

**Hiwin Technologies Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2024 and 2023 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 September 30, 2024 and 2023, the related consolidated statements of comprehensive income for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2024 and 2023, 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 Interim of 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 September 30, 2024 and 2023, the combined total assets of these non-significant subsidiaries were NT\$12,942,868 thousand and NT\$11,400,202 thousand, representing 25% and 22%, respectively, of the consolidated total assets, and the combined total liabilities of these subsidiaries were NT\$6,404,978 thousand and NT\$5,619,838 thousand, representing 39% and 33%, respectively, of the consolidated total liabilities; for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, the amounts of combined comprehensive income (loss) of these subsidiaries were NT\$(59,397) thousand, NT\$(39,324) thousand, NT\$(264,012) thousand and NT\$(61,678) thousand, respectively, representing (7)%, (7)%, (13)% and (4)%, respectively, of the consolidated total comprehensive income (loss).

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 September 30, 2024 and 2023, its consolidated financial performance for the three months ended September 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2024 and 2023 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

November 12, 2024

Notice to Readers

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

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

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2024		December 31, 2023		September 30, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 4 and 6)	\$ 6,419,570	12	\$ 7,564,000	15	\$ 7,526,691	14
Financial assets at fair value through profit or loss - current (Note 7)	3,442	-	9,874	-	1,717	-
Notes receivable from unrelated parties, net (Notes 9 and 20)	566,088	1	577,892	1	856,271	2
Notes receivable from related parties, net (Notes 9, 20 and 27)	470	-	418	-	1,038	-
Trade receivables from unrelated parties, net (Notes 9 and 20)	3,433,345	7	2,937,815	6	2,867,706	6
Trade receivables from related parties, net (Notes 9, 20 and 27)	20,494	-	36,627	-	20,324	-
Inventories (Note 10)	7,672,363	15	7,489,605	14	8,225,633	16
Other current assets (Notes 6, 27 and 28)	708,156	1	611,977	1	533,867	1
Total current assets	<u>18,823,928</u>	<u>36</u>	<u>19,228,208</u>	<u>37</u>	<u>20,033,247</u>	<u>39</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	1,115,500	2	849,509	2	824,732	2
Investments accounted for using the equity method (Note 12)	389,067	1	378,170	1	353,836	1
Property, plant and equipment (Notes 13, 27 and 28)	29,177,943	55	28,214,864	55	27,942,117	54
Right-of-use assets (Notes 14, 27 and 28)	819,019	2	614,429	1	553,372	1
Goodwill	256,163	-	256,163	1	256,163	-
Deferred tax assets (Note 4)	435,015	1	491,237	1	476,541	1
Prepayments for machinery and equipment (Note 15)	1,233,304	2	1,048,381	2	1,140,316	2
Refundable deposits	104,512	-	110,967	-	108,816	-
Other non-current assets (Note 9)	288,934	1	244,862	-	261,786	-
Total non-current assets	<u>33,819,457</u>	<u>64</u>	<u>32,208,582</u>	<u>63</u>	<u>31,917,679</u>	<u>61</u>
TOTAL	<u>\$ 52,643,385</u>	<u>100</u>	<u>\$ 51,436,790</u>	<u>100</u>	<u>\$ 51,950,926</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 16 and 27)	\$ 1,611,662	3	\$ 1,488,466	3	\$ 1,866,237	4
Financial liabilities at fair value through profit or loss - current (Note 7)	1,387	-	136	-	5,071	-
Contract liabilities - current (Note 20)	126,748	-	137,391	-	181,971	-
Notes payable (Note 27)	6,562	-	6,510	-	3,820	-
Trade payables to unrelated parties	3,257,548	6	2,671,351	5	3,129,910	6
Trade payables to related parties (Note 27)	120,991	-	161,153	1	185,756	1
Other payables (Notes 17 and 27)	1,651,026	3	2,029,697	4	2,075,406	4
Current tax liabilities (Note 4)	156,037	1	559,567	1	566,778	1
Lease liabilities - current (Notes 14 and 27)	119,118	-	105,088	-	124,371	-
Current portion of long-term borrowings (Notes 16 and 28)	606,233	1	615,124	1	626,433	1
Other current liabilities	192,812	1	185,515	1	97,628	-
Total current liabilities	<u>7,850,124</u>	<u>15</u>	<u>7,959,998</u>	<u>16</u>	<u>8,863,381</u>	<u>17</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 16, 27 and 28)	6,829,871	13	6,954,779	13	6,962,359	13
Deferred tax liabilities (Note 4)	877,823	2	846,873	2	903,897	2
Lease liabilities - non-current (Notes 14 and 27)	558,928	1	370,677	1	287,402	1
Net defined benefit liabilities - non-current (Notes 4 and 18)	184,414	-	140,836	-	175,542	-
Other non-current liabilities (Note 16)	15,728	-	49,302	-	9,491	-
Total non-current liabilities	<u>8,466,764</u>	<u>16</u>	<u>8,362,467</u>	<u>16</u>	<u>8,338,691</u>	<u>16</u>
Total liabilities	<u>16,316,888</u>	<u>31</u>	<u>16,322,465</u>	<u>32</u>	<u>17,202,072</u>	<u>33</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION						
Ordinary shares	3,537,923	7	3,537,923	7	3,537,923	7
Capital surplus	7,479,735	14	7,479,735	14	7,479,735	14
Retained earnings						
Legal reserve	4,028,836	8	3,821,341	7	3,821,341	7
Unappropriated earnings	20,203,797	38	19,767,009	39	19,445,812	38
Other equity	968,863	2	392,016	1	424,969	1
Total equity attributable to owners of the Corporation	<u>36,219,154</u>	<u>69</u>	<u>34,998,024</u>	<u>68</u>	<u>34,709,780</u>	<u>67</u>
NON-CONTROLLING INTERESTS	<u>107,343</u>	<u>-</u>	<u>116,301</u>	<u>-</u>	<u>39,074</u>	<u>-</u>
Total equity	<u>36,326,497</u>	<u>69</u>	<u>35,114,325</u>	<u>68</u>	<u>34,748,854</u>	<u>67</u>
TOTAL	<u>\$ 52,643,385</u>	<u>100</u>	<u>\$ 51,436,790</u>	<u>100</u>	<u>\$ 51,950,926</u>	<u>100</u>

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

(With Deloitte & Touche review report dated November 12, 2024)

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 September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
SALES (Notes 20 and 27)	\$ 6,326,487	100	\$ 6,557,875	100	\$ 18,015,869	100	\$ 18,874,992	100
COST OF GOODS SOLD (Notes 10, 21 and 27)	<u>4,382,424</u>	<u>69</u>	<u>4,376,200</u>	<u>67</u>	<u>12,534,443</u>	<u>69</u>	<u>12,735,699</u>	<u>68</u>
GROSS PROFIT	<u>1,944,063</u>	<u>31</u>	<u>2,181,675</u>	<u>33</u>	<u>5,481,426</u>	<u>31</u>	<u>6,139,293</u>	<u>32</u>
OPERATING EXPENSES (Notes 21 and 27)								
Selling and marketing expenses	469,764	7	448,167	7	1,443,954	8	1,382,909	7
General and administrative expenses	550,858	9	546,017	8	1,597,794	9	1,585,802	8
Research and development expenses	<u>238,908</u>	<u>4</u>	<u>243,491</u>	<u>4</u>	<u>699,135</u>	<u>4</u>	<u>698,387</u>	<u>4</u>
Total operating expenses	<u>1,259,530</u>	<u>20</u>	<u>1,237,675</u>	<u>19</u>	<u>3,740,883</u>	<u>21</u>	<u>3,667,098</u>	<u>19</u>
PROFIT FROM OPERATIONS	<u>684,533</u>	<u>11</u>	<u>944,000</u>	<u>14</u>	<u>1,740,543</u>	<u>10</u>	<u>2,472,195</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES								
Subsidized revenue (Note 16)	5,987	-	8,822	-	14,110	-	26,341	-
Finance costs (Notes 21 and 27)	(45,052)	(1)	(48,199)	(1)	(130,443)	(1)	(144,947)	(1)
Share of profit of associates accounted for using the equity method (Note 12)	9,574	-	14,025	-	31,437	-	40,655	-
Interest income	17,097	-	11,793	-	67,362	-	44,493	-
Other income (Note 27)	22,364	-	35,318	1	73,477	-	79,556	1
Net foreign exchange gain (Note 31)	123,707	2	159,618	3	255,059	2	70,832	-
Other expenses (Note 27)	(3,716)	-	(71,581)	(1)	(15,191)	-	(78,007)	-
Gain (loss) on disposal of property, plant and equipment (Note 27)	(19,143)	-	206	-	(33,578)	-	(261)	-
Valuation loss on financial assets (liabilities) at fair value through profit or loss	(5,282)	-	(10,155)	-	(37,854)	-	(5,425)	-
Impairment loss (Note 13)	<u>-</u>	<u>-</u>	<u>(251,187)</u>	<u>(4)</u>	<u>-</u>	<u>-</u>	<u>(251,187)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>105,536</u>	<u>1</u>	<u>(151,340)</u>	<u>(2)</u>	<u>224,379</u>	<u>1</u>	<u>(217,950)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	790,069	12	792,660	12	1,964,922	11	2,254,245	12
INCOME TAX EXPENSE (Notes 4 and 22)	<u>148,694</u>	<u>2</u>	<u>247,245</u>	<u>4</u>	<u>404,949</u>	<u>2</u>	<u>726,402</u>	<u>4</u>
NET PROFIT FOR THE PERIOD	<u>641,375</u>	<u>10</u>	<u>545,415</u>	<u>8</u>	<u>1,559,973</u>	<u>9</u>	<u>1,527,843</u>	<u>8</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 September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ 173,848	3	\$ (108,014)	(2)	\$ 279,299	2	\$ 44,620	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations	118,610	2	133,226	2	321,795	2	196,982	1
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 22)	(23,747)	(1)	(26,652)	-	(64,414)	(1)	(39,401)	-
	<u>94,863</u>	<u>1</u>	<u>106,574</u>	<u>2</u>	<u>257,381</u>	<u>1</u>	<u>157,581</u>	<u>1</u>
Other comprehensive income (loss) for the period, net of income tax	<u>268,711</u>	<u>4</u>	<u>(1,440)</u>	<u>-</u>	<u>\$ 536,680</u>	<u>3</u>	<u>202,201</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 910,086</u>	<u>14</u>	<u>\$ 543,975</u>	<u>8</u>	<u>\$ 2,096,653</u>	<u>12</u>	<u>\$ 1,730,044</u>	<u>9</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 664,489	10	\$ 631,277	9	\$ 1,641,825	9	\$ 1,702,094	9
Non-controlling interests	(23,114)	-	(85,862)	(1)	(81,852)	-	(174,251)	(1)
	<u>\$ 641,375</u>	<u>10</u>	<u>\$ 545,415</u>	<u>8</u>	<u>\$ 1,559,973</u>	<u>9</u>	<u>\$ 1,527,843</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 933,252	15	\$ 629,855	9	\$ 2,178,627	12	\$ 1,904,307	10
Non-controlling interests	(23,166)	(1)	(85,880)	(1)	(81,974)	-	(174,263)	(1)
	<u>\$ 910,086</u>	<u>14</u>	<u>\$ 543,975</u>	<u>8</u>	<u>\$ 2,096,653</u>	<u>12</u>	<u>\$ 1,730,044</u>	<u>9</u>
EARNINGS PER SHARE (Note 23)								
Basic	<u>\$ 1.88</u>		<u>\$ 1.78</u>		<u>\$ 4.64</u>		<u>\$ 4.81</u>	
Diluted	<u>\$ 1.87</u>		<u>\$ 1.78</u>		<u>\$ 4.63</u>		<u>\$ 4.80</u>	

