of inventory consumed and increased selling prices in markets.

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Main Business	% of Ownership		
			March 31, 2023	December 31, 2022	March 31, 2022
The Corporation	Hiwin Corporation, U.S.A. ("Hiwin USA")	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	100	100
	Hiwin Corporation, Japan ("Hiwin Japan")	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	100	100
	Hiwin GmbH ("Hiwin Germany")	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	100	100
	Eterbright Solar Corporation ("Eterbright") (Note 23)	Research, development, design, manufacture and sale of solar cell, electronic components, electric power supply, electric transmission and power distribution machinery products	89	89	85
	Hiwin Singapore Pte. Ltd. ("Hiwin Singapore")	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	100	100
	Hiwin Corporation ("Hiwin Korea")	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	100	100
	Hiwin Technologies (China) Corporation ("Hiwin China")	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	100	100
	Matrix Precision Co., Ltd. ("Matrix Precision")	Research, development, production, manufacture and sale of gear cutting tools and machinery	50	50	50
	Hiwin Healthcare Corp.	Sale of medical robots	100	100	100
	Hiwin S.R.L. ("Hiwin Italy")	Sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	100	100

(Continued)

Investor	Investee	Main Business	% of Ownership		
			March 31, 2023	December 31, 2022	March 31, 2022
The Corporation	Matrix Machine Tool (Coventry) Limited ("Matrix")	Design, integrated application, research, development, manufacture and sale of thread forming machinery	100	100	100
	Hiwin (Schweiz) GmbH ("Hiwin Schweiz")	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	81	81	81
Hiwin Germany	Hiwin Schweiz	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	19	19	19
Matrix Precision	Suzhou Matrix Precision Machinery Co., Ltd. ("Suzhou Matrix")	Sale of gear cutting tools and machinery	100	100	100

(Concluded)

Except for the financial statements of Hiwin China and Eterbright for the three months ended March 31, 2023 and 2022 which were reviewed by the independent auditors, the remaining subsidiaries are immaterial subsidiaries; their financial statements have not been reviewed.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
	March 31, 2023	December 31, 2022	March 31, 2022
Eterbright	11%	11%	15%
Matrix Precision	50%	50%	50%

See Tables 7 and 8 for the information on places of incorporation and principal places of business.

Name of Subsidiary	Loss and Comprehensive Loss Allocated to Non-controlling Interests For the Three Months Ended March 31	
	2023	2022
Eterbright	\$ (7,845)	\$ (11,318)
Matrix Precision	<u>(34,697)</u>	<u>(21,658)</u>
	<u>\$ (42,542)</u>	<u>\$ (32,976)</u>

Name of Subsidiary	Accumulated Non-controlling Interests		
	March 31, 2023	December 31, 2022	March 31, 2022
Eterbright	\$ 112,609	\$ 120,453	\$ (31,045)
Matrix Precision	<u>58,186</u>	<u>92,884</u>	<u>184,899</u>
	<u>\$ 170,795</u>	<u>\$ 213,337</u>	<u>\$ 153,854</u>

The summarized financial information below represents amounts before intragroup eliminations.

Eterbright

	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	\$ 788,761	\$ 855,074	\$ 199,357
Non-current assets	394,659	418,741	497,207
Current liabilities	(87,382)	(98,379)	(827,548)
Non-current liabilities	<u>(47,538)</u>	<u>(53,894)</u>	<u>(76,814)</u>
Equity	<u>\$ 1,048,500</u>	<u>\$ 1,121,542</u>	<u>\$ (207,798)</u>
Equity attributable to:			
Owners of Eterbright	\$ 935,891	\$ 1,001,089	\$ (176,753)
Non-controlling interests of Eterbright	<u>112,609</u>	<u>120,453</u>	<u>(31,045)</u>
	<u>\$ 1,048,500</u>	<u>\$ 1,121,542</u>	<u>\$ (207,798)</u>
		For the Three Months Ended March 31	
		2023	2022
Revenue		<u>\$ 2,585</u>	<u>\$ 11,430</u>
Net loss for the period		\$ (73,042)	\$ (75,759)
Other comprehensive income (loss) for the period		<u>-</u>	<u>-</u>
Total comprehensive loss for the period		<u>\$ (73,042)</u>	<u>\$ (75,759)</u>
Loss and total comprehensive loss attributable to:			
Owners of Eterbright		\$ (65,197)	\$ (64,441)
Non-controlling interests of Eterbright		<u>(7,845)</u>	<u>(11,318)</u>
		<u>\$ (73,042)</u>	<u>\$ (75,759)</u>
Net cash inflow (outflow) from:			
Operating activities		\$ (50,271)	\$ (57,067)
Investing activities		(6,817)	(6,063)
Financing activities		<u>(6,236)</u>	<u>64,796</u>
Net cash inflow (outflow)		<u>\$ (63,324)</u>	<u>\$ 1,666</u>

Matrix Precision and its subsidiaries

	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	\$ 538,285	\$ 548,092	\$ 629,893
Non-current assets	1,426,660	1,354,236	1,351,225
Current liabilities	(841,435)	(742,666)	(684,263)
Non-current liabilities	<u>(989,840)</u>	<u>(955,772)</u>	<u>(913,513)</u>
Equity	<u>\$ 133,670</u>	<u>\$ 203,890</u>	<u>\$ 383,342</u>
Equity attributable to:			
Owners of Matrix Precision	\$ 66,969	\$ 102,149	\$ 192,054
Non-controlling interests of Matrix Precision	<u>66,701</u>	<u>101,741</u>	<u>191,288</u>
	<u>\$ 133,670</u>	<u>\$ 203,890</u>	<u>\$ 383,342</u>
		For the Three Months Ended March 31	
		2023	2022
Revenue		<u>\$ 37,373</u>	<u>\$ 68,295</u>
Net loss for the period		\$ (70,237)	\$ (37,840)
Other comprehensive income (loss) for the period		<u>18</u>	<u>241</u>
Total comprehensive loss for the period		<u>\$ (70,219)</u>	<u>\$ (37,599)</u>
Loss attributable to:			
Owners of Matrix Precision		\$ (35,189)	\$ (18,958)
Non-controlling interests of Matrix Precision		<u>(35,048)</u>	<u>(18,882)</u>
		<u>\$ (70,237)</u>	<u>\$ (37,840)</u>
Total comprehensive loss attributable to:			
Owners of Matrix Precision		\$ (35,180)	\$ (18,837)
Non-controlling interests of Matrix Precision		<u>(35,039)</u>	<u>(18,762)</u>
		<u>\$ (70,219)</u>	<u>\$ (37,599)</u>
Net cash inflow (outflow) from:			
Operating activities		\$ (6,924)	\$ (82,758)
Investing activities		(96,587)	2,871
Financing activities		<u>82,766</u>	<u>148,952</u>
Net cash inflow (outflow)		<u>\$ (20,745)</u>	<u>\$ 69,065</u>

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2023	December 31, 2022	March 31, 2022
Associates that are not individually material	\$ 337,497	\$ 327,423	\$ 266,341
		For the Three Months Ended March 31	
		2023	2022
The Group's share of:			
Profit for the period		\$ 14,023	\$ 15,639
Other comprehensive income (loss) for the period		-	-
Total comprehensive income for the period		\$ 14,023	\$ 15,639

Investments were accounted for using the equity method and the share of profit or loss and other comprehensive income (loss) of those investments were calculated based on the financial statements that have not been reviewed. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income (loss) from the financial statements that have not been reviewed.

