

# **Hiwin Technologies Corporation and Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2024 and 2023 and  
Independent Auditors' Report**

## **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2024 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

HIWIN TECHNOLOGIES CORPORATION

By:

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Chuo, Wen, Hen  
President

February 26, 2025

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Hiwin Technologies Corporation

### Opinion

We have audited the accompanying consolidated financial statements of Hiwin Technologies Corporation (the "Corporation") and its subsidiaries (collectively the "Group"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Group's consolidated financial statements for the year ended December 31, 2024 are described as follows:

### Revenue Recognition

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

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

1. We understood the internal controls, evaluated the design and implementation of key controls and tested the operating effectiveness of relevant controls over order acceptance and shipping procedures. We selected sample sales transactions from distribution channels and verified that order receipts and the timing of revenue recognition were in accordance with the terms of the transaction.
2. We validated the terms of transactions against sales contracts and orders from major distributors to ensure the consistency between terms of transactions and the timing of revenue recognition. We tested the records of sales returns against source documents and checked whether there was any unusual item during the year and after the balance sheet date.

### **Other Matter**

We have also audited the parent company only financial statements of Hiwin Technologies Corporation as of and for the years ended December 31, 2024 and 2023 on which we have issued an unmodified opinion.

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 26, 2025

Notice to Readers

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

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

# HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024		2023	
ASSETS	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 7,353,929	14	\$ 7,564,000	15
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	112	-	9,874	-
Notes receivable from unrelated parties, net (Notes 4, 9 and 20)	569,416	1	577,892	1
Notes receivable from related parties, net (Notes 4, 9, 20 and 28)	1,091	-	418	-
Trade receivables from unrelated parties, net (Notes 4, 9 and 20)	3,896,076	7	2,937,815	6
Trade receivables from related parties, net (Notes 4, 9, 20 and 28)	810	-	36,627	-
Inventories (Notes 4 and 10)	7,407,335	14	7,489,605	14
Other current assets (Notes 4, 6, 28 and 29)	<u>754,666</u>	<u>1</u>	<u>611,977</u>	<u>1</u>
Total current assets	<u>19,983,435</u>	<u>37</u>	<u>19,228,208</u>	<u>37</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	1,601,429	3	849,509	2
Investments accounted for using the equity method (Notes 4 and 12)	305,995	1	378,170	1
Property, plant and equipment (Notes 4, 13, 28 and 29)	29,367,053	54	28,214,864	55
Right-of-use assets (Notes 4, 14, 28 and 29)	710,880	1	614,429	1
Goodwill (Notes 4 and 24)	356,603	1	256,163	1
Deferred tax assets (Notes 4 and 22)	460,799	1	491,237	1
Prepayments for machinery and equipment (Note 15)	1,272,595	2	1,048,381	2
Refundable deposits (Notes 4 and 28)	99,780	-	110,967	-
Other non-current assets (Notes 4 and 9)	<u>259,032</u>	<u>-</u>	<u>244,862</u>	<u>-</u>
Total non-current assets	<u>34,434,166</u>	<u>63</u>	<u>32,208,582</u>	<u>63</u>
<b>TOTAL</b>	<u>\$ 54,417,601</u>	<u>100</u>	<u>\$ 51,436,790</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 16 and 28)	\$ 1,397,394	3	\$ 1,488,466	3
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	5,423	-	136	-
Contract liabilities - current (Notes 4 and 20)	139,507	-	137,391	-
Notes payable (Note 28)	2,631	-	6,510	-
Trade payables to unrelated parties	3,179,444	6	2,671,351	5
Trade payables to related parties (Note 28)	135,550	-	161,153	1
Other payables (Notes 17 and 28)	1,866,050	4	2,029,697	4
Current tax liabilities (Notes 4 and 22)	211,727	-	559,567	1
Lease liabilities - current (Notes 4, 14 and 28)	101,258	-	105,088	-
Current portion of long-term borrowings (Notes 16, 28 and 29)	1,067,434	2	615,124	1
Other current liabilities (Note 4)	<u>215,618</u>	<u>-</u>	<u>185,515</u>	<u>1</u>
Total current liabilities	<u>8,322,036</u>	<u>15</u>	<u>7,959,998</u>	<u>16</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 16, 28 and 29)	7,562,662	14	6,954,779	13
Deferred tax liabilities (Notes 4 and 22)	805,409	2	846,873	2
Lease liabilities - non-current (Notes 4, 14 and 28)	470,373	1	370,677	1
Net defined benefit liabilities - non-current (Notes 4 and 18)	141,983	-	140,836	-
Other non-current liabilities (Note 16)	<u>41,000</u>	<u>-</u>	<u>49,302</u>	<u>-</u>
Total non-current liabilities	<u>9,021,427</u>	<u>17</u>	<u>8,362,467</u>	<u>16</u>
Total liabilities	<u>17,343,463</u>	<u>32</u>	<u>16,322,465</u>	<u>32</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION</b>				
Ordinary shares	3,537,923	6	3,537,923	7
Capital surplus	7,479,735	14	7,479,735	14
Retained earnings				
Legal reserve	4,028,836	7	3,821,341	7
Unappropriated earnings	20,520,180	38	19,767,009	39
Other equity	<u>1,362,373</u>	<u>3</u>	<u>392,016</u>	<u>1</u>
Total equity attributable to owners of the Corporation	36,929,047	68	34,998,024	68
<b>NON-CONTROLLING INTERESTS</b>	<u>145,091</u>	<u>-</u>	<u>116,301</u>	<u>-</u>
Total equity	<u>37,074,138</u>	<u>68</u>	<u>35,114,325</u>	<u>68</u>
<b>TOTAL</b>	<u>\$ 54,417,601</u>	<u>100</u>	<u>\$ 51,436,790</u>	<u>100</u>

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

# HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
SALES (Notes 4, 20 and 28)	\$ 24,391,684	100	\$ 24,632,772	100
COST OF GOODS SOLD (Notes 10, 21 and 28)	<u>17,173,869</u>	<u>70</u>	<u>16,977,522</u>	<u>69</u>
GROSS PROFIT	<u>7,217,815</u>	<u>30</u>	<u>7,655,250</u>	<u>31</u>
OPERATING EXPENSES (Notes 21 and 28)				
Selling and marketing expenses	1,996,083	8	1,905,243	7
General and administrative expenses	2,199,585	9	2,155,599	9
Research and development expenses	<u>963,362</u>	<u>4</u>	<u>943,458</u>	<u>4</u>
Total operating expenses	<u>5,159,030</u>	<u>21</u>	<u>5,004,300</u>	<u>20</u>
PROFIT FROM OPERATIONS	<u>2,058,785</u>	<u>9</u>	<u>2,650,950</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES				
Subsidized revenue (Notes 4 and 16)	20,489	-	34,435	-
Finance costs (Notes 4, 21 and 28)	(178,230)	(1)	(194,843)	(1)
Share of profit of associates accounted for using the equity method (Notes 4 and 12)	35,421	-	48,717	-
Interest income (Note 4)	95,380	-	62,421	-
Other income (Notes 4 and 28)	125,671	1	146,676	1
Net foreign exchange gain (Notes 4 and 32)	187,248	1	16,423	-
Other expenses (Note 28)	(18,137)	-	(63,732)	-
Loss on disposal of property, plant and equipment (Notes 4 and 28)	(38,643)	-	(166,282)	(1)
Valuation gain (loss) on financial assets (liabilities) at fair value through profit or loss (Note 4)	<u>(38,353)</u>	<u>-</u>	<u>5,285</u>	<u>-</u>
Total non-operating income and expenses	<u>190,846</u>	<u>1</u>	<u>(110,900)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	2,249,631	10	2,540,050	10
INCOME TAX EXPENSE (Notes 4 and 22)	<u>386,817</u>	<u>2</u>	<u>708,540</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>1,862,814</u>	<u>8</u>	<u>1,831,510</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	13,670	-	(13,592)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	765,228	3	69,397	-

(Continued)



# HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 22)	\$ (1,290)	-	\$ 1,314	-
	<u>777,608</u>	<u>3</u>	<u>57,119</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	206,224	1	124,854	1
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 22)	(41,337)	-	(24,958)	-
	<u>164,887</u>	<u>1</u>	<u>99,896</u>	<u>1</u>
Other comprehensive income for the year, net of income tax	<u>942,495</u>	<u>4</u>	<u>157,015</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,805,309</u>	<u>12</u>	<u>\$ 1,988,525</u>	<u>8</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,971,948	8	\$ 2,034,748	8
Non-controlling interests	<u>(109,134)</u>	<u>-</u>	<u>(203,238)</u>	<u>(1)</u>
	<u>\$ 1,862,814</u>	<u>8</u>	<u>\$ 1,831,510</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 2,911,229	12	\$ 2,192,551	9
Non-controlling interests	<u>(105,920)</u>	<u>-</u>	<u>(204,026)</u>	<u>(1)</u>
	<u>\$ 2,805,309</u>	<u>12</u>	<u>\$ 1,988,525</u>	<u>8</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 5.57</u>		<u>\$ 5.75</u>	
Diluted	<u>\$ 5.56</u>		<u>\$ 5.74</u>	

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

(Concluded)

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Corporation (Notes 19 and 25)								
					Other Equity				
			Retained Earnings		Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Non-controlling Interests (Notes 11 and 25)	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Unappropriated Earnings					
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									
Legal reserve	-	-	431,207	(431,207)	-	-	-	-	-
Cash dividends - NT\$5.5 per share	-	-	-	(1,945,857)	-	-	(1,945,857)	-	(1,945,857)
	-	-	431,207	(2,377,064)	-	-	(1,945,857)	-	(1,945,857)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	51,655	-	(51,655)	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	106,990	106,990
Net profit (loss) for the year ended December 31, 2023	-	-	-	2,034,748	-	-	2,034,748	(203,238)	1,831,510
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	(11,457)	99,863	69,397	157,803	(788)	157,015
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	2,023,291	99,863	69,397	2,192,551	(204,026)	1,988,525
BALANCE AT DECEMBER 31, 2023	3,537,923	7,479,735	3,821,341	19,767,009	(280,839)	672,855	34,998,024	116,301	35,114,325
Appropriation of 2023 earnings									
Legal reserve	-	-	207,495	(207,495)	-	-	-	-	-
Cash dividends - NT\$2.5 per share	-	-	-	(884,481)	-	-	(884,481)	-	(884,481)
	-	-	207,495	(1,091,976)	-	-	(884,481)	-	(884,481)
Changes in non-controlling interests	-	-	-	(95,725)	-	-	(95,725)	95,725	-
Disposal of investments in equity instruments as at fair value through other comprehensive income	-	-	-	(40,045)	-	40,045	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	38,985	38,985
Net profit (loss) for the year ended December 31, 2024	-	-	-	1,971,948	-	-	1,971,948	(109,134)	1,862,814
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	8,969	165,084	765,228	939,281	3,214	942,495
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	1,980,917	165,084	765,228	2,911,229	(105,920)	2,805,309
BALANCE AT DECEMBER 31, 2024	\$ 3,537,923	\$ 7,479,735	\$ 4,028,836	\$ 20,520,180	\$ (115,755)	\$ 1,478,128	\$ 36,929,047	\$ 145,091	\$ 37,074,138

