

Hiwin Technologies Corporation

**Parent Company Only Financial Statements for the
Years Ended December 31, 2025 and 2024 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Hiwin Technologies Corporation

Opinion

We have audited the accompanying parent company only financial statements of Hiwin Technologies Corporation (the "Company"), which comprise the parent company only balance sheets as of December 31, 2025 and 2024, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2025 and 2024, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the parent company only financial statements for the year ended December 31, 2025 are described as follows:

Revenue Recognition

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

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

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 26, 2026

Notice to Readers

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

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

HIWIN TECHNOLOGIES CORPORATION

BALANCE SHEETS

DECEMBER 31, 2025 AND 2024

(In Thousands of New Taiwan Dollars)

	2025		2024	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 3,313,251	7	\$ 4,268,148	9
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	330	-	112	-
Notes receivable from unrelated parties, net (Notes 4, 9 and 19)	47,973	-	81,857	-
Trade receivables from unrelated parties, net (Notes 4, 9 and 19)	2,199,545	5	2,210,540	5
Trade receivables from related parties, net (Notes 4, 9, 19 and 26)	2,309,295	5	2,185,245	5
Inventories (Notes 4 and 10)	3,694,167	8	3,943,657	8
Other current assets (Notes 4, 26 and 27)	377,551	1	347,973	1
Total current assets	11,942,112	26	13,037,532	28
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	1,121,345	2	1,601,429	3
Investments accounted for using the equity method (Notes 4, 11, 23 and 26)	9,151,788	20	8,347,469	18
Property, plant and equipment (Notes 4, 12, 26 and 27)	22,385,010	48	22,147,553	47
Right-of-use assets (Notes 4, 13 and 26)	150,714	-	177,382	-
Deferred tax assets (Notes 4 and 21)	311,248	1	383,673	1
Prepayments for machinery and equipment (Notes 14 and 26)	1,214,952	3	1,250,105	3
Refundable deposits (Notes 4 and 26)	12,486	-	13,834	-
Prepaid investments (Notes 11 and 26)	62,130	-	-	-
Other non-current assets (Note 4)	54,421	-	33,578	-
Total non-current assets	34,464,094	74	33,955,023	72
TOTAL	\$ 46,406,206	100	\$ 46,992,555	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	\$ 14,767	-	\$ 5,423	-
Contract liabilities - current (Notes 4 and 19)	17,137	-	67,018	-
Notes payable	4,576	-	2,631	-
Trade payables to unrelated parties	2,777,637	6	2,955,567	6
Trade payables to related parties (Note 26)	11,608	-	25,565	-
Other payables (Notes 16 and 26)	1,225,247	3	1,290,559	3
Current tax liabilities (Notes 4 and 21)	100,408	1	194,184	-
Lease liabilities - current (Notes 4, 13 and 26)	42,058	-	39,925	-
Current portion of long-term borrowings (Notes 15 and 27)	557,442	1	393,884	1
Other current liabilities (Note 4)	49,197	-	47,697	-
Total current liabilities	4,800,077	11	5,022,453	10
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 15 and 27)	2,936,151	6	3,703,029	8
Deferred tax liabilities (Notes 4 and 21)	858,629	2	771,343	2
Lease liabilities - non-current (Notes 4, 13 and 26)	109,639	-	138,263	-
Net defined benefit liabilities - non-current (Notes 4 and 17)	67,893	-	93,873	-
Guarantee deposits	1,610	-	3,297	-
Credit balance for investments accounted for using the equity method (Notes 4, 11, 23 and 26)	266,500	1	308,909	1
Other non-current liabilities (Note 15)	19,941	-	22,341	-
Total non-current liabilities	4,260,363	9	5,041,055	11
Total liabilities	9,060,440	20	10,063,508	21
EQUITY				
Ordinary shares	3,537,923	8	3,537,923	8
Capital surplus	7,479,735	16	7,479,735	16
Retained earnings				
Legal reserve	4,213,350	9	4,028,836	8
Unappropriated earnings	20,949,461	45	20,520,180	44
Other equity	1,165,297	2	1,362,373	3
Total equity	37,345,766	80	36,929,047	79
TOTAL	\$ 46,406,206	100	\$ 46,992,555	100

