

**Hiwin Technologies Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2025 and 2024 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Hiwin Technologies Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Hiwin Technologies Corporation (the "Corporation") and its subsidiaries (collectively, the "Group") as of March 31, 2025 and 2024, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months ended March 31, 2025 and 2024, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting", endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As disclosed in Note 11 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2025 and 2024, the combined total assets of these non-significant subsidiaries were NT\$9,443,500 thousand and NT\$11,523,044 thousand, representing 17% and 22%, respectively, of the consolidated total assets, and the combined total liabilities of these subsidiaries were NT\$5,787,623 thousand and NT\$5,732,157 thousand, both representing 33% of the consolidated total liabilities; for the three months ended March 31, 2025 and 2024, the amounts of combined comprehensive income (loss) of these subsidiaries were NT\$(83,639) thousand and NT\$(94,446) thousand, representing (23)% and (16)%, respectively, of the consolidated total comprehensive income.

Qualified Conclusion

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly in all material respects, the consolidated financial position of the Group as of March 31, 2025 and 2024, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 9, 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 review such consolidated financial statements are those generally applied in the Republic of China.

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

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	March 31, 2025		December 31, 2024 (After Retrospective Adjustment)		March 31, 2024	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 7,575,229	14	\$ 7,353,929	14	\$ 7,580,268	15
Financial assets at fair value through profit or loss - current (Note 7)	2	-	112	-	143	-
Notes receivable from unrelated parties, net (Notes 9 and 20)	515,232	1	569,416	1	398,952	1
Notes receivable from related parties, net (Notes 9, 20 and 29)	1,266	-	1,091	-	522	-
Trade receivables from unrelated parties, net (Notes 9 and 20)	3,518,266	7	3,896,076	7	3,084,125	6
Trade receivables from related parties, net (Notes 9, 20 and 29)	1,514	-	810	-	36,733	-
Inventories (Note 10)	7,535,948	14	7,407,335	14	7,325,772	14
Other current assets (Notes 6, 29 and 30)	<u>745,514</u>	<u>1</u>	<u>754,666</u>	<u>1</u>	<u>608,494</u>	<u>1</u>
Total current assets	<u>19,892,971</u>	<u>37</u>	<u>19,983,435</u>	<u>37</u>	<u>19,035,009</u>	<u>37</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	1,274,867	2	1,601,429	3	958,198	2
Investments accounted for using the equity method (Note 12)	310,768	1	305,995	1	376,547	1
Property, plant and equipment (Notes 13, 29 and 30)	29,755,775	55	29,449,620	54	28,595,686	55
Right-of-use assets (Notes 14, 29 and 30)	705,713	1	710,880	1	726,652	1
Goodwill (Note 24)	274,994	-	274,036	1	256,163	-
Deferred tax assets (Note 4)	436,408	1	460,799	1	465,688	1
Prepayments for machinery and equipment (Note 15)	1,258,579	2	1,272,595	2	1,184,177	2
Refundable deposits (Note 29)	99,655	-	99,780	-	107,285	-
Other non-current assets (Note 9)	<u>305,688</u>	<u>1</u>	<u>259,032</u>	<u>-</u>	<u>258,862</u>	<u>1</u>
Total non-current assets	<u>34,422,447</u>	<u>63</u>	<u>34,434,166</u>	<u>63</u>	<u>32,929,258</u>	<u>63</u>
TOTAL	<u>\$ 54,315,418</u>	<u>100</u>	<u>\$ 54,417,601</u>	<u>100</u>	<u>\$ 51,964,267</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 16 and 29)	\$ 1,690,444	3	\$ 1,397,394	3	\$ 1,532,486	3
Financial liabilities at fair value through profit or loss - current (Note 7)	15,114	-	5,423	-	8,971	-
Contract liabilities - current (Note 20)	121,001	-	139,507	-	139,192	-
Notes payable	2,972	-	2,631	-	15,003	-
Trade payables to unrelated parties	2,865,040	5	3,179,444	6	2,837,445	6
Trade payables to related parties (Note 29)	107,142	-	135,550	-	114,062	-
Other payables (Notes 17 and 29)	1,595,579	3	1,866,050	4	1,678,962	3
Dividends payable (Notes 19 and 26)	849,101	2	-	-	884,481	2
Current tax liabilities (Note 4)	306,060	1	211,727	-	646,684	1
Lease liabilities - current (Notes 14 and 29)	101,733	-	101,258	-	123,123	-
Current portion of long-term borrowings (Notes 16 and 30)	1,228,120	2	1,067,434	2	663,786	1
Other current liabilities	<u>217,878</u>	<u>1</u>	<u>215,618</u>	<u>-</u>	<u>187,254</u>	<u>1</u>
Total current liabilities	<u>9,100,184</u>	<u>17</u>	<u>8,322,036</u>	<u>15</u>	<u>8,831,449</u>	<u>17</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 16, 29 and 30)	7,099,326	13	7,562,662	14	6,812,180	13
Deferred tax liabilities (Note 4)	860,561	2	805,409	2	849,481	2
Lease liabilities - non-current (Notes 14 and 29)	462,648	1	470,373	1	464,015	1
Net defined benefit liabilities - non-current (Notes 4 and 18)	172,240	-	141,983	-	188,382	-
Other non-current liabilities (Note 16)	<u>37,309</u>	<u>-</u>	<u>41,000</u>	<u>-</u>	<u>15,137</u>	<u>-</u>
Total non-current liabilities	<u>8,632,084</u>	<u>16</u>	<u>9,021,427</u>	<u>17</u>	<u>8,329,195</u>	<u>16</u>
Total liabilities	<u>17,732,268</u>	<u>33</u>	<u>17,343,463</u>	<u>32</u>	<u>17,160,644</u>	<u>33</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION						
Ordinary shares	3,537,923	6	3,537,923	6	3,537,923	7
Capital surplus	7,479,735	14	7,479,735	14	7,479,735	15
Retained earnings						
Legal reserve	4,028,836	8	4,028,836	7	3,821,341	7
Unappropriated earnings	20,153,878	37	20,520,180	38	19,204,774	37
Other equity	<u>1,262,543</u>	<u>2</u>	<u>1,362,373</u>	<u>3</u>	<u>604,845</u>	<u>1</u>
Total equity attributable to owners of the Corporation	36,462,915	67	36,929,047	68	34,648,618	67
NON-CONTROLLING INTERESTS	<u>120,235</u>	<u>-</u>	<u>145,091</u>	<u>-</u>	<u>155,005</u>	<u>-</u>
Total equity	<u>36,583,150</u>	<u>67</u>	<u>37,074,138</u>	<u>68</u>	<u>34,803,623</u>	<u>67</u>
TOTAL	<u>\$ 54,315,418</u>	<u>100</u>	<u>\$ 54,417,601</u>	<u>100</u>	<u>\$ 51,964,267</u>	<u>100</u>

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

(With Deloitte & Touche auditors' review report dated May 9, 2025)

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2025		2024	
	Amount	%	Amount	%
SALES (Notes 20 and 29)	\$ 5,838,780	100	\$ 5,506,465	100
COST OF GOODS SOLD (Notes 10, 21 and 29)	<u>4,096,643</u>	<u>70</u>	<u>3,917,267</u>	<u>71</u>
GROSS PROFIT	<u>1,742,137</u>	<u>30</u>	<u>1,589,198</u>	<u>29</u>
OPERATING EXPENSES (Notes 21 and 29)				
Selling and marketing expenses	487,257	8	449,355	8
General and administrative expenses	576,739	10	516,947	10
Research and development expenses	<u>259,390</u>	<u>5</u>	<u>222,671</u>	<u>4</u>
Total operating expenses	<u>1,323,386</u>	<u>23</u>	<u>1,188,973</u>	<u>22</u>
PROFIT FROM OPERATIONS	<u>418,751</u>	<u>7</u>	<u>400,225</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES				
Subsidized revenue (Note 16)	8,352	-	6,444	-
Finance costs (Notes 21 and 29)	(48,282)	(1)	(41,737)	(1)
Share of profit of associates accounted for using the equity method (Note 12)	10,312	-	8,354	-
Interest income	14,840	-	19,583	-
Other income (Note 29)	47,063	1	27,902	1
Net foreign exchange gain (Note 32)	173,763	3	88,242	2
Other expenses (Note 29)	(3,237)	-	(3,598)	-
Loss on disposal of property, plant and equipment	(2,275)	-	(4,865)	-
Valuation loss on financial assets (liabilities) at fair value through profit or loss	<u>(19,295)</u>	<u>-</u>	<u>(17,047)</u>	<u>-</u>
Total non-operating income and expenses	<u>181,241</u>	<u>3</u>	<u>83,278</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	599,992	10	483,503	9
INCOME TAX EXPENSE (Notes 4 and 22)	<u>142,130</u>	<u>2</u>	<u>122,508</u>	<u>2</u>
NET PROFIT FOR THE PERIOD	<u>457,862</u>	<u>8</u>	<u>360,995</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	<u>(326,562)</u>	<u>(6)</u>	<u>108,689</u>	<u>1</u>