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

# HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,249,631	\$ 2,540,050
Adjustments for:		
Depreciation expenses	2,272,226	2,263,216
Amortization expenses	62,244	62,593
Expected credit loss recognized (reversed) on trade receivables	6,993	(2,319)
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	5,311	(9,738)
Finance costs	178,230	194,843
Interest income	(95,380)	(62,421)
Dividend income	(9,730)	(9,531)
Share of profit of associates accounted for using the equity method	(35,421)	(48,717)
Loss on disposal of property, plant and equipment	38,643	166,282
Gain on disposal of investments accounted for using the equity method	(32,223)	-
Write-down of inventories	207,373	13,360
Unrealized foreign currency exchange loss (gain), net	12,074	(289)
Others	29	(434)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	9,738	(4,529)
Notes receivable	9,071	105,343
Trade receivables	(843,499)	(315,633)
Inventories	254,402	1,771,413
Other current assets	(120,603)	21,016
Contract liabilities	2,116	(16,993)
Notes payable	(3,879)	3,919
Trade payables	415,867	(156,257)
Other payables	(82,400)	(381,022)
Other current liabilities	20,470	97,580
Net defined benefit liabilities	(13,916)	(65,744)
Cash generated from operations	4,507,367	6,165,988
Interest received	95,533	62,278
Dividend received	9,730	9,531
Interest paid	(192,193)	(199,771)
Income tax paid	(801,816)	(1,267,660)
Net cash generated from operating activities	3,618,621	4,770,366
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of financial assets at fair value through other comprehensive income	11,308	61,333
Proceeds from refunds from financial assets at fair value through other comprehensive income capital premium	2,000	5,146
Proceeds from sale of financial assets at amortized cost	-	2,794
Net cash outflow on acquisition of subsidiary (Note 24)	(140,693)	-

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# HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
Payments for property, plant and equipment	\$ (2,881,118)	\$ (2,299,799)
Proceeds from disposal of property, plant and equipment	14,793	72,667
Decrease (increase) in refundable deposits	9,681	(8,639)
Increase in other non-current assets	(76,743)	(42,184)
Increase in prepayments for machinery and equipment	(833,297)	(644,672)
Dividends received from associates	<u>11,347</u>	<u>7,320</u>
Net cash used in investing activities	<u>(3,882,722)</u>	<u>(2,846,034)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of short-term borrowings	(98,363)	(354,462)
Proceeds from long-term borrowings	1,802,043	1,471,892
Repayments of long-term borrowings	(700,593)	(913,454)
Repayment of the principal portion of lease liabilities	(176,353)	(181,045)
Increase (decrease) in other non-current liabilities	(191)	15,728
Dividends paid to owners of the Corporation	(884,481)	(1,945,857)
Changes in non-controlling interests	<u>38,985</u>	<u>106,990</u>
Net cash used in financing activities	<u>(18,953)</u>	<u>(1,800,208)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	<u>72,983</u>	<u>(17,894)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(210,071)	106,230
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>7,564,000</u>	<u>7,457,770</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 7,353,929</u>	<u>\$ 7,564,000</u>

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

(Concluded)

# HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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#### 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 obtained approval from the Securities and Futures Bureau (SFB), 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 February 26, 2025.

#### 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 “IFRS Accounting Standards”) endorsed and issued into effect by the FSC.

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

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB</b>
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note)

Note : An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of the above standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note)</b>
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

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

1) IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- a) Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- b) The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- c) Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- d) Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

2) Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of derecognition of financial liabilities

The amendments mainly amend the requirements for the classification of financial assets, including if a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in

carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,

- a) In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and
- b) In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.

The amendments also stipulate that, when settling a financial liability in cash using an electronic payment system, an entity can choose to derecognize the financial liability before the settlement date if, and only if, the entity has initiated a payment instruction that resulted in:

- a) The entity having no practical ability to withdraw, stop or cancel the payment instruction;
- b) The entity having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- c) The settlement risk associated with the electronic payment system being insignificant.

The Group shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the above amended 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**

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

##### **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. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group 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 Group.

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 8 and 9 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.



Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

f. Foreign currencies

In preparing the financial statements of the entities in the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including the subsidiaries or associates in other countries that use currencies which are different from the Corporation) are translated into the New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income and attributed to the owners of the Corporation and non-controlling interests as appropriate.

g. Inventories

Inventories consist of raw materials, supplies, work-in-process, finished goods and merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

h. Investment in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When an entity in the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

i. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling and the cost are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized on goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal, and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

k. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2) Internally generated intangible assets - research and development expenditures

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

An internally generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

- a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- b) The intention to complete the intangible asset and use or sell it;
- c) The ability to use or sell the intangible asset;
- d) How the intangible asset will generate probable future economic benefits;
- e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

- f) The ability to measure reliably the expenditures attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditures incurred from the date when such an intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, such intangible assets are measured on the same basis as intangible assets that are acquired separately.

### 3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

### 1. Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets (excluding goodwill) to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (less amortization and depreciation) that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

### m. Financial instruments

Financial assets and financial liabilities are recognized when an entity in the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

#### 1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a settlement date basis.

##### a) Measurement categories

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial asset at FVTPL

A financial asset is classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 27.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, trade receivables, other receivables and refundable deposits at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial asset; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit loss (ECL) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECL represents the expected credit loss that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 360 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

## 2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Corporation's own equity instruments.

## 3) Financial liabilities

### a) Subsequent measurement

Except the following situations, all the financial liabilities are measured at amortized cost using the effective interest method:

#### Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The fair value is determined in the manner described in Note 27.

### b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

## 4) Derivative financial instruments

The Group enters into foreign exchange forward to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instrument is negative, the derivative is recognized as a financial liability.

n. Provision

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations to assure that products comply with agree-upon specifications are recognized on the date of sale of the relevant products at the best estimate of the expenditure required to settle the Group's obligation.

o. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

For contract where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location/the goods are shipped/the goods are picked up because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivable is recognized concurrently. The transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

p. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.



Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

q. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

r. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

s. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

t. Share-based payment arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Corporation's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options; The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

At the end of each reporting period, the Corporation revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

u. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

## 2) Deferred tax

Deferred tax is calculated on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Group has applied the exception from the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes. Accordingly, the Group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

## 3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity respectively.

## **5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When the Group develops material accounting estimates, the estimates and underlying assumptions are reviewed on an ongoing basis.

Based on the assessment of the Group's management, the accounting policies, estimates and assumptions adopted by the Group have not been subject to material accounting judgements, estimates and assumptions uncertainty.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Cash on hand	\$ 2,804	\$ 1,929
Checking accounts and demand deposits	5,147,435	4,980,123
Pledged time deposits	799	30
Cash equivalents		
Time deposits (investments with original maturities of 3 months or less)	<u>2,203,690</u>	<u>2,581,948</u>
	7,354,728	7,564,030
Less: Pledged time deposits (classified as other current assets)	<u>(799)</u>	<u>(30)</u>
	<u>\$ 7,353,929</u>	<u>\$ 7,564,000</u>
<u>Rate of interest per annum (%)</u>		
Cash in bank	0.00-4.3	0.00-1.80
Time deposits (investments with original maturities of 3 months or less)	0.45-4.62	0.70-5.45
Pledged time deposits (Note 29)	0.05-3.00	0.05-3.00

## 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:

	<b>Currency</b>	<b>Maturity Date</b>	<b>Notional Amount (In Thousands)</b>
<u>December 31, 2024</u>			
Sell	EUR/NTD	2025.1.22-2025.3.14	EUR3,100/NTD105,595
Sell	RMB/NTD	2025.1.21-2025.3.28	CNY170,000/NTD756,798
Sell	USD/NTD	2025.1.21-2025.2.27	USD5,500/NTD178,003
<u>December 31, 2023</u>			
Sell	EUR/NTD	2024.1.16-2024.3.28	EUR6,300/NTD215,150
Sell	RMB/NTD	2024.1.12-2024.2.29	CNY90,000/NTD393,636
Sell	USD/NTD	2024.1.16-2024.3.29	USD4,600/NTD143,909

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

	December 31	
	2024	2023
<u>Name of Investee Company</u>		
Domestic listed ordinary shares		
Hiwin Mikrosystem Corp. (Hiwin Mikrosystem)	\$ 1,457,429	\$ 652,509
Ever Fortune. AI Co., Ltd. (Ever Fortune)	144,000	193,000
Domestic unlisted ordinary shares		
Taichung International Country Club	-	4,000
Sunengine Corporation Ltd. (Sunengine)	-	-
King Kong Iron Work Ltd.	-	-
	<u>\$ 1,601,429</u>	<u>\$ 849,509</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.

In April and August 2024, the Group sold its partial shares in Taichung International Country Club and Sunengine at a fair value of \$4,250 thousand and \$7,058 thousand, respectively, and its related unrealized valuation gain (loss) of \$2,150 thousand and \$(42,195) thousand were transferred from other equity to retained earnings.

From June to September 2024, the Group sold its partial shares in Ever Fortune at a fair value of \$61,333 thousand and its related unrealized valuation gain of \$51,655 thousand was transferred from other equity to retained earnings.

## 9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2024	2023
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 570,556	\$ 578,332
Less: Allowance for impairment loss	<u>(49)</u>	<u>(22)</u>
	<u>\$ 570,507</u>	<u>\$ 578,310</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 3,915,815	\$ 2,984,071
Less: Allowance for impairment loss	<u>(18,929)</u>	<u>(9,629)</u>
	<u>\$ 3,896,886</u>	<u>\$ 2,974,442</u>

a. Notes receivable

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

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Not past due	\$ 570,556	\$ 578,332
Past due	<u>-</u>	<u>-</u>
	<u>\$ 570,556</u>	<u>\$ 578,332</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 ECL. 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 information 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.