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

(With Deloitte & Touche review report dated November 12, 2024)

(Concluded)

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Corporation (Note 19)								
	Retained Earnings				Other Equity		Total	Non-controlling Interests (Notes 11 and 24)	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Unappropriated Earnings (Notes 8 and 24)	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
BALANCE AT JANUARY 1, 2023	\$ 3,537,923	\$ 7,479,735	\$ 3,390,134	\$ 20,069,127	\$ (380,702)	\$ 655,113	\$ 34,751,330	\$ 213,337	\$ 34,964,667
Appropriation of 2022 earnings									
Legal reserve	-	-	431,207	(431,207)	-	-	-	-	-
Cash dividends - NT\$5.5 per share	-	-	-	(1,945,857)	-	-	(1,945,857)	-	(1,945,857)
	-	-	431,207	(2,377,064)	-	-	(1,945,857)	-	(1,945,857)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	51,655	-	(51,655)	-	-	-
Net profit (loss) for the nine months ended September 30, 2023	-	-	-	1,702,094	-	-	1,702,094	(174,251)	1,527,843
Other comprehensive income (loss) for the nine months ended September 30, 2023, net of income tax	-	-	-	-	157,593	44,620	202,213	(12)	202,201
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	1,702,094	157,593	44,620	1,904,307	(174,263)	1,730,044
BALANCE AT SEPTEMBER 30, 2023	\$ 3,537,923	\$ 7,479,735	\$ 3,821,341	\$ 19,445,812	\$ (223,109)	\$ 648,078	\$ 34,709,780	\$ 39,074	\$ 34,748,854
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									
Legal reserve	-	-	207,495	(207,495)	-	-	-	-	-
Cash dividends - NT\$2.5 per share	-	-	-	(884,481)	-	-	(884,481)	-	(884,481)
	-	-	207,495	(1,091,976)	-	-	(884,481)	-	(884,481)
Changes in percentage of ownership interests in subsidiaries	-	-	-	(73,016)	-	-	(73,016)	73,016	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	(40,045)	-	40,045	-	-	-
Net profit (loss) for the nine months ended September 30, 2024	-	-	-	1,641,825	-	-	1,641,825	(81,852)	1,559,973
Other comprehensive income (loss) for the nine months ended September 30, 2024, net of income tax	-	-	-	-	257,503	279,299	536,802	(122)	536,680
Total comprehensive income (loss) for the nine months ended September 30, 2024	-	-	-	1,641,825	257,503	279,299	2,178,627	(81,974)	2,096,653
BALANCE AT SEPTEMBER 30, 2024	\$ 3,537,923	\$ 7,479,735	\$ 4,028,836	\$ 20,203,797	\$ (23,336)	\$ 992,199	\$ 36,219,154	\$ 107,343	\$ 36,326,497

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

(With Deloitte & Touche review report dated November 12, 2024)

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,964,922	\$ 2,254,245
Adjustments for:		
Depreciation expense	1,697,464	1,704,726
Amortization expense	46,589	47,084
Expected credit loss recognized (reversed) on trade receivables	1,080	(1,986)
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	(2,055)	3,354
Finance costs	130,443	144,947
Interest income	(67,362)	(44,493)
Dividend income	(1,897)	(9,531)
Share of profit of associates accounted for using the equity method	(31,437)	(40,655)
Loss on disposal of property, plant and equipment	33,578	261
Impairment loss on non-financial assets	-	251,187
Write-down of inventories	51,274	133,378
Unrealized gain on foreign currency exchange , net	(62,255)	(39,682)
Others	1,031	(256)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	9,738	(4,529)
Notes receivable	28,225	(167,391)
Trade receivables	(386,863)	(176,182)
Inventories	113,410	876,885
Other current assets	(105,378)	60,970
Contract liabilities	(11,813)	26,312
Notes payable	52	1,229
Trade payables	454,990	308,795
Other payables	(478,470)	(294,953)
Other current liabilities	1,300	9,026
Net defined benefit liabilities	41,098	(17,376)
Cash generated from operations	3,427,664	5,025,365
Interest received	73,134	51,264
Dividend received	1,897	9,531
Interest paid	(130,047)	(146,729)
Income tax paid	(773,030)	(1,203,331)
Net cash generated from operating activities	<u>2,599,618</u>	<u>3,736,100</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal from sale of financial assets at fair value through other comprehensive income	11,308	61,333
Proceeds from refunds from financial assets at fair value through other comprehensive income capital premium	2,000	5,146
Proceeds from sale of financial assets at amortized cost	-	2,794

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HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2024	2023
Payments for property, plant and equipment	\$ (2,090,022)	\$ (1,680,384)
Proceeds from disposal of property, plant and equipment	13,902	12,661
Decrease (increase) in refundable deposits	7,225	(6,330)
Increase in other financial assets	(570)	(366)
Increase in other non-current assets	(82,437)	(44,161)
Increase in prepayments for machinery and equipment	(550,582)	(517,625)
Dividends received from associates	<u>11,373</u>	<u>7,281</u>
Net cash used in investing activities	<u>(2,677,803)</u>	<u>(2,159,651)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	101,375	6,708
Proceeds from long-term borrowings	359,105	1,243,482
Repayments of long-term borrowings	(577,149)	(675,963)
Repayment of the principal portion of lease liabilities	(135,287)	(136,103)
Decrease in other non-current liabilities	(34,211)	(24,445)
Dividends paid to owners of the Corporation	<u>(884,481)</u>	<u>(1,945,857)</u>
Net cash used in financing activities	<u>(1,170,648)</u>	<u>(1,532,178)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>104,403</u>	<u>24,650</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,144,430)	68,921
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>7,564,000</u>	<u>7,457,770</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 6,419,570</u>	<u>\$ 7,526,691</u>

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

(With Deloitte & Touche review report dated November 12, 2024)

(Concluded)

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (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 November 12, 2024.

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

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

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

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

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

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

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing 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.

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

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

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

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

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

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

2) Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

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

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

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

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

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing 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 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, 2023.

1) Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

- a) Liabilities held primarily for the purpose of trading;
- b) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- c) Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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

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

The material accounting judgments and key sources of estimation uncertainty of these interim consolidated financial statements are the same as those applied to the preparation of the consolidated financial statements for the year ended December 31, 2023.

6. CASH AND CASH EQUIVALENTS

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 2,358	\$ 1,929	\$ 1,818
Checking accounts and demand deposits	4,214,070	4,980,123	5,658,267
Pledged time deposits	600	30	666
Cash equivalents			
Time deposits (investments with original maturities of 3 months or less)	<u>2,203,142</u>	<u>2,581,948</u>	<u>1,866,606</u>
	6,420,170	7,564,030	7,527,357
Less: Pledged time deposits (classified as other current assets)	<u>(600)</u>	<u>(30)</u>	<u>(666)</u>
	<u>\$ 6,419,570</u>	<u>\$ 7,564,000</u>	<u>\$ 7,526,691</u>
 <u>Rate of interest per annum (%)</u>			
Cash in bank	0.00-1.55	0.00-1.80	0.00-1.80
Time deposits (investments with original maturities of 3 months or less)	0.75-5.19	0.70-5.45	1.00-5.65
Pledged time deposits (Note 28)	0.05-3.00	0.05-3.00	0.05-3.10

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>September 30, 2024</u>			
Sell	EUR/NTD	2024.10.7-2024.12.31	EUR4,100/NTD145,224
Sell	CNY/NTD	2024.10.23-2024.11.29	CNY115,000/NTD518,930
Sell	USD/NTD	2024.10.28-2024.12.31	USD3,900/NTD124,394
<u>December 31, 2023</u>			
Sell	EUR/NTD	2024.1.16-2024.3.28	EUR6,300/NTD215,150
Sell	CNY/NTD	2024.1.12-2024.2.29	CNY90,000/NTD393,636
Sell	USD/NTD	2024.1.16-2024.3.29	USD4,600/NTD143,909
<u>September 30, 2023</u>			
Sell	EUR/NTD	2023.10.17-2023.11.30	EUR3,600/NTD123,576
Sell	CNY/NTD	2023.10.12-2023.11.21	CNY92,000/NTD401,359
Sell	USD/NTD	2023.10.13-2023.11.30	USD3,000/NTD94,975

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

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Name of Investee Company</u>			
Domestic listed ordinary shares			
Hiwin Mikrosystem Corp. (Hiwin Mikrosystem)	\$ 945,900	\$ 652,509	\$ 623,932
Ever Fortune. AI Co., Ltd. (Ever Fortune)	169,600	193,000	197,000
Domestic unlisted ordinary shares			
Taichung International Country Club	-	4,000	3,800
SunEngine Corporation Ltd. (SunEngine)	-	-	-
King Kong Iron Work Ltd.	-	-	-
	<u>\$ 1,115,500</u>	<u>\$ 849,509</u>	<u>\$ 824,732</u>

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

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

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

From June to September 2023, the Group sold its partial shares in Ever Fortune at a fair value of \$61,333 thousand, and its related unrealized valuation gain of \$51,655 thousand was transferred from other equity to retained earnings.