(Continued)

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2025		2024	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ 282,771	5	\$ 130,141	2
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 22)	(55,958)	(1)	(26,046)	-
	<u>226,813</u>	<u>4</u>	<u>104,095</u>	<u>2</u>
Other comprehensive income for the period, net of income tax	<u>(99,749)</u>	<u>(2)</u>	<u>212,784</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 358,113</u>	<u>6</u>	<u>\$ 573,779</u>	<u>10</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 482,799	8	\$ 395,262	7
Non-controlling interests	<u>(24,937)</u>	<u>-</u>	<u>(34,267)</u>	<u>-</u>
	<u>\$ 457,862</u>	<u>8</u>	<u>\$ 360,995</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 382,969	6	\$ 608,091	11
Non-controlling interests	<u>(24,856)</u>	<u>-</u>	<u>(34,312)</u>	<u>(1)</u>
	<u>\$ 358,113</u>	<u>6</u>	<u>\$ 573,779</u>	<u>10</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 1.36</u>		<u>\$ 1.12</u>	
Diluted	<u>\$ 1.36</u>		<u>\$ 1.12</u>	

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

(With Deloitte & Touche auditors' review report dated May 9, 2025)

(Concluded)

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Corporation (Note 19)								Total Equity
	Ordinary Shares	Capital Surplus	Retained Earnings		Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Non-controlling Interests (Notes 11 and 25)	
			Legal Reserve	Unappropriated Earnings (Note 25)					
BALANCE AT JANUARY 1, 2024	\$ 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									
Cash dividends - NT\$2.5 per share	-	-	-	(884,481)	-	-	(884,481)	-	(884,481)
Changes in percentage of ownership interests in subsidiaries	-	-	-	(73,016)	-	-	(73,016)	73,016	-
Net profit (loss) for the three months ended March 31, 2024	-	-	-	395,262	-	-	395,262	(34,267)	360,995
Other comprehensive income (loss) for the three months ended March 31, 2024, net of income tax	-	-	-	-	104,140	108,689	212,829	(45)	212,784
Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	395,262	104,140	108,689	608,091	(34,312)	573,779
BALANCE AT MARCH 31, 2024	\$ 3,537,923	\$ 7,479,735	\$ 3,821,341	\$ 19,204,774	\$ (176,699)	\$ 781,544	\$ 34,648,618	\$ 155,005	\$ 34,803,623
BALANCE AT JANUARY 1, 2025	\$ 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
Appropriation of 2024 earnings									
Cash dividends - NT\$2.4 per share	-	-	-	(849,101)	-	-	(849,101)	-	(849,101)
Net profit (loss) for the three months ended March 31, 2025	-	-	-	482,799	-	-	482,799	(24,937)	457,862
Other comprehensive income (loss) for the three months ended March 31, 2025, net of income tax	-	-	-	-	226,732	(326,562)	(99,830)	81	(99,749)
Total comprehensive income (loss) for the three months ended March 31, 2025	-	-	-	482,799	226,732	(326,562)	382,969	(24,856)	358,113
BALANCE AT MARCH 31, 2025	\$ 3,537,923	\$ 7,479,735	\$ 4,028,836	\$ 20,153,878	\$ 110,977	\$ 1,151,566	\$ 36,462,915	\$ 120,235	\$ 36,583,150

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

(With Deloitte & Touche auditors’ review report dated May 9, 2025)

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 599,992	\$ 483,503
Adjustments for:		
Depreciation expense	573,478	558,079
Amortization expense	12,717	15,021
Expected credit loss (reversed) recognized on trade receivables	(317)	849
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	15,112	8,828
Finance costs	48,282	41,737
Interest income	(14,840)	(19,583)
Share of profit of associates accounted for using the equity method	(10,312)	(8,354)
Loss on disposal of property, plant and equipment	2,275	4,865
Write-down of inventories and obsolescence loss	35,697	103,535
Unrealized gain on foreign currency exchange, net	(92,430)	(40,658)
Others	(1,019)	1,602
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(5,311)	9,738
Notes receivable	70,336	177,491
Trade receivables	541,020	(83,073)
Inventories	58,882	177,969
Other current assets	9,392	22,413
Contract liabilities	(18,563)	413
Notes payable	341	8,493
Trade payables	(444,179)	90,813
Other payables	(334,473)	(356,234)
Other current liabilities	17,032	(138)
Net defined benefit liabilities	27,184	46,834
Cash generated from operations	1,090,296	1,244,143
Interest received	20,941	29,814
Interest paid	(51,002)	(45,787)
Income tax paid	(18,161)	(59,033)
Net cash generated from operating activities	1,042,074	1,169,137
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(317,896)	(783,177)
Proceeds from disposal of property, plant and equipment	4,911	3,334
Decrease in refundable deposits	1,330	3,253
Increase in other non-current assets	(48,301)	(26,280)
Increase in prepayments for machinery and equipment	(313,400)	(258,131)
Net cash used in investing activities	(673,356)	(1,061,001)

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HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in short-term borrowings	\$ 268,278	\$ 28,704
Proceeds from long-term borrowings	44,710	113,818
Repayments of long-term borrowings	(480,258)	(193,591)
Repayment of the principal portion of lease liabilities	(38,279)	(46,185)
Decrease in other non-current liabilities	<u>(26,857)</u>	<u>(34,456)</u>
Net cash used in financing activities	<u>(232,406)</u>	<u>(131,710)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>84,988</u>	<u>39,842</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	221,300	16,268
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>7,353,929</u>	<u>7,564,000</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 7,575,229</u>	<u>\$ 7,580,268</u>

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

(With Deloitte & Touche auditors' review report dated May 9, 2025)

(Concluded)

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on May 9, 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

Amendments to IAS 21 “Lack of Exchangeability”

The initial application of the Amendments to IAS 21 “Lack of Exchangeability” did not have a material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note 1)
Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025.	
1) Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	

The amendments mainly amend the requirements for the classification of financial assets, including:

- a) 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,
 - 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
 - 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.
- b) to clarify that a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
- c) to clarify that the characteristics of contractually linked instruments include a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool between the tranches.

An entity 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. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of the amendments 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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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" - the amendments to the application guidance of derecognition of financial liabilities	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 Disclosures in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

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

IFRS 18 “Presentation and Disclosure in Financial Statements”

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

- 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.
 - 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.
 - 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.
 - 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.
- 1) 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 stipulate that, when settling a financial liability in cash using an electronic payment system, the Group can choose to derecognize the financial liability before the settlement date if, and only if, the Group has initiated a payment instruction that resulted in:

- The Group having no practical ability to withdraw, stop or cancel the payment instruction;
- The Group having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- 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

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

b. Basis of preparation

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

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

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

c. Basis of consolidation

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

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

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

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2024.

1) Carbon fee provision

In accordance with the Regulations Governing the Collection of Carbon Fees and related regulations of the ROC, the carbon fee provision is recognized and measured based on the best estimate of the expenditure required to settle the obligation for the current year, taking into account the proportion of actual emissions to the total estimated annual emissions.

2) Retirement benefits

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

3) Income tax expense

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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 Group considers the possible impact of US reciprocal tariffs. 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

	March 31, 2025	December 31, 2024	March 31, 2024
Cash on hand	\$ 2,318	\$ 2,804	\$ 1,332
Checking accounts and demand deposits	5,402,702	5,147,435	5,099,566
Pledged time deposits	810	799	-
Cash equivalents			
Time deposits (investments with original maturities of 3 months or less)	<u>2,170,209</u>	<u>2,203,690</u>	<u>2,479,370</u>
	7,576,039	7,354,728	7,580,268
Less: Pledged time deposits (classified as other current assets)	<u>(810)</u>	<u>(799)</u>	<u>-</u>
	<u>\$ 7,575,229</u>	<u>\$ 7,353,929</u>	<u>\$ 7,580,268</u>

(Continued)

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Rate of interest per annum (%)</u>			
Cash in bank	0.00-4.30	0.00-4.30	0.00-1.80
Time deposits (investments with original maturities of 3 months or less)	0.20-4.32	0.45-4.62	0.20-5.35
Pledged time deposits (Note 30)	0.05-1.68	0.05-3.00	- (Concluded)

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>March 31, 2025</u>			
Sell	EUR/NTD	2025.4.10-2025.6.30	EUR3,300/NTD114,012
Sell	RMB/NTD	2025.4.10-2025.6.30	CNY160,000/NTD721,521
Sell	USD/NTD	2025.4.7-2025.6.30	USD4,100/NTD134,470
<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>March 31, 2024</u>			
Sell	EUR/NTD	2024.4.29-2024.7.26	EUR5,400/NTD183,880
Sell	RMB/NTD	2024.4.15-2024.6.25	CNY115,000/NTD500,707
Sell	USD/NTD	2024.4.12-2024.6.28	USD3,600/NTD112,256

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

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

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Name of Investee Company</u>			
Domestic listed ordinary shares			
Hiwin Mikrosystem Corp. (Hiwin Mikrosystem)	\$ 1,119,267	\$ 1,457,429	\$ 778,248
Ever Fortune. AI Co., Ltd. (Ever Fortune)	155,600	144,000	175,800
Domestic unlisted ordinary shares			
Taichung International Country Club	-	-	4,150
Sunengine Corporation Ltd. (Sunengine)	-	-	-
King Kong Iron Work Ltd.	-	-	-
	<u>\$ 1,274,867</u>	<u>\$ 1,601,429</u>	<u>\$ 958,198</u>

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.