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

HIWIN TECHNOLOGIES CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
SALES (Notes 4, 19 and 26)	\$ 17,462,527	100	\$ 18,236,021	100
COST OF GOODS SOLD (Notes 10, 20 and 26)	<u>13,739,305</u>	<u>79</u>	<u>13,814,511</u>	<u>76</u>
GROSS PROFIT	3,723,222	21	4,421,510	24
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATE (Note 4)	<u>196,841</u>	<u>1</u>	<u>46,855</u>	<u>1</u>
REALIZED GROSS PROFIT	<u>3,920,063</u>	<u>22</u>	<u>4,468,365</u>	<u>25</u>
OPERATING EXPENSES (Notes 20 and 26)				
Selling and marketing expenses	358,927	2	366,050	2
General and administrative expenses	921,315	5	919,228	5
Research and development expenses	<u>894,553</u>	<u>5</u>	<u>830,251</u>	<u>5</u>
Total operating expenses	<u>2,174,795</u>	<u>12</u>	<u>2,115,529</u>	<u>12</u>
PROFIT FROM OPERATIONS	<u>1,745,268</u>	<u>10</u>	<u>2,352,836</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES				
Subsidized revenue (Notes 4 and 15)	7,988	-	7,377	-
Finance costs (Notes 4, 20 and 26)	(64,203)	-	(38,936)	-
Share of profit (loss) of subsidiaries and associates accounted for using the equity method (Notes 4 and 11)	(70,753)	-	(308,424)	(2)
Interest income (Notes 4 and 26)	30,724	-	39,329	-
Other income (Notes 4 and 26)	101,661	-	79,555	1
Net foreign exchange gain (Notes 4 and 29)	139,994	1	233,087	1
Other expenses (Note 26)	(90,514)	(1)	(340)	-
Loss on disposal of property, plant and equipment (Notes 4 and 26)	(25,662)	-	(39,477)	-
Valuation loss on financial assets (liabilities) at fair value through profit or loss (Note 4)	<u>(27,280)</u>	<u>-</u>	<u>(38,353)</u>	<u>-</u>
Total non-operating income and expenses	<u>1,955</u>	<u>-</u>	<u>(66,182)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	1,747,223	10	2,286,654	13
INCOME TAX EXPENSE (Notes 4 and 21)	<u>221,357</u>	<u>1</u>	<u>314,706</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>1,525,866</u>	<u>9</u>	<u>1,971,948</u>	<u>11</u>

(Continued)

HIWIN TECHNOLOGIES CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 17)	\$ 15,667	-	\$ 6,450	-
Unrealized gain (loss) on investment in equity instruments at fair value through other comprehensive income	(478,551)	(3)	765,228	4
Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	11,575	-	3,809	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 21)	<u>(3,133)</u>	<u>-</u>	<u>(1,290)</u>	<u>-</u>
	<u>(454,442)</u>	<u>(3)</u>	<u>774,197</u>	<u>4</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	338,940	2	206,683	1
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	10,322	-	(262)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 21)	<u>(67,787)</u>	<u>-</u>	<u>(41,337)</u>	<u>-</u>
	<u>281,475</u>	<u>2</u>	<u>165,084</u>	<u>1</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(172,967)</u>	<u>(1)</u>	<u>939,281</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,352,899</u>	<u>8</u>	<u>\$ 2,911,229</u>	<u>16</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 4.31</u>		<u>\$ 5.57</u>	
Diluted	<u>\$ 4.30</u>		<u>\$ 5.56</u>	