13. PROPERTY, PLANT AND EQUIPMENT

	For the Three Months Ended March 31, 2023					
	Beginning Balance	Additions	Disposals	Reclassified Amount	Translation Adjustments	Ending Balance
<u>Cost</u>						
Land	\$ 5,428,566	\$ 11	\$ -	\$ -	\$ (6,475)	\$ 5,422,102
Buildings and improvements	15,843,551	3,997	(85)	46,116	6,351	15,899,930
Machinery and equipment	15,656,424	37,520	(173,654)	149,851	4,925	15,675,066
Transportation equipment	266,724	7,597	(10,831)	-	1,114	264,604
Leasehold improvements	116,137	163	-	-	(1,110)	115,190
Miscellaneous equipment	2,833,600	40,311	(8,108)	13,627	(1,319)	2,878,111
Construction in progress	631,389	378,072	-	(47,785)	1,186	962,862
	<u>40,776,391</u>	<u>\$ 467,671</u>	<u>\$ (192,678)</u>	<u>\$ 161,809</u>	<u>\$ 4,672</u>	<u>41,217,865</u>
<u>Accumulated depreciation and impairment</u>						
Buildings and improvements	2,633,980	\$ 106,909	\$ (25)	\$ -	\$ 4,695	2,745,559
Machinery and equipment	8,282,212	397,040	(171,315)	-	2,298	8,510,235
Transportation equipment	152,496	9,243	(10,107)	-	320	151,952
Leasehold improvements	107,425	776	-	-	(868)	107,333
Miscellaneous equipment	1,921,436	61,555	(7,642)	-	(40)	1,975,309
	<u>13,097,549</u>	<u>\$ 575,523</u>	<u>\$ (189,089)</u>	<u>\$ -</u>	<u>\$ 6,405</u>	<u>13,490,388</u>
	<u>\$ 27,678,842</u>					<u>\$ 27,727,477</u>

For the Three Months Ended March 31, 2022

	Beginning Balance	Additions	Disposals	Reclassified Amount	Translation Adjustments	Ending Balance
<u>Cost</u>						
Land	\$ 5,424,124	\$ 4,033	\$ -	\$ -	\$ (5,953)	\$ 5,422,204
Buildings and improvements	14,019,116	108,923	(210)	825,782	81,777	15,035,388
Machinery and equipment	15,107,593	43,625	(211,271)	189,681	22,672	15,152,300
Transportation equipment	240,647	6,156	(2,059)	10	3,036	247,790
Leasehold improvements	121,948	388	-	-	57	122,393
Miscellaneous equipment	2,676,669	24,608	(17,011)	(1,711)	7,331	2,689,886
Construction in progress	1,577,851	102,887	-	(826,242)	(2,180)	852,316
	<u>39,167,948</u>	<u>\$ 290,620</u>	<u>\$ (230,551)</u>	<u>\$ 187,520</u>	<u>\$ 106,740</u>	<u>39,522,277</u>
<u>Accumulated depreciation and impairment</u>						
Buildings and improvements	2,329,595	\$ 92,675	\$ (210)	\$ -	\$ 13,231	2,435,291
Machinery and equipment	7,403,997	364,224	(210,951)	-	10,308	7,567,578
Transportation equipment	119,973	9,228	(1,999)	-	1,720	128,922
Leasehold improvements	110,650	1,011	-	-	24	111,685
Miscellaneous equipment	1,849,481	54,969	(16,839)	-	5,442	1,893,053
	<u>11,813,696</u>	<u>\$ 522,107</u>	<u>\$ (229,999)</u>	<u>\$ -</u>	<u>\$ 30,725</u>	<u>12,136,529</u>
	<u>\$ 27,354,252</u>					<u>\$ 27,385,748</u>

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and improvements	
Main buildings	10-55 years
Electrical power equipment	5-35 years
Engineering system	5-55 years
Machinery and equipment	
Machinery equipment	3-20 years
Inspection equipment	3-20 years
Transportation equipment	2-10 years
Leasehold improvements	2-17 years
Miscellaneous equipment	1-15 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 28.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amount</u>			
Land	\$ 290,882	\$ 292,211	\$ 311,371
Buildings	323,767	365,901	377,383
Transportation equipment	17,223	17,916	20,020
Miscellaneous equipment	<u>899</u>	<u>473</u>	<u>652</u>
	<u>\$ 632,771</u>	<u>\$ 676,501</u>	<u>\$ 709,426</u>

	For the Three Months Ended March 31	
	2023	2022
Additions to right-of-use assets	\$ <u>4,701</u>	\$ <u>67,454</u>
Depreciation charge for right-of-use assets		
Land	\$ 5,097	\$ 5,156
Buildings	39,821	37,726
Transportation equipment	1,276	1,519
Miscellaneous equipment	<u>68</u>	<u>61</u>
	<u>\$ 46,262</u>	<u>\$ 44,462</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2023 and 2022.

b. Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amount</u>			
Current	\$ <u>141,514</u>	\$ <u>157,542</u>	\$ <u>140,041</u>
Non-current	\$ <u>347,521</u>	\$ <u>375,256</u>	\$ <u>419,751</u>

Range of discount rates for lease liabilities was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Land	1.45%-1.50%	1.45%-1.50%	1.45%-1.50%
Buildings	0.90%-4.10%	0.90%-4.90%	0.90%-4.90%
Transportation equipment	1.23%-4.10%	1.23%-4.10%	1.23%-4.10%
Miscellaneous equipment	1.48%-4.10%	1.48%-4.10%	1.48%-4.10%

c. Material leasing activities and terms

The Group leases certain transportation and miscellaneous equipment for the use of product manufacturing and marketing with lease terms of 1 to 7 years. These arrangements do not contain renewal or purchase options.

The Group also leases land and buildings for the use of plants and offices with lease terms of 2 to 50 years. The lease contract for land located in the Republic of China specifies that lease payments will be adjusted on the basis of changes in the consumer price index or announced land value prices. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

	For the Three Months Ended March 31	
	2023	2022
Expenses relating to short-term leases	\$ 4,715	\$ 4,121
Expenses relating to low-value asset leases	\$ 2,645	\$ 1,305
Total cash outflow for leases	<u>\$ (54,698)</u>	<u>\$ (51,202)</u>

The Group's leases of certain equipment qualify as short-term leases and low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. PREPAYMENTS FOR MACHINERY AND EQUIPMENT

The aging of prepayments for machinery and equipment was as follows:

The Date of Initial Cost Contribution	March 31, 2023	December 31, 2022	March 31, 2022
Within 1 year	\$ 287,165	\$ 344,212	\$ 506,881
1-2 years	345,144	252,110	149,293
2-5 years	325,597	389,751	618,681
More than 5 years	<u>126,871</u>	<u>108,069</u>	<u>132,321</u>
	<u>\$ 1,084,777</u>	<u>\$ 1,094,142</u>	<u>\$ 1,407,176</u>

In order to maintain key manufacturing technologies, reduce product costs and improve automation of the equipment, the Group designed, developed, and assembled the equipment by itself. The abovementioned prepayments for machinery and equipment include both internally-developed and outsourced equipment.