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 516,524	\$ 570,556	\$ 399,501
Less: Allowance for impairment loss	<u>(26)</u>	<u>(49)</u>	<u>(27)</u>
	<u>\$ 516,498</u>	<u>\$ 570,507</u>	<u>\$ 399,474</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 3,537,297	\$ 3,915,815	\$ 3,130,704
Less: Allowance for impairment loss	<u>(17,517)</u>	<u>(18,929)</u>	<u>(9,846)</u>
	<u>\$ 3,519,780</u>	<u>\$ 3,896,886</u>	<u>\$ 3,120,858</u>

a. Notes receivable

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

	March 31, 2025	December 31, 2024	March 31, 2024
Not past due	\$ 516,524	\$ 570,556	\$ 399,501
Past due	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 516,524</u>	<u>\$ 570,556</u>	<u>\$ 399,501</u>

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

b. Trade receivables

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

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

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlooks. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

The following table details the loss allowance of trade receivables:

	Not Past Due	1 to 120 Days	121 to 360 Days	Over 360 Days	Total
<u>March 31, 2025</u>					
Gross carrying amount	\$ 3,401,707	\$ 117,025	\$ 5,976	\$ 12,589	\$ 3,537,297
Loss allowance (Lifetime ECLs)	<u>(411)</u>	<u>(2,466)</u>	<u>(2,051)</u>	<u>(12,589)</u>	<u>(17,517)</u>
Amortized cost	<u>\$ 3,401,296</u>	<u>\$ 114,559</u>	<u>\$ 3,925</u>	<u>\$ -</u>	<u>\$ 3,519,780</u>

	Not Past Due	1 to 120 Days	121 to 360 Days	Over 360 Days	Total
<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>March 31, 2024</u>					
Gross carrying amount	\$ 3,043,911	\$ 77,067	\$ 6,809	\$ 2,917	\$ 3,130,704
Loss allowance (Lifetime ECLs)	<u>(3,224)</u>	<u>(1,583)</u>	<u>(2,122)</u>	<u>(2,917)</u>	<u>(9,846)</u>
Amortized cost	<u>\$ 3,040,687</u>	<u>\$ 75,484</u>	<u>\$ 4,687</u>	<u>\$ -</u>	<u>\$ 3,120,858</u>

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

	<u>For the Three Months Ended March 31, 2025</u>		
	Notes Receivable	Trade Receivables	Other Receivables
Balance at January 1, 2025	\$ 49	\$ 18,929	\$ 27,395
Net reversal of impairment loss	(23)	(294)	-
Amounts written off	-	(1,938)	-
Foreign exchange gains and losses	<u>-</u>	<u>820</u>	<u>-</u>
Balance at March 31, 2025	<u>\$ 26</u>	<u>\$ 17,517</u>	<u>\$ 27,395</u>
	<u>For the Three Months Ended March 31, 2024</u>		
	Notes Receivable	Trade Receivables	Other Receivables
Balance at January 1, 2024	\$ 22	\$ 9,629	\$ 27,395
Net remeasurement of loss allowance	5	844	-
Amounts written off	-	(727)	-
Foreign exchange gains and losses	<u>-</u>	<u>100</u>	<u>-</u>
Balance at March 31, 2024	<u>\$ 27</u>	<u>\$ 9,846</u>	<u>\$ 27,395</u>

10. INVENTORIES

	March 31, 2025	December 31, 2024	March 31, 2024
Merchandise	\$ 645	\$ 1,209	\$ 945
Finished goods	3,216,885	3,275,288	3,359,287
Work in process	1,588,192	1,523,281	1,524,001
Raw materials and supplies	2,414,224	2,233,634	2,206,264
Inventory in transit	<u>316,002</u>	<u>373,923</u>	<u>235,275</u>
	<u>\$ 7,535,948</u>	<u>\$ 7,407,335</u>	<u>\$ 7,325,772</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2025 and 2024 was \$4,096,643 thousand and \$3,917,267 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2025 and 2024 included inventory write-downs of \$35,697 thousand and \$103,535 thousand, respectively, and unallocated fixed overhead of \$71,830 thousand and \$81,174 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		
			March 31, 2025	December 31, 2024	March 31, 2024
The Corporation	Hiwin Corporation, U.S.A. ("Hiwin USA")	Manufacture and sale of aerospace parts, ball screws, linear guideways and industrial robots	100	100	100
	Hiwin Corporation, Japan ("Hiwin Japan")	Manufacture and sale of aerospace parts, ball screws, linear guideways and industrial robots	100	100	100
	Hiwin GmbH ("Hiwin Germany")	Manufacture and sale of aerospace parts, ball screws, linear guideways and industrial robots	100	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	89
	Hiwin Singapore Pte. Ltd. ("Hiwin Singapore")	Manufacture and sale of aerospace parts, ball screws, linear guideways and industrial robots	100	100	100
	Hiwin Corporation ("Hiwin Korea")	Manufacture and sale of aerospace parts, ball screws, linear guideways and industrial robots	100	100	100
	Hiwin Technologies (China) Corporation ("Hiwin China")	Manufacture and sale of aerospace parts, ball screws, linear guideways and industrial robots	100	100	100
	Matrix Precision Co., Ltd. ("Matrix Precision") (Note 25)	Research, development, production, manufacture and sale of gear cutting tools and machinery	61	61	59
	Hiwin Healthcare Corp.	Sale of medical robots	100	100	100
	Hiwin S.R.L. ("Hiwin Italy")	Sale of aerospace parts, ball screws, linear guideways and industrial robots	100	100	100
	Matrix Machine Tool (Coventry) Limited ("Matrix England")	Design, integrated application, research, development, manufacture and sale of thread forming machinery	100	100	100

(Continued)

Investor	Investee	Main Business	% of Ownership		
			March 31, 2025	December 31, 2024	March 31, 2024
The Corporation	Hiwin (Schweiz) GmbH ("Hiwin Schweiz")	Manufacture and sale of aerospace parts, ball screws, linear guideways and industrial robots	81	81	81
Hiwin Germany	Hiwin Schweiz	Manufacture and sale of aerospace parts, ball screws, linear guideways and industrial robots	19	19	19
	Hiwin S.R.O. ("Hiwin Czech") (Note 24)	Manufacture and sale of aerospace parts, ball screws, linear guideways and industrial robots	100	100	Note
	Hiwin SAS ("Hiwin France")	Sale of aerospace parts, ball screws, linear guideways and industrial robots	100	100	-
Matrix Precision	Suzhou Matrix Precision Machinery Co., Ltd. ("Suzhou Matrix")	Sale of gear cutting tools and machinery	100	100	100
Hiwin Czech	Hiwin Bulgaria Eood ("Hiwin Bulgaria")	Sale of aerospace parts, ball screws, linear guideways and industrial robots	-	100	Note
Hiwin Schweiz	Hiwin Bulgaria Eood ("Hiwin Bulgaria")	Sale of aerospace parts, ball screws, linear guideways and industrial robots	100	-	-

(Concluded)

Note: As of March 31, 2024, Hiwin Germany held 32% equity interest in Hiwin Czech, classified as investments accounted for using the equity method.

In November 2024, Hiwin Germany acquired a 68% interest in Hiwin Czech for \$256,050 thousand. Combined with its existing 32% equity, Hiwin Germany now holds 100% equity interest in Hiwin Czech. Consequently, Hiwin Czech became a sub-subsidiary and its financial statements are consolidated into those of Hiwin Germany.

Hiwin Germany established Hiwin France with an investment amounting to \$17,070 thousand in December 2024.

Due to management needs, the Group underwent an organizational restructuring. As a result, in January 2025, Hiwin Schweiz acquired 100% equity interest in Hiwin Bulgaria from Hiwin Czech.

Except for the financial statements of Hiwin China for the three months ended March 31, 2025 and 2024, and the financial statements of Hiwin Germany for the three months ended March 31, 2024, which were reviewed by the independent auditors, the remaining subsidiaries are considered immaterial. (Hiwin Germany has been considered a material subsidiary since 2025) their financial statements have not been reviewed.