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

HIWIN TECHNOLOGIES CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Ordinary Shares (Note 18)	Capital Surplus (Note 18)	Retained Earnings (Notes 18 and 23)		Other Equity (Note 4)		Total Equity
			Legal Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE ON JANUARY 1, 2024	\$ 3,537,923	\$ 7,479,735	\$ 3,821,341	\$ 19,767,009	\$ (280,839)	\$ 672,855	\$ 34,998,024
Appropriation of 2023 earnings							
Legal reserve	-	-	207,495	(207,495)	-	-	-
Cash dividends - NT\$2.5 per share	-	-	-	(884,481)	-	-	(884,481)
	-	-	207,495	(1,091,976)	-	-	(884,481)
Changes in percentage of ownership interests in subsidiaries	-	-	-	(95,725)	-	-	(95,725)
Disposal of investments in equity instruments as at fair value through other comprehensive income	-	-	-	(40,045)	-	40,045	-
Net profit for the year ended December 31, 2024	-	-	-	1,971,948	-	-	1,971,948
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	8,969	165,084	765,228	939,281
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	1,980,917	165,084	765,228	2,911,229
BALANCE ON DECEMBER 31, 2024	3,537,923	7,479,735	4,028,836	20,520,180	(115,755)	1,478,128	36,929,047
Appropriation of 2024 earnings							
Legal reserve	-	-	184,514	(184,514)	-	-	-
Cash dividends - NT\$2.4 per share	-	-	-	(849,101)	-	-	(849,101)
	-	-	184,514	(1,033,615)	-	-	(849,101)
Difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	-	-	-	(142)	-	-	(142)
Changes in percentage of ownership interests in subsidiaries	-	-	-	(86,937)	-	-	(86,937)
Net profit for the year ended December 31, 2025	-	-	-	1,525,866	-	-	1,525,866
Other comprehensive income (loss) for the year ended December 31, 2025, net of income tax	-	-	-	24,109	281,475	(478,551)	(172,967)
Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	1,549,975	281,475	(478,551)	1,352,899
BALANCE ON DECEMBER 31, 2025	\$ 3,537,923	\$ 7,479,735	\$ 4,213,350	\$ 20,949,461	\$ 165,720	\$ 999,577	\$ 37,345,766

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

HIWIN TECHNOLOGIES CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,747,223	\$ 2,286,654
Adjustments for:		
Depreciation expenses	1,792,065	1,771,820
Amortization expenses	25,637	14,062
Expected credit loss recognized on trade receivables	2,196	117
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	14,437	5,311
Finance costs	64,203	38,936
Interest income	(30,724)	(39,329)
Dividend income	(2,416)	(1,897)
Share of profit or loss of subsidiaries and associates accounted for using the equity method	70,753	308,424
Loss on disposal of property, plant and equipment	25,662	39,477
Write-downs (reversal) of inventories	(47,000)	34,000
Realized gains on transactions with associate	(196,841)	(46,855)
Unrealized foreign currency exchange gain, net	(122,472)	(12,725)
Others	(3,362)	(1,562)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(5,311)	9,738
Notes receivable	33,884	877
Trade receivables	7,468	(760,365)
Inventories	518,198	186,135
Other current assets	50,340	78,777
Contract liabilities	(49,881)	17,724
Notes payable	1,945	(3,514)
Trade payables	(191,972)	409,614
Other payables	(58,919)	(60,961)
Other current liabilities	1,500	587
Net defined benefit liabilities	(10,313)	(10,286)
Cash generated from operations	3,636,300	4,264,759
Interest received	30,902	39,482
Dividend received	2,416	1,897
Interest paid	(64,453)	(40,410)
Income tax paid	(306,437)	(706,336)
Net cash generated from operating activities	<u>3,298,728</u>	<u>3,559,392</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	-	11,308
Proceeds from refunds from financial assets at fair value through other comprehensive income capital premium	1,533	2,000
Payments for property, plant and equipment	(1,150,698)	(2,034,962)
Proceeds from disposal of property, plant and equipment	4,747	10,177

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HIWIN TECHNOLOGIES CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
Decrease in refundable deposits	\$ 1,348	\$ 1,205
Increase in other non-current assets	(47,154)	(25,817)
Increase in prepayments for machinery and equipment	<u>(1,043,882)</u>	<u>(862,750)</u>
Net cash used in investing activities	<u>(2,234,106)</u>	<u>(2,898,839)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	1,000	978,500
Repayments of long-term borrowings	(609,223)	(388,195)
Increase (decrease) in guarantee deposits	(1,687)	417
Repayment of the principal portion of lease liabilities	(51,496)	(76,979)
Dividends paid	(849,101)	(884,481)
Acquisition of additional interests in subsidiaries	(446,882)	(502,847)
Increase in prepayments for investments	<u>(62,130)</u>	<u>-</u>
Net cash used in financing activities	<u>(2,019,519)</u>	<u>(873,585)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(954,897)	(213,032)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,268,148</u>	<u>4,481,180</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 3,313,251</u>	<u>\$ 4,268,148</u>

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

(Concluded)

HIWIN TECHNOLOGIES CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF PARENT COMPANY ONLY FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Corporation’s board of directors on February 26, 2026.