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 566,586	\$ 578,332	\$ 857,344
Less: Allowance for impairment loss	<u>(28)</u>	<u>(22)</u>	<u>(35)</u>
	<u>\$ 566,558</u>	<u>\$ 578,310</u>	<u>\$ 857,309</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 3,464,863	\$ 2,984,071	\$ 2,897,981
Less: Allowance for impairment loss	<u>(11,024)</u>	<u>(9,629)</u>	<u>(9,951)</u>
	<u>\$ 3,453,839</u>	<u>\$ 2,974,442</u>	<u>\$ 2,888,030</u>

a. Notes receivable

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

	September 30, 2024	December 31, 2023	September 30, 2023
Not past due	\$ 566,586	\$ 578,332	\$ 857,344
Past due	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 566,586</u>	<u>\$ 578,332</u>	<u>\$ 857,344</u>

The above aging schedule is based on the past due date.

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>September 30, 2024</u>					
Gross carrying amount	\$ 3,360,611	\$ 91,933	\$ 6,664	\$ 5,655	\$ 3,464,863
Loss allowance (Lifetime ECLs)	<u>428</u>	<u>(2,474)</u>	<u>(3,323)</u>	<u>(5,655)</u>	<u>(11,024)</u>
Amortized cost	<u>\$ 3,361,039</u>	<u>\$ 89,459</u>	<u>\$ 3,341</u>	<u>\$ -</u>	<u>\$ 3,453,839</u>
<u>December 31, 2023</u>					
Gross carrying amount	\$ 2,889,359	\$ 85,462	\$ 7,218	\$ 2,032	\$ 2,984,071
Loss allowance (Lifetime ECLs)	<u>(4,509)</u>	<u>(966)</u>	<u>(2,122)</u>	<u>(2,032)</u>	<u>(9,629)</u>
Amortized cost	<u>\$ 2,884,850</u>	<u>\$ 84,496</u>	<u>\$ 5,096</u>	<u>\$ -</u>	<u>\$ 2,974,442</u>
<u>September 30, 2023</u>					
Gross carrying amount	\$ 2,802,540	\$ 86,330	\$ 7,091	\$ 2,020	\$ 2,897,981
Loss allowance (Lifetime ECLs)	<u>(5,293)</u>	<u>(1,600)</u>	<u>(1,038)</u>	<u>(2,020)</u>	<u>(9,951)</u>
Amortized cost	<u>\$ 2,797,247</u>	<u>\$ 84,730</u>	<u>\$ 6,053</u>	<u>\$ -</u>	<u>\$ 2,888,030</u>

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

	For the Nine Months Ended September 30, 2024		
	Notes Receivable	Trade Receivables	Other Receivables
Balance at January 1, 2024	\$ 22	\$ 9,629	\$ 27,395
Net remeasurement of loss allowance	6	1,074	-
Amounts written off	-	(10)	-
Foreign exchange gains and losses	<u>-</u>	<u>331</u>	<u>-</u>
Balance at September 30, 2024	<u>\$ 28</u>	<u>\$ 11,024</u>	<u>\$ 27,395</u>

	For the Nine Months Ended September 30, 2023		
	Notes Receivable	Trade Receivables	Other Receivables
Balance at January 1, 2023	\$ 36	\$ 13,415	\$ 27,395
Net remeasurement of loss allowance	(1)	(1,985)	-
Amounts written off	-	(1,772)	-
Foreign exchange gains and losses	-	293	-
Balance at September 30, 2023	<u>\$ 35</u>	<u>\$ 9,951</u>	<u>\$ 27,395</u>

10. INVENTORIES

	September 30, 2024	December 31, 2023	September 30, 2023
Merchandise	\$ 910	\$ 180	\$ 1,075
Finished goods	3,394,837	3,424,836	3,666,261
Work in process	1,619,492	1,429,492	1,601,285
Raw materials and supplies	2,307,000	2,423,080	2,721,837
Inventory in transit	<u>350,124</u>	<u>212,017</u>	<u>235,175</u>
	<u>\$ 7,672,363</u>	<u>\$ 7,489,605</u>	<u>\$ 8,225,633</u>

The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023 was \$4,382,424 thousand, \$4,376,200 thousand, \$12,534,443 thousand and \$12,735,699 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023 included inventory write-downs (reversal of inventory write-downs) of \$(28,428) thousand, \$39,121 thousand, \$51,274 thousand and \$133,378 thousand, and unallocated fixed overhead \$88,122 of thousand, \$122,207 thousand, \$254,850 thousand and \$308,784 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		
			September 30, 2024	December 31, 2023	September 30, 2023
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

(Continued)

Investor	Investee	Main Business	% of Ownership		
			September 30, 2024	December 31, 2023	September 30, 2023
The Corporation	Hiwin GmbH ("Hiwin Germany")	Manufacture and sale of aerospace parts, ballscrews, 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, ballscrews, linear guideways and industrial robots	100	100	100
	Hiwin Corporation ("Hiwin Korea")	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	100	100
	Hiwin Technologies (China) Corporation ("Hiwin China")	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	100	100
	Matrix Precision Co., Ltd. (Note 24)	Research, development, production, manufacture and sale of gear cutting tools and machinery	59	50	50
	Hiwin Healthcare Corp.	Sale of medical robots	100	100	100
	Hiwin S.R.L. ("Hiwin Italy")	Sale of aerospace parts, ballscrews, linear guideways and industrial robots	100	100	100
	Matrix Machine Tool (Coventry) Limited ("Matrix England")	Design, integrated application, research, development, manufacture and sale of thread forming machinery	100	100	100
	Hiwin (Schweiz) GmbH ("Hiwin Schweiz")	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	81	81	81
Hiwin Germany	Hiwin Schweiz	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	19	19	19
Matrix Precision	Suzhou Matrix Precision Machinery Co., Ltd. ("Suzhou Matrix")	Sale of gear cutting tools and machinery	100	100	100

(Concluded)

Except for the financial statements of Hiwin China for the nine months ended September 30, 2024 and 2023 and the financial statements of Eterbright for the nine months ended September 30, 2023 which were reviewed by the independent auditors, the remaining subsidiaries are immaterial subsidiaries (Eterbright has ceased to be a material subsidiary since February 29, 2024, the base date of dissolution); their financial statements have not been reviewed.

The resolution to liquidate and dissolve Eterbright has been approved by the extraordinary shareholders in their extraordinary meeting on November 27, 2023. The base date for dissolution is February 29, 2024 and approved by the Ministry of Economic Affairs on March 20, 2024. As of September 30, 2024, the liquidation has not been completed.

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

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
	September 30, 2024	December 31, 2023	September 30, 2023
Eterbright	11%	11%	11%
Matrix Precision (Note 24)	41%	50%	50%

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

**Loss and Comprehensive Loss Allocated to
Non-controlling Interests**

Name of Subsidiary	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
	Eterbright	\$ 121	\$ (50,318)	\$ (459)
Matrix Precision	<u>(23,287)</u>	<u>(35,562)</u>	<u>(81,515)</u>	<u>(107,315)</u>
	<u>\$ (23,166)</u>	<u>\$ (85,880)</u>	<u>\$ (81,974)</u>	<u>\$ (174,263)</u>

Accumulated Non-controlling Interests

Name of Subsidiary	September 30, 2024	December 31, 2023	September 30, 2023
Eterbright	\$ 61,312	\$ 61,771	\$ 53,505
Matrix Precision	<u>46,031</u>	<u>54,530</u>	<u>(14,431)</u>
	<u>\$ 107,343</u>	<u>\$ 116,301</u>	<u>\$ 39,074</u>

The summarized financial information below represents amounts before intragroup eliminations.

Eterbright

	September 30, 2024	December 31, 2023	September 30, 2023
Current assets	\$ 573,834	\$ 647,258	\$ 616,135
Non-current assets	47,798	62,749	84,426
Current liabilities	(50,760)	(134,859)	(193,604)
Non-current liabilities	<u>-</u>	<u>-</u>	<u>(8,767)</u>
Equity	<u>\$ 570,872</u>	<u>\$ 575,148</u>	<u>\$ 498,190</u>
Equity attributable to:			
Owners of Eterbright	\$ 509,560	\$ 513,377	\$ 444,685
Non-controlling interests of Eterbright	<u>61,312</u>	<u>61,771</u>	<u>53,505</u>
	<u>\$ 570,872</u>	<u>\$ 575,148</u>	<u>\$ 498,190</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
	Revenue	<u>\$ -</u>	<u>\$ 1,627</u>	<u>\$ -</u>
Net profit (loss) for the period	\$ 1,127	\$ (468,512)	\$ (4,276)	\$ (623,352)
Other comprehensive income (loss) for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income (loss) for the period	<u>\$ 1,127</u>	<u>\$ (468,512)</u>	<u>\$ (4,276)</u>	<u>\$ (623,352)</u>

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Profit (loss) and total comprehensive income (loss) attributable to:				
Owners of Eterbright	\$ 1,006	\$ (418,194)	\$ (3,817)	\$ (556,404)
Non-controlling interests of Eterbright	<u>121</u>	<u>(50,318)</u>	<u>(459)</u>	<u>(66,948)</u>
	<u>\$ 1,127</u>	<u>\$ (468,512)</u>	<u>\$ (4,276)</u>	<u>\$ (623,352)</u>
Net cash inflow (outflow) from:				
Operating activities			\$ (21,792)	\$ (148,208)
Investing activities			4,633	(7,339)
Financing activities			<u>-</u>	<u>(18,797)</u>
Net cash outflow			<u>\$ (17,159)</u>	<u>\$ (174,344)</u> (Concluded)