The resolution to liquidate and dissolve Eterbright was approved during the extraordinary meeting of shareholders on November 27, 2023. The base date for dissolution was set as February 29, 2024, and this was approved by the Ministry of Economic Affairs on March 20, 2024. As of March 31, 2025, the liquidation has not yet 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		
	March 31, 2025	December 31, 2024	March 31, 2024
Eterbright	11%	11%	11%
Matrix Precision (Note 25)	39%	39%	41%

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

Name of Subsidiary	Loss and Comprehensive Loss Allocated to Non-controlling Interests For the Three Months Ended March 31		Accumulated Non-controlling Interests		
	2025	2024	March 31, 2025	December 31, 2024	March 31, 2024
Eterbright	\$ 95	\$ (1,327)	\$ 61,527	\$ 61,432	\$ 60,444
Matrix Precision	<u>(24,951)</u>	<u>(32,985)</u>	<u>58,708</u>	<u>83,659</u>	<u>94,561</u>
	<u>\$ (24,856)</u>	<u>\$ (34,312)</u>	<u>\$ 120,235</u>	<u>\$ 145,091</u>	<u>\$ 155,005</u>

Eterbright

	March 31, 2025	December 31, 2024	March 31, 2024
Current assets	\$ 575,927	\$ 575,158	\$ 594,880
Non-current assets	47,798	47,798	57,594
Current liabilities	(50,849)	(50,962)	(89,679)
Non-current liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Equity	<u>\$ 572,876</u>	<u>\$ 571,994</u>	<u>\$ 562,795</u>
Equity attributable to:			
Owners of Eterbright	\$ 511,349	\$ 510,562	\$ 502,351
Non-controlling interests of Eterbright	<u>61,527</u>	<u>61,432</u>	<u>60,444</u>
	<u>\$ 572,876</u>	<u>\$ 571,994</u>	<u>\$ 562,795</u>
	For the Three Months Ended March 31		
	2025	2024	
Revenue	<u>\$ -</u>	<u>\$ -</u>	
Net gain (loss) for the period	\$ 882	\$ (12,353)	
Other comprehensive income (loss) for the period	<u>-</u>	<u>-</u>	
Total comprehensive income (loss) for the period	<u>\$ 882</u>	<u>\$ (12,353)</u>	
Gain (loss) and total comprehensive income (loss) attributable to:			
Owners of Eterbright	\$ 787	\$ (11,026)	
Non-controlling interests of Eterbright	<u>95</u>	<u>(1,327)</u>	
	<u>\$ 882</u>	<u>\$ (12,353)</u>	
Net cash inflow (outflow) from:			
Operating activities	\$ 1,364	\$ (2,082)	
Investing activities	-	(4)	
Financing activities	<u>-</u>	<u>-</u>	
Net cash inflow (outflow)	<u>\$ 1,364</u>	<u>\$ (2,086)</u>	

Matrix Precision and Matrix Precision's subsidiaries

	March 31, 2025	December 31, 2024	March 31, 2024
Current assets	\$ 500,892	\$ 507,184	\$ 463,728
Non-current assets	2,437,931	2,427,904	2,160,091
Current liabilities	(828,232)	(784,483)	(827,334)
Non-current liabilities	<u>(1,944,942)</u>	<u>(1,920,477)</u>	<u>(1,548,795)</u>
Equity	<u>\$ 165,649</u>	<u>\$ 230,128</u>	<u>\$ 247,690</u>
Equity attributable to:			
Owners of Matrix Precision	\$ 100,748	\$ 139,964	\$ 145,245
Non-controlling interests of Matrix Precision	<u>64,901</u>	<u>90,164</u>	<u>102,445</u>
	<u>\$ 165,649</u>	<u>\$ 230,128</u>	<u>\$ 247,690</u>
	For the Three Months Ended March 31		
	2025	2024	
Revenue	\$ 33,623	\$ 71,457	
Net loss for the period	\$ (64,685)	\$ (63,803)	
Other comprehensive income (loss) for the period	<u>206</u>	<u>(91)</u>	
Total comprehensive loss for the period	<u>\$ (64,479)</u>	<u>\$ (63,894)</u>	
Loss attributable to:			
Owners of Matrix Precision	\$ (39,341)	\$ (32,035)	
Non-controlling interests of Matrix Precision	<u>(25,344)</u>	<u>(31,768)</u>	
	<u>\$ (64,685)</u>	<u>\$ (63,803)</u>	
Total comprehensive loss attributable to:			
Owners of Matrix Precision	\$ (39,216)	\$ (32,080)	
Non-controlling interests of Matrix Precision	<u>(25,263)</u>	<u>(31,814)</u>	
	<u>\$ (64,479)</u>	<u>\$ (63,894)</u>	
Net cash inflow (outflow) from:			
Operating activities	\$ (60,905)	\$ (43,136)	
Investing activities	(52,073)	(223,628)	
Financing activities	<u>107,215</u>	<u>272,204</u>	
Net cash inflow (outflow)	<u>\$ (5,763)</u>	<u>\$ 5,440</u>	

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2025	December 31, 2024	March 31, 2024
Associates that are not individually material	<u>\$ 310,768</u>	<u>\$ 305,995</u>	<u>\$ 376,547</u>
	For the Three Months Ended March 31		
	2025	2024	
The Group's share of:			
Profit for the period		\$ 10,312	\$ 8,354
Other comprehensive income for the period		<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>\$ 10,312</u>	<u>\$ 8,354</u>

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

13. PROPERTY, PLANT AND EQUIPMENT

For the Three Months Ended March 31, 2025						
	Beginning Balance (After Retrospective Adjustment)	Additions	Disposals	Reclassified Amount	Translation Adjustments	Ending Balance
<u>Cost</u>						
Land	\$ 5,504,601	\$ -	\$ -	\$ -	\$ 42,942	\$ 5,547,543
Buildings and improvements	18,965,873	11,054	-	130,130	156,304	19,263,361
Machinery and equipment	13,935,317	69,436	(271,050)	292,320	53,021	14,079,044
Transportation equipment	265,989	7,324	(3,707)	2,344	10,227	282,177
Leasehold improvements	65,396	-	-	-	2,223	67,619
Miscellaneous equipment	2,525,704	58,283	(11,720)	28,172	27,302	2,627,741
Construction in progress	<u>1,812,624</u>	<u>221,879</u>	<u>-</u>	<u>(124,393)</u>	<u>6,956</u>	<u>1,917,066</u>
	<u>43,075,504</u>	<u>\$ 367,976</u>	<u>\$ (286,477)</u>	<u>\$ 328,573</u>	<u>\$ 298,975</u>	<u>43,784,551</u>
<u>Accumulated depreciation and impairment</u>						
Buildings and improvements	3,569,161	\$ 122,215	\$ -	\$ -	\$ 37,147	3,728,523
Machinery and equipment	8,269,954	390,555	(265,454)	-	29,756	8,424,811
Transportation equipment	156,741	9,770	(2,891)	-	6,077	169,697
Leasehold improvements	34,574	1,777	-	-	1,297	37,648
Miscellaneous equipment	<u>1,595,454</u>	<u>67,304</u>	<u>(10,946)</u>	<u>(3)</u>	<u>16,288</u>	<u>1,668,097</u>
	<u>13,625,884</u>	<u>\$ 591,621</u>	<u>\$ (279,291)</u>	<u>\$ (3)</u>	<u>\$ 90,565</u>	<u>14,028,776</u>
	<u>\$ 29,449,620</u>					<u>\$ 29,755,775</u>

For the Three Months Ended March 31, 2024						
	Beginning Balance	Additions	Disposals	Reclassified Amount	Translation Adjustments	Ending Balance
<u>Cost</u>						
Land	\$ 5,470,749	\$ -	\$ -	\$ -	\$ (3,667)	\$ 5,467,082
Buildings and improvements	17,047,036	38,638	-	30,493	45,297	17,161,464
Machinery and equipment	13,900,296	34,418	(176,889)	101,850	22,932	13,882,607
Transportation equipment	282,345	4,608	(4,667)	5,186	2,054	289,526
Leasehold improvements	48,138	-	(768)	-	(149)	47,221
Miscellaneous equipment	2,330,302	33,184	(63,367)	11,566	5,545	2,317,230
Construction in progress	1,311,615	687,111	-	(26,047)	789	1,973,468
	<u>40,390,481</u>	<u>\$ 797,959</u>	<u>\$ (245,691)</u>	<u>\$ 123,048</u>	<u>\$ 72,801</u>	<u>41,138,598</u>
<u>Accumulated depreciation and impairment</u>						
Buildings and improvements	3,065,611	\$ 112,306	\$ -	\$ -	\$ 13,384	3,191,301
Machinery and equipment	7,433,128	387,290	(169,578)	-	11,817	7,662,657
Transportation equipment	163,434	10,162	(4,667)	-	996	169,925
Leasehold improvements	37,361	783	(694)	-	(121)	37,329
Miscellaneous equipment	1,476,083	62,035	(62,553)	-	6,135	1,481,700
	<u>12,175,617</u>	<u>\$ 572,576</u>	<u>\$ (237,492)</u>	<u>\$ -</u>	<u>\$ 32,211</u>	<u>12,542,912</u>
	<u>\$ 28,214,864</u>					<u>\$ 28,595,686</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	5-15 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	3-15 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 30.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Carrying amount (Note 30)</u>			
Land	\$ 367,761	\$ 366,900	\$ 384,193
Buildings	321,846	327,861	266,431
Transportation equipment	13,973	13,937	75,264
Miscellaneous equipment	<u>2,133</u>	<u>2,182</u>	<u>764</u>
	<u>\$ 705,713</u>	<u>\$ 710,880</u>	<u>\$ 726,652</u>