16. BORROWINGS

a. Short-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Secured borrowings</u> (Note 28)			
Working capital loans	\$ 2,167,340	\$ 1,856,941	\$ 3,583,491
Loans for export sales	<u>-</u>	<u>-</u>	<u>940,000</u>
	2,167,340	1,856,941	4,523,491
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>45,760</u>	<u>-</u>	<u>800,000</u>
	<u>\$ 2,213,100</u>	<u>\$ 1,856,941</u>	<u>\$ 5,323,491</u>
<u>Rate of interest per annum (%)</u>			
Working capital loans	1.83-6.06	0.58-4.30	0.23-3.80
Loans for export sales	-	-	0.61
Line of credit borrowings	0.58-1.00	-	0.75-0.94

b. Long-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Secured borrowings</u> (Note 28)			
Secured loans	\$ 7,406,033	\$ 6,799,647	\$ 5,677,068
<u>Unsecured borrowings</u>			
Unsecured loans	<u>301,529</u>	<u>303,868</u>	<u>262,332</u>
	7,707,562	7,103,515	5,939,400
Less: Current portion	<u>(780,744)</u>	<u>(794,019)</u>	<u>(815,612)</u>
Long-term borrowings	<u>\$ 6,926,818</u>	<u>\$ 6,309,496</u>	<u>\$ 5,123,788</u>
<u>Rate of interest per annum (%)</u>			
Secured loans	0.93-6.25	0.93-5.50	0.63-4.90
Unsecured loans	0.90-3.41	0.90-2.80	0.70-1.65

In August 2019, the Corporation received a qualification letter for the Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan from the Ministry of Economic Affairs, and therefore received the subsidy for processing fee of long-term borrowings. As of March 31, 2023, \$23,500 thousand was allocated for the purchase of machinery equipment and the use of operating capital. The Corporation recognized \$501 thousand as government grant, which is the difference between the loan amount obtained at a lower-than-market interest rate and the fair value; was accounted for as deferred revenue and would be subsequently recognized in profit or loss over the useful lives of the assets.

17. OTHER PAYABLES

	March 31, 2023	December 31, 2022	March 31, 2022
Payables for salaries and bonuses	\$ 606,681	\$ 967,123	\$ 552,572
Payables for compensation of employees	416,425	381,681	415,344
Payables for remuneration of directors	208,578	191,082	208,051
Payables for annual leave	191,475	184,429	211,679
Payables for purchases of equipment	141,744	69,250	88,374
Others	<u>464,615</u>	<u>462,425</u>	<u>492,260</u>
	<u>\$ 2,029,518</u>	<u>\$ 2,255,990</u>	<u>\$ 1,968,280</u>

18. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2023 and 2022, the pension expenses of defined benefit plans were \$2,782 thousand and \$3,876 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2022 and 2021, respectively.

19. EQUITY

a. Ordinary shares

	March 31, 2023	December 31, 2022	March 31, 2022
Number of shares authorized (in thousands)	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Shares authorized	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>353,792</u>	<u>353,792</u>	<u>340,792</u>
Shares issued	<u>\$ 3,537,923</u>	<u>\$ 3,537,923</u>	<u>\$ 3,407,923</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to receive dividends.

On May 10, 2022, the Corporation's board of directors resolved to issue 13,000 thousand ordinary shares with a par value of \$10, for a consideration of \$160 per share. On June 24, 2022, the above transaction was approved by the SFB, and the subscription base date was set for August 30, 2022 as determined by the board of directors.

According to the Company Act, the issuance of ordinary shares shall appropriate 10% of the total amount of new shares for subscription by employees. According to IFRS 2 "Share-based Payment", the Corporation recognized salary expense and capital surplus amounted to \$18,265 thousand in 2022.

b. Capital surplus

	March 31, 2023	December 31, 2022	March 31, 2022
May be used to offset a deficit, distributed as cash dividends or transferred to share capital (Note)			
Issuance of ordinary shares	\$ 7,469,101	\$ 7,469,101	\$ 5,509,020
Invalid employee share options	<u>10,634</u>	<u>10,634</u>	<u>7,450</u>
	<u>\$ 7,479,735</u>	<u>\$ 7,479,735</u>	<u>\$ 5,516,470</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, until the accumulated legal reserve equals the Corporation's paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit shall be distributed as dividends, where the dividends distributed should not exceed 6% of the remaining profit. The Corporation's profit may be distributed in the form of cash or share dividends; however, the ratio of share dividends distributed shall not exceed two-thirds of the Corporation's total amount of dividends and bonuses distributed to shareholders. A distribution plan is also to be made by the board of directors and should be resolved in the shareholder's meeting. The dividends could be distributed in whole or in part by cash after the resolution has been passed by more than half of the directors present at the meeting of the board of directors, in which at least two-thirds of

the total number of directors should be present. In addition, a report of such distribution shall be submitted to the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 20-c.

The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021 were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021
Legal reserve	\$ 431,207	\$ 318,548		
Cash dividends	1,945,857	1,533,565	\$ 5.5	\$ 4.5

The appropriations of cash dividends per share for 2022 and 2021 had been approved by the board of directors on February 24, 2023 and February 25, 2022 respectively, the other appropriations of earnings for 2021 had been approved in the shareholders' meeting on June 27, 2022, and the other appropriation of earnings for 2022 is subject to the resolution of the shareholders in their meeting to be held on May 31, 2023.

20. NET PROFIT FROM CONTINUING OPERATIONS

a. Finance costs

	For the Three Months Ended March 31	
	2023	2022
Interest on bank loans	\$ 44,990	\$ 41,484
Interest on lease liabilities	<u>2,159</u>	<u>2,369</u>
	<u>\$ 47,149</u>	<u>\$ 43,853</u>

Information about capitalized interest is as follows:

	For the Three Months Ended March 31	
	2023	2022
Capitalized interest	\$ 4,606	\$ 1,259
Capitalization rates (%)	1.51-2.04	1.10-1.40

b. Employee benefits expense, depreciation and amortization expenses

	Operating Costs	Operating Expenses	Total
<u>For the Three Months Ended March 31, 2023</u>			
Short-term employee benefits	\$ 895,872	\$ 695,986	\$ 1,591,858
Post-employment benefits			
Defined contribution plans	30,791	19,509	50,300
Defined benefit plans (Note 18)	1,232	1,550	2,782
Other employee benefits	35,254	18,631	53,885
Depreciation expense	463,715	101,876	565,591
Amortization expense	841	14,768	15,609
<u>For the Three Months Ended March 31, 2022</u>			
Short-term employee benefits	1,050,076	741,897	1,791,973
Post-employment benefits			
Defined contribution plans	35,859	21,198	57,057
Defined benefit plans (Note 18)	1,566	2,310	3,876
Other employee benefits	39,222	25,721	64,943
Depreciation expense	434,118	78,205	512,323
Amortization expense	862	15,020	15,882

c. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Corporation, the Corporation accrues compensation of employees and remuneration of directors at the rates of no less than 1% and no higher than 4%, respectively, of net profit before income tax, compensation of employees, and the remuneration of directors. For the three months ended March 31, 2023 and 2022, the compensation of employees and the remuneration of directors were as follows:

	For the Three Months Ended March 31			
	2023		2022	
	Accrual rate	Amount	Accrual rate	Amount
Compensation of employees	5.7%	\$ 34,743	6.3%	\$ 117,933
Remuneration of directors	2.8%	17,372	3.1%	58,966

If there will be change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The appropriations of compensation of employees and remuneration of directors for 2022 and 2021 which have been resolved by the board of directors on February 24, 2023 and February 25, 2022, respectively, were as follows:

Cash	For the Year Ended December 31			
	2022		2021	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	6.2%	\$ 381,681	6.0%	\$ 297,411
Remuneration of directors	3.1%	190,841	3.0%	148,706

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the Corporation's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

21. INCOME TAXES

- a. Major components of income tax expense recognized in profit or loss

	For the Three Months Ended March 31	
	2023	2022
Current tax		
In respect of the current period	\$ 124,515	\$ 355,950
Adjustments for prior periods	13,545	1,743
Deferred tax		
In respect of the current period	<u>49,567</u>	<u>65,115</u>
Income tax expense recognized in profit or loss	<u>\$ 187,627</u>	<u>\$ 422,808</u>

- b. Income tax expense in other comprehensive income

	For the Three Months Ended March 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current period		
Translation of foreign operations	<u>\$ 9,311</u>	<u>\$ 33,072</u>

- c. Income tax assessments

The tax returns of the Corporation, Eterbright and Matrix Precision through 2021 have been assessed by the tax authorities.

22. EARNINGS PER SHARE

	Net Profit Attributable to Owners of the Corporation	Number of Shares (In Thousands)	Earnings Per Share (NT\$)
<u>For the Three Months Ended March 31, 2023</u>			
Basic earnings per share			
Profit for the period attributable to owners of the Corporation	\$ 445,003	353,792	<u>\$ 1.26</u>
Effect of potentially dilutive ordinary shares:			
Compensation of employees	-	<u>1,074</u>	
Diluted earnings per share			
Profit for the period attributable to owners of the Corporation plus effect of potentially dilutive ordinary shares	<u>\$ 445,003</u>	<u>354,866</u>	<u>\$ 1.25</u>

For the Three Months Ended March 31, 2022

Basic earnings per share			
Profit for the period attributable to owners of the Corporation	\$ 1,367,163	340,792	<u>\$ 4.01</u>
Effect of potentially dilutive ordinary shares:			
Compensation of employees	-	<u>1,170</u>	
Diluted earnings per share			
Profit for the period attributable to owners of the Corporation plus effect of potentially dilutive ordinary shares	<u>\$ 1,367,163</u>	<u>341,962</u>	<u>\$ 4.00</u>

Since the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On December 30, 2022, the Corporation subscribed for additional new shares of Eterbright at a percentage different from its existing ownership percentage, thereby increasing its continuing interest from 85% to 89%, and recognized a decrease of \$190,861 thousand in retained earnings.

The above transactions were accounted for as equity transactions, since the Corporation did not cease to have control over the subsidiaries.

24. NON-CASH TRANSACTIONS

The cash dividends resolved by the Corporation's board of directors have not been paid as of March 31, 2023 (refer to Note 19).

25. CAPITAL MANAGEMENT

To support the needs for expansion and upgrade of its plant and equipment, the Group has to maintain an appropriate amount of capital. Therefore, the Group manages its capital to ensure it has the necessary financial resources and operating plan to support the required operating funds, capital expenditures, research and development fees, debt repayment and dividend payments in the next 12 months to achieve an overall balanced capital structure.

Key management personnel of the Group review the capital structure periodically. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders and the amount of new debt issued or existing debt redeemed.

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

The Group's financial assets and liabilities at FVTPL are measured at fair value using Level 2 inputs, and the financial assets at FVTOCI are measured at fair value using Level 1 inputs and Level 3 inputs.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign currency forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

b. Categories of financial instruments

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 293	\$ 228	\$ -
Financial assets at amortized cost (1)	12,002,793	10,921,216	10,969,299
Financial assets at FVTOCI			
Equity instruments	1,054,744	846,591	1,319,486
<u>Financial liabilities</u>			
FVTPL			
Mandatorily classified as at FVTPL	2,704	4,757	11,351
Financial liabilities at amortized cost (2)	16,487,552	14,213,584	18,729,852

- 1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable (including from related parties), trade receivables (including from related parties), financial assets at amortized cost-non-current and refundable deposits.
 - 2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, trade payables (including from related parties), other payables, dividends payable and long-term borrowings (including those due within one year).
- c. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivables, trade payables, lease liabilities, short-term bills payable and borrowings. The Group's corporate treasury function provides services to the business, monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The plans for material treasury activities are reviewed by the audit committee and the board of directors in accordance with procedures required by relevant regulations and internal controls.

1) Market risk

The Group entered into some derivative financial instruments, mainly forward foreign exchange contracts, to manage its exposure to foreign currency risk arising on translation of sales and receivables from the export of precision component to USA, Germany, Japan and China.

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group's operating activities and net investment in foreign operations are denominated in foreign currencies. Consequently, the Group is exposed to foreign currency risk. To protect against reductions in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Group utilizes foreign exchange forward contracts to hedge its currency exposure. These instruments help to reduce, but do not eliminate, the impact of foreign currency exchange rate movements.

Since the Group's net investments in foreign operations and held for strategic purposes, they are not hedged.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 30.

Sensitivity analysis

The Group was mainly exposed to the USD, EUR, JPY and RMB.

The sensitivity analysis of foreign currency risk used when reporting foreign currency risk internally to key management personnel mainly focuses on foreign currency denominated monetary items at the end of the reporting period. When the NTD had increased by 1% against the relevant foreign currency, the post-tax profit for the three months ended March 31, 2023 and 2022 would have decreased by \$35,725 thousand and \$46,144 thousand, respectively.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Fair value interest rate risk			
Deposits in bank	\$ 1,703,796	\$ 1,255,267	\$ 309,008
Lease liabilities	489,035	532,798	559,792
Short-term borrowings	1,191,558	1,085,012	1,633,548
Long-term borrowings	258,335	278,976	329,056
Cash flow interest rate risk			
Deposits in bank	6,521,177	6,102,849	5,317,600
Short-term borrowings	1,021,542	771,929	3,689,943
Long-term borrowings	7,449,227	6,824,539	5,610,344

Sensitivity analysis

For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher and all other variables were held constant, the Group's post-tax profit for the three months ended March 31, 2023 and 2022 would have decreased by \$3,899 thousand and \$7,965 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the counterparties are all creditworthy organizations; thus no significant credit risk is expected.

The counterparties of the Group's trade receivables cover a large number of customers, spread across diverse industries. Ongoing credit evaluation is performed on the financial condition of the counterparties of trade receivables.