The following table details the loss allowance of trade receivables:

	<b>Not Past Due</b>	<b>1 to 120 Days</b>	<b>121 to 360 Days</b>	<b>Over 360 Days</b>	<b>Total</b>
<u>December 31, 2024</u>					
Gross carrying amount	\$ 3,762,956	\$ 135,633	\$ 8,646	\$ 8,580	\$ 3,915,815
Loss allowance (Lifetime ECLs)	<u>(1,788)</u>	<u>(3,595)</u>	<u>(4,966)</u>	<u>(8,580)</u>	<u>(18,929)</u>
Amortized cost	<u>\$ 3,761,168</u>	<u>\$ 132,038</u>	<u>\$ 3,680</u>	<u>\$ -</u>	<u>\$ 3,896,886</u>
<u>December 31, 2023</u>					
Gross carrying amount	\$ 2,889,359	\$ 85,462	\$ 7,218	\$ 2,032	\$ 2,984,071
Loss allowance (Lifetime ECLs)	<u>(4,509)</u>	<u>(966)</u>	<u>(2,122)</u>	<u>(2,032)</u>	<u>(9,629)</u>
Amortized cost	<u>\$ 2,884,850</u>	<u>\$ 84,496</u>	<u>\$ 5,096</u>	<u>\$ -</u>	<u>\$ 2,974,442</u>

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

	<b>For the Year Ended December 31, 2024</b>		
	<b>Notes Receivable</b>	<b>Trade Receivables</b>	<b>Other Receivables</b>
Balance at January 1, 2024	\$ 22	\$ 9,629	\$ 27,395
Acquisitions through business combinations	-	3,043	-
Net remeasurement of loss allowance	27	6,966	-
Amounts written off	-	(581)	-
Foreign exchange gains and losses	-	(128)	-
Balance at December 31, 2024	<u>\$ 49</u>	<u>\$ 18,929</u>	<u>\$ 27,395</u>

  

	<b>For the Year Ended December 31, 2023</b>		
	<b>Notes Receivable</b>	<b>Trade Receivables</b>	<b>Other Receivables</b>
Balance at January 1, 2023	\$ 36	\$ 13,415	\$ 27,395
Net remeasurement of loss allowance	(14)	(2,305)	-
Amounts written off	-	(1,772)	-
Foreign exchange gains and losses	-	291	-
Balance at December 31, 2023	<u>\$ 22</u>	<u>\$ 9,629</u>	<u>\$ 27,395</u>

## 10. INVENTORIES

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Merchandise	\$ 1,209	\$ 180
Finished goods	3,275,288	3,424,836
Work in process	1,523,281	1,429,492
Raw materials and supplies	2,233,634	2,423,080
Inventory in transit	<u>373,923</u>	<u>212,017</u>
	<u>\$ 7,407,335</u>	<u>\$ 7,489,605</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2024 and 2023 was \$17,173,869 thousand and \$16,977,522 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2024 and 2023 included inventory write-downs of \$207,373 thousand and \$13,360 thousand, respectively, and unallocated fixed overhead of \$340,091 thousand and \$417,846 thousand, respectively.

## 11. SUBSIDIARIES

### a. Subsidiaries included in the consolidated financial statements

Entities included in the Group's consolidated financial statements were as follows:

Investor	Investee	Main Business	% of Ownership December 31	
			2024	2023
The Corporation	Hiwin Corporation, U.S.A. ("Hiwin USA")	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	100
	Hiwin Corporation, Japan ("Hiwin Japan")	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	100
	Hiwin GmbH ("Hiwin Germany")	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	100
	Eterbright Solar Corporation ("Eterbright")	Research, development, design, manufacture and sale of solar cell, electronic components, electric power supply, electric transmission and power distribution machinery products	89	89
	Hiwin Singapore Pte. Ltd. ("Hiwin Singapore")	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	100
	Hiwin Corporation ("Hiwin Korea")	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	100
	Hiwin Technologies (China) Corporation ("Hiwin China")	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	100
	Matrix Precision Co., Ltd. ("Matrix Precision") (Note 25)	Research, development, production, manufacture and sale of gear cutting tools and machinery	61	50
	Hiwin Healthcare Corp.	Sale of medical robots	100	100
	Hiwin S.R.L. ("Hiwin Italy")	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	100
	Matrix Machine Tool (Coventry) Limited ("Matrix England")	Design, integrated application, research, development, manufacture and sale of thread forming machinery	100	100
	Hiwin (Schweiz) GmbH ("Hiwin Schweiz")	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	81	81
Hiwin Germany	Hiwin Schweiz	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	19	19
	Hiwin S.R.O. ("Hiwin Czech") (Note 24)	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	Note
	Hiwin SAS ("Hiwin France")	Sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	-
Matrix Precision	Suzhou Matrix Precision Machinery Co., Ltd. ("Suzhou Matrix")	Sale of gear cutting tools and machinery	100	100
Hiwin Czech	Hiwin Bulgaria Eood ("Hiwin Bulgaria")	Sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	Note

Note: As of December 31, 2023, Hiwin Germany held 32% equity in Hiwin Czech and classified as investments accounted for using the equity method.



In November 2024, Hiwin Germany acquired 68% interest in Hiwin Czech amounted to \$256,050 thousand. Added to the original 32% equity, Hiwin Germany now holds 100% equity in Hiwin Czech. Hiwin Czech became sub-subsidiary and consolidated into the financial statements.

Hiwin Germany established Hiwin France amounted \$17,070 thousand in December 2024.

The resolution to liquidate and dissolve Eterbright has been approved by the extraordinary shareholders in their extraordinary meeting on November 27, 2023. The base date for dissolution is February 29, 2024 and approved by the Ministry of Economic Affairs on March 20, 2024. As of December 31, 2024, the liquidation has not been completed.

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

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
	December 31	
	2024	2023
Eterbright	11%	11%
Matrix Precision	39%	50%

See Tables 8 and 9 for the information on places of incorporation and principal places of business.

Name of Subsidiary	Loss and Comprehensive Loss Allocated to Non-controlling Interests		Accumulated Non-controlling Interests	
	For the Year Ended December 31		December 31	
	2024	2023	2024	2023
Eterbright	\$ (339)	\$ (58,683)	\$ 61,432	\$ 61,771
Matrix Precision	<u>(105,581)</u>	<u>(145,343)</u>	<u>83,659</u>	<u>54,530</u>
	<u>\$ (105,920)</u>	<u>\$ (204,026)</u>	<u>\$ 145,091</u>	<u>\$ 116,301</u>

The summarized financial information below represents amounts before intragroup eliminations.

Eterbright

	December 31	
	2024	2023
Current assets	\$ 575,158	\$ 647,258
Non-current assets	47,798	62,749
Current liabilities	(50,962)	(134,859)
Non-current liabilities	<u>-</u>	<u>-</u>
Equity	<u>\$ 571,994</u>	<u>\$ 575,148</u>
Equity attributable to:		
Owners of Eterbright	\$ 510,562	\$ 513,377
Non-controlling interests of Eterbright	<u>61,432</u>	<u>61,771</u>
	<u>\$ 571,994</u>	<u>\$ 575,148</u>

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Revenue	\$ <u>-</u>	\$ <u>19,309</u>
Net loss for the year	\$ (3,154)	\$ (546,394)
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive loss for the year	\$ <u>(3,154)</u>	\$ <u>(546,394)</u>
Loss and total comprehensive loss attributable to:		
Owners of Eterbright	\$ (2,815)	\$ (487,711)
Non-controlling interests of Eterbright	<u>(339)</u>	<u>(58,683)</u>
	\$ <u>(3,154)</u>	\$ <u>(546,394)</u>
Net cash inflow (outflow) from:		
Operating activities	\$ (20,658)	\$ (229,013)
Investing activities	4,633	57,892
Financing activities	<u>-</u>	<u>(25,242)</u>
Net cash outflow	\$ <u>(16,025)</u>	\$ <u>(196,363)</u>

Matrix Precision and Matrix Precision's subsidiaries

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Current assets	\$ 507,184	\$ 471,918
Non-current assets	2,427,904	1,942,736
Current liabilities	(784,483)	(772,885)
Non-current liabilities	<u>(1,920,477)</u>	<u>(1,442,838)</u>
Equity	\$ <u>230,128</u>	\$ <u>198,931</u>
Equity attributable to:		
Owners of Matrix Precision	\$ 139,964	\$ 136,061
Non-controlling interests of Matrix Precision	<u>90,164</u>	<u>62,870</u>
	\$ <u>230,128</u>	\$ <u>198,931</u>

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Revenue	\$ <u>292,730</u>	\$ <u>224,250</u>
Net loss for the year	\$ (249,703)	\$ (290,722)
Other comprehensive income (loss) for the year	<u>8,247</u>	<u>(1,583)</u>
Total comprehensive loss for the year	\$ <u>(241,456)</u>	\$ <u>(292,305)</u>

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Loss attributable to:		
Owners of Matrix Precision	\$ (141,064)	\$ (145,652)
Non-controlling interests of Matrix Precision	<u>(108,639)</u>	<u>(145,070)</u>
	<u>\$ (249,703)</u>	<u>\$ (290,722)</u>
Total comprehensive loss attributable to:		
Owners of Matrix Precision	\$ (136,030)	\$ (146,447)
Non-controlling interests of Matrix Precision	<u>(105,426)</u>	<u>(145,858)</u>
	<u>\$ (241,456)</u>	<u>\$ (292,305)</u>
Net cash inflow (outflow) from:		
Operating activities	\$ (234,992)	\$ (65,399)
Investing activities	(536,004)	(533,262)
Financing activities	<u>799,294</u>	<u>533,667</u>
Net cash inflow (outflow)	<u>\$ 28,298</u>	<u>\$ (64,994)</u>

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Associates that are not individually material	<u>\$ 305,995</u>	<u>\$ 378,170</u>
	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
The Group's share of:		
Profit for the year	\$ 35,421	\$ 48,717
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>\$ 35,421</u>	<u>\$ 48,717</u>

## 13. PROPERTY, PLANT AND EQUIPMENT

	<b>For the Year Ended December 31, 2024</b>						
	<b>Beginning Balance</b>	<b>Acquisitions through business combinations (Note 24)</b>	<b>Additions</b>	<b>Disposals</b>	<b>Reclassified Amount</b>	<b>Translation Adjustments</b>	<b>Ending Balance</b>
<u>Cost</u>							
Land	\$ 5,470,749	\$ 5,024	\$ -	\$ -	\$ -	\$ (4,765)	\$ 5,471,008
Buildings and improvements	17,047,036	57,783	52,369	(2,435)	1,690,348	71,798	18,916,899
Machinery and equipment	13,900,296	46,309	227,757	(810,933)	544,178	27,710	13,935,317
Transportation equipment	282,345	-	25,242	(49,589)	7,947	44	265,989
Leasehold improvements	48,138	-	25,038	(6,261)	-	(1,519)	65,396
Miscellaneous equipment	2,330,302	-	262,668	(151,055)	78,699	5,090	2,525,704
Construction in progress	<u>1,311,615</u>	<u>-</u>	<u>2,212,741</u>	<u>-</u>	<u>(1,710,732)</u>	<u>(1,000)</u>	<u>1,812,624</u>
	<u>40,390,481</u>	<u>\$ 109,116</u>	<u>\$ 2,805,815</u>	<u>\$ (1,020,273)</u>	<u>\$ 610,440</u>	<u>\$ 97,358</u>	<u>42,992,937</u>