Matrix Precision and its subsidiaries

	September 30, 2024	December 31, 2023	September 30, 2023
Current assets	\$ 557,191	\$ 471,918	\$ 525,000
Non-current assets	2,358,845	1,942,736	1,655,447
Current liabilities	(1,003,686)	(772,885)	(1,043,422)
Non-current liabilities	<u>(1,783,632)</u>	<u>(1,442,838)</u>	<u>(1,148,494)</u>
Equity	<u>\$ 128,718</u>	<u>\$ 198,931</u>	<u>\$ (11,469)</u>
Equity attributable to:			
Owners of Matrix Precision	\$ 75,480	\$ 136,061	\$ (5,746)
Non-controlling interests of Matrix Precision	<u>53,238</u>	<u>62,870</u>	<u>(5,723)</u>
	<u>\$ 128,718</u>	<u>\$ 198,931</u>	<u>\$ (11,469)</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Revenue	<u>\$ 80,235</u>	<u>\$ 36,323</u>	<u>\$ 193,218</u>	<u>\$ 140,659</u>
Net loss for the period	\$ (56,998)	\$ (71,964)	\$ (182,590)	\$ (215,331)
Other comprehensive loss for the period	<u>(125)</u>	<u>(39)</u>	<u>(276)</u>	<u>(27)</u>
Total comprehensive loss for the period	<u>\$ (57,123)</u>	<u>\$ (72,003)</u>	<u>\$ (182,866)</u>	<u>\$ (215,358)</u>

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Loss attributable to:				
Owners of Matrix Precision	\$ (33,423)	\$ (36,054)	\$ (101,691)	\$ (107,881)
Non-controlling interests of Matrix Precision	<u>(23,575)</u>	<u>(35,910)</u>	<u>(80,899)</u>	<u>(107,450)</u>
	<u>\$ (56,998)</u>	<u>\$ (71,964)</u>	<u>\$ (182,590)</u>	<u>\$ (215,331)</u>
Total comprehensive loss attributable to:				
Owners of Matrix Precision	\$ (33,498)	\$ (36,073)	\$ (101,846)	\$ (107,894)
Non-controlling interests of Matrix Precision	<u>(23,625)</u>	<u>(35,930)</u>	<u>(81,020)</u>	<u>(107,464)</u>
	<u>\$ (57,123)</u>	<u>\$ (72,003)</u>	<u>\$ (182,866)</u>	<u>\$ (215,358)</u>
Net cash inflow (outflow) from:				
Operating activities			\$ (502,117)	\$ (133,458)
Investing activities			(476,930)	(346,983)
Financing activities			<u>1,011,560</u>	<u>430,237</u>
Net cash inflow (outflow)			<u>\$ 32,513</u>	<u>\$ (50,204)</u> (Concluded)

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2024	December 31, 2023	September 30, 2023	
Associates that are not individually material	<u>\$ 389,067</u>	<u>\$ 378,170</u>	<u>\$ 353,836</u>	
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
The Group's share of:				
Profit for the period	\$ 9,574	\$ 14,025	\$ 31,437	\$ 40,655
Other comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>\$ 9,574</u>	<u>\$ 14,025</u>	<u>\$ 31,437</u>	<u>\$ 40,655</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 Nine Months Ended September 30, 2024						
	Beginning Balance	Additions	Disposals	Reclassified Amount	Translation Adjustments	Ending Balance
<u>Cost</u>						
Land	\$ 5,470,749	\$ -	\$ -	\$ -	\$ 26,180	\$ 5,496,929
Buildings and improvements	17,047,036	43,808	-	973,341	164,913	18,229,098
Machinery and equipment	13,900,296	138,726	(516,283)	376,684	51,030	13,950,453
Transportation equipment	282,345	18,776	(28,566)	7,947	7,782	288,284
Leasehold improvements	48,138	42,311	(4,701)	-	2,451	88,199
Miscellaneous equipment	2,330,302	161,777	(115,895)	37,612	23,034	2,436,830
Construction in progress	<u>1,311,615</u>	<u>1,773,926</u>	<u>-</u>	<u>(1,028,279)</u>	<u>1,961</u>	<u>2,059,223</u>
	<u>40,390,481</u>	<u>\$ 2,179,324</u>	<u>\$ (665,445)</u>	<u>\$ 367,305</u>	<u>\$ 277,351</u>	<u>42,549,016</u>
<u>Accumulated depreciation and impairment</u>						
Buildings and improvements	3,065,611	\$ 339,301	\$ -	\$ -	\$ 36,635	3,441,547
Machinery and equipment	7,433,128	1,170,130	(475,741)	(2,006)	26,222	8,151,733
Transportation equipment	163,434	31,074	(26,466)	-	4,375	172,417
Leasehold improvements	37,361	2,358	(4,628)	-	873	35,964
Miscellaneous equipment	<u>1,476,083</u>	<u>188,845</u>	<u>(111,130)</u>	<u>-</u>	<u>15,614</u>	<u>1,569,412</u>
	<u>12,175,617</u>	<u>\$ 1,731,708</u>	<u>\$ (617,965)</u>	<u>\$ (2,006)</u>	<u>\$ 83,719</u>	<u>13,371,073</u>
	<u>\$ 28,214,864</u>					<u>\$ 29,177,943</u>
For the Nine Months Ended September 30, 2023						
	Beginning Balance	Additions	Disposals	Reclassified Amount	Translation Adjustments	Ending Balance
<u>Cost</u>						
Land	\$ 5,428,566	\$ 67,164	\$ -	\$ -	\$ (22,144)	\$ 5,473,586
Buildings and improvements	15,843,551	203,614	(85)	143,476	(5,811)	16,184,745
Machinery and equipment	15,656,424	146,572	(449,712)	468,170	27,737	15,849,191
Transportation equipment	266,724	33,439	(29,925)	-	5,799	276,037
Leasehold improvements	116,137	268	(4,743)	-	(1,289)	110,373
Miscellaneous equipment	2,833,600	117,276	(94,286)	39,772	3,658	2,900,020
Construction in progress	<u>631,389</u>	<u>1,235,999</u>	<u>(165)</u>	<u>(179,483)</u>	<u>2,021</u>	<u>1,689,761</u>
	<u>40,776,391</u>	<u>\$ 1,804,332</u>	<u>\$ (578,916)</u>	<u>\$ 471,935</u>	<u>\$ 9,971</u>	<u>42,483,713</u>
<u>Accumulated depreciation and impairment</u>						
Buildings and improvements	2,633,980	\$ 320,992	\$ (25)	\$ -	\$ 12,563	2,967,510
Machinery and equipment	8,282,212	1,422,771	(443,822)	-	15,593	9,276,754
Transportation equipment	152,496	29,155	(25,048)	-	2,992	159,595
Leasehold improvements	107,425	2,157	(4,519)	-	(1,030)	104,033
Miscellaneous equipment	<u>1,921,436</u>	<u>196,893</u>	<u>(92,580)</u>	<u>-</u>	<u>7,955</u>	<u>2,033,704</u>
	<u>13,097,549</u>	<u>\$ 1,971,968</u>	<u>\$ (565,994)</u>	<u>\$ -</u>	<u>\$ 38,073</u>	<u>14,541,596</u>
	<u>\$ 27,678,842</u>					<u>\$ 27,942,117</u>

The resolution to liquidate and dissolve Eterbright has been approved by the board of directors on November 10, 2023. Additionally, Eterbright recognized an impairment loss of \$236,957 thousand due to the irrecoverable carrying amount on equipment for the three months ended September 30, 2023.

The aforementioned impairment loss was recognized in the consolidated statements of comprehensive income.

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 28.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2024	December 31, 2023	September 30, 2023	
<u>Carrying amount (Note 28)</u>				
Land	\$ 378,161	\$ 385,314	\$ 280,155	
Buildings	421,858	212,808	257,958	
Transportation equipment	17,375	15,491	14,375	
Miscellaneous equipment	<u>1,625</u>	<u>816</u>	<u>884</u>	
	<u>\$ 819,019</u>	<u>\$ 614,429</u>	<u>\$ 553,372</u>	
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Additions to right-of-use assets	<u>\$ 13,313</u>	<u>\$ 36,451</u>	<u>\$ 353,561</u>	<u>\$ 47,665</u>
Depreciation charge for right-of-use assets				
Land	\$ 4,918	\$ 5,082	\$ 14,718	\$ 15,264
Buildings	40,210	40,442	120,583	119,859
Transportation equipment	1,000	1,123	2,711	3,582
Miscellaneous equipment	<u>108</u>	<u>63</u>	<u>293</u>	<u>147</u>
	<u>\$ 46,236</u>	<u>\$ 46,710</u>	<u>\$ 138,305</u>	<u>\$ 138,852</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 nine months ended September 30, 2024 and 2023.

b. Lease liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Carrying amount</u>			
Current	\$ 119,118	\$ 105,088	\$ 124,371
Non-current	<u>\$ 558,928</u>	<u>\$ 370,677</u>	<u>\$ 287,402</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Land	1.50%-1.89%	1.45%-1.85%	1.45%-1.50%
Buildings	0.90%-5.35%	0.90%-5.35%	0.90%-4.10%
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 September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Expenses relating to short-term leases	<u>\$ 658</u>	<u>\$ 4,837</u>	<u>\$ 11,280</u>	<u>\$ 13,942</u>
Expenses relating to low-value asset leases	<u>\$ 4,313</u>	<u>\$ 2,830</u>	<u>\$ 12,211</u>	<u>\$ 9,032</u>
Total cash outflow for leases	<u>\$ (52,488)</u>	<u>\$ (55,567)</u>	<u>\$ (168,223)</u>	<u>\$ (165,171)</u>

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

15. PREPAYMENTS FOR MACHINERY AND EQUIPMENT

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

The Date of Initial Cost Contribution	September 30, 2024	December 31, 2023	September 30, 2023
Within 1 year	\$ 611,834	\$ 296,126	\$ 300,490
1-2 years	142,674	335,563	391,987
2-5 years	306,339	226,740	255,331
More than 5 years	<u>172,457</u>	<u>189,952</u>	<u>192,508</u>
	<u>\$ 1,233,304</u>	<u>\$ 1,048,381</u>	<u>\$ 1,140,316</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

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>\$ 1,611,662</u>	<u>\$ 1,488,466</u>	<u>\$ 1,866,237</u>
<u>Rate of interest per annum (%)</u>			
Line of credit borrowings	0.85-8.25	0.95-8.25	0.95-6.49

b. Long-term borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Secured borrowings</u> (Note 28)			
Secured loans - Expires February 2026 to March 2038	\$ 6,091,630	\$ 6,548,071	\$ 6,873,919
<u>Unsecured borrowings</u>			
Unsecured loans - Expires April 2027 to October 2029	<u>1,344,474</u>	<u>1,021,832</u>	<u>714,873</u>
	7,436,104	7,569,903	7,588,792
Less: Current portion	<u>(606,233)</u>	<u>(615,124)</u>	<u>(626,433)</u>
Long-term borrowings	<u>\$ 6,829,871</u>	<u>\$ 6,954,779</u>	<u>\$ 6,962,359</u>

(Continued)

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Rate of interest per annum (%)</u>			
Secured loans	1.25-4.12	0.93-7.25	0.94-7.25
Unsecured loans	0.90-5.33	0.90-5.40	0.90-5.37 (Concluded)

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 September 30, 2024, \$23,500 thousand was drawn down for the purchase of machinery and equipment and the use of operating capital. The Corporation recognized \$501 thousand as government grant, which is the difference between the loan amount obtained at a lower-than-market interest rate and the fair value; and deferred revenue accounted for as other non-current liabilities and would be subsequently recognized in profit or loss over the useful life of the asset.