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 Financial Supervisory Commission (FSC)

Amendments to IAS 21 “Lack of Exchangeability”

The application of amendments to IAS 21 “Lack of Exchangeability” did not have any material impact on the Corporation’s accounting policies.

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts” (including the 2020 and 2021 amendments to IFRS 17)	January 1, 2023

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

1) The amendments to the application guidance of classification of financial assets

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

- a) If a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,
 - In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and
 - In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.
- b) To clarify that a financial asset has non-recourse features if an entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
- c) To clarify that the characteristics of contractually linked instruments include a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool between the tranches.

2) The amendments to the application guidance of derecognition of financial liabilities

The amendments mainly stipulate that a financial liability is derecognized on the settlement date. However, when settling a financial liability in cash using an electronic payment system, the 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:

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

The Corporation shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight

Except for the above impact, as of the date the parent company only financial statements were authorized for issue, the Corporation has assessed that the application of above standards and interpretations will not have a material impact on the Corporation financial position and financial performance.

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note 2)
IFRS 19 “Subsidiaries without Public Accountability: Disclosures” (including the 2025 amendments to IFRS 19)	January 1, 2027
Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”	January 1, 2027

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

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

IFRS 18 “Presentation and Disclosure in Financial Statements” and consequential amendments

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

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Corporation shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Corporation 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 Corporation shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Corporation labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Corporation as a whole, the Corporation 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.

In addition, the following consequential amendments have been made to IAS 7 “Statement of Cash Flows”:

- The Corporation shall use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.

- Interest and dividends received by the Corporation shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Corporation has a specific main operating activity, it shall determine how to classify dividends received, interest received and interest paid in the statement of cash flows by referring to how it classifies dividend income, interest income and interest expense in the statement of profit or loss. The total of each of these cash flows shall be classified in a single category in the statement of cash flows.

Except for the above impact, as of the date the parent company only financial statements were authorized for issue, the Corporation is continuously assessing the other impacts of the above amended standards and interpretations on the Corporation's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The parent company only 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.

When preparing these parent company only financial statements, the Corporation used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Corporation in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries, associates and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and

- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

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

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

d. Foreign currencies

In preparing the parent company only financial statements, transactions in currencies other than the Corporation's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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

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

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

e. Inventories

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

f. Investments in subsidiaries

The Corporation uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Corporation.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the Corporation's share of equity of subsidiaries attributable to the Corporation.

Changes in the Corporation's ownership interest in a subsidiary that do not result in the Corporation losing control of the subsidiary are equity transactions. The Corporation recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Corporation's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Corporation's net investment in the subsidiary), the Corporation continues recognizing its share of further losses.

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

The Corporation assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Corporation recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Corporation loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Corporation had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Corporation.

g. Investment in associates

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

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

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

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

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

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

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

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

When the Corporation transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the parent company only financial statements only to the extent of interests in the associate that are not related to the Corporation.

h. Property, plant, and equipment

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

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

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

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

i. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

j. Impairment of property, plant, and equipment, right-of-use assets and intangible assets

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

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

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

k. Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instruments.

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

1) Financial assets

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

a) Measurement categories

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

i. Financial asset at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 25.

ii. Financial assets at amortized cost

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

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

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

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

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

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

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

- iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

Financial liabilities at FVTPL

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

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The fair value is determined in the manner described in Note 25.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

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

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

l. Provision

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

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

In accordance with the Regulations Governing the Collection of Carbon Fees and related regulations of the ROC, the carbon fee provision is recognized and measured on the basis of the best estimate of the expenditure required to settle the obligation for the current year.

m. Revenue recognition

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

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

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

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

n. Leases

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

1) The Corporation as lessor

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

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

2) The Corporation as lessee

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

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

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

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

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

o. Borrowing costs

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

p. Government grants

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

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

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

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

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

r. Share-based payment arrangements

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

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

s. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When the Corporation develops material accounting estimates, the Corporation considers the possible impact of US reciprocal tariffs. The estimates and underlying assumptions are reviewed on an ongoing basis.