The Group's concentration of credit risk by geographical locations was mainly in Asia, which accounted for 60%, 53% and 58% of the total trade receivables as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group had available unutilized bank loan facilities of \$14,382,263 thousand, \$13,984,978 thousand and \$12,125,745 thousand, respectively.

The following table details the Group's remaining contractual obligations for its financial liabilities with agreed repayment periods. The tables below had been drawn up based on the undiscounted contractual maturities of the financial liabilities.

	Less Than 1 Year	1-5 Years	5+ Years
<u>March 31, 2023</u>			
Non-derivative financial liabilities			
Non-interest bearing	\$ 6,566,890	\$ -	\$ -
Lease liabilities	155,501	263,476	99,182
Fixed interest rate liabilities	1,268,700	181,193	-
Variable interest rate liabilities	<u>1,725,144</u>	<u>2,982,686</u>	<u>3,762,939</u>
	<u>\$ 9,716,235</u>	<u>\$ 3,427,355</u>	<u>\$ 3,862,121</u>
Derivative financial liabilities			
Foreign exchange forward contracts	<u>\$ 2,704</u>	<u>\$ -</u>	<u>\$ -</u>
<u>December 31, 2022</u>			
Non-derivative financial liabilities			
Non-interest bearing	\$ 5,253,128	\$ -	\$ -
Lease liabilities	172,407	294,098	112,633
Fixed interest rate liabilities	1,161,449	202,539	-
Variable interest rate liabilities	<u>1,489,511</u>	<u>3,949,559</u>	<u>2,157,398</u>
	<u>\$ 8,076,495</u>	<u>\$ 4,446,196</u>	<u>\$ 2,270,031</u>
Derivative financial liabilities			
Foreign exchange forward contracts	<u>\$ 4,757</u>	<u>\$ -</u>	<u>\$ -</u>
<u>March 31, 2022</u>			
Non-derivative financial liabilities			
Non-interest bearing	\$ 7,466,961	\$ -	\$ -
Lease liabilities	162,379	325,230	126,576
Fixed interest rate liabilities	1,707,214	250,839	4,551
Variable interest rate liabilities	<u>4,431,889</u>	<u>2,433,036</u>	<u>2,435,362</u>
	<u>\$ 13,768,443</u>	<u>\$ 3,009,105</u>	<u>\$ 2,566,489</u>
Derivative financial liabilities			
Foreign exchange forward contracts	<u>\$ 11,351</u>	<u>\$ -</u>	<u>\$ -</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
<u>March 31, 2023</u>					
Lease liabilities	\$ 155,501	\$ 263,476	\$ 62,833	\$ 36,349	\$ -
Fixed interest rate liabilities	1,268,700	181,193	-	-	-
Variable interest rate liabilities	<u>1,725,144</u>	<u>2,982,686</u>	<u>3,138,395</u>	<u>624,544</u>	<u>-</u>
	<u>\$ 3,149,345</u>	<u>\$ 3,427,355</u>	<u>\$ 3,201,228</u>	<u>\$ 660,893</u>	<u>\$ -</u>
<u>December 31, 2022</u>					
Lease liabilities	\$ 172,407	\$ 294,098	\$ 68,433	\$ 43,844	\$ 356
Fixed interest rate liabilities	1,161,449	202,539	-	-	-
Variable interest rate liabilities	<u>1,489,511</u>	<u>3,949,559</u>	<u>1,572,338</u>	<u>390,060</u>	<u>195,000</u>
	<u>\$ 2,823,367</u>	<u>\$ 4,446,196</u>	<u>\$ 1,640,771</u>	<u>\$ 433,904</u>	<u>\$ 195,356</u>
<u>March 31, 2022</u>					
Lease liabilities	\$ 162,379	\$ 325,230	\$ 74,298	\$ 51,339	\$ 939
Fixed interest rate liabilities	1,707,214	250,839	4,551	-	-
Variable interest rate liabilities	<u>4,431,889</u>	<u>2,433,036</u>	<u>1,532,022</u>	<u>253,340</u>	<u>650,000</u>
	<u>\$ 6,301,482</u>	<u>\$ 3,009,105</u>	<u>\$ 1,610,871</u>	<u>\$ 304,679</u>	<u>\$ 650,939</u>

27. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Details of significant transactions between the Group and other related parties are disclosed below.

a. Related party name and categories

<u>Related Party</u>	<u>Relationship with the Group</u>
Hiwin S.R.O.	Associate
Mega-Fabs Motion Systems Ltd. (Mega-Fabs)	Associate
Hiwin Mikrosystem	Other related party
Hiwin Investment and Holding Corporation (Hiwin Investment Corporation)	Other related party
Hiwin Technologies Foundation in Education (Hiwin Education Foundation)	Other related party
All Horng Gear Industry Co., Ltd	Other related party
Chuo, Yung-Tsai	Key management personnel
Chuo, Wen-Hen	Key management personnel

b. Operating transactions

	For the Three Months Ended March 31	
	2023	2022
1) Sales of goods		
Associates	\$ 61,047	\$ 57,990
Other related parties	<u>21,246</u>	<u>34,138</u>
	<u>\$ 82,293</u>	<u>\$ 92,128</u>

Due to the differences in product specifications, the selling prices of goods sold to related parties and those sold to third parties are not comparable. The selling price is quoted at cost plus a reasonable margin based on the market and competitor pricing.

	For the Three Months Ended March 31	
	2023	2022
2) Purchases of goods		
Other related parties	\$ 226,995	\$ 251,792
Associates	<u>-</u>	<u>23</u>
	<u>\$ 226,995</u>	<u>\$ 251,815</u>

The products purchased from related parties and those from third parties are not the same, therefore, their prices are not comparable.

	For the Three Months Ended March 31	
	2023	2022
3) Other operating transactions		
Non-operating income - other income		
Other related parties	<u>\$ 1,087</u>	<u>\$ 472</u>
Non-operating expenses - other expenses		
Other related parties	<u>\$ 789</u>	<u>\$ 408</u>
Manufacturing and operating expenses		
Other related parties	<u>\$ 9,823</u>	<u>\$ 6,220</u>
Operating expenses - donations		
Hiwin Education Foundation	<u>\$ -</u>	<u>\$ 4,000</u>

	March 31, 2023	December 31, 2022	March 31, 2022
4) Notes receivable			
Other related parties	\$ <u>543</u>	\$ <u>937</u>	\$ <u>600</u>
5) Trade receivables			
Associates	\$ 31,758	\$ 16,356	\$ 38,470
Other related parties	<u>619</u>	<u>417</u>	<u>1,229</u>
	<u>\$ 32,377</u>	<u>\$ 16,773</u>	<u>\$ 39,699</u>
6) Other receivables (classified as other current assets)			
Other related parties	\$ <u>736</u>	\$ <u>453</u>	\$ <u>711</u>
7) Trade payables			
Other related parties	\$ 205,791	\$ 280,445	\$ 220,289
Associates	<u>-</u>	<u>-</u>	<u>6</u>
	<u>\$ 205,791</u>	<u>\$ 280,445</u>	<u>\$ 220,295</u>
8) Other payables			
Other related parties	\$ 5,998	\$ 5,088	\$ 4,873
Key management personnel	<u>1,116</u>	<u>1,078</u>	<u>1,529</u>
	<u>\$ 7,114</u>	<u>\$ 6,166</u>	<u>\$ 6,402</u>
c. Acquisition of property, plant and equipment			

	Purchase Price	
	For the Three Months Ended	
	March 31	
	2023	2022
Other related parties	\$ <u>14</u>	\$ <u>300</u>

d. Lease arrangements

Lease arrangements represented the lease prices of the Corporation's factory. The lease prices were determined in accordance with mutual agreements and were based on the market price of the nearby factories and the lease area. The rental expenses were paid monthly.