(Continued)

**For the Year Ended December 31, 2024**

	<b>Beginning Balance</b>	<b>Acquisitions through business combinations</b>	<b>Additions</b>	<b>Disposals</b>	<b>Reclassified Amount</b>	<b>Translation Adjustments</b>	<b>Ending Balance</b>
<u>Accumulated depreciation and impairment</u>							
Buildings and improvements	\$ 3,065,611	\$ 30,464	\$ 457,715	\$ (2,385)	\$ -	\$ 17,756	\$ 3,569,161
Machinery and equipment	7,433,128	32,687	1,560,410	(767,646)	(2,006)	13,381	8,269,954
Transportation equipment	163,434	-	41,213	(47,291)	-	(615)	156,741
Leasehold improvements	37,361	-	4,501	(6,188)	-	(1,100)	34,574
Miscellaneous equipment	1,476,083	-	256,154	(143,327)	-	6,544	1,595,454
	<u>12,175,617</u>	<u>\$ 63,151</u>	<u>\$ 2,319,993</u>	<u>\$ (966,837)</u>	<u>\$ (2,006)</u>	<u>\$ 35,966</u>	<u>13,625,884</u>
	<u>\$28,214,864</u>						<u>\$29,367,053</u>

(Concluded)

**For the Year Ended December 31, 2023**

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Reclassified Amount</b>	<b>Translation Adjustments</b>	<b>Ending Balance</b>
<u>Cost</u>						
Land	\$ 5,428,566	\$ 67,524	\$ -	\$ -	\$ (25,341)	\$ 5,470,749
Buildings and improvements	15,843,551	216,120	(85)	1,043,295	(55,845)	17,047,036
Machinery and equipment	15,656,424	215,689	(2,660,372)	676,974	11,581	13,900,296
Transportation equipment	266,724	43,784	(37,176)	2,621	6,392	282,345
Leasehold improvements	116,137	5,815	(72,421)	-	(1,393)	48,138
Miscellaneous equipment	2,833,600	161,290	(712,747)	48,944	(785)	2,330,302
Construction in progress	631,389	1,758,700	(167)	(1,080,618)	2,311	1,311,615
	<u>40,776,391</u>	<u>\$ 2,468,922</u>	<u>\$ (3,482,968)</u>	<u>\$ 691,216</u>	<u>\$ (63,080)</u>	<u>40,390,481</u>
<u>Accumulated depreciation and impairment</u>						
Buildings and improvements	2,633,980	\$ 428,669	\$ (25)	\$ -	\$ 2,987	3,065,611
Machinery and equipment	8,282,212	1,581,127	(2,437,407)	-	7,196	7,433,128
Transportation equipment	152,496	39,728	(32,179)	-	3,389	163,434
Leasehold improvements	107,425	3,010	(71,985)	-	(1,089)	37,361
Miscellaneous equipment	1,921,436	252,982	(702,403)	-	4,088	1,476,083
	<u>13,097,549</u>	<u>\$ 2,305,516</u>	<u>\$ (3,244,019)</u>	<u>\$ -</u>	<u>\$ 16,571</u>	<u>12,175,617</u>
	<u>\$ 27,678,842</u>					<u>\$ 28,214,864</u>

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

Buildings and improvements	
Main buildings	8-55 years
Electrical power equipment	5-35 years
Engineering system	5-20 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 29.

## 14. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Carrying amounts (Note 29)</u>		
Land	\$ 366,900	\$ 385,314
Buildings	327,861	212,808
Transportation equipment	13,937	15,491
Miscellaneous equipment	<u>2,182</u>	<u>816</u>
	<u>\$ 710,880</u>	<u>\$ 614,429</u>
	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Additions to right-of-use assets	<u>\$ 367,587</u>	<u>\$ 172,577</u>
Depreciation charge for right-of-use assets		
Land	\$ 19,633	\$ 20,354
Buildings	157,023	158,823
Transportation equipment	3,692	4,601
Miscellaneous equipment	<u>428</u>	<u>208</u>
	<u>\$ 180,776</u>	<u>\$ 183,986</u>

### b. Lease liabilities

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Carrying amounts</u>		
Current	<u>\$ 101,258</u>	<u>\$ 105,088</u>
Non-current	<u>\$ 470,373</u>	<u>\$ 370,677</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Land	1.50%-1.89%	1.45%-1.85%
Buildings	0.90%-5.35%	0.90%-5.35%
Transportation equipment	1.23%-4.10%	1.23%-4.10%
Miscellaneous equipment	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 1 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

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Expenses relating to short-term leases	\$ 12,884	\$ 18,858
Expenses relating to low-value asset leases	\$ 16,587	\$ 12,203
Total cash outflow for leases	\$ (218,258)	\$ (220,376)

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 is as follows:

	<b>December 31</b>	
<b>The Date of Initial Cost Contribution</b>	<b>2024</b>	<b>2023</b>
Within 1 year	\$ 658,161	\$ 296,126
1-2 years	168,315	335,563
2-5 years	264,766	226,740
More than 5 years	181,353	189,952
	<u>\$ 1,272,595</u>	<u>\$ 1,048,381</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

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Unsecured borrowings</u>		
Line of credit borrowings	\$ 1,397,394	\$ 1,488,466
<u>Rate of interest per annum (%)</u>		
Line of credit borrowings	0.79-5.69	0.95-8.25

b. Long-term borrowings

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Secured borrowings</u> (Note 29)		
Secured loans - Expired from February 2026 to December 2042	\$ 7,096,882	\$ 6,548,071
<u>Unsecured borrowings</u>		
Unsecured loans - Expired from April 2027 to October 2029	<u>1,533,214</u>	<u>1,021,832</u>
	8,630,096	7,569,903
Less: Current portion	<u>(1,067,434)</u>	<u>(615,124)</u>
Long-term borrowings	<u>\$ 7,562,662</u>	<u>\$ 6,954,779</u>
<u>Rate of interest per annum (%)</u>		
Secured loans	1.25-4.12	0.93-7.25
Unsecured loans	0.90-4.68	0.90-5.40

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 December 31, 2024, \$1,002,000 thousand was drawn down for building the plant, the purchase of machinery and equipment and the use of operating capital. The Corporation recognized \$22,632 thousand as a government grant, which is the difference between the loan amount obtained at a lower-than-market interest rate and the fair value, which was accounted for as deferred revenue and would be subsequently recognized in profit or loss over the useful life of the asset.

## 17. OTHER PAYABLES

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Payables for salaries and bonuses	\$ 790,428	\$ 901,458
Payables for annual leave	205,442	185,031
Payables for purchase of equipment	165,076	238,373
Payables for compensation of employees	156,559	161,498
Payables for remuneration of directors	78,467	81,229
Others	<u>470,078</u>	<u>462,108</u>
	<u>\$ 1,866,050</u>	<u>\$ 2,029,697</u>

## 18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation, Eterbright and Matrix Precision adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Hiwin Germany, Hiwin Schweiz, Hiwin Japan, Hiwin Singapore, Hiwin China, Matrix Egland, Suzhou Matrix, Hiwin Czech, Hiwin France and Hiwin Bulgaria have pension plans which pay for an annuity and certain types of insurance under the local regulations. Hiwin USA has defined contribution pension plans, which are independently administered.

b. Defined benefit plans

The defined benefit plans adopted by the Corporation and Matrix Precision of the Group in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Corporation and Matrix Precision contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy. Hiwin Italy and Hiwin Korea also adopted the defined benefit plans in accordance with the local laws.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Present value of defined benefit obligation	\$ 445,722	\$ 423,708
Fair value of plan assets	<u>(303,739)</u>	<u>(282,872)</u>
Net defined benefit liabilities	<u>\$ 141,983</u>	<u>\$ 140,836</u>

Movements in net defined benefit liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2024	<u>\$ 423,708</u>	<u>\$ (282,872)</u>	<u>\$ 140,836</u>
Service cost			
Current service cost	10,221	-	10,221
Net interest expense (income)	<u>6,992</u>	<u>(3,566)</u>	<u>3,426</u>
Recognized in profit or loss	<u>17,213</u>	<u>(3,566)</u>	<u>13,647</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(24,053)	(24,053)
Actuarial loss - changes in demographic assumptions	5	-	5
Actuarial gain - changes in financial assumptions	(5,867)	-	(5,867)
Actuarial loss - experience adjustments	<u>16,245</u>	<u>-</u>	<u>16,245</u>
Recognized in other comprehensive income	<u>10,383</u>	<u>(24,053)</u>	<u>(13,670)</u>

(Continued)



	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Contributions from the employer	\$ -	\$ (22,340)	\$ (22,340)
Benefits paid	(33,859)	29,073	(4,786)
Reclassification	30,194	-	30,194
Exchange differences on foreign plans	<u>(1,917)</u>	<u>19</u>	<u>(1,898)</u>
Balance at December 31, 2024	<u>\$ 445,722</u>	<u>\$ (303,739)</u>	<u>\$ 141,983</u>
Balance at January 1, 2023	<u>\$ 404,430</u>	<u>\$ (212,949)</u>	<u>\$ 191,481</u>
Service cost			
Current service cost	10,406	-	10,406
Net interest expense (income)	<u>5,291</u>	<u>(2,496)</u>	<u>2,795</u>
Recognized in profit or loss	<u>15,697</u>	<u>(2,496)</u>	<u>13,201</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,718)	(2,718)
Actuarial gain - changes in financial assumptions	(1,146)	-	(1,146)
Actuarial loss - experience adjustments	<u>17,456</u>	<u>-</u>	<u>17,456</u>
Recognized in other comprehensive income	<u>16,310</u>	<u>(2,718)</u>	<u>13,592</u>
Contributions from the employer	-	(78,876)	(78,876)
Benefits paid	(14,014)	14,014	-
Exchange differences on foreign plans	<u>1,285</u>	<u>153</u>	<u>1,438</u>
Balance at December 31, 2023	<u>\$ 423,708</u>	<u>\$ (282,872)</u>	<u>\$ 140,836</u> (Concluded)

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Discount rates	1.50%, 1.60%, 3.38%, 4.20%	1.20%, 1.25%, 3.17%
Expected rates of salary increase	0.50%, 2.00%, 3.00%, 2.50%	2.00%, 3.00%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>The Corporation</u>		
Discount rate		
0.25% increase	\$ (3,682)	\$ (4,321)
0.25% decrease	\$ 3,784	\$ 4,454
Expected rate of salary increase/decrease		
0.25% increase	\$ 3,750	\$ 4,396
0.25% decrease	\$ (3,667)	\$ (4,288)