	For the Three Months Ended March 31	
	2025	2024
Additions to right-of-use assets	\$ <u>20,099</u>	\$ <u>165,628</u>
Depreciation charge for right-of-use assets		
Land	\$ 4,875	\$ 4,891
Buildings	31,315	37,836
Transportation equipment	959	893
Miscellaneous equipment	<u>137</u>	<u>61</u>
	\$ <u>37,286</u>	\$ <u>43,681</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2025 and 2024.

b. Lease liabilities

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Carrying amount</u>			
Current	\$ <u>101,733</u>	\$ <u>101,258</u>	\$ <u>123,123</u>
Non-current	\$ <u>462,648</u>	\$ <u>470,373</u>	\$ <u>464,015</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Land	1.50%-2.02%	1.50%-1.89%	1.50%-1.89%
Buildings	0.90%-5.35%	0.90%-5.35%	0.90%-5.35%
Transportation equipment	1.23%-4.10%	1.23%-4.10%	1.23%-4.10%
Miscellaneous equipment	1.48%-4.10%	1.48%-4.10%	1.48%-4.10%

c. Material leasing activities and terms

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

The Group also leases land and buildings for the use of plants and offices with lease terms of 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

	For the Three Months Ended March 31	
	2025	2024
Expenses relating to short-term leases	\$ 3,163	\$ 5,809
Expenses relating to low-value asset leases	\$ 4,567	\$ 3,672
Total cash outflow for leases	\$ (46,009)	\$ (55,666)

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:

The Date of Initial Cost Contribution	March 31, 2025	December 31, 2024	March 31, 2024
Within 1 year	\$ 684,232	\$ 658,161	\$ 408,382
1-2 years	265,292	168,315	256,682
2-5 years	179,437	264,766	341,054
More than 5 years	<u>129,618</u>	<u>181,353</u>	<u>178,059</u>
	<u>\$ 1,258,579</u>	<u>\$ 1,272,595</u>	<u>\$ 1,184,177</u>

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

16. BORROWINGS

a. Short-term borrowings

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>\$ 1,690,444</u>	<u>\$ 1,397,394</u>	<u>\$ 1,532,486</u>
<u>Rate of interest per annum (%)</u>			
Line of credit borrowings	0.87-6.28	0.79-5.69	0.66-8.25

b. Long-term borrowings

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Secured borrowings (Note 30)</u>			
Secured loans - Expires February 2026 to December 2042	\$ 6,765,397	\$ 7,096,882	\$ 6,351,784
<u>Unsecured borrowings</u>			
Unsecured loans - Expires April 2027 to October 2029	<u>1,562,049</u>	<u>1,533,214</u>	<u>1,124,182</u>
	8,327,446	8,630,096	7,475,966
Less: Current portion	<u>(1,228,120)</u>	<u>(1,067,434)</u>	<u>(663,786)</u>
Long-term borrowings	<u>\$ 7,099,326</u>	<u>\$ 7,562,662</u>	<u>\$ 6,812,180</u>
<u>Rate of interest per annum (%)</u>			
Secured loans	1.26-4.12	1.25-4.12	0.94-4.12
Unsecured loans	0.90-3.99	0.90-4.68	0.90-5.55

In August 2019, the Corporation received a qualification letter for the Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan from the Ministry of Economic Affairs, and therefore received the subsidy for processing fee of long-term borrowings. As of March 31, 2025, \$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

	March 31, 2025	December 31, 2024	March 31, 2024
Payables for salaries and bonuses	\$ 488,200	\$ 790,428	\$ 526,363
Payables for annual leave	238,372	205,442	233,151
Payables for compensation of employees	198,962	156,559	191,764
Payables for purchases of equipment	128,550	165,076	237,547
Payables for remuneration of directors	97,557	78,467	96,085
Others	<u>443,938</u>	<u>470,078</u>	<u>394,052</u>
	<u>\$ 1,595,579</u>	<u>\$ 1,866,050</u>	<u>\$ 1,678,962</u>

18. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2025 and 2024, the pension expenses of defined benefit plans were \$6,526 thousand and \$3,946 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2024 and 2023, respectively.

19. EQUITY

a. Ordinary shares

	March 31, 2025	December 31, 2024	March 31, 2024
Number of shares authorized (in thousands)	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Shares authorized	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>353,792</u>	<u>353,792</u>	<u>353,792</u>
Shares issued	<u>\$ 3,537,923</u>	<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

	March 31, 2025	December 31, 2024	March 31, 2024
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	\$ 7,469,101
Invalid employee share options	<u>10,634</u>	<u>10,634</u>	<u>10,634</u>
	<u>\$ 7,479,735</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 2024 and 2023 were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2024	2023	2024	2023
Legal reserve	\$ 184,515	\$ 207,495		
Cash dividends	849,101	884,481	\$ 2.4	\$ 2.5

The appropriations of cash dividends per share for 2024 and 2023 had been approved by the board of directors on February 26, 2025 and February 27, 2024 respectively, the other appropriations of earnings for 2023 had been approved in the shareholders' meeting on May 31, 2024, and the other appropriation of earnings for 2024 is subject to the resolution of the shareholders in their meeting to be held on May 28, 2025.

20. REVENUE

	For the Three Months Ended	
	March 31	
	2025	2024
Revenue from contracts with customers		
Revenue from the sale of goods	<u>\$ 5,838,780</u>	<u>\$ 5,506,465</u>

a. Contract balances

	March 31, 2025	December 31, 2024	March 31, 2024	January 1, 2024
Notes receivable and accounts receivable (Note 9)	<u>\$ 4,036,278</u>	<u>\$ 4,467,393</u>	<u>\$ 3,520,332</u>	<u>\$ 3,552,752</u>
Contract liabilities - current				
Sale of goods	<u>\$ 121,001</u>	<u>\$ 139,507</u>	<u>\$ 139,192</u>	<u>\$ 137,391</u>

b. Disaggregation of revenue

	For the Three Months Ended	
	March 31	
	2025	2024
Linear guideways	\$ 3,624,350	\$ 3,559,469
Ballscrews	1,114,116	1,010,006
Others	<u>1,100,314</u>	<u>936,990</u>
	<u>\$ 5,838,780</u>	<u>\$ 5,506,465</u>

21. NET PROFIT FROM CONTINUING OPERATIONS

a. Finance costs

	For the Three Months Ended March 31	
	2025	2024
Interest on bank loans	\$ 45,439	\$ 38,961
Interest on lease liabilities	<u>2,843</u>	<u>2,776</u>
	<u>\$ 48,282</u>	<u>\$ 41,737</u>

Information about capitalized interest is as follows:

	For the Three Months Ended March 31	
	2025	2024
Capitalized interest	\$ 10,282	\$ 10,122
Capitalization rates (%)	1.38-2.30	1.27-2.20

b. Employee benefits expense, depreciation and amortization expenses

	Operating Costs	Operating Expenses	Total
<u>For the Three Months Ended March 31, 2025</u>			
Short-term employee benefits	\$ 919,577	\$ 741,120	\$ 1,660,697
Post-employment benefits			
Defined contribution plans	31,850	20,727	52,577
Defined benefit plans (Note 18)	2,402	4,124	6,526
Other employee benefits	39,908	22,246	62,154
Depreciation expense	474,443	99,035	573,478
Amortization expense	2,104	10,613	12,717
<u>For the Three Months Ended March 31, 2024</u>			
Short-term employee benefits	857,312	694,967	1,552,279
Post-employment benefits			
Defined contribution plans	31,967	24,685	56,652
Defined benefit plans (Note 18)	1,471	2,475	3,946
Other employee benefits	36,021	22,482	58,503
Depreciation expense	461,636	96,443	558,079
Amortization expense	1,110	13,911	15,021

c. Compensation of employees and remuneration of directors

In accordance with the Corporation's Articles of Incorporation, the Corporation is required to accrue employees compensation and directors' remuneration at rates of no less than 1% and no more than 4%, respectively, of net profit before income tax, employees compensation, and directors' remuneration. Pursuant to the amendments to the Securities and Exchange Act in August 2024, revisions to the Articles are expected to be approved in the 2025 shareholders' meeting. The Articles' revisions stipulate that no less than 1% of net profit before income tax, employees compensation and directors' remuneration shall be allocated, of which no less than 0.3% of the employees compensation is to be

distributed to non-executive employees. For the three months ended March 31, 2025 and 2024, the compensation of employees and the remuneration of directors were as follows:

	For the Three Months Ended March 31			
	2025		2024	
	Accrual rate	Amount	Accrual rate	Amount
Compensation of employees	6.0%	\$ 38,145	5.8%	\$ 30,267
Remuneration of directors	3.0%	19,073	2.9%	15,133

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

The appropriations of compensation of employees and remuneration of directors for 2024 and 2023 which have been resolved by the board of directors on February 26, 2025 and February 27, 2024, respectively, were as follows:

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

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, 2024 and 2023.