17. OTHER PAYABLES

	September 30, 2024	December 31, 2023	September 30, 2023
Payables for salaries and bonuses	\$ 659,031	\$ 901,458	\$ 811,283
Payables for annual leave	202,491	185,031	196,179
Payables for purchase of equipment	172,537	238,373	193,199
Payables for compensation of employees	131,844	161,498	281,917
Payables for remuneration of directors	66,123	81,229	68,987
Others	<u>419,000</u>	<u>462,108</u>	<u>523,841</u>
	<u>\$ 1,651,026</u>	<u>\$ 2,029,697</u>	<u>\$ 2,075,406</u>

18. RETIREMENT BENEFIT PLANS

For the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, the pension expenses of defined benefit plans were \$4,274 thousand, \$3,861 thousand, \$13,586 thousand and \$11,559 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2023 and 2022, respectively.

19. EQUITY

a. Ordinary shares

	September 30, 2024	December 31, 2023	September 30, 2023
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 receive dividends.

b. Capital surplus

	September 30, 2024	December 31, 2023	September 30, 2023
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 2023 and 2022 were as follows:

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

The appropriations of cash dividends per share for 2023 and 2022 had been approved by the board of directors on February 27, 2024 and February 24, 2023, respectively, the other appropriations of earnings for 2023 and 2022 had been approved by the shareholders in their meeting on May 31, 2024 and 2023, respectively.

20. REVENUE

	For the Three Months Ended June 30		For the Nine Months Ended June 30	
	2024	2023	2024	2023
Revenue from contracts with customers				
Revenue from the sale of goods	<u>\$ 6,326,487</u>	<u>\$ 6,557,875</u>	<u>\$18,015,869</u>	<u>\$18,874,992</u>

a. Contract balances

	September 30, 2024	December 31, 2023	September 30, 2023	January 1, 2023
Notes receivable and accounts receivable (Note 9)	<u>\$ 4,020,397</u>	<u>\$ 3,552,752</u>	<u>\$ 3,745,339</u>	<u>\$ 3,356,979</u>
Contract liabilities - current				
Sale of goods	<u>\$ 126,748</u>	<u>\$ 137,391</u>	<u>\$ 181,971</u>	<u>\$ 154,384</u>

b. Disaggregation of revenue

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Linear guideways	\$ 3,926,561	\$ 4,384,087	\$11,412,262	\$12,240,141
Ballscrews	1,331,039	1,267,389	3,593,403	3,616,525
Others	<u>1,068,887</u>	<u>906,399</u>	<u>3,010,204</u>	<u>3,018,326</u>
	<u>\$ 6,326,487</u>	<u>\$ 6,557,875</u>	<u>\$18,015,869</u>	<u>\$18,874,992</u>

21. NET PROFIT FROM CONTINUING OPERATIONS

a. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Interest on bank loans	\$ 41,700	\$ 46,210	\$ 120,998	\$ 138,851
Interest on lease liabilities	<u>3,352</u>	<u>1,989</u>	<u>9,445</u>	<u>6,096</u>
	<u>\$ 45,052</u>	<u>\$ 48,199</u>	<u>\$ 130,443</u>	<u>\$ 144,947</u>

Information about capitalized interest is as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Capitalized interest	\$ 12,521	\$ 8,269	\$ 36,221	\$ 19,327
Capitalization rates (%)	1.40-2.33	1.49-2.17	1.27-2.33	1.49-2.17

b. Employee benefits expense, depreciation and amortization expenses

	Operating Costs	Operating Expenses	Total
<u>For the Three Months Ended September 30,</u>			
<u>2024</u>			
Short-term employee benefits	\$ 971,027	\$ 725,159	\$ 1,696,186
Post-employment benefits			
Defined contribution plans	30,406	15,072	45,478
Defined benefit plans (Note 18)	1,580	2,694	4,274
Other employee benefits	42,923	23,169	66,092
Depreciation expense	475,059	96,745	571,804
Amortization expense	1,737	14,894	16,631
<u>For the Three Months Ended September 30,</u>			
<u>2023</u>			
Short-term employee benefits	833,089	690,595	1,523,684
Post-employment benefits			
Defined contribution plans	30,240	22,963	53,203
Defined benefit plans (Note 18)	1,566	2,295	3,861
Other employee benefits	39,271	19,168	58,439
Depreciation expense	476,380	95,486	571,866
Amortization expense	890	14,588	15,478
<u>For the Nine Months Ended September 30,</u>			
<u>2024</u>			
Short-term employee benefits	2,787,671	2,125,741	4,913,412
Post-employment benefits			
Defined contribution plans	90,393	54,834	145,227
Defined benefit plans (Note 18)	4,914	8,672	13,586
Other employee benefits	117,042	61,902	178,944
Depreciation expense	1,404,908	292,556	1,697,464
Amortization expense	4,166	42,423	46,589
<u>For the Nine Months Ended September 30,</u>			
<u>2023</u>			
Short-term employee benefits	2,669,212	2,091,855	4,761,067
Post-employment benefits			
Defined contribution plans	89,844	62,989	152,833
Defined benefit plans (Note 18)	4,506	7,053	11,559
Other employee benefits	113,189	53,868	167,057
Depreciation expense	1,421,493	283,233	1,704,726
Amortization expense	2,665	44,419	47,084

c. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Corporation, the Corporation accrues compensation of employees and remuneration of directors at the rates of no less than 1% and no higher than 4%, respectively, of net profit before income tax, compensation of employees, and the remuneration of directors. For the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, the compensation of employees and the remuneration of directors were as follows:

Accrual rate	For the Nine Months Ended September 30			
	2024		2023	
Compensation of employees	<u>6.2%</u>		<u>5.6%</u>	
Remuneration of directors	<u>3.1%</u>		<u>2.8%</u>	

Amount	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Compensation of employees	<u>\$ 54,498</u>	<u>\$ 51,508</u>	<u>\$ 131,844</u>	<u>\$ 137,268</u>
Remuneration of directors	<u>\$ 27,249</u>	<u>\$ 25,754</u>	<u>\$ 65,922</u>	<u>\$ 68,634</u>

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

The appropriations of compensation of employees and remuneration of directors for 2023 and 2022 which have been resolved by the board of directors on February 27, 2024 and February 24, 2023, respectively, were as follows:

Cash	For the Year Ended December 31			
	2023		2022	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	5.7%	\$ 161,498	6.2%	\$ 381,681
Remuneration of directors	2.8%	80,749	3.1%	190,841

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

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

22. INCOME TAXES

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Current tax				
In respect of the current period	\$ 208,694	\$ 226,167	\$ 389,582	\$ 554,426
Income tax of unappropriated earnings	(14,730)	(41,042)	34,419	58,988
Adjustments for prior periods	(34,392)	1,444	(41,810)	1,967
Deferred tax				
In respect of the current period	<u>(10,878)</u>	<u>60,676</u>	<u>22,758</u>	<u>111,021</u>
Income tax expense recognized in profit or loss	<u>\$ 148,694</u>	<u>\$ 247,245</u>	<u>\$ 404,949</u>	<u>\$ 726,402</u>

- b. Income tax expense in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
<u>Deferred tax</u>				
In respect of the current period				
Translation of foreign operations	<u>\$ 23,747</u>	<u>\$ 26,652</u>	<u>\$ 64,414</u>	<u>\$ 39,401</u>

- c. Income tax assessments

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

- d. Pillar Two income tax legislation

The governments of Japan, Korea, the United Kingdom, Germany, Switzerland and Italy, where Hiwin Japan, Hiwin Korea, Matrix England, Hiwin Germany, Hiwin Schweiz and Hiwin Italy are incorporated, enacted the Pillar Two income tax legislation.

Under the legislation, Matrix England, Hiwin Germany, Hiwin Schweiz and Hiwin Italy will be required to pay, in the United Kingdom, Germany, Switzerland and Italy, respectively, a top-up tax on the profits of their group entities that are taxed at an effective tax rate of less than 15 percent. For the nine months ended September 30, 2024, approximately 9 percent of the Group's profits may be subject to tax, which is currently taxed at the effective tax rate applicable to those profits of 14 percent to 34 percent. This information is based on the profits and tax expenses determined as part of the preparation of the Group's consolidated financial statements, without considering that only the application of certain adjustments may have been required by the legislation. Because not all adjustments that would have been required by the legislation were made, the actual impact on the Group may be significantly different. The Group also continuously reviews the impact of the Pillar Two income tax legislation on its financial results.