	For the Three Months Ended	
	March 31	
	2023	2022
<u>Acquisition of right-of-use assets</u>		
Other related parties	\$ <u>-</u>	\$ <u>13,253</u>

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Lease liabilities</u>			
Other related parties	<u>\$ 21,983</u>	<u>\$ 26,746</u>	<u>\$ 22,938</u>
		For the Three Months Ended March 31	
		2023	2022
<u>Finance costs</u>			
Other related parties		<u>\$ 85</u>	<u>\$ 87</u>
e. Endorsements and guarantees			
Related Party Category	March 31, 2023	December 31, 2022	March 31, 2022
Key management personnel			
Amount endorsed	<u>\$ 2,297,965</u>	<u>\$ 2,298,095</u>	<u>\$ 1,984,603</u>
Actual utilized (classified as short-term borrowings)	<u>\$ 1,169,585</u>	<u>\$ 1,113,134</u>	<u>\$ 1,010,367</u>
Other related parties			
Amount endorsed	<u>\$ 320,000</u>	<u>\$ 320,000</u>	<u>\$ -</u>
f. Remuneration of key management personnel			
		For the Three Months Ended March 31	
		2023	2022
Short-term employee benefits		\$ 85,201	\$ 129,882
Post-employment benefits		<u>265</u>	<u>235</u>
		<u>\$ 85,466</u>	<u>\$ 130,117</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets have been pledged or mortgaged as collateral for short- and long-term bank loans and discounted notes receivable:

	March 31, 2023	December 31, 2022	March 31, 2022
Property, plant and equipment	\$ 19,887,250	\$ 19,579,033	\$ 17,643,835
Right-of-use assets	150,275	150,488	156,514
Pledged deposits (classified as other current assets)	<u>300</u>	<u>300</u>	<u>2,000</u>
	<u>\$ 20,037,825</u>	<u>\$ 19,729,821</u>	<u>\$ 17,802,349</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. As of March 31, 2023, December 31, 2022 and March 31, 2022, unused letters of credit for purchases of raw materials and machinery equipment amounted to \$359,398 thousand, \$361,737 thousand and \$253,610 thousand, respectively.
- b. As of March 31, 2023, December 31, 2022 and March 31, 2022, commitments for acquisition of property, plant and equipment amounted to \$2,995,749 thousand, \$3,195,663 thousand and \$1,265,971 thousand, respectively.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between foreign currencies and respective functional currencies are as follows:

	March 31, 2023			December 31, 2022		
	Foreign Currency	Exchange Rate	Carrying Amount	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>						
Monetary items						
USD	\$ 27,656	30.450	\$ 842,133	\$ 36,537	30.710	\$ 1,122,053
EUR	34,527	33.15	1,144,575	39,090	32.72	1,279,039
JPY	3,649,986	0.2288	835,117	3,767,327	0.2324	875,527
RMB	507,135	4.431	2,247,115	441,333	4.408	1,945,399
Non-monetary items						
ILS	25,982	8.441	219,306	24,542	8.647	212,213
<u>Financial liabilities</u>						
Monetary items						
USD	13,119	30.450	399,465	15,224	30.710	467,525
EUR	3,632	33.15	120,387	4,001	32.72	130,919
JPY	335,790	0.2288	76,829	631,501	0.2324	146,761
RMB	1,483	4.431	6,573	1,829	4.408	8,062

March 31, 2022			
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 37,122	28.625	\$ 1,062,608
EUR	47,130	31.92	1,504,393
JPY	3,435,792	0.2353	808,442
RMB	672,057	4.506	3,028,288
Non-monetary items			
ILS	18,649	8.757	163,307
<u>Financial liabilities</u>			
Monetary items			
USD	12,517	28.625	358,310
EUR	2,396	31.92	76,467
JPY	801,618	0.2353	188,621
RMB	2,750	4.506	12,394

The Group is mainly exposed to the USD, EUR, JPY and RMB. The following information was aggregated by the functional currencies of the entities in the Group, and the exchange rates between respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

Foreign Currency	For the Three Months Ended March 31, 2023		For the Three Months Ended March 31, 2022	
	Exchange Rate	Net Foreign Exchange Gains	Exchange Rate	Net Foreign Exchange Gains
NTD	1 (NTD:NTD)	<u>\$ 25,719</u>	1 (NTD:NTD)	<u>\$210,152</u>

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint controlled entities). (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)

- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)
 - 9) Trading in derivative instruments. (Notes 7 and 26)
 - 10) Other: intercompany relationships and significant intercompany transactions. (Table 6)
 - 11) Information on investees. (Table 7)
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (None)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Tables 4 and 6)
 - c) The amount of property transactions and the amount of the resultant gains or losses. (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes. (None)
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds. (None)
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services. (None)
- c. Information of major shareholders : List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

32. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group's reportable segments are linear guideways, ballscrews and others.

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments.

	For the Three Months Ended March 31			
	Segment Revenue		Segment Profit	
	2023	2022	2023	2022
Linear guideways	\$ 3,693,229	\$ 5,040,025	\$ 577,817	\$ 1,167,880
Ballscrews	1,096,529	1,536,332	123,342	398,153
Others	<u>944,110</u>	<u>989,989</u>	<u>(132,059)</u>	<u>(7,128)</u>
Total from continuing operations	<u>\$ 5,733,868</u>	<u>\$ 7,566,346</u>	569,100	1,558,905
Subsidized revenue			1,529	3,536
Finance costs			(47,149)	(43,853)
Share of profit of associates accounted for using the equity method			14,023	15,639
Interest income			12,474	16,960
Other income			24,970	23,243
Gain (loss) on disposal of property, plant and equipment			(429)	437
Net foreign exchange gain			18,041	203,486
Other expenses			(1,865)	(1,952)
Valuation loss on financial assets (liabilities) at FVTPL			<u>(615)</u>	<u>(19,526)</u>
Profit before income tax			<u>\$ 590,079</u>	<u>\$ 1,756,875</u>

Segment revenue reported above represents revenue generated from external customers. The intersegment sales are eliminated for the three months ended March 31, 2023 and 2022.