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

	For the Three Months Ended March 31	
	2025	2024
Current tax		
In respect of the current period	\$ 114,832	\$ 110,834
Adjustments for prior years	3,713	9,563
Deferred tax		
In respect of the current period	<u>23,585</u>	<u>2,111</u>
Income tax expense recognized in profit or loss	<u>\$ 142,130</u>	<u>\$ 122,508</u>

b. Income tax expense in other comprehensive income

	For the Three Months Ended March 31	
	2025	2024
<u>Deferred tax</u>		
In respect of the current period		
Translation of foreign operations	<u>\$ 55,958</u>	<u>\$ 26,046</u>

c. Income tax assessments

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

23. EARNINGS PER SHARE

	Net Profit Attributable to Owners of the Corporation	Number of Shares (In Thousands)	Earnings Per Share (NT\$)
<u>For the Three Months Ended March 31, 2025</u>			
Basic earnings per share			
Profit for the period attributable to owners of the Corporation	\$ 482,799	353,792	<u>\$ 1.36</u>
Effect of potentially dilutive ordinary shares:			
Compensation of employees	<u>-</u>	<u>439</u>	
Diluted earnings per share			
Profit for the period attributable to owners of the Corporation plus effect of potentially dilutive ordinary shares	<u>\$ 482,799</u>	<u>354,231</u>	<u>\$ 1.36</u>
<u>For the Three Months Ended March 31, 2024</u>			
Basic earnings per share			
Profit for the period attributable to owners of the Corporation	\$ 395,262	353,792	<u>\$ 1.12</u>
Effect of potentially dilutive ordinary shares:			
Compensation of employees	<u>-</u>	<u>511</u>	
Diluted earnings per share			
Profit for the period attributable to owners of the Corporation plus effect of potentially dilutive ordinary shares	<u>\$ 395,262</u>	<u>354,303</u>	<u>\$ 1.12</u>

The Group may settle compensation paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be 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	\$ 115,357
Trade receivables	69,084
Inventories	88,000
Other current assets	6,556
Non-current assets	
Property, plant and equipment	128,532
Other non-current assets	374
Current liabilities	
Trade payables and other payables	(32,747)
Other current liabilities	<u>(17,489)</u>
	<u>\$ 357,667</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>(357,667)</u>
Goodwill recognized on acquisitions	<u>\$ 17,873</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.

d. Net cash outflow on the acquisition of subsidiaries

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

- e. As of March 31, 2025, the Group 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 of Hiwin Czech, and retrospectively adjusted the consolidated financial statements accordingly. The adjustments to the consolidated balance sheet as of December 31, 2024 were as follows:

	After Retrospective Adjustment	Before Retrospective Adjustment
<u>Consolidated balance sheets</u>		
<u>December 31, 2024</u>		
Property, plant and equipment	<u>\$ 29,449,620</u>	<u>\$ 29,367,053</u>
Goodwill	<u>\$ 274,036</u>	<u>\$ 356,603</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. NON-CASH TRANSACTIONS

The cash dividends for the years of 2024 and 2023 resolved by the Corporation's board of directors have not been paid as of March 31, 2025 and 2024, respectively (refer to Note 19).

27. 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.

28. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

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

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

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

b. Categories of financial instruments

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 2	\$ 112	\$ 143
Financial assets at amortized cost (1)	11,948,314	12,227,990	11,350,637
Financial assets at FVTOCI			
Equity instruments	1,274,867	1,601,429	958,198
<u>Financial liabilities</u>			
FVTPL			
Mandatorily classified as at FVTPL	15,114	5,423	8,971
Financial liabilities at amortized cost (2)	14,417,732	13,983,618	13,492,208

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, dividends payable, long-term borrowings (including those due within one year) and refundable 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 functional currency had increased by 1% against the relevant foreign currency, the post-tax profit for the three months ended March 31, 2025 and 2024 would have decreased by \$38,083 thousand and \$34,928 thousand, respectively.

b) Interest rate risk

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

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

	March 31, 2025	December 31, 2024	March 31, 2024
Fair value interest rate risk			
Deposits in bank	\$ 2,171,019	\$ 2,204,489	\$ 2,479,370
Lease liabilities	564,381	571,631	587,138
Short-term borrowings	664,457	492,134	699,600
Long-term borrowings	377,243	391,206	180,966
Cash flow interest rate risk			
Deposits in bank	5,238,765	5,034,394	4,993,308
Short-term borrowings	1,025,987	905,260	832,886
Long-term borrowings	7,950,203	8,238,890	7,295,000

Sensitivity analysis

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

If interest rates had been 1% higher and all other variables were held constant, the Group's post-tax profit for the three months ended March 31, 2025 and 2024 would have decreased by \$7,475 thousand and \$6,269 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 concentration of credit risk by geographical locations was mainly in Asia, which accounted for 66%, 73% and 66% of the total trade receivables as of March 31, 2025, December 31, 2024 and March 31, 2024, respectively.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2025, December 31, 2024 and March 31, 2024, the Group had available unutilized bank loan facilities of \$14,961,015 thousand, \$14,177,844 thousand and \$14,849,651 thousand, respectively.

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

	Less Than 1 Year	1-5 Years	5+ Years
<u>March 31, 2025</u>			
Non-derivative financial liabilities			
Non-interest bearing	\$ 5,419,834	\$ -	\$ -
Lease liabilities	103,416	315,162	181,511
Fixed interest rate liabilities	805,242	275,057	-
Variable interest rate liabilities	<u>2,300,721</u>	<u>3,272,328</u>	<u>4,244,670</u>
	<u>\$ 8,629,213</u>	<u>\$ 3,862,547</u>	<u>\$ 4,426,181</u>
Derivative financial liabilities			
Foreign exchange forward contracts	<u>\$ 15,114</u>	<u>\$ -</u>	<u>\$ -</u>
<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>
<u>March 31, 2024</u>			
Non-derivative financial liabilities			
Non-interest bearing	\$ 5,529,953	\$ -	\$ -
Lease liabilities	132,054	290,545	209,119
Fixed interest rate liabilities	765,618	135,885	-
Variable interest rate liabilities	<u>1,609,661</u>	<u>4,127,511</u>	<u>3,070,249</u>
	<u>\$ 8,037,286</u>	<u>\$ 4,553,941</u>	<u>\$ 3,279,368</u>
Derivative financial liabilities			
Foreign exchange forward contracts	<u>\$ 8,971</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
<u>March 31, 2025</u>					
Lease liabilities	\$ 103,416	\$ 315,162	\$ 113,970	\$ 49,654	\$ 17,887
Fixed interest rate liabilities	805,242	275,057	-	-	-
Variable interest rate liabilities	<u>2,300,721</u>	<u>3,272,328</u>	<u>3,358,416</u>	<u>637,402</u>	<u>248,852</u>
	<u>\$ 3,209,379</u>	<u>\$ 3,862,547</u>	<u>\$ 3,472,386</u>	<u>\$ 687,056</u>	<u>\$ 266,739</u>
<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>March 31, 2024</u>					
Lease liabilities	\$ 132,054	\$ 290,545	\$ 123,612	\$ 60,133	\$ 25,374
Fixed interest rate liabilities	765,618	135,885	-	-	-
Variable interest rate liabilities	<u>1,609,661</u>	<u>4,127,511</u>	<u>2,599,817</u>	<u>388,202</u>	<u>82,230</u>
	<u>\$ 2,507,333</u>	<u>\$ 4,553,941</u>	<u>\$ 2,723,429</u>	<u>\$ 448,335</u>	<u>\$ 107,604</u>

29. 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	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
Hiwin Technologies Foundation in Education (Hiwin Education Foundation)	Other related party
All Horng Gear Industry Co., Ltd.	Other related party
Chuo, Yung-Tsai	Key management personnel
Chuo, Wen-Hen	Key management personnel

b. Operating transactions

	For the Three Months Ended March 31	
	2025	2024
1) Sales of goods		
Other related parties	\$ 32,845	\$ 11,133
Associates	<u>-</u>	<u>53,029</u>
	<u>\$ 32,845</u>	<u>\$ 64,162</u>