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 September 30, 2024</u>			
Basic earnings per share			
Profit for the period attributable to owners of the Corporation	\$ 664,489	353,792	<u>\$1.88</u>
Effect of potentially dilutive ordinary shares:			
Compensation of employees	<u>-</u>	<u>616</u>	
Diluted earnings per share			
Profit for the period attributable to owners of the Corporation plus effect of potentially dilutive ordinary shares	<u>\$ 664,489</u>	<u>354,408</u>	<u>\$1.87</u>
<u>For the Three Months Ended September 30, 2023</u>			
Basic earnings per share			
Profit for the period attributable to owners of the Corporation	\$ 631,277	353,792	<u>\$1.78</u>
Effect of potentially dilutive ordinary shares:			
Compensation of employees	<u>-</u>	<u>675</u>	
Diluted earnings per share			
Profit for the period attributable to owners of the Corporation plus effect of potentially dilutive ordinary shares	<u>\$ 631,277</u>	<u>354,467</u>	<u>\$1.78</u>
<u>For the Nine Months Ended September 30, 2024</u>			
Basic earnings per share			
Profit for the period attributable to owners of the Corporation	\$ 1,641,825	353,792	<u>\$4.64</u>
Effect of potentially dilutive ordinary shares:			
Compensation of employees	<u>-</u>	<u>749</u>	
Diluted earnings per share			
Profit for the period attributable to owners of the Corporation plus effect of potentially dilutive ordinary shares	<u>\$ 1,641,825</u>	<u>354,541</u>	<u>\$4.63</u>
<u>For the Nine Months Ended September 30, 2023</u>			
Basic earnings per share			
Profit for the period attributable to owners of the Corporation	\$ 1,702,094	353,792	<u>\$4.81</u>
Effect of potentially dilutive ordinary shares:			
Compensation of employees	<u>-</u>	<u>983</u>	
Diluted earnings per share			
Profit for the period attributable to owners of the Corporation plus effect of potentially dilutive ordinary shares	<u>\$ 1,702,094</u>	<u>354,775</u>	<u>\$4.80</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. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On March 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 59%, and recognized a decrease of \$73,016 thousand in retained earnings.

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

25. CAPITAL MANAGEMENT

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

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

26. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

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

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

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

b. Categories of financial instruments

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 3,442	\$ 9,874	\$ 1,717
Financial assets at amortized cost (1)	10,544,479	11,227,719	11,380,846
Financial assets at FVTOCI			
Equity instruments	1,115,500	849,509	824,732
<u>Financial liabilities</u>			
FVTPL			
Mandatorily classified as at FVTPL	1,387	136	5,071
Financial liabilities at amortized cost (2)	14,083,893	13,927,080	14,849,921

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

c. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivables, trade payables, lease liabilities 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 31.

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 nine months ended September 30, 2024 and 2023 would have decreased by \$38,317 thousand and \$37,388 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:

	September 30, 2024	December 31, 2023	September 30, 2023
Fair value interest rate risk			
Deposits in bank	\$ 2,203,742	\$ 2,581,978	\$ 1,867,272
Lease liabilities	678,046	475,765	411,773
Short-term borrowings	497,080	710,329	974,537
Long-term borrowings	150,254	224,143	254,034
Cash flow interest rate risk			
Deposits in bank	4,090,049	4,917,809	5,580,550
Short-term borrowings	1,114,582	778,137	891,700
Long-term borrowings	7,285,850	7,345,760	7,334,758

Sensitivity analysis

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

If interest rates had been 1% higher and all other variables were held constant, the Group's post-tax profit for the nine months ended September 30, 2024 and 2023 would have decreased by \$25,862 thousand and \$15,875 thousand, respectively.

2) Credit risk

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

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

The Group's concentration of credit risk by geographical locations was mainly in Asia, which accounted for 69%, 69% and 64% of the total trade receivables as of September 30, 2024, December 31, 2023 and September 30, 2023, 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 September 30, 2024, December 31, 2023 and September 30, 2023, the Group had available unutilized bank loan facilities of \$14,758,669 thousand, \$15,519,329 thousand and \$15,038,296 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>September 30, 2024</u>			
Non-derivative financial liabilities			
Non-interest bearing	\$ 5,036,127	\$ -	\$ -
Lease liabilities	123,225	395,681	196,988
Fixed interest rate liabilities	564,115	99,493	-
Variable interest rate liabilities	<u>1,828,619</u>	<u>3,613,320</u>	<u>3,612,360</u>
	<u>\$ 7,552,086</u>	<u>\$ 4,108,494</u>	<u>\$ 3,809,348</u>
Derivative financial liabilities			
Foreign exchange forward contracts	<u>\$ 1,387</u>	<u>\$ -</u>	<u>\$ -</u>
<u>December 31, 2023</u>			
Non-derivative financial liabilities			
Non-interest bearing	\$ 4,868,711	\$ -	\$ -
Lease liabilities	126,269	223,287	181,757
Fixed interest rate liabilities	777,928	146,902	-
Variable interest rate liabilities	<u>1,495,614</u>	<u>3,559,431</u>	<u>3,763,228</u>
	<u>\$ 7,268,522</u>	<u>\$ 3,929,620</u>	<u>\$ 3,944,985</u>
Derivative financial liabilities			
Foreign exchange forward contracts	<u>\$ 136</u>	<u>\$ -</u>	<u>\$ -</u>

	Less Than 1 Year	1-5 Years	5+ Years
<u>September 30, 2023</u>			
Non-derivative financial liabilities			
Non-interest bearing	\$ 5,394,892	\$ -	\$ -
Lease liabilities	142,942	212,271	91,658
Fixed interest rate liabilities	910,193	165,852	-
Variable interest rate liabilities	<u>1,759,006</u>	<u>4,111,584</u>	<u>3,181,633</u>
	<u>\$ 8,207,033</u>	<u>\$ 4,489,707</u>	<u>\$ 3,273,291</u>
Derivative financial liabilities			
Foreign exchange forward contracts	<u>\$ 5,071</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>September 30, 2024</u>					
Lease liabilities	\$ 123,225	\$ 395,681	\$ 119,653	\$ 55,344	\$ 21,991
Fixed interest rate liabilities	564,115	99,493	-	-	-
Variable interest rate liabilities	<u>1,828,619</u>	<u>3,613,320</u>	<u>2,813,388</u>	<u>589,225</u>	<u>209,747</u>
	<u>\$ 2,515,959</u>	<u>\$ 4,108,494</u>	<u>\$ 2,933,041</u>	<u>\$ 644,569</u>	<u>\$ 231,738</u>
<u>December 31, 2023</u>					
Lease liabilities	\$ 126,269	\$ 223,287	\$ 93,024	\$ 61,667	\$ 27,066
Fixed interest rate liabilities	777,928	146,902	-	-	-
Variable interest rate liabilities	<u>1,495,614</u>	<u>3,559,431</u>	<u>2,978,953</u>	<u>603,938</u>	<u>180,337</u>
	<u>\$ 2,399,811</u>	<u>\$ 3,929,620</u>	<u>\$ 3,071,977</u>	<u>\$ 665,605</u>	<u>\$ 207,403</u>
<u>September 30, 2023</u>					
Lease liabilities	\$ 142,942	\$ 212,271	\$ 60,986	\$ 30,672	\$ -
Fixed interest rate liabilities	910,193	165,852	-	-	-
Variable interest rate liabilities	<u>1,759,006</u>	<u>4,111,584</u>	<u>2,799,577</u>	<u>361,702</u>	<u>20,354</u>
	<u>\$ 2,812,141</u>	<u>\$ 4,489,707</u>	<u>\$ 2,860,563</u>	<u>\$ 392,374</u>	<u>\$ 20,354</u>

27. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and categories

<u>Related Party</u>	<u>Relationship with the Group</u>
Hiwin S.R.O.	Associate
Mega-Fabs Motion Systems Ltd. (Mega-Fabs)	Associate
Hiwin Mikrosystem	Other related party
Hiwin Investment and Holding Corporation (Hiwin Investment Corporation)	Other related party
Hiwin Technologies Foundation in Education (Hiwin Education Foundation)	Other related party
Yong-Yin Investment and Holding Corp.	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

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2024	2023	2024	2023
1) Sales of goods				
Associates	\$ 48,979	\$ 42,306	\$ 146,744	\$ 156,397
Other related parties	<u>23,917</u>	<u>13,281</u>	<u>51,825</u>	<u>47,807</u>
	<u>\$ 72,896</u>	<u>\$ 55,587</u>	<u>\$ 198,569</u>	<u>\$ 204,204</u>

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

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2024	2023	2024	2023
2) Purchases of goods				
Other related parties	\$ 135,865	\$ 170,383	\$ 419,397	\$ 587,269
Associates	<u>289</u>	<u>-</u>	<u>412</u>	<u>7</u>
	<u>\$ 136,154</u>	<u>\$ 170,383</u>	<u>\$ 419,809</u>	<u>\$ 587,276</u>