Segment profit represented the profit before tax earned by each segment without subsidized revenue, finance costs, share of profit of associates accounted for using the equity method, interest income, other income, gains (losses) on disposal of property, plant and equipment, net foreign exchange gain, other expenses, valuation loss on financial assets (liabilities) at FVTPL and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)**

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 4)	Ending Balance (Note 4)	Actual Amount Borrowed (Note 5)	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 3)
													Item	Value		
0	The Corporation	Hiwin Japan	Other receivables from related parties	Yes	\$ 204,415	\$ 192,481	\$ 192,481	1.9891%	1	Sales \$801,653	-	\$ -	-	\$ -	\$ 5,024,382	\$ 10,048,764

Note 1: The total amount for lending to a single company shall not exceed 15% of the net assets of the Corporation based on its latest financial statements. For financing provided by the Corporation due to business dealings, other than the aforementioned restrictions, the amount of financing is also limited to the higher of the total purchase or sales amount between the 2 parties within 1 year from the date of financing or in the most recent year based on the principle that business transactions have already occurred between the two parties.

Note 2: The nature of financing is numbered as follows:

1. A company that has business dealings with the lender.
2. A company with short-term financing needs.

Note 3: The total amount of the Corporation's accumulated financing provided should not exceed 30% of the Corporation's net assets as shown in its latest financial statements.

Note 4: The ending balance has been approved by the board of directors.

Note 5: Significant intercompany accounts and transactions have been eliminated.

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies)

No.	Endorser/Guarantor	Endorsee/Guaranteed Party		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 1 and 2)	Maximum Amount Endorsed/ Guaranteed During the Year (Note 4)	Outstanding Endorsement/ Guarantee at the End of the Year (Notes 4 and 5)	Actual Amount Borrowed (Note 5)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Notes 2 and 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Corporation	Matrix	Subsidiary	\$ 3,349,588	\$ 75,340 (GBP 2,000)	\$ 75,340 (GBP 2,000)	\$ -	\$ -	0.2	\$ 11,723,558	Yes	-	-
0	The Corporation	Hiwin Italy	Subsidiary	3,349,588	934,830 (EUR 28,200)	934,830 (EUR 28,200)	242,257 (EUR 7,308)	-	2.8	11,723,558	Yes	-	-
0	The Corporation	Hiwin Singapore	Subsidiary	3,349,588	182,880 (USD 6,000)	182,700 (USD 6,000)	-	-	0.5	11,723,558	Yes	-	-
0	The Corporation	Hiwin Korea	Subsidiary	3,349,588	365,760 (USD 12,000)	365,400 (USD 12,000)	132,458 (USD 4,350)	-	1.1	11,723,558	Yes	-	-
0	The Corporation	Hiwin Japan	Subsidiary	3,349,588	1,618,147 (JPY 7,008,000)	1,603,430 (JPY 7,008,000)	1,489,030 (JPY 6,508,000)	-	4.8	11,723,558	Yes	-	-
0	The Corporation	Matrix Precision	Subsidiary	3,349,588	950,000	950,000	530,000	-	2.8	11,723,558	Yes	-	-
1	Matrix Precision	Hiwin Mikrosystem	Other related party	2,053,575	288,000	288,000	-	-	141.25	2,053,575	No	-	-

Note 1: The limit on the endorsements/guarantees provided for a single enterprise is 10% of the Corporation's net assets as shown in its most recent financial statements. If approved by the board of directors, the amount of endorsements/guarantees provided by the Corporation for its subsidiaries is not subject to the foregoing limitations; however, it must not exceed 50% of the Corporation's net assets in its most recent financial statements.

Note 2: The limit on the endorsements/guarantees provided for a single enterprise is 10% of Matrix Precision's net assets as shown in its most recent financial statements. The aggregate endorsement/guarantee limit is 35% of Matrix Precision's net assets as shown in its most recent financial statements. Because both applicants have signed a contract for mutual insurance, the amount of endorsements/guarantees provided by Matrix Precision is not subject to the foregoing limitations; however, it must not exceed 300% of Matrix Precision's higher amounts of paid-in capital or net assets in its most recent financial statements.

Note 3: The aggregate endorsement/guarantee limit is 35% of the Corporation's net assets as shown in its latest financial statements.

Note 4: The ending balance has been approved by the board of directors.

Note 5: The amounts denominated in foreign currencies were translated into the New Taiwan dollar at the exchange rate prevailing at the end of last month.

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2023

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Corporation	<u>Government bond</u> Central Government Bond 2012-1	-	Financial assets at amortized cost - non-current	-	\$ 2,856	-	\$ 2,856	
	<u>Shares</u> Hiwin Mikrosystem	Other related party	Financial assets at FVTOCI - non-current	9,525,676	741,097	8	741,097	
	Ever Fortune	-	Financial assets at FVTOCI - non-current	2,573,000	310,047	3	310,047	
	Taichung International Country Club	-	Financial assets at FVTOCI - non-current	1	3,600	-	3,600	
	Sunengine	-	Financial assets at FVTOCI - non-current	588,149	-	10	-	
	King Kong Iron Work Ltd.	-	Financial assets at FVTOCI - non-current	76,300	-	-	-	

Note: For information on the investments in subsidiaries and associates, see Tables 7 and 8.

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount (Note)	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note)	% to Total	
The Corporation	Hiwin China	Subsidiary	Sale	\$ (779,917)	(21)	O/A 90-120 days	\$ -	-	\$ 784,459	22	
	Hiwin Germany	Subsidiary	Sale	(306,210)	(8)	O/A 90 days	-	-	314,247	9	
	Hiwin Japan	Subsidiary	Sale	(134,044)	(4)	O/A 150 days	-	-	422,211	12	
	Hiwin Italy	Subsidiary	Sale	(152,520)	(4)	O/A 180 days	-	-	472,676	13	
Hiwin China	The Corporation	Parent company	Purchase	779,917	92	O/A 90 days	-	-	(784,459)	(94)	
Hiwin Germany	The Corporation	Parent company	Purchase	306,210	60	O/A 90 days	-	-	(314,247)	(60)	
Hiwin Japan	The Corporation	Parent company	Purchase	134,044	73	O/A 150 days	-	-	(422,211)	(92)	
Hiwin Italy	The Corporation	Parent company	Purchase	152,520	84	O/A 180 days	-	-	(472,676)	(93)	

Note: Significant intercompany accounts and transactions have been eliminated.

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

MARCH 31, 2023

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate (Times)	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss	
					Amount	Actions Taken			
The Corporation	Hiwin Japan	Subsidiary	Trade receivables from related parties	\$ 422,211	1.14	\$ -	-	\$ -	\$ -
			Other receivables from related parties	194,163	-	-	-	90,877	-
	Hiwin Germany	Subsidiary	Trade receivables from related parties	314,247	3.33	-	-	103,733	-
			Hiwin Italy	Subsidiary	Trade receivables from related parties	472,676	1.27	-	-
	Hiwin China	Subsidiary	Trade receivables from related parties	784,459	4.21	-	-	144,991	-
	Hiwin Korea	Subsidiary	Trade receivables from related parties	139,772	1.82	-	-	12,635	-

Note : Significant intercompany accounts and transactions have been eliminated.