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2025	2024
Cash on hand	\$ 891	\$ 1,048
Checking accounts and demand deposits	2,256,312	3,249,847
Pledged time deposits	214	413
Cash equivalents		
Time deposits (investments with original maturities of 3 months or less)	<u>1,056,048</u>	<u>1,017,253</u>
	3,313,465	4,268,561
Less: Pledged time deposits (classified as other current assets)	<u>(214)</u>	<u>(413)</u>
	<u>\$ 3,313,251</u>	<u>\$ 4,268,148</u>

Rate of interest per annum (%)

Cash in bank	0.00-3.43	0.00-4.30
Time deposits (investments with original maturities of 3 months or less)	1.05-3.60	1.20-4.62
Pledged time deposits (Note 27)	1.58	1.58

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Corporation'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>December 31, 2025</u>			
Sell	EUR/NTD	2026.1.23-2026.3.31	EUR6,200/NTD227,466
Sell	CNY/NTD	2026.1.22-2026.3.31	CNY135,000/NTD595,107
Sell	USD/NTD	2026.1.30-2026.3.31	USD4,300/NTD133,912
<u>December 31, 2024</u>			
Sell	EUR/NTD	2025.1.22-2025.3.14	EUR3,100/NTD105,595
Sell	CNY/NTD	2025.1.21-2025.3.28	CNY170,000/NTD756,798
Sell	USD/NTD	2025.1.21-2025.2.27	USD5,500/NTD178,003

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

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

	December 31	
	2025	2024
<u>Name of Investee Company</u>		
Domestic listed ordinary shares		
Hiwin Mikrosystem Corp. (Hiwin Mikrosystem)	\$ 981,145	\$ 1,457,429
Ever Fortune. AI Co., Ltd. (Ever Fortune)	140,200	144,000
Domestic unlisted ordinary shares		
Taichung International Country Club	-	-
Sunengine Corporation Ltd. (SunEngine)	-	-
King Kong Iron Work Ltd.	-	-
	<u>\$ 1,121,345</u>	<u>\$ 1,601,429</u>

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

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

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2025	2024
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 47,973	\$ 81,857
Less: Allowance for impairment loss	-	-
	<u>\$ 47,973</u>	<u>\$ 81,857</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 4,511,153	\$ 4,395,902
Less: Allowance for impairment loss	(2,313)	(117)
	<u>\$ 4,508,840</u>	<u>\$ 4,395,785</u>

a. Notes receivable

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

	December 31	
	2025	2024
Not past due	\$ 47,973	\$ 81,857
Past due	<u>-</u>	<u>-</u>
	<u>\$ 47,973</u>	<u>\$ 81,857</u>

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

b. Trade receivables

The Corporation 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 Corporation 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 Corporation 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 Corporation's credit risk was significantly reduced.

The Corporation 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 Corporation'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 Corporation's different customer base.

The Corporation 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 Corporation 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>December 31, 2025</u>					
Gross carrying amount	\$ 4,459,142	\$ 38,296	\$ 11,902	\$ 1,813	\$ 4,511,153
Loss allowance (Lifetime ECLs)	<u>(120)</u>	<u>(90)</u>	<u>(290)</u>	<u>(1,813)</u>	<u>(2,313)</u>
Amortized cost	<u>\$ 4,459,022</u>	<u>\$ 38,206</u>	<u>\$ 11,612</u>	<u>\$ -</u>	<u>\$ 4,508,840</u>
<u>December 31, 2024</u>					
Gross carrying amount	\$ 4,237,810	\$ 158,092	\$ -	\$ -	\$ 4,395,902
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(117)</u>	<u>-</u>	<u>-</u>	<u>(117)</u>
Amortized cost	<u>\$ 4,237,810</u>	<u>\$ 157,975</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,395,785</u>

The movements of loss allowance were as follows:

	For the Year Ended December 31, 2025	
	Notes Receivable	Trade Receivables
Balance on January 1, 2025	\$ -	\$ 117
Net remeasurement of loss allowance	-	2,196
Balance on December 31, 2025	<u>\$ -</u>	<u>\$ 2,313</u>