Matrix Precision

Discount rate		
0.25% increase	\$ (682)	\$ (878)
0.25% decrease	\$ 711	\$ 912
Expected rate of salary increase/decrease		
0.25% increase	\$ 738	\$ 941
0.25% decrease	\$ (640)	\$ (824)

Hiwin Italy

Discount rate		
0.25% increase	\$ (51,103)	\$ (45,452)
0.25% decrease	\$ 52,822	\$ 47,028

Hiwin Korea

Discount rate		
0.25% increase	\$ (25,279)	
0.25% decrease	\$ 26,657	
Expected rate of salary increase/decrease		
0.25% increase	\$ 26,663	
0.25% decrease	\$ (25,263)	

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Expected contributions to the plan for the next year	\$ <u>34,128</u>	\$ <u>24,631</u>
Average duration of the defined benefit obligation	9.0 years, 9.9 years, 10.6 years, 10.6 years	10.3 years, 10.7 years, 11.2 years

## 19. EQUITY

### a. Ordinary shares

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Number of shares authorized (in thousands)	<u>1,000,000</u>	<u>1,000,000</u>
Shares authorized	<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>
Shares issued	<u>\$ 3,537,923</u>	<u>\$ 3,537,923</u>

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

### b. Capital surplus

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
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
Invalid employee shares	<u>10,634</u>	<u>10,634</u>
	<u>\$ 7,479,735</u>	<u>\$ 7,479,735</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 21-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 2023 and 2022 were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>For the Year Ended</b>		<b>For the Year Ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Legal reserve	\$ 207,495	\$ 431,207		
Cash dividends	884,481	1,945,857	\$ 2.5	\$ 5.5

The appropriations of cash dividends for 2023 and 2022 were approved by the Corporation's board of directors on February 27, 2024 and February 24, 2023, respectively; the other appropriations of earnings for 2023 and 2022 were approved by the shareholders in their meetings on May 31, 2024 and 2023, respectively.

The appropriation of earnings for 2024, which was proposed by the Corporation's board of directors on February 26, 2025 was as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 184,515	
Cash dividends	849,101	\$ 2.4

The above-mentioned cash dividends were approved by the Corporation's board of directors for distribution, and the other appropriation of earnings is subject to the resolution of the shareholders in their meeting to be held on May 28, 2025.

## 20. REVENUE

	<b>For the Year Ended December 31</b>		
	<b>2024</b>	<b>2023</b>	<b>2023</b>
Revenue from contracts with customers			
Revenue from the sale of goods	<u>\$ 24,391,684</u>	<u>\$ 24,632,772</u>	
a. Contract balances			
	<b>December 31, 2024</b>	<b>December 31, 2023</b>	<b>January 1, 2023</b>
Notes receivable and accounts receivable (Note 9)	<u>\$ 4,467,393</u>	<u>\$ 3,552,752</u>	<u>\$ 3,356,979</u>

	December 31, 2024	December 31, 2023	January 1, 2023
Contract liabilities - current			
Sale of goods	\$ <u>139,507</u>	\$ <u>137,391</u>	\$ <u>154,384</u>

b. Disaggregation of revenue

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Linear guideways	\$ 15,496,851	\$ 15,878,031
Ballscrews	4,842,602	4,693,057
Others	<u>4,052,231</u>	<u>4,061,684</u>
	<u>\$ 24,391,684</u>	<u>\$ 24,632,772</u>

## 21. NET PROFIT FROM CONTINUING OPERATIONS

a. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Interest on bank loans	\$ 165,796	\$ 186,573
Interest on lease liabilities	<u>12,434</u>	<u>8,270</u>
	<u>\$ 178,230</u>	<u>\$ 194,843</u>

Information about capitalized interest is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Capitalized interest	\$ 49,754	\$ 29,638
Capitalization rates (%)	1.27-2.33	1.27-2.20

b. Employee benefits expense, depreciation and amortization expenses

	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>
<u>For the Year Ended December 31, 2024</u>			
Short-term employee benefits	\$ 3,709,383	\$ 2,805,588	\$ 6,514,971
Post-employment benefits			
Defined contribution plans	121,407	80,893	202,300
Defined benefit plans (Note 18)	6,368	7,279	13,647
Other employee benefits	165,094	117,532	282,626
Depreciation expenses	1,881,013	391,213	2,272,226
Amortization expenses	6,357	55,887	62,244

	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>
<u>For the Year Ended December 31, 2023</u>			
Short-term employee benefits	3,460,725	2,800,081	6,260,806
Post-employment benefits			
Defined contribution plans	121,282	85,417	206,699
Defined benefit plans (Note 18)	5,369	7,832	13,201
Other employee benefits	154,061	76,520	230,581
Depreciation expenses	1,886,657	376,559	2,263,216
Amortization expenses	3,598	58,995	62,593

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 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. The compensation of employees and remuneration of directors for the years ended December 31, 2024 and 2023 which have been approved by the Corporation's board of directors on February 26, 2025 and February 27, 2024, respectively, were as follows:

	<b>For the Year Ended December 31</b>			
	<b>2024</b>		<b>2023</b>	
	<b>Accrual rate</b>	<b>Amount</b>	<b>Accrual rate</b>	<b>Amount</b>
<b>Cash</b>				
Compensation of employees	6.2%	\$ 156,559	5.7%	\$ 161,498
Remuneration of directors	3.1%	78,279	2.8%	80,749

If there will be a 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.

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, 2023 and 2022.

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.

## 22. INCOME TAXES

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

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Current tax		
In respect of the current year	\$ 498,478	\$ 626,369
Income tax on unappropriated earnings	8,472	48,711
Adjustments for prior years	(66,480)	(21,598)
		(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Deferred tax		
In respect of the current year	\$ (53,653)	\$ 55,058
Income tax expense recognized in profit or loss	<u>\$ 386,817</u>	<u>\$ 708,540</u>
		(Concluded)

A reconciliation of accounting profit and income tax expense is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Income tax expense calculated at the statutory rate	\$ 498,595	\$ 619,407
Non-deductible expenses in determining taxable income	416	458
Tax-exempt income	(11,730)	(3,681)
Others	(1,602)	(19,227)
Income tax on unappropriated earnings	\$ 49,149	\$ 106,294
Investment tax credits used	<u>(125,632)</u>	<u>(137,938)</u>
Current tax	409,196	565,313
Unrecognized deductible temporary differences and loss		
carryforwards	44,101	164,012
Adjustments for prior years' tax	(66,480)	(21,598)
Others	<u>-</u>	<u>813</u>
Income tax expense recognized in profit or loss	<u>\$ 386,817</u>	<u>\$ 708,540</u>

The tax rate applicable to companies subject to the Income Tax Act in the ROC is 20%; the tax rate applicable to subsidiaries in China is 25%. Tax rates used by other entities in the Group operating in other jurisdictions are based on the tax laws in those jurisdictions.

- b. Income tax expense (gain) recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Deferred tax</u>		
In respect of the current year:		
Translation of foreign operations	\$ 41,337	\$ 24,958
Remeasurement of defined benefit plans	<u>1,290</u>	<u>(1,314)</u>
	<u>\$ 42,627</u>	<u>\$ 23,644</u>

c. Deferred tax assets and liabilities

For the Year Ended December 31, 2024				
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized intercompany profit	\$ 209,601	\$ (9,371)	\$ -	\$ 200,230
Allowance for inventory devaluation	122,560	26,017	-	148,577
Payables for annual leave	27,281	3,324	-	30,605
Exchange differences on foreign operations	70,153	-	(41,337)	28,816
Deferred expenses	16,796	2,711	-	19,507
Defined benefit obligation	20,467	-	(1,290)	19,177
Provisions	3,567	211	-	3,778
Impairment loss on financial assets	4,071	(1,176)	-	2,895
Allowance for impairment loss	1,010	361	-	1,371
Financial liabilities at FVTPL	-	1,062	-	1,062
Unrealized loss on foreign currency exchange	12,125	(12,125)	-	-
Others	<u>3,606</u>	<u>1,175</u>	<u>-</u>	<u>4,781</u>
	<u>\$ 491,237</u>	<u>\$ 12,189</u>	<u>\$ (42,627)</u>	<u>\$ 460,799</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unappropriated earnings of subsidiaries	\$ 796,830	\$ (37,994)	\$ -	\$ 758,836
Unrealized gain on foreign currency exchange	-	3,382	-	3,382
Financial assets at FVTPL	1,948	(1,948)	-	-
Intangible assets	1,617	(1,617)	-	-
Others	<u>46,478</u>	<u>(3,287)</u>	<u>-</u>	<u>43,191</u>
	<u>\$ 846,873</u>	<u>\$ (41,464)</u>	<u>\$ -</u>	<u>\$ 805,409</u>
For the Year Ended December 31, 2023				
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized intercompany profit	\$ 291,120	\$ (81,519)	\$ -	\$ 209,601
Allowance for inventory devaluation	116,625	5,935	-	122,560
Exchange differences on foreign operations	95,111	-	(24,958)	70,153
Payables for annual leave	24,975	2,306	-	27,281
Defined benefit obligation	19,660	(507)	1,314	20,467
Deferred expenses	-	16,796	-	16,796
Unrealized loss on foreign currency exchange	-	12,125	-	12,125

(Continued)



	<b>For the Year Ended December 31, 2023</b>			
	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
Impairment loss on financial assets	4,071	-	-	4,071
Provisions	21,734	(18,167)	-	3,567
Allowance for impairment loss	993	17	-	1,010
Financial liabilities at FVTPL	906	(906)	-	-
Others	<u>1,999</u>	<u>1,607</u>	<u>-</u>	<u>3,606</u>
	<u>\$ 577,194</u>	<u>\$ (62,313)</u>	<u>\$ (23,644)</u>	<u>\$ 491,237</u>

Deferred tax liabilities

Temporary differences				
Unappropriated earnings of subsidiaries	\$ 783,475	\$ 13,355	\$ -	\$ 796,830
Unrealized gain on foreign currency exchange	15,548	(15,548)	-	-
Financial assets at FVTPL	-	1,948	-	1,948
Intangible assets	2,299	(682)	-	1,617
Others	<u>52,806</u>	<u>(6,328)</u>	<u>-</u>	<u>46,478</u>
	<u>\$ 854,128</u>	<u>\$ (7,255)</u>	<u>\$ -</u>	<u>\$ 846,873</u>

(Concluded)

- d. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Loss carryforwards	\$ 9,497,332	\$ 9,426,528
Investment loss	3,875,400	3,872,585
Deductible temporary difference	<u>107,386</u>	<u>108,873</u>
	<u>\$ 13,480,118</u>	<u>\$ 13,407,986</u>

- e. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2024 comprised:

<b>Investee</b>	<b>Unused Amount</b>	<b>Expiry Year</b>
Eterbright	\$ 6,439,663	2025-2034
Matrix Precision	1,888,843	2025-2034
Hiwin Japan	484,613	2025-2034
Hiwin Korea	259,403	2025-2034
Matrix England	<u>424,810</u>	no limit
	<u>\$ 9,497,332</u>	

f. Income tax assessments

The tax returns of the Corporation, Eterbright and Matrix Precision through 2022, 2023 and 2022 have been assessed by the tax authorities, respectively.

g. Pillar Two income tax legislation

Hiwin Japan, Hiwin Germany, Hiwin Korea, Hiwin Italy, Matrix England, Hiwin Schweiz, Hiwin Czech, Hiwin France and Hiwin Bulgaria were incorporated in Japan, Germany, Korea, Italy, United Kingdom, Switzerland, Czech Republic, France and Bulgaria, respectively. The Pillar Two income tax legislation of the aforementioned regions has been in effect. Under the legislation, these subsidiaries will be required to pay or ultimate parent entity's country acquired the right of first tax, in , a top-up tax on the profits of its subsidiaries that are taxed at an effective tax rate of less than 15 percent. Nevertheless, with all of the above-mentioned countries that the Pillar Two rules has been in effect, lawfully, the Group has no related current tax exposure.