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

	For the Three Months Ended March 31	
	2025	2024
2) Purchases of goods		
Other related parties	<u>\$ 136,017</u>	<u>\$ 141,375</u>

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

	For the Three Months Ended March 31	
	2025	2024
3) Other operating transactions		
Non-operating income - other income		
Other related parties	<u>\$ 489</u>	<u>\$ 1,148</u>
Non-operating expenses - other expenses		
Other related parties	<u>\$ -</u>	<u>\$ 1,219</u>
Manufacturing and operating expenses		
Other related parties	<u>\$ 6,971</u>	<u>\$ 7,453</u>
Operating expenses - donations		
Hiwin Education Foundation	<u>\$ 4,500</u>	<u>\$ -</u>

	March 31, 2025	December 31, 2024	March 31, 2024
4) Notes receivable			
Other related parties	\$ <u>1,266</u>	\$ <u>1,091</u>	\$ <u>522</u>
5) Trade receivables			
Other related parties	\$ 1,514	\$ 810	\$ 9,039
Associates	<u>-</u>	<u>-</u>	<u>27,694</u>
	\$ <u>1,514</u>	\$ <u>810</u>	\$ <u>36,733</u>
6) Other receivables (classified as other current assets)			
Other related parties	\$ <u>342</u>	\$ <u>577</u>	\$ <u>1,094</u>
7) Trade payables			
Other related parties	\$ <u>107,142</u>	\$ <u>135,550</u>	\$ <u>114,062</u>
8) Other payables			
Key management personnel	\$ 1,683	\$ 1,610	\$ 1,385
Other related parties	<u>56</u>	<u>6,445</u>	<u>3,569</u>
	\$ <u>1,739</u>	\$ <u>8,055</u>	\$ <u>4,954</u>
9) Refundable deposits			
Other related parties	\$ <u>1,616</u>	\$ <u>1,616</u>	\$ <u>1,616</u>

c. Acquisition of property, plant and equipment

	Purchase Price For the Three Months Ended March 31	
	2025	2024
Other related parties	\$ <u>-</u>	\$ <u>125</u>

d. Lease arrangements

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

	For the Three Months Ended March 31	
	2025	2024
<u>Acquisition of right-of-use assets</u>		
Other related parties	\$ <u>12,853</u>	\$ <u>25,895</u>

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Lease liabilities</u>			
Other related parties	<u>\$ 21,830</u>	<u>\$ 13,926</u>	<u>\$ 28,629</u>
		For the Three Months Ended March 31	
		2025	2024
<u>Finance costs</u>			
Other related parties		<u>\$ 112</u>	<u>\$ 135</u>

e. Endorsements and guarantees

Related Party Category	March 31, 2025	December 31, 2024	March 31, 2024
Key management personnel			
Amount endorsed	<u>\$ 2,160,833</u>	<u>\$ 2,475,517</u>	<u>\$ 2,515,740</u>
Amount utilized (classified as borrowings)	<u>\$ 1,896,865</u>	<u>\$ 1,872,545</u>	<u>\$ 1,475,510</u>
Other related parties			
Amount endorsed	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 489,000</u>
Amount utilized (classified as long-term borrowings)	<u>\$ -</u>	<u>\$ 489,000</u>	<u>\$ 310,817</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.

f. Remuneration of key management personnel

	For the Three Months Ended March 31	
	2025	2024
Short-term employee benefits	\$ 60,989	\$ 49,598
Post-employment benefits	<u>264</u>	<u>286</u>
	<u>\$ 61,253</u>	<u>\$ 49,884</u>

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

30. 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:

	March 31, 2025	December 31, 2024	March 31, 2024
Property, plant and equipment	\$ 18,523,521	\$ 17,754,132	\$ 16,985,734
Right-of-use assets	147,961	145,775	146,118
Pledged deposits (classified as other current assets)	<u>810</u>	<u>799</u>	<u>-</u>
	<u>\$ 18,672,292</u>	<u>\$ 17,900,706</u>	<u>\$ 17,131,852</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- As of March 31, 2025, December 31, 2024 and March 31, 2024, unused letters of credit for purchases of raw materials and machinery equipment amounted to \$404,086 thousand, \$388,844 thousand and \$325,856 thousand, respectively.
- As of March 31, 2025, December 31, 2024 and March 31, 2024, commitments for acquisition of property, plant and equipment amounted to \$1,555,281 thousand, \$1,448,767 thousand and \$1,883,701 thousand, respectively.

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:

	March 31, 2025			December 31, 2024			
	Foreign Currency	Exchange Rate	Carrying Amount	Foreign Currency	Exchange Rate	Carrying Amount	
<u>Financial assets</u>							
Monetary items							
USD	\$	33,191	33.205	\$	33,047	32.785	\$ 1,083,456
EUR		32,427	35.97		34,709	34.14	1,184,966
JPY		2,950,948	0.2227		2,770,724	0.2099	581,575
RMB		562,065	4.573		754,522	4.478	3,378,751
Non-monetary items							
ILS		33,045	8.411		31,819	8.585	273,166
<u>Financial liabilities</u>							
Monetary items							
USD		14,912	33.205		13,174	32.785	431,894
EUR		1,610	35.97		2,959	34.14	101,034
JPY		750,195	0.2227		1,046,171	0.2099	219,591
RMB		3,377	4.573		2,644	4.478	11,838

March 31, 2024			
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 26,608	32.000	\$ 851,464
EUR	35,054	34.46	1,207,966
JPY	2,727,295	0.2115	576,823
RMB	603,931	4.408	2,662,127
Non-monetary items			
ILS	29,456	8.503	250,460

Financial liabilities

Monetary items			
USD	13,013	32.000	416,417
EUR	12,105	34.46	417,136
JPY	441,347	0.2115	93,345
RMB	1,241	4.408	5,468

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 Currency	For the Three Months Ended March 31, 2025		For the Three Months Ended March 31, 2024	
	Exchange Rate	Net Foreign Exchange Gains	Exchange Rate	Net Foreign Exchange Gains
NTD	1 (NTD:NTD)	<u>\$173,519</u>	1 (NTD:NTD)	<u>\$107,625</u>

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Significant marketable securities held (excluding investments in subsidiaries, associates and joint controlled entities). (Table 3)
- 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
- 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)
- 6) Other: intercompany relationships and significant intercompany transactions. (Table 6)
- 7) Information on investees. (Table 7)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (None)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Tables 4 and 6)
 - c) The amount of property transactions and the amount of the resultant gains or losses. (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes. (None)
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds. (None)
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services. (None)

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.

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

	For the Three Months Ended March 31			
	Segment Revenue		Segment Profit	
	2025	2024	2025	2024
Linear guideways	\$ 3,624,350	\$ 3,559,469	\$ 360,840	\$ 346,039
Ballscrews	1,114,116	1,010,006	88,074	87,428
Others	1,100,314	936,990	(30,163)	(33,242)
Total from continuing operations	<u>\$ 5,838,780</u>	<u>\$ 5,506,465</u>	418,751	400,225
Subsidized revenue			8,352	6,444
Finance costs			(48,282)	(41,737)
Share of profit of associates accounted for using the equity method			10,312	8,354
Interest income			14,840	19,583
Other income			47,063	27,902

(Continued)

For the Three Months Ended March 31			
Segment Revenue		Segment Profit	
2025	2024	2025	2024
Net foreign exchange gain		\$ 173,763	\$ 88,242
Other expenses		(3,237)	(3,598)
Loss on disposal of property, plant and equipment		(2,275)	(4,865)
Valuation loss on financial assets (liabilities) at FVTPL		<u>(19,295)</u>	<u>(17,047)</u>
Profit before income tax		<u>\$ 599,992</u>	<u>\$ 483,503</u> (Concluded)

Segment revenue reported above represents revenue generated from external customers. The intersegment sales are eliminated for the three months ended March 31, 2025 and 2024.

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

TABLE 1

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 4)	Ending Balance (Note 4)	Actual Amount Borrowed (Note 5)	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 3)
													Item	Value		
0	The Corporation	Hiwin Japan	Other receivables from related parties	Yes	\$ 53,688	\$ 46,331	\$ 46,331	2.0654%	1	Sales \$544,864	-	\$ -	-	\$ -	\$ 5,469,437	\$ 10,938,875

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

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

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

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

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

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

TABLE 2

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(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 (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Year (Note 3)	Outstanding Endorsement/ Guarantee at the End of the Year (Notes 3 and 4)	Actual Amount Borrowed (Note 4)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	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	\$ 3,646,292	\$ 43,050 (GBP 1,000)	\$ 43,050 (GBP 1,000)	\$ -	\$ -	0.1	\$ 12,762,020	Yes	-	-
0	The Corporation	Hiwin Italy	Subsidiary	3,646,292	1,289,306 (EUR 35,844)	1,289,306 (EUR 35,844)	539,365 (EUR 14,995)	-	3.5	12,762,020	Yes	-	-
0	The Corporation	Hiwin Singapore	Subsidiary	3,646,292	199,230 (USD 6,000)	199,230 (USD 6,000)	70,347 (USD 2,119)	-	0.5	12,762,020	Yes	-	-
0	The Corporation	Hiwin Korea	Subsidiary	3,646,292	398,460 (USD 12,000)	398,460 (USD 12,000)	282,243 (USD 8,500)	-	1.1	12,762,020	Yes	-	-
0	The Corporation	Hiwin Japan	Subsidiary	3,646,292	1,541,357 (JPY 6,921,224)	1,541,357 (JPY 6,921,224)	1,474,547 (JPY 6,621,224)	-	4.2	12,762,020	Yes	-	-
0	The Corporation	Matrix Precision	Subsidiary	3,646,292	1,050,000	1,050,000	510,000	-	2.9	12,762,020	Yes	-	-

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 aggregate endorsement/guarantee limit is 35% of the Corporation’s net assets as shown in its latest financial statements.