	For the Year Ended December 31, 2024	
	Notes Receivable	Trade Receivables
Balance on January 1, 2024	\$ -	\$ -
Net remeasurement of loss allowance	-	117
Balance on December 31, 2024	<u>\$ -</u>	<u>\$ 117</u>

10. INVENTORIES

	December 31	
	2025	2024
Merchandise	\$ 1,573	\$ 1,209
Finished goods	514,107	515,981
Work in process	1,017,419	1,051,529
Raw materials and supplies	1,932,254	2,055,322
Inventory in transit	<u>228,814</u>	<u>319,616</u>
	<u>\$ 3,694,167</u>	<u>\$ 3,943,657</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2025 and 2024 was \$13,739,305 thousand and \$13,814,511 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2025 and 2024 included inventory write-downs (reversal) of \$(47,000) thousand and \$34,000 thousand, respectively, and unallocated fixed overhead of \$333,470 thousand and \$326,942 thousand, respectively. Inventory write-downs were reversed as a result of inventory being consumed.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2025	2024
Investments in subsidiaries	\$ 8,783,118	\$ 8,041,474
Investments in associates	<u>368,670</u>	<u>305,995</u>
	<u>\$ 9,151,788</u>	<u>\$ 8,347,469</u>

a. Investments in subsidiaries

	December 31	
	2025	2024
Hiwin GmbH (“Hiwin Germany”)	\$ 2,809,682	\$ 2,455,124
Hiwin Corporation, U.S.A. (“Hiwin USA”)	1,188,264	1,129,266
Hiwin Corporation, Japan (“Hiwin Japan”)	(38,560)	(68,032)
Eterbright Solar Corporation (“Eterbright”)	514,031	510,562
Hiwin Singapore Pte. Ltd. (“Hiwin Singapore”)	(13,699)	18,291
Hiwin Corporation (“Hiwin Korea”)	(214,241)	(240,877)
Hiwin Technologies (China) Corporation (“Hiwin China”)	2,749,192	2,562,720
Matrix Precision Co., Ltd. (“Matrix Precision”)	313,637	307,116
Hiwin Healthcare Corp.	2,943	3,081
Hiwin S.R.L. (“Hiwin Italy”)	329,698	264,775
Matrix Machine Tool (Coventry) Limited (“Matrix England”)	339,590	376,657
Hiwin (Schweiz) GmbH (“Hiwin Schweiz”)	<u>536,081</u>	<u>413,882</u>
	8,516,618	7,732,565
Add: Credit balance of investments accounted for using the equity method transferred to non-current liabilities	<u>266,500</u>	<u>308,909</u>
	<u>\$ 8,783,118</u>	<u>\$ 8,041,474</u>
	Proportion of Ownership and Voting Rights	
	December 31	
	2025	2024
<u>Name of subsidiary</u>		
Hiwin Germany	100%	100%
Hiwin USA	100%	100%
Hiwin Japan	100%	100%
Eterbright	89%	89%
Hiwin Singapore	100%	100%
Hiwin Korea	100%	100%
Hiwin China	100%	100%
Matrix Precision (Note 23)	67%	61%
Hiwin Healthcare Corp.	100%	100%
Hiwin Italy	100%	100%
Matrix England	100%	100%
Hiwin Schweiz	81%	81%

The Corporation participated in the cash capital increase of Hiwin Korea in November 2025 amounted for \$62,130 thousand, and classified as prepaid investments.

The resolution to liquidate and dissolve Eterbright was approved during the extraordinary meeting of shareholders on November 27, 2023. The base date for dissolution was set as February 29, 2024 and this was approved by the Ministry of Economic Affairs on March 20, 2024. As of December 31, 2025, the liquidation has not yet been completed.

b. Investments in associates

	December 31	
	2025	2024
Associates that are not individually material	<u>\$ 368,670</u>	<u>\$ 305,995</u>
	For the Year Ended December 31	
	2025	2024
The Corporation's share of:		
Net Profit for the year	\$ 22,129	\$ 27,589
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>\$ 22,129</u>	<u>\$ 27,589</u>