Hiwin Singapore was incorporated in Singapore, where the Pillar Two income tax legislation was enacted in January 2025 and will become effective from January 1, 2025. Since the Pillar Two income tax legislation was not effective at the reporting date, the Group has no related current tax exposure.

The Group is continuing to assess the impact of the Pillar Two income tax legislation on its future financial performance.

## 23. EARNINGS PER SHARE

	<b>Net Profit Attributable to Owners of the Corporation</b>	<b>Number of Shares (In Thousands)</b>	<b>Earnings Per Share (NT\$)</b>
<u>For the Year Ended December 31, 2024</u>			
Basic earnings per share			
Profit for the year attributable to owners of the Corporation	\$ 1,971,948	353,792	<u>\$ 5.57</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>-</u>	<u>576</u>	
Diluted earnings per share			
Profit for the year attributable to owners of the Corporation plus effect of potentially dilutive ordinary shares	<u>\$ 1,971,948</u>	<u>354,368</u>	<u>\$ 5.56</u>
<u>For the Year Ended December 31, 2023</u>			
Basic earnings per share			
Profit for the year attributable to owners of the Corporation	\$ 2,034,748	353,792	<u>\$ 5.75</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>-</u>	<u>918</u>	
Diluted earnings per share			
Profit for the year attributable to owners of the Corporation plus effect of potentially dilutive ordinary shares	<u>\$ 2,034,748</u>	<u>354,710</u>	<u>\$ 5.74</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.

## 24. BUSINESS COMBINATIONS

### a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred (Cash)
Hiwin Czech	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	November 27, 2024	68	<u>\$ 256,050</u>

The Group acquired the equity of Hiwin Czech in order to expand the development in the field of drive control, enhance its competitive advantage and increase the scale of operations.

### b. Assets acquired and liabilities assumed at the date of acquisition

Current assets	
Cash and cash equivalents	\$ 115,357
Trade receivables	69,084
Inventories	88,000
Other current assets	6,556
Non-current assets	
Property, plant and equipment	45,965
Other non-current assets	374
Current liabilities	
Trade payables and other payables	(32,747)
Other current liabilities	<u>(17,489)</u>
	<u>\$ 275,100</u>

### c. Goodwill recognized on acquisitions

Consideration transferred	\$ 256,050
Plus: The originally interests held by the Group at fair value on the date of acquisition	119,490
Less: Fair value of identifiable net assets acquired	<u>(275,100)</u>
Goodwill recognized on acquisitions	<u>\$ 100,440</u>

Before the acquisition date, the carrying amount of equity of Hiwin Czech held by the Group was \$87,267 thousand. The equity originally held by the Group is then re-evaluated, with its fair value being \$119,490 thousand on the acquisition date, the Group recognized gain on disposal of investments amounted to \$32,223 thousand.

The Group has not completed the identification of the difference between the cost of the investment and the Group's share of the net fair value of the identifiable assets and liabilities, the difference was provisionally recognized as goodwill as of December 31, 2024. The Group will continuously review the abovementioned items during the measuring period. If additional information, that relates to the facts or circumstances existed at the acquisition date, it will lead to an adjustment to the provisional goodwill or the recognition of any liability provision, which is obtained in the one year measurement period starting from the acquisition date, the accounting for the business combination will be retrospectively adjusted.

d. Net cash outflow on the acquisition of subsidiaries

Considerations paid in cash	\$ 256,050
Less: Cash and cash equivalent balances acquired	<u>(115,357)</u>
	<u>\$ 140,693</u>

## 25. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On March 31 and December 31, 2024, the Corporation subscribed for additional new shares of Matrix Precision at a percentage different from its existing ownership percentage, thereby increasing its continuing interest from 50% to 61%, and recognized a decrease of \$95,725 thousand in retained earnings.

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

## 26. 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.

## 27. 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 the purpose of Level 2 fair value measurement

<b>Financial Instruments</b>	<b>Valuation Techniques and Inputs</b>
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

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 112	\$ 9,874
Financial assets at amortized cost (1)	12,227,990	11,441,772
Financial assets at FVTOCI		
Equity instruments	1,601,429	849,509
<u>Financial liabilities</u>		
FVTPL		
Mandatorily classified as at FVTPL	5,423	136
Financial liabilities at amortized cost (2)	13,980,269	12,597,864

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), other receivable 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, long-term borrowings (including those due within one year) and guarantee deposits.

c. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivables, trade payables, lease liabilities 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 are 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 32.

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 years ended December 31, 2024 and 2023 would have decreased by \$43,715 thousand and \$36,396 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:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Fair value interest rate risk		
Deposits in bank	\$ 2,204,489	\$ 2,581,978
Lease liabilities	571,631	475,765
Short-term borrowings	492,134	710,329
Long-term borrowings	391,206	224,143
Cash flow interest rate risk		
Deposits in bank	5,034,394	4,917,809
Short-term borrowings	905,260	778,137
Long-term borrowings	8,238,890	7,345,760

### 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 years ended December 31, 2024 and 2023 would have decreased by \$32,878 thousand and \$25,649 thousand, respectively.

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a 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 credit risk by geographical locations was mainly in Asia, which accounted for 73% and 69% of the total trade receivables as of December 31, 2024 and 2023, respectively.

## 3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash 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 December 31, 2024 and 2023, the Group had available unutilized bank loan facilities of \$14,177,844 thousand and \$15,519,329 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.

	<b>Less Than 1 Year</b>	<b>1-5 Years</b>	<b>More Than 5 Years</b>
<u>December 31, 2024</u>			
Non-derivative financial liabilities			
Non-interest bearing	\$ 5,183,675	\$ -	\$ -
Lease liabilities	105,438	316,552	184,922
Fixed interest rate liabilities	629,633	292,391	-
Variable interest rate liabilities	<u>2,031,264</u>	<u>3,653,818</u>	<u>4,335,423</u>
	<u>\$ 7,950,010</u>	<u>\$ 4,262,761</u>	<u>\$ 4,520,345</u>
Derivative financial liabilities			
Foreign exchange forward contracts	<u>\$ 5,423</u>	<u>\$ -</u>	<u>\$ -</u>

	Less Than 1 Year	1-5 Years	More Than 5 Years
<u>December 31, 2023</u>			
Non-derivative financial liabilities			
Non-interest bearing	\$ 4,868,711	\$ -	\$ -
Lease liabilities	126,269	223,287	181,757
Fixed interest rate liabilities	777,928	146,902	-
Variable interest rate liabilities	<u>1,495,614</u>	<u>3,559,431</u>	<u>3,763,228</u>
	<u>\$ 7,268,522</u>	<u>\$ 3,929,620</u>	<u>\$ 3,944,985</u>
Derivative financial liabilities			
Foreign exchange forward contracts	<u>\$ 136</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>December 31, 2024</u>					
Lease liabilities	\$ 105,438	\$ 316,552	\$ 113,765	\$ 51,644	\$ 19,513
Fixed interest rate liabilities	629,633	292,391	-	-	-
Variable interest rate liabilities	<u>2,031,264</u>	<u>3,653,818</u>	<u>3,407,068</u>	<u>656,335</u>	<u>272,020</u>
	<u>\$ 2,766,335</u>	<u>\$ 4,262,761</u>	<u>\$ 3,520,833</u>	<u>\$ 707,979</u>	<u>\$ 291,533</u>
<u>December 31, 2023</u>					
Lease liabilities	\$ 126,269	\$ 223,287	\$ 93,024	\$ 61,667	\$ 27,066
Fixed interest rate liabilities	777,928	146,902	-	-	-
Variable interest rate liabilities	<u>1,495,614</u>	<u>3,559,431</u>	<u>2,978,953</u>	<u>603,938</u>	<u>180,337</u>
	<u>\$ 2,399,811</u>	<u>\$ 3,929,620</u>	<u>\$ 3,071,977</u>	<u>\$ 665,605</u>	<u>\$ 207,403</u>

## 28. 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

Related Party Name	Relationship with the Group
Hiwin Czech	Associate (became sub-subsidiary on November 27, 2024)
Mega-Fabs Motion Systems Ltd. (Mega-Fabs)	Associate
Hiwin Mikrosystem	Other related party
Hiwin Investment and Holding Corporation (Hiwin Investment Corporation)	Other related party
Yong-Yin Investment and Holding Corp. (Yong-Yin Investment Corporation)	Other related party

(Continued)



<u>Related Party Name</u>	<u>Relationship with the Group</u>
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
	(Concluded)

b. Operating transactions

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
1) Sales of goods		
Associates	\$ 190,088	\$ 201,021
Other related parties	<u>74,185</u>	<u>58,161</u>
	<u>\$ 264,273</u>	<u>\$ 259,182</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.