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)**

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Account	Amount (Note 2)	Payment Terms	% to Total Sales or Assets
0	The Corporation	Hiwin Germany	1	Sales	\$ 306,210	O/A 90 days	5
			1	Trade receivables	314,247	O/A 90 days	1
		Hiwin Japan	1	Sales	134,044	O/A 150 days	2
			1	Trade receivables	422,211	O/A 150 days	1
		Hiwin China	1	Other receivables	194,163	-	-
			1	Sales	779,917	O/A 90-120 days	14
		Hiwin Italy	1	Trade receivables	784,459	O/A 90-120 days	1
			1	Sales	152,520	O/A 180 days	3
		Hiwin USA	1	Trade receivables	472,676	O/A 180 days	1
			1	Sales	54,833	O/A 120 days	1
		Hiwin Korea	1	Trade receivables	76,688	O/A 120 days	-
			1	Sales	69,471	O/A 180 days	1
		Hiwin Schweiz	1	Trade receivables	139,772	O/A 180 days	-
			1	Sales	33,767	O/A 60 days	1
			1	Trade receivables	28,704	O/A 60 days	-

Note 1: Relationship of investee company to counterparty: (1) parent company to subsidiary; (2) subsidiary to parent company.

Note 2: Significant intercompany accounts and transactions have been eliminated.

Note 3: Unrealized gains from Hiwin China totaled \$208,315 thousand.

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
The Corporation	Hiwin Germany	Germany	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	\$ 224,257	\$ 224,257	-	100	\$ 2,236,430	\$ 90,960	\$ 90,960	Subsidiary
	Hiwin USA	United States of America	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	353,844	353,844	2,148,000	100	940,584	21,255	21,255	Subsidiary
	Hiwin Japan	Japan	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	918,602	918,602	62,200	100	(29,064)	(29,205)	(29,205)	Subsidiary
	Mega-Fabs	Israel	Research, manufacture and sale of drivers and controllers	42,444	42,444	240,000	40	252,136	30,389	12,156	Investment accounted for using the equity method
	Eterbright	Taiwan	Research, development, design, manufacture and sale of solar cell, electronic components, electric power supply, electric transmission and power distribution machinery products	6,322,668	6,322,668	505,360,592	89	926,093	(73,042)	(65,197)	Subsidiary
	Hiwin Singapore	Singapore	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	117,550	117,550	5,000,000	100	62,703	5,418	5,418	Subsidiary
	Hiwin Korea	Korea	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	242,707	242,707	1,760,000	100	(111,638)	(20,203)	(20,203)	Subsidiary
	Matrix Precision	Taiwan	Research, development, production, manufacture and sale of gear cutting tools and machinery	1,022,664	1,022,664	34,294,075	50	235,344	(70,237)	(35,502)	Subsidiary
	Hiwin Healthcare Corp.	Samoa	Sale of medical robots	3,108	3,108	100,000	100	2,812	-	-	Subsidiary
	Hiwin Italy	Italy	Manufacture and sale of aerospace parts, ballscrews, linear guideways, and industrial robots	296,580	296,580	-	100	178,869	25,408	25,408	Subsidiary
	Matrix	United Kingdom	Design integrated application, research, development, manufacture and sale of thread forming machinery	630,154	630,154	6,449,500	100	281,577	(19,109)	(24,051)	Subsidiary
Hiwin Schweiz	Switzerland	Manufacture and sale of aerospace parts, ballscrews, linear guideways, and industrial robots	266,300	266,300	243,000	81	303,083	24,997	24,997	Subsidiary	
Hiwin Germany	Hiwin S.R.O.	Czech Republic	Sale of aerospace parts, ballscrews, linear guideways, and industrial robots	104 (CZK 70)	104 (CZK 70)	-	32	85,361 (EUR 2,575)	(Note 1)	(Note 1)	Investment accounted for using the equity method
	Hiwin Schweiz	Switzerland	Manufacture and sale of aerospace parts, ballscrews, linear guideways, and industrial robots	3,320 (EUR 72)	3,320 (EUR 72)	57,000	19	42,659	24,997	-	Subsidiary

Note 1: Exempted from disclosure in accordance with regulations.

Note 2: Except for Mega-Fabs and Hiwin S.R.O., the remaining investee companies are all consolidated entities and the significant intercompany accounts and transactions have been eliminated.

Note 3: For information on investments in mainland China, see Table 8.

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES
**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies)**

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investments from Taiwan as of March 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of March 31, 2023	Accumulated Repatriation of Investment Income as of March 31, 2023
					Outward	Inward						
Hiwin China	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	\$ 1,498,040 (RMB 300,000)	(Note 1)	\$ 1,498,040 (RMB 300,000)	\$ -	\$ -	\$ 1,498,040 (RMB 300,000)	\$ 25,799	100	\$ 25,799 (Notes 2 and 4)	\$ 2,346,669 (Note 4)	\$ -
Suzhou Matrix	Sale of gear cutting tools and machinery	9,076 (RMB 2,000)	(Note 1)	9,076 (RMB 2,000)	-	-	9,076 (RMB 2,000)	(1,619)	50	(811) (Notes 2 and 4)	1,221 (Note 4)	-

Investor Company	Accumulated Outward Remittance for Investments in Mainland China as of March 31, 2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
The Corporation	\$ 1,498,040 (RMB 300,000)	\$ 1,498,040 (RMB 300,000)	(Note 3)
Matrix Precision	\$ 9,076 (RMB 2,000)	\$ 9,076 (RMB 2,000)	\$ 122,334 (Note 3)

Note 1: The investment in mainland China was made directly.

Note 2: The investment gain (loss) of Hiwin China is recognized according to the financial statement reviewed by the Corporation's independent auditors, and the investment gain (loss) of Suzhou Matrix is calculated based on the unreviewed financial statements for the same reporting period.

Note 3: Calculated in accordance with the "Regulations on Screening and Approval of Investment and Technical Cooperation in Mainland China" issued by the Investment Commission of the Ministry of Economic Affairs, the Corporation has been certified by the Industrial Development Bureau of the Ministry of Economic Affairs as an enterprise that has conformed to the scope of operations of the headquarters; therefore, there is no investment limit. The upper limit on the amount of investments in Matrix Precision is 60% of the net assets of Matrix Precision.

Note 4: Significant intercompany accounts and transactions have been eliminated.

HIWIN TECHNOLOGIES CORPORATION**INFORMATION OF MAJOR SHAREHOLDERS****MARCH 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
Hiwin Investment Corporation	28,829,898	8.14

Note 1: The information on major shareholders disclosed in the table above was calculated by the Taiwan Depository & Clearing Corporation based on the number of ordinary and preference shares held by shareholders with ownership of 5% or greater, that had completed dematerialized registration and delivery (including treasury shares) as of the last business day of the current quarter. The share capital recorded in the Corporation's consolidated financial statements may differ from the number of shares that have completed dematerialized registration and delivery due to differences in the basis of preparation.

Note 2: If the above information is related to shareholders who have delivered their shares held to a trust, the information is separately disclosed by each trustor's account opened by the trustee. As for the declaration of insider shareholdings exceeding 10% in accordance with the securities and exchange act, the shareholdings include the shares held by the shareholder as well as those that have been delivered to the trust and for which the shareholder has the right to determine the use of trust property. For information on the declaration of insider shareholdings, refer to the Market Observation Post System website of the TWSE.