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

3) Other operating transactions

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Non-operating income - other income				
Other related parties	\$ <u>2,285</u>	\$ <u>2,919</u>	\$ <u>4,606</u>	\$ <u>5,112</u>
Non-operating expenses - other expenses				
Hiwin Mikrosystem	\$ <u>1,233</u>	\$ <u>806</u>	\$ <u>3,671</u>	\$ <u>2,393</u>
Manufacturing and operating expenses				
Other related parties	\$ <u>11,104</u>	\$ <u>10,192</u>	\$ <u>30,040</u>	\$ <u>30,399</u>
Operating expenses - donations				
Hiwin Education Foundation	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,000</u>	\$ <u>3,500</u>
		September 30, 2024	December 31, 2023	September 30, 2023
4) Notes receivable				
Other related parties		\$ <u>470</u>	\$ <u>418</u>	\$ <u>1,038</u>
5) Trade receivables				
Associates		\$ 20,039	\$ 15,945	\$ 19,527
Other related parties		<u>455</u>	<u>20,682</u>	<u>797</u>
		\$ <u>20,494</u>	\$ <u>36,627</u>	\$ <u>20,324</u>
6) Other receivables (classified as other current assets)				
Other related parties		\$ <u>626</u>	\$ <u>348</u>	\$ <u>389</u>
7) Notes payable				
Other related parties		\$ <u>-</u>	\$ <u>365</u>	\$ <u>-</u>
8) Trade payables				
Other related parties		\$ <u>120,991</u>	\$ <u>161,153</u>	\$ <u>185,756</u>
9) Other payables				
Other related parties		\$ 2,830	\$ 3,216	\$ 1,728
Key management personnel		<u>1,475</u>	<u>1,294</u>	<u>1,134</u>
		\$ <u>4,305</u>	\$ <u>4,510</u>	\$ <u>2,862</u>

c. Acquisition of property, plant and equipment

	<u>Purchase Price</u>	
	<u>For the Nine Months Ended</u>	
	<u>September 30</u>	
	2024	2023
Other related parties	\$ 8,286	\$ 2,131

d. Disposal of property, plant and equipment

Related Party Category	<u>Disposal Price</u>		<u>Gain on Disposal</u>	
	<u>For the Nine Months Ended</u>		<u>For the Nine Months Ended</u>	
	<u>September 30</u>		<u>September 30</u>	
	2024	2023	2024	2023
Other related parties	\$ -	\$ 1,235	\$ -	\$ 309

e. Lease arrangements

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

	<u>For the Nine Months Ended</u>			
	<u>September 30</u>			
	2024		2023	
<u>Acquisition of right-of-use assets</u>				
Other related parties	\$ 25,895		\$ -	
	September 30, 2024	December 31, 2023	September 30, 2023	
<u>Lease liabilities</u>				
Other related parties	\$ 18,849	\$ 7,592	\$ 12,406	
	<u>For the Three Months Ended</u>		<u>For the Nine Months Ended</u>	
	<u>September 30</u>		<u>September 30</u>	
	2024	2023	2024	2023
<u>Finance costs</u>				
Other related parties	\$ 93	\$ 51	\$ 342	\$ 204

f. Endorsements and guarantees

Related Party Category	September 30, 2024	December 31, 2023	September 30, 2023
Key management personnel			
Amount endorsed	<u>\$ 2,449,740</u>	<u>\$ 2,595,093</u>	<u>\$ 2,282,740</u>
Actual utilized (classified as borrowings)	<u>\$ 1,721,962</u>	<u>\$ 1,415,003</u>	<u>\$ 1,230,646</u>
Other related parties			
Amount endorsed	<u>\$ 489,000</u>	<u>\$ 489,000</u>	<u>\$ 489,000</u>

g. Remuneration of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Short-term employee benefits	\$ 62,236	\$ 53,231	\$ 165,439	\$ 174,004
Post-employment benefits	<u>264</u>	<u>291</u>	<u>1,711</u>	<u>828</u>
	<u>\$ 62,500</u>	<u>\$ 53,522</u>	<u>\$ 167,150</u>	<u>\$ 174,832</u>

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

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	September 30, 2024	December 31, 2023	September 30, 2023
Property, plant and equipment	\$ 17,003,635	\$ 17,921,571	\$ 17,781,771
Right-of-use assets	148,137	144,291	148,101
Pledged deposits (classified as other current assets)	<u>600</u>	<u>30</u>	<u>666</u>
	<u>\$ 17,152,372</u>	<u>\$ 18,065,892</u>	<u>\$ 17,930,538</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. As of September 30, 2024, December 31, 2023 and September 30, 2023, unused letters of credit for purchases of raw materials and machinery equipment amounted to \$447,372 thousand, \$366,552 thousand and \$394,519 thousand, respectively.
- b. As of September 30, 2024, December 31, 2023 and September 30, 2023, commitments for acquisition of property, plant and equipment amounted to \$1,064,385 thousand, \$2,492,659 thousand and \$2,394,349 thousand, respectively.

30. OTHER ITEMS

On February 15, 2023, the president of the ROC announced the amendments to the “Climate Change Response Act”, which added the provision of carbon fee collection. Subsequently, the Ministry of Environment announced the “Regulations Governing the Collection of Carbon Fees”, “Regulations for Administration of Voluntary Reduction Plans” and “Designated Greenhouse Gas Reduction Goal for Entities Subject to Carbon Fees” on August 29, 2024 and the carbon fee rate on October 21, 2024. The fees will be levied starting from January 1, 2025.

Based on the emissions of the Group in 2023, the Group expects that it will be the entity subject to carbon fees. The Group will recognize the provision of the carbon fees based on its actual emissions in 2025 and will pay them in May 2026.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	September 30, 2024			December 31, 2023		
	Foreign Currencies	Exchange Rate	Carrying Amount	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>						
Monetary items						
USD	\$ 33,261	31.650	\$ 1,052,724	\$ 28,544	30.705	\$ 876,442
EUR	32,041	35.38	1,133,597	35,925	33.98	1,220,724
JPY	2,438,785	0.2223	542,142	2,776,685	0.2172	603,096
RMB	648,355	4.523	2,932,507	611,328	4.327	2,645,216
Non-monetary items						
ILS	31,397	8.447	265,224	28,605	8.897	254,492
<u>Financial liabilities</u>						
Monetary items						
USD	14,367	31.650	454,700	11,947	30.705	366,830
EUR	4,762	35.38	168,466	9,507	33.98	323,056
JPY	1,045,278	0.2223	232,365	439,453	0.2172	95,449
RMB	3,510	4.523	15,874	2,448	4.327	10,594
<u>September 30, 2023</u>						
	Foreign Currencies	Exchange Rate	Carrying Amount			
<u>Financial assets</u>						
Monetary items						
USD	\$ 29,605	32.270	\$ 955,342			
EUR	41,065	33.91	1,392,520			
JPY	3,233,538	0.2162	699,091			
RMB	531,103	4.415	2,344,820			
Non-monetary items						
ILS	28,392	8.240	233,956			
<u>Financial liabilities</u>						
Monetary items						
USD	12,977	32.270	418,754			
EUR	5,082	33.91	172,341			
JPY	507,097	0.2162	109,634			
RMB	3,988	4.415	17,606			

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

Foreign Currencies	For the Three Months Ended September 30, 2024		For the Three Months Ended September 30, 2023	
	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Gain
NTD	1 (NTD:NTD)	<u>\$ 104,493</u>	1 (NTD:NTD)	<u>\$ 167,845</u>

Foreign Currencies	For the Nine Months Ended September 30, 2024		For the Nine Months Ended September 30, 2023	
	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Gain
NTD	1 (NTD:NTD)	<u>\$261,807</u>	1 (NTD:NTD)	<u>\$ 90,339</u>

32. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint controlled entities). (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)
- 9) Trading in derivative instruments. (Notes 7 and 26)
- 10) Other: intercompany relationships and significant intercompany transactions. (Table 6)
- 11) Information on investees. (Table 7)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 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)
- d. Information of major shareholders : List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

33. 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 Nine Months Ended September 30			
	Segment Revenue		Segment Profit	
	2024	2023	2024	2023
Linear guideways	\$ 11,412,262	\$ 12,240,141	\$ 1,373,107	\$ 2,217,553
Ballscrews	3,593,403	3,616,525	401,382	594,420
Others	<u>3,010,204</u>	<u>3,018,326</u>	<u>(33,946)</u>	<u>(339,778)</u>
Total from continuing operations	<u>\$ 18,015,869</u>	<u>\$ 18,874,992</u>	1,740,543	2,472,195
Subsidized revenue			14,110	26,341
Finance costs			(130,443)	(144,947)
Share of profit of associates accounted for using the equity method			31,437	40,655

(Continued)

For the Nine Months Ended September 30				
	Segment Revenue		Segment Profit	
	2024	2023	2024	2023
Interest income			\$ 67,362	\$ 44,493
Other income			73,477	79,556
Net foreign exchange gain			255,059	70,832
Other expenses			(15,191)	(78,007)
Loss on disposal of property, plant and equipment			(33,578)	(261)
Valuation loss on financial assets (liabilities) at FVTPL			(37,854)	(5,425)
Impairment loss			<u>-</u>	<u>(251,187)</u>
Profit before income tax			<u>\$ 1,964,922</u>	<u>\$ 2,254,245</u> (Concluded)

The segment revenue reported above represents revenue generated from external customers. The intersegment sales are eliminated for the nine months ended September 30, 2024 and 2023.

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, impairment loss and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars)**

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 5)	Ending Balance (Note 5)	Actual Amount Borrowed (Note 6)	Interest Rate	Nature of Financing (Note 3)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 1 and 2)	Aggregate Financing Limit (Notes 2 and 4)
													Item	Value		
0	The Corporation	Hiwin Japan	Other receivables from related parties	Yes	\$ 183,184	\$ 26,302	\$ 26,302	2.1212%	1	Sales \$481,613	-	\$ -	-	\$ -	\$ 5,432,873	\$ 10,865,746
1	Matrix Precision	Suzhou Matrix	Other receivables from related parties	Yes	29,690	-	-	2.328%	1	Sales 80,048	-	-	-	-	29,840	59,679

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 total amount for lending to a single company shall not exceed 15% of the net assets of Matrix Precision based on its latest financial statements. For financing provided by Matrix Precision due to business dealings, other than the aforementioned restrictions, the amount of financing is also limited to the higher of the total purchase or sales amount between the 2 parties within 1 year from the date of financing or in the most recent year based on the principle that business transactions have already occurred between the two parties. The total amount of Matrix Precision's accumulated financing provided should not exceed 30% of Matrix Precision's net assets as shown in its latest financial statements.

Note 3: The nature of financing is numbered as follows:

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

Note 4: The total amount of the Corporation's accumulated financing provided should not exceed 30% of the Corporation's net assets as shown in its latest financial statements.