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
2) Purchases of goods		
Other related parties	\$ 560,495	\$ 734,758
Associates	<u>413</u>	<u>7</u>
	<u>\$ 560,908</u>	<u>\$ 734,765</u>

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

3) Other operating transactions

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Non-operating income - dividend income (classified as other income)		
Hiwin Mikrosystem	<u>\$ 953</u>	<u>\$ 9,526</u>
Non-operating income - other income		
Other related parties	<u>\$ 4,986</u>	<u>\$ 6,024</u>
Non-operating expense - other expenses		
Other related parties	<u>\$ 4,756</u>	<u>\$ 3,445</u>

		<b>For the Year Ended December 31</b>	
		<b>2024</b>	<b>2023</b>
Manufacturing and operating expenses			
Other related parties		<u>\$ 42,563</u>	<u>\$ 70,824</u>
Operating expenses - donations			
Hiwin Education Foundation		<u>\$ 7,000</u>	<u>\$ 3,500</u>
		<b>December 31</b>	
		<b>2024</b>	<b>2023</b>
4) Notes receivable			
Other related parties		<u>\$ 1,091</u>	<u>\$ 418</u>
5) Trade receivables			
Other related parties		\$ 810	\$ 20,682
Associates		<u>-</u>	<u>15,945</u>
		<u>\$ 810</u>	<u>\$ 36,627</u>
6) Other receivables (classified as other current assets)			
Other related parties		<u>\$ 577</u>	<u>\$ 348</u>
7) Notes payables			
Other related parties		<u>\$ -</u>	<u>\$ 365</u>
8) Trade payables			
Other related parties		<u>\$ 135,550</u>	<u>\$ 161,153</u>
9) Other payables			
Other related parties		\$ 6,445	\$ 3,216
Key management personnel		<u>1,610</u>	<u>1,294</u>
		<u>\$ 8,055</u>	<u>\$ 4,510</u>
10) Refundable deposits			
Other related parties		<u>\$ 1,616</u>	<u>\$ 1,616</u>
c. Acquisition of property, plant and equipment			
		<b>Purchase Price</b>	
		<b>For the Year Ended December 31</b>	
		<b>2024</b>	<b>2023</b>
Other related parties		<u>\$ 8,199</u>	<u>\$ 3,094</u>

d. Disposal of property, plant and equipment

	<b>Disposal Price</b>		<b>Gain on Disposal</b>	
	<b>For the Year Ended</b>		<b>For the Year Ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Other related parties	\$ <u>-</u>	\$ <u>1,235</u>	\$ <u>-</u>	\$ <u>309</u>

e. 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.

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>

Acquisition of right-of-use assets

Other related parties	\$ <u>25,895</u>	\$ <u>-</u>
	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>

Lease liabilities

Other related parties	\$ <u>13,926</u>	\$ <u>7,592</u>
	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>

Finance costs

Other related parties	\$ <u>413</u>	\$ <u>237</u>
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f. Endorsements and guarantees

Endorsements and guarantees given by related parties

	<b>December 31</b>	
<b>Related Party Category</b>	<b>2024</b>	<b>2023</b>
Key management personnel		
Amount endorsed	\$ <u>2,475,517</u>	\$ <u>2,595,093</u>
Amount utilized (classified as borrowings)	\$ <u>1,872,545</u>	\$ <u>1,415,003</u>
Other related parties		
Amount endorsed	\$ <u>-</u>	\$ <u>489,000</u>
Amount utilized (classified as long-term borrowings)	\$ <u>489,000</u>	\$ <u>232,501</u>

Note: The other related parties had been terminated their endorsement and guarantee relationship with Matrix Precision on December 20, 2024, and returned the guarantee promissory note amounted to \$489,000 thousand.

g. Remuneration of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Short-term employee benefits	\$ 219,286	\$ 208,630
Post-employment benefits	<u>2,021</u>	<u>919</u>
Share-based payments		
	<u>\$ 221,307</u>	<u>\$ 209,549</u>

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

## 29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been pledged or mortgaged as collateral for long-term bank loans and deposits for cooperation in the establishment of education:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Property, plant and equipment	\$ 17,754,132	\$ 17,921,571
Right-of-use assets	145,775	144,291
Pledged deposits (classified as other current assets)	<u>799</u>	<u>30</u>
	<u>\$ 17,900,706</u>	<u>\$ 18,065,892</u>

## 30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- As of December 31, 2024 and 2023, unused letters of credit for purchases of raw materials and machinery and equipment amounted to \$388,844 thousand and \$366,552 thousand, respectively.
- As of December 31, 2024 and 2023, commitment for acquisition of property, plant and equipment amounted to \$1,448,767 thousand and \$2,492,659 thousand, respectively.

## 31. OTHER ITEMS

On February 15, 2023, the president of the ROC announced the amendments to the “Climate Change Response Act”, which added the provision of carbon fee collection. Subsequently, the Ministry of Environment announced the “Regulations Governing the Collection of Carbon Fees”, “Regulations for Administration of Voluntary Reduction Plans” and “Designated Greenhouse Gas Reduction Goal for Entities Subject to Carbon Fees” on August 29, 2024 and the carbon fee rate on October 21, 2024. The fees will be levied starting from January 1, 2025. Based on the emissions of the Group in 2024, the Group expects that it will be the entity subject to carbon fees. The Group will recognize the provision of the carbon fees based on its actual emissions in 2025 and with planned payments in May 2026.

### 32. 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 the foreign currencies and the respective functional currencies are as follows:

	December 31, 2024			December 31, 2023		
	Foreign Currency	Exchange Rate	Carrying Amount	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>						
Monetary items						
USD	\$ 33,047	32.785	\$ 1,083,456	\$ 28,544	30.705	\$ 876,442
EUR	34,709	34.14	1,184,966	35,925	33.98	1,220,724
JPY	2,770,724	0.2099	581,575	2,776,685	0.2172	603,096
RMB	754,522	4.478	3,378,751	611,328	4.327	2,645,216
Non-monetary items						
ILS	31,819	8.585	273,166	28,605	8.897	254,492
<u>Financial liabilities</u>						
Monetary items						
USD	13,174	32.785	431,894	11,947	30.705	366,830
EUR	2,959	34.14	101,034	9,507	33.98	323,056
JPY	1,046,171	0.2099	219,591	439,453	0.2172	95,449
RMB	2,644	4.478	11,838	2,448	4.327	10,594

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 the respective functional currencies and the presentation currency were disclosed. The significant (realized and unrealized) foreign exchange gain (loss) are as follows:

Foreign Currencies	For the Year Ended December 31			
	2024		2023	
	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Gain
NTD	1 (NTD:NTD)	<u>\$ 236,776</u>	1 (NTD:NTD)	<u>\$ 24,701</u>

### 33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. 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 at costs or prices at least NT\$300 million or 20% of the paid-in capital. (Table 4)
- 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 5)
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 6)
  - 9) Trading in derivative instruments. (Notes 7 and 27)
  - 10) Other: intercompany relationships and significant intercompany transactions. (Table 7)
  - 11) Information on investees. (Table 8)
- c. 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 9)
  - 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 5 and 7)
    - 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 year and the purposes. (None)
    - e) The highest balance, the end of year balance, the interest rate range, and total current period interest with respect to 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)
- d. 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 10)

### 34. 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.

#### a. Segment revenue and results

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

	For the Year Ended December 31			
	Segment Revenue		Segment Profit	
	2024	2023	2024	2023
Linear guideways	\$ 15,496,851	\$ 15,878,031	\$ 1,663,735	\$ 2,439,137
Ballscrews	4,842,602	4,693,057	458,150	632,873
Others	<u>4,052,231</u>	<u>4,061,684</u>	<u>(63,100)</u>	<u>(421,060)</u>
Total from continuing operations	<u>\$ 24,391,684</u>	<u>\$ 24,632,772</u>	2,058,785	2,650,950
Subsidy revenue			20,489	34,435
Finance costs			(178,230)	(194,843)
Share of profit of associates accounted for using the equity method			35,421	48,717
Interest income			95,380	62,421
Other income			125,671	146,676
Net foreign exchange gain			187,248	16,423
Other expenses			(18,137)	(63,732)
Loss on disposal of property, plant and equipment			(38,643)	(166,282)
Valuation gain (loss) on financial assets (liabilities) at FVTPL			<u>(38,353)</u>	<u>5,285</u>
Profit before income tax			<u>\$ 2,249,631</u>	<u>\$ 2,540,050</u>

Segment revenue reported above represents revenue generated from external customers. The intersegment sales are eliminated for the years ended December 31, 2024 and 2023.

Segment profit represents the profit before tax earned by each segment without subsidy revenue, finance costs, share of profit of associates accounted for using the equity method, interest income, other income, net foreign exchange gain, other expenses, loss on disposal of property, plant and equipment, valuation gain (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.

#### b. Segment total assets and liabilities

The Group had not reported segment assets and liabilities information to the chief operating decision maker. Thus, no disclosure is made.

#### c. Geographical information

The Group operates in Taiwan, Germany, China, Japan, and the USA.

The Group's revenue from continuing operations from external customers and information about its non-current assets by location of assets are detailed below:

	<b>Revenue from External Customers</b>		<b>Non-current Assets</b>	
	<b>For the Year Ended December 31</b>		<b>December 31</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Taiwan	\$ 11,004,063	\$ 10,757,040	\$ 26,019,769	\$ 24,590,633
China	5,079,431	4,874,839	1,919,327	1,959,723
Germany	3,859,779	4,168,497	1,150,252	1,124,526
USA	1,165,478	1,254,724	445,111	445,034
Japan	876,334	988,724	1,408,730	1,426,855
Others	<u>2,406,599</u>	<u>2,588,948</u>	<u>766,151</u>	<u>686,732</u>
	<u>\$ 24,391,684</u>	<u>\$ 24,632,772</u>	<u>\$ 31,709,340</u>	<u>\$ 30,233,503</u>

Non-current assets exclude financial instruments, goodwill and deferred tax assets.

d. Information about major customers

	<b>For the Year Ended December 31</b>			
	<b>2024</b>		<b>2023</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Customer A	\$ 4,597,069	19	\$ 3,385,931	14
Customer B	1,873,621	8	3,151,394	13



TABLE 1

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 5)	Ending Balance (Note 5)	Actual Amount Borrowed (Note 6)	Interest Rate	Nature of Financing (Note 3)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 1 and 2)	Aggregate Financing Limit (Notes 2 and 4)
													Item	Value		
0	The Corporation	Hiwin Japan	Other receivables from related parties	Yes	\$ 183,184	\$ 30,960	\$ 30,960	2.1212%	1	Sales \$531,024	-	\$ -	-	\$ -	\$ 5,539,357	\$ 11,078,714
1	Matrix Precision	Suzhou Matrix	Other receivables from related parties	Yes	29,690	-	-	2.298%	1	Sales 80,048	-	-	-	-	34,519	69,038

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 parent company only 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 total amount for lending to a single company shall not exceed 15% of the net assets of Matrix Precision based on its latest financial statements. For financing provided by Matrix Precision 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. The total accumulated amount of Matrix Precision’s financing provided should not exceed 30% of Matrix Precision’s net assets as shown in its latest financial statements.

Note 3: 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 4: 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 parent company only financial statements.

Note 5: The ending balance has been approved by the board of directors.

Note 6: Significant intercompany accounts and transactions have been eliminated.