Note 3: The ending balance has been approved by the board of directors.

Note 4: 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

SIGNIFICANT MARKETABLE SECURITIES HELD
MARCH 31, 2025
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2025				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Corporation	<u>Shares</u> Hiwin Mikrosystem Ever Fortune	Other related party -	Financial assets at FVTOCI - non-current	9,525,676	\$ 1,119,267	8	\$ 1,119,267	
			Financial assets at FVTOCI - non-current	2,000,000	155,600	2	155,600	

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

TABLE 4

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2025**
(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	\$ (732,652)	(19)	O/A 90 days	\$ -	-	\$ 746,536	18	
	Hiwin Germany	Subsidiary	Sale	(279,916)	(7)	O/A 90 days	-	-	293,140	7	
	Hiwin Italy	Subsidiary	Sale	(183,514)	(5)	O/A 180 days	-	-	467,230	12	
	Hiwin Japan	Subsidiary	Sale	(135,369)	(3)	O/A 150 days	-	-	389,849	10	
Hiwin China	The Corporation	Parent company	Purchase	732,652	87	O/A 90 days	-	-	(746,536)	(93)	
Hiwin Germany	The Corporation	Parent company	Purchase	279,916	69	O/A 90 days	-	-	(293,140)	(77)	
Hiwin Italy	The Corporation	Parent company	Purchase	183,514	89	O/A 180 days	-	-	(467,230)	(90)	
Hiwin Japan	The Corporation	Parent company	Purchase	135,369	78	O/A 150 days	-	-	(389,849)	(95)	

Note: Significant intercompany accounts and transactions have been eliminated.

TABLE 5

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2025
(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	\$ 746,536	3.65	\$ -	—	\$ 275,258	\$ -
	Hiwin Italy	Subsidiary	Trade receivables from related parties	467,230	1.71	-	—	28,564	-
	Hiwin Japan	Subsidiary	Trade receivables from related parties	389,849	1.45	-	—	-	-
			Other receivables from related parties	47,729	-	-	—	34,297	-
	Hiwin Germany	Subsidiary	Trade receivables from related parties	293,140	3.97	-	—	76,104	-
	Hiwin USA	Subsidiary	Trade receivables from related parties	133,189	2.89	-	—	33,890	-
	Hiwin Korea	Subsidiary	Trade receivables from related parties	103,113	2.45	-	—	12,436	-

Note : Significant intercompany accounts and transactions have been eliminated.

TABLE 6

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(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	\$ 279,916	O/A 90 days	5
			1	Trade receivables	293,140	O/A 90 days	1
		Hiwin Japan	1	Sales	135,369	O/A 150 days	2
			1	Trade receivables	389,849	O/A 150 days	1
			1	Other receivables	47,729	-	-
		Hiwin China	1	Sales	732,652	O/A 90 days	13
			1	Trade receivables	746,536	O/A 90 days	1
		Hiwin Italy	1	Sales	183,514	O/A 180 days	3
			1	Trade receivables	467,230	O/A 180 days	1
		Hiwin USA	1	Sales	97,682	O/A 120 days	2
			1	Trade receivables	133,189	O/A 120 days	-
		Hiwin Korea	1	Sales	60,253	O/A 180 days	1
			1	Trade receivables	103,113	O/A 180 days	-
		Hiwin Schweiz	1	Sales	39,510	O/A 60 days	1
			1	Trade receivables	32,205	O/A 60 days	-

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

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

Note 3: Unrealized gains from Hiwin China totaled \$172,720 thousand.

TABLE 7

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2025	December 31, 2024	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	\$ 2,662,459	\$ 42,845	\$ 42,845	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	1,148,575	1,943	1,943	Subsidiary
	Hiwin Japan	Japan	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	1,104,902	1,104,902	80,200	100	(101,969)	(29,407)	(29,407)	Subsidiary
	Mega-Fabs	Israel	Research, manufacture and sale of drivers and controllers	42,444	42,444	240,000	40	310,768	25,781	10,312	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	511,349	882	787	Subsidiary
	Hiwin Singapore	Singapore	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	117,550	117,550	5,000,000	100	11,402	(8,711)	(8,711)	Subsidiary
	Hiwin Korea	Korea	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	242,707	242,707	1,760,000	100	(267,917)	(23,156)	(23,156)	Subsidiary
	Matrix Precision	Taiwan	Research, development, production, manufacture and sale of gear cutting tools and machinery	1,436,688	1,436,688	75,696,467	61	268,308	(64,685)	(38,857)	Subsidiary
	Hiwin Healthcare Corp.	Samoa	Sale of medical robots	3,108	3,108	100,000	100	3,119	(2)	(2)	Subsidiary
	Hiwin Italy	Italy	Manufacture and sale of aerospace parts, ballscrews, linear guideways, and industrial robots	296,580	296,580	-	100	294,710	18,038	18,038	Subsidiary
	Matrix England	United Kingdom	Design integrated application, research, development, manufacture and sale of thread forming machinery	812,334	812,334	8,249,500	100	383,219	(8,147)	(8,337)	Subsidiary
	Hiwin Schweiz	Switzerland	Manufacture and sale of aerospace parts, ballscrews, linear guideways, and industrial robots	266,300	266,300	243,000	81	465,690	32,322	32,322	Subsidiary
Hiwin Germany	Hiwin Czech	Czech Republic	Manufacture and sale of aerospace parts, ballscrews, linear guideways, and industrial robots	256,154 (EUR 7,502)	256,154 (EUR 7,502)	-	100	400,130 (EUR 11,124)	3,903	(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	46,288	32,322	-	Subsidiary
	Hiwin France	France	Sale of aerospace parts, ballscrews, linear guideways, and industrial robots	17,070 (EUR 500)	17,070 (EUR 500)	-	100	15,207 (EUR 423)	(2,671)	(Note 1)	Sub-subsubsidiary
Hiwin Czech	Hiwin Bulgaria	Bulgaria	Sale of aerospace parts, ballscrews, linear guideways, and industrial robots	-	3,880 (BGN 222)	(Note 4)	(Note 4)	(Note 4)	(Note 4)	(Note 4)	(Note 4)
Hiwin Schweiz	Hiwin Bulgaria	Bulgaria	Sale of aerospace parts, ballscrews, linear guideways, and industrial robots	20,484 (EUR 600)	-	-	100	31,578 (CHF 838)	1,509	(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 8.

Note 4: In January 2025, Hiwin Schweiz acquired 100% equity interest of Hiwin Bulgaria from Hiwin Czech.

TABLE 8

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(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, 2025	Remittance of Funds		Accumulated Outward Remittance for Investments from Taiwan as of March 31, 2025	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of March 31, 2025	Accumulated Repatriation of Investment Income as of March 31, 2025
					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)	\$ 34,800	100	\$ 34,800 (Notes 2 and 4)	\$ 2,699,622 (Note 4)	\$ -
Suzhou Matrix	Sale of gear cutting tools and machinery	36,192 (RMB 8,000)	(Note 1)	36,192 (RMB 8,000)	-	-	36,192 (RMB 8,000)	(3,331)	61	(2,026) (Notes 2 and 4)	8,708 (Note 4)	-

Investor Company	Accumulated Outward Remittance for Investments in Mainland China as of March 31, 2025	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) of Hiwin China is recognized according to the financial statement reviewed by the Corporation’s independent auditors, and the investment gain (loss) of Suzhou Matrix is calculated based on the unreviewed financial statements for the same reporting period.
- Note 3: Calculated in accordance with the “Regulations on Screening and Approval of Investment and Technical Cooperation in Mainland China” issued by the Investment Commission of the Ministry of Economic Affairs, the Corporation has been certified by the Industrial Development Bureau of the Ministry of Economic Affairs as an enterprise that has conformed to the scope of operations of the headquarters; therefore, there is no investment limit. The upper limit on the amount of investments in Matrix Precision is 60% of the net assets of Matrix Precision.
- Note 4: Significant intercompany accounts and transactions have been eliminated.