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

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

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars and Foreign Currencies)

No.	Endorser/Guarantor	Endorsee/Guaranteed Party		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 1 and 2)	Maximum Amount Endorsed/ Guaranteed During the Year (Note 4)	Outstanding Endorsement/ Guarantee at the End of the Year (Notes 4 and 5)	Actual Amount Borrowed (Note 5)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Notes 2 and 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Corporation	Matrix England	Subsidiary	\$ 3,621,915	\$ 79,360 (GBP 2,000)	\$ 42,430 (GBP 1,000)	\$ 42,430 (GBP 1,000)	\$ -	0.1%	\$ 12,676,704	Yes	-	-
0	The Corporation	Hiwin Italy	Subsidiary	3,621,915	983,123 (EUR 27,678)	976,334 (EUR 27,596)	490,663 (EUR 13,868)	-	2.7%	12,676,704	Yes	-	-
0	The Corporation	Hiwin Singapore	Subsidiary	3,621,915	197,010 (USD 6,000)	189,900 (USD 6,000)	28,485 (USD 900)	-	0.5%	12,676,704	Yes	-	-
0	The Corporation	Hiwin Korea	Subsidiary	3,621,915	394,020 (USD 12,000)	379,800 (USD 12,000)	221,550 (USD 7,000)	-	1.0%	12,676,704	Yes	-	-
0	The Corporation	Hiwin Japan	Subsidiary	3,621,915	1,557,878 (JPY 7,008,000)	1,557,878 (JPY 7,008,000)	1,491,188 (JPY 6,708,000)	-	4.3%	12,676,704	Yes	-	-
0	The Corporation	Matrix Precision	Subsidiary	3,621,915	1,050,000	850,000	720,000	-	2.3%	12,676,704	Yes	-	-
1	Matrix Precision	Hiwin Mikrosystem	Other related party	2,053,575	288,000	288,000	-	-	144.77%	2,053,575	No	-	-

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

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

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

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

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

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

**MARKETABLE SECURITIES HELD
SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2024				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Corporation	<u>Shares</u>							
	Hiwin Mikrosystem	Other related party	Financial assets at FVTOCI - non-current	9,525,676	\$ 945,900	8	\$ 945,900	
	Ever Fortune.	-	Financial assets at FVTOCI - non-current	2,000,000	169,600	2	169,600	
	King Kong Iron Work Ltd.	-	Financial assets at FVTOCI - non-current	76,300	-	-	-	

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

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 NINE MONTHS ENDED SEPTEMBER 30, 2024**

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount (Note)	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note)	% to Total	
The Corporation	Hiwin China	Subsidiary	Sales	\$ (3,045,778)	(23)	O/A 90 days	\$ -	-	\$ 1,057,718	24	
	Hiwin Germany	Subsidiary	Sales	(1,086,115)	(8)	O/A 90 days	-	-	384,413	9	
	Hiwin Italy	Subsidiary	Sales	(477,535)	(4)	O/A 180 days	-	-	347,499	8	
	Hiwin Japan	Subsidiary	Sales	(380,564)	(3)	O/A 150 days	-	-	364,383	8	
	Hiwin USA	Subsidiary	Sales	(327,824)	(2)	O/A 120 days	-	-	120,216	3	
	Hiwin Korea	Subsidiary	Sales	(178,450)	(1)	O/A 180 days	-	-	113,744	3	
	Hiwin Schweiz	Subsidiary	Sales	(107,960)	(1)	O/A 60 days	-	-	28,969	1	
	Hiwin Singapore	Subsidiary	Sales	(102,234)	(1)	O/A 120 days	-	-	54,821	1	
	Hiwin Mikrosystem	Other related party	Purchases	109,777	2	O/A 90 days	-	-	(22,012)	(1)	
Hiwin China	The Corporation	Parent company	Purchases	3,045,778	92	O/A 90 days	-	-	(1,057,718)	(93)	
Hiwin Germany	The Corporation	Parent company	Purchases	1,086,115	74	O/A 90 days	-	-	(384,413)	(74)	
	Hiwin S.R.O	Other related party	Sales	(145,909)	(5)	O/A 45 days	-	-	19,937	7	
Hiwin Italy	The Corporation	Parent company	Purchases	477,535	86	O/A 180 days	-	-	(347,499)	(93)	
Hiwin Japan	The Corporation	Parent company	Purchases	380,564	82	O/A 150 days	-	-	(364,383)	(97)	
Hiwin USA	The Corporation	Parent company	Purchases	327,824	93	O/A 120 days	-	-	(120,216)	(82)	
Hiwin Korea	The Corporation	Parent company	Purchases	178,450	93	O/A 180 days	-	-	(113,744)	(95)	
Hiwin Schweiz	The Corporation	Parent company	Purchases	107,960	68	O/A 60 days	-	-	(28,969)	(56)	
Hiwin Singapore	The Corporation	Parent company	Purchases	102,234	81	O/A 120 days	-	-	(54,821)	(78)	

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

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

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

SEPTEMBER 30, 2024

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate (Times)	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss	
					Amount	Actions Taken			
The Corporation	Hiwin Japan	Subsidiary	Trade receivables from related parties	\$ 364,383	1.53	\$ -	-	\$ 48,787	\$ -
	Hiwin Germany	Subsidiary	Trade receivables from related parties	384,413	4.29	-	-	147,687	-
	Hiwin Italy	Subsidiary	Trade receivables from related parties	347,499	1.79	-	-	52,536	-
	Hiwin China	Subsidiary	Trade receivables from related parties	1,057,718	4.16	-	-	365,019	-
	Hiwin Korea	Subsidiary	Trade receivables from related parties	113,744	2.02	-	-	24,387	-
	Hiwin USA	Subsidiary	Trade receivables from related parties	120,216	3.73	-	-	27,637	-

Note: Significant intercompany accounts and transactions have been eliminated.

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars)**

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Account	Amount (Note 2)	Payment Terms	% to Total Sales or Assets
0	The Corporation	Hiwin Germany	1	Sales	\$ 1,086,115	O/A 90 days	6
			1	Trade receivables	384,413	O/A 90 days	1
		Hiwin Japan	1	Sales	380,564	O/A 150 days	2
			1	Trade receivables	364,383	O/A 150 days	1
		Hiwin China	1	Sales	3,045,778	O/A 90 days	17
			1	Trade receivables	1,057,718	O/A 90 days	2
		Hiwin Italy	1	Sales	477,535	O/A 180 days	3
			1	Trade receivables	347,499	O/A 180 days	1
		Hiwin USA	1	Sales	327,824	O/A 120 days	2
			1	Trade receivables	120,216	O/A 120 days	-
		Hiwin Korea	1	Sales	178,450	O/A 180 days	1
			1	Trade receivables	113,744	O/A 180 days	-
		Hiwin Schweiz	1	Sales	107,960	O/A 60 days	1
			1	Trade receivables	28,969	O/A 60 days	-
Hiwin Singapore	1	Sales	102,234	O/A 120 days	1		
	1	Trade receivables	54,821	O/A 120 days	-		

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

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

Note 3: Unrealized gains from Hiwin China totaled \$242,754 thousand.

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2024	December 31, 2023	Number of Shares	%	Carrying Amount			
The Corporation	Hiwin Germany	Germany	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	\$ 224,257	\$ 224,257	-	100	\$ 2,558,424	\$ 83,298	\$ 83,298	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	1,084,695	13,827	13,827	Subsidiary
	Hiwin Japan	Japan	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	1,104,902	918,602	80,200	100	(13,414)	(102,544)	(102,544)	Subsidiary
	Mega-Fabs	Israel	Research, manufacture and sale of drivers and controllers	42,444	42,444	240,000	40	298,054	58,967	23,587	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	509,560	(4,276)	(3,817)	Subsidiary
	Hiwin Singapore	Singapore	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	117,550	117,550	5,000,000	100	36,958	(8,124)	(8,124)	Subsidiary
	Hiwin Korea	Korea	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	242,707	242,707	1,760,000	100	(193,786)	(55,158)	(55,158)	Subsidiary
	Matrix Precision	Taiwan	Research, development, production, manufacture and sale of gear cutting tools and machinery	1,315,674	1,022,664	63,595,071	59	242,404	(182,590)	(101,905)	Subsidiary
	Hiwin Healthcare Corp.	Samoa	Sale of medical robots	3,108	3,108	100,000	100	2,980	33	33	Subsidiary
	Hiwin Italy	Italy	Manufacture and sale of aerospace parts, ballscrews, linear guideways, and industrial robots	296,580	296,580	-	100	270,430	(10,775)	(10,775)	Subsidiary
	Matrix England	United Kingdom	Design integrated application, research, development, manufacture and sale of thread forming machinery	729,454	729,454	7,449,500	100	320,202	(44,197)	(55,158)	Subsidiary
Hiwin Schweiz	Switzerland	Manufacture and sale of aerospace parts, ballscrews, linear guideways, and industrial robots	266,300	266,300	243,000	81	431,012	41,995	41,995	Subsidiary	
Hiwin Germany	Hiwin S.R.O.	Czech Republic	Sale of aerospace parts, ballscrews, linear guideways, and industrial robots	104 (CZK 70)	104 (CZK 70)	-	32	91,013 (EUR 2,572)	(Note 1)	(Note 1)	Investment accounted for using the equity method
	Hiwin Schweiz	Switzerland	Manufacture and sale of aerospace parts, ballscrews, linear guideways, and industrial robots	3,320 (EUR 72)	3,320 (EUR 72)	57,000	19	45,529	41,995	-	Subsidiary

Note 1: Exempted from disclosure in accordance with regulations.

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

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

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investments from Taiwan as of September 30, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of September 30, 2024	Accumulated Repatriation of Investment Income as of September 30, 2024
					Outward	Inward						
Hiwin China	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	\$ 1,498,040 (RMB 300,000)	(Note 1)	\$ 1,498,040 (RMB 300,000)	\$ -	\$ -	\$ 1,498,040 (RMB 300,000)	\$ 97,498	100	\$ 97,428 (Notes 2 and 4)	\$ 2,575,826 (Note 4)	\$ -
Suzhou Matrix	Sale of gear cutting tools and machinery	36,192 (RMB 8,000)	(Note 1)	9,076 (RMB 2,000)	27,116 (RMB 6,000)	-	36,192 (RMB 8,000)	(5,452)	58.64	(3,197) (Notes 2 and 4)	16,974 (Note 4)	-

Investor Company	Accumulated Outward Remittance for Investments in Mainland China as of September 30, 2024	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
The Corporation	\$ 1,498,040 (RMB 300,000)	\$ 1,498,040 (RMB 300,000)	(Note 3)
Matrix Precision	\$ 36,192 (RMB 8,000)	\$ 36,192 (RMB 8,000)	\$ 119,359 (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.

TABLE 9**HIWIN TECHNOLOGIES CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS
SEPTEMBER 30, 2024**

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

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

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