**TABLE 2**

**HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES**

**ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(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 England	Subsidiary	\$ 3,692,905	\$ 79,360 (GBP 2,000)	\$ 41,190 (GBP 1,000)	\$ -	\$ -	0.1	\$ 12,925,166	Yes	-	-
0	The Corporation	Hiwin Italy	Subsidiary	3,692,905	983,123 (EUR 27,678)	937,846 (EUR 27,471)	528,686 (EUR 15,486)	-	2.5	12,925,166	Yes	-	-
0	The Corporation	Hiwin Singapore	Subsidiary	3,692,905	197,010 (USD 6,000)	196,710 (USD 6,000)	50,576 (USD 1,543)	-	0.5	12,925,166	Yes	-	-
0	The Corporation	Hiwin Korea	Subsidiary	3,692,905	394,020 (USD 12,000)	393,420 (USD 12,000)	252,445 (USD 7,700)	-	1.1	12,925,166	Yes	-	-
0	The Corporation	Hiwin Japan	Subsidiary	3,692,905	1,557,878 (JPY 7,008,000)	1,470,979 (JPY 7,008,000)	1,408,009 (JPY 6,708,000)	-	4.0	12,925,166	Yes	-	-
0	The Corporation	Matrix Precision	Subsidiary	3,692,905	1,050,000	1,050,000	490,000	-	2.8	12,925,166	Yes	-	-
1	Matrix Precision	Hiwin Mikrosystem	Other related party	3,733,575	288,000	-	-	-	-	3,733,575	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.

**TABLE 3**

**HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES**

**MARKETABLE SECURITIES HELD**  
**DECEMBER 31, 2024**  
**(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Corporation	<u>Shares</u>							
	Hiwin Mikrosystem	Other related party	Financial assets at FVTOCI - non-current	9,525,676	\$ 1,457,429	8	\$ 1,457,429	
	Ever Fortune	-	Financial assets at FVTOCI - non-current	2,000,000	144,000	2	144,000	
	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 8 and 9.

**TABLE 4**

**HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES**

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICE AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Others	Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal		Shares	Amount
The Corporation	Share capital	Investments accounted for using the equity method	Matrix Precision	Subsidiary	34,294,075	\$ 124,414	41,402,392	\$ 414,024	-	\$ -	\$ -	\$ -	\$ (231,322) (Note)	75,696,467	\$ 307,116

Note : Including investment loss and other comprehensive loss accounted for using the equity method of \$(135,765) thousand, realized gross profit of \$168 thousand and an decrease in net equity value of \$95,725 thousand by subscribing for additional new shares at a percentage different from its existing ownership percentage.

**TABLE 5**

**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 YEAR ENDED DECEMBER 31, 2024  
(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	\$ (3,976,650)	(22)	O/A 90 days	\$ -	-	\$ 859,005	19	
	Hiwin Germany	Subsidiary	Sale	(1,360,379)	(7)	O/A 90 days	-	-	270,953	6	
	Hiwin Italy	Subsidiary	Sale	(687,388)	(4)	O/A 180 days	-	-	392,499	9	
	Hiwin Japan	Subsidiary	Sale	(531,024)	(3)	O/A 150 days	-	-	354,625	8	
	Hiwin USA	Subsidiary	Sale	(415,674)	(2)	O/A 120 days	-	-	137,212	3	
	Hiwin Korea	Subsidiary	Sale	(219,250)	(1)	O/A 180 days	-	-	93,290	2	
	Hiwin Singapore	Subsidiary	Sale	(137,548)	(1)	O/A 120 days	-	-	52,374	1	
	Hiwin Schweiz	Subsidiary	Sale	(137,019)	(1)	O/A 60 days	-	-	18,010	-	
	Hiwin Mikrosystem	Other related party	Purchase	139,321	2	O/A 90 days	-	-	(19,761)	(1)	
Hiwin China	The Corporation	Parent company	Purchase	3,976,650	91	O/A 90 days	-	-	(859,005)	(94)	
Hiwin Germany	The Corporation	Parent company	Purchase	1,360,379	72	O/A 90 days	-	-	(270,953)	(68)	
	Hiwin Mikrosystem	Other related party	Purchase	139,677	7	O/A 90 days	-	-	(39,042)	(10)	
	Hiwin Czech	Subsidiary	Sale	(189,005)	(5)	O/A 45 days	-	-	20,782	7	
Hiwin Italy	The Corporation	Parent company	Purchase	687,388	87	O/A 180 days	-	-	(392,499)	(89)	
Hiwin Japan	The Corporation	Parent company	Purchase	531,024	83	O/A 150 days	-	-	(354,625)	(93)	
Hiwin USA	The Corporation	Parent company	Purchase	415,674	93	O/A 120 days	-	-	(137,212)	(90)	
Hiwin Korea	The Corporation	Parent company	Purchase	219,250	93	O/A 180 days	-	-	(93,290)	(95)	
Hiwin Singapore	The Corporation	Parent company	Purchase	137,548	81	O/A 120 days	-	-	(52,374)	(83)	
Hiwin Schweiz	The Corporation	Parent company	Purchase	137,019	68	O/A 60 days	-	-	(18,010)	(57)	

Note: Except for Hiwin Mikrosystem, significant intercompany accounts and transactions have been eliminated.

**TABLE 6**

**HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**  
**DECEMBER 31, 2024**  
**(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 China	Subsidiary	Trade receivables from related parties \$ 859,005	4.53	\$ -	-	\$ 312,416	\$ -
	Hiwin Italy	Subsidiary	Trade receivables from related parties 392,499	1.82	-	-	27,511	-
	Hiwin Japan	Subsidiary	Trade receivables from related parties 354,625	1.62	-	-	-	-
			Other receivables from related parties 32,265	-	-	-	21,680	-
			Hiwin Germany	Subsidiary	Trade receivables from related parties 270,953	4.84	-	-
	Hiwin USA	Subsidiary	Trade receivables from related parties 137,212	3.31	-	-	47,381	-

Note : Significant intercompany accounts and transactions have been eliminated.

**TABLE 7**

**HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(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	\$ 1,360,379	O/A 90 days	6
			1	Trade receivables	270,953	O/A 90 days	-
		Hiwin Japan	1	Sales	531,024	O/A 150 days	2
			1	Trade receivables	354,625	O/A 150 days	1
			1	Other receivables	32,265	-	-
		Hiwin China	1	Sales	3,976,650	O/A 90 days	16
			1	Trade receivables	859,005	O/A 90 days	2
		Hiwin Italy	1	Sales	687,388	O/A 180 days	3
			1	Trade receivables	392,499	O/A 180 days	1
		Hiwin USA	1	Sales	415,674	O/A 120 days	2
			1	Trade receivables	137,212	O/A 120 days	-
		Hiwin Korea	1	Sales	219,250	O/A 180 days	1
			1	Trade receivables	93,290	O/A 180 days	-
		Hiwin Schweiz	1	Sales	137,019	O/A 60 days	1
			1	Trade receivables	18,010	O/A 60 days	-
		Hiwin Singapore	1	Sales	137,548	O/A 120 days	1
			1	Trade receivables	52,374	O/A 120 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 \$215,413 thousand.

TABLE 8

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2024	December 31, 2023	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	\$ 2,455,124	\$ 40,632	\$ 40,632	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	1,129,266	13,791	13,791	Subsidiary
	Hiwin Japan	Japan	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	1,104,902	918,602	80,200	100	(68,032)	(160,848)	(160,848)	Subsidiary
	Mega-Fabs	Israel	Research, manufacture and sale of drivers and controllers	42,444	42,444	240,000	40	305,995	68,972	27,589	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	510,562	(3,154)	(2,815)	Subsidiary
	Hiwin Singapore	Singapore	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	117,550	117,550	5,000,000	100	18,291	(25,958)	(25,958)	Subsidiary
	Hiwin Korea	Korea	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	242,707	242,707	1,760,000	100	(240,877)	(123,339)	(123,339)	Subsidiary
	Matrix Precision	Taiwan	Research, development, production, manufacture and sale of gear cutting tools and machinery	1,436,688	1,022,664	75,696,467	61	307,116	(249,703)	(140,798)	Subsidiary
	Hiwin Healthcare Corp.	Samoa	Sale of medical robots	3,108	3,108	100,000	100	3,081	27	27	Subsidiary
	Hiwin Italy	Italy	Manufacture and sale of aerospace parts, ballscrews, linear guideways, and industrial robots	296,580	296,580	-	100	264,775	11,550	11,550	Subsidiary
	Matrix England	United Kingdom	Design integrated application, research, development, manufacture and sale of thread forming machinery	812,334	729,454	8,249,500	100	376,657	(64,572)	(72,887)	Subsidiary
	Hiwin Schweiz	Switzerland	Manufacture and sale of aerospace parts, ballscrews, linear guideways, and industrial robots	266,300	266,300	243,000	81	413,882	39,302	39,302	Subsidiary
Hiwin Germany	Hiwin Czech	Czech Republic	Manufacture and sale of aerospace parts, ballscrews, linear guideways, and industrial robots	256,154 (EUR 7,502)	104 (EUR 2)	-	100	375,540 (EUR 11,000)	24,179	(Note 1)	Sub-subsubsidiary
	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	43,933	39,302	-	Subsidiary
	Hiwin France	France	Manufacture and sale of aerospace parts, ballscrews, linear guideways, and industrial robots	17,070 (EUR 500)	-	-	100	17,070 (EUR 500)	-	(Note 1)	Sub-subsubsidiary
Hiwin Czech	Hiwin Bulgaria	Bulgaria	Manufacture and sale of aerospace parts, ballscrews, linear guideways, and industrial robots	3,880 (BGN 222)	3,880 (BGN 222)	-	100	28,201 (EUR 826)	5,618	(Note 1)	Sub-subsubsidiary

Note 1: Exempted from disclosure in accordance with regulations.

Note 2: Except for Mega-Fabs, 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 9.



TABLE 9

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(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, 2024	Remittance of Funds		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2024	Accumulated Repatriation of Investment Income as of December 31, 2024
					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)	\$ 85,398	100	\$ 85,330 (Notes 2 and 4)	\$ 2,562,720 (Note 4)	\$ -
Suzhou Matrix	Sale of gear cutting tools and machinery	36,192 (RMB 8,000)	(Note 1)	9,076 (RMB 2,000)	27,116 (RMB 6,000)	-	36,192 (RMB 8,000)	(10,411)	61	(6,332) (Notes 2 and 4)	11,833 (Note 4)	-

Investor Company	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2024	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	\$ 36,192 (RMB 8,000 )	\$ 36,192 (RMB 8,000 )	\$ 138,077 (Note 3)

- Note 1: The investment in mainland China was made directly.
- Note 2: The investment gain (loss) is recognized according to the financial statements audited by the Corporation’s independent auditors.
- 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.

**TABLE 10****HIWIN TECHNOLOGIES CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2024**

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.