12. PROPERTY, PLANT AND EQUIPMENT

	For the Year Ended December 31, 2025				
	Beginning Balance	Additions	Disposals	Reclassified Amount	Ending Balance
<u>Cost</u>					
Land	\$ 3,890,629	\$ -	\$ -	\$ -	\$ 3,890,629
Buildings and improvements	14,226,386	30,147	-	1,071,744	15,328,277
Machinery and equipment	12,277,483	339,073	(1,586,178)	954,933	11,985,311
Transportation equipment	50,935	252	(2,633)	3,028	51,582
Miscellaneous equipment	1,858,360	247,162	(68,440)	118,577	2,155,659
Construction in progress	<u>666,963</u>	<u>530,093</u>	<u>-</u>	<u>(1,069,247)</u>	<u>127,809</u>
	<u>32,970,756</u>	<u>\$ 1,146,727</u>	<u>\$ (1,657,251)</u>	<u>\$ 1,079,035</u>	<u>33,539,267</u>
<u>Accumulated depreciation</u>					
Buildings and improvements	2,425,111	\$ 313,348	\$ -	\$ -	2,738,459
Machinery and equipment	7,207,098	1,414,875	(1,563,085)	-	7,058,888
Transportation equipment	25,206	8,278	(2,633)	-	30,851
Miscellaneous equipment	<u>1,165,788</u>	<u>223,963</u>	<u>(61,124)</u>	<u>(2,568)</u>	<u>1,326,059</u>
	<u>10,823,203</u>	<u>\$ 1,960,464</u>	<u>\$ (1,626,842)</u>	<u>\$ (2,568)</u>	<u>11,154,257</u>
	<u>\$ 22,147,553</u>				<u>\$ 22,385,010</u>

For the Year Ended December 31, 2024					
	Beginning Balance	Additions	Disposals	Reclassified Amount	Ending Balance
<u>Cost</u>					
Land	\$ 3,890,629	\$ -	\$ -	\$ -	\$ 3,890,629
Buildings and improvements	12,485,815	50,223	-	1,690,348	14,226,386
Machinery and equipment	12,373,799	191,114	(786,179)	498,749	12,277,483
Transportation equipment	76,382	493	(33,888)	7,948	50,935
Miscellaneous equipment	1,712,353	201,731	(130,737)	75,013	1,858,360
Construction in progress	754,400	1,597,294	-	(1,684,731)	666,963
	<u>31,293,378</u>	<u>\$ 2,040,855</u>	<u>\$ (950,804)</u>	<u>\$ 587,327</u>	<u>32,970,756</u>
<u>Accumulated depreciation</u>					
Buildings and improvements	2,151,736	\$ 273,375	\$ -	\$ -	2,425,111
Machinery and equipment	6,509,593	1,443,596	(744,085)	(2,006)	7,207,098
Transportation equipment	47,437	11,268	(33,499)	-	25,206
Miscellaneous equipment	1,095,795	193,559	(123,566)	-	1,165,788
	<u>9,804,561</u>	<u>\$ 1,921,798</u>	<u>\$ (901,150)</u>	<u>\$ (2,006)</u>	<u>10,823,203</u>
	<u>\$ 21,488,817</u>				<u>\$ 22,147,553</u>

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

Buildings and improvements	
Main buildings	8-55 years
Engineering system	8-20 years
Machinery and equipment	
Machinery equipment	4-10 years
Inspection equipment	6-10 years
Transportation equipment	5-10 years
Miscellaneous equipment	2-15 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 27.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2025	2024
<u>Carrying amounts</u>		
Land	\$ 95,737	\$ 101,785
Buildings	<u>54,977</u>	<u>75,597</u>
	<u>\$ 150,714</u>	<u>\$ 177,382</u>

	For the Year Ended December 31	
	2025	2024
Additions to right-of-use assets	\$ <u>28,782</u>	\$ <u>110,484</u>
Depreciation charge for right-of-use assets		
Land	\$ 8,703	\$ 8,482
Buildings	<u>43,931</u>	<u>69,839</u>
	\$ <u>52,634</u>	\$ <u>78,321</u>

b. Lease liabilities

	December 31	
	2025	2024
<u>Carrying amounts</u>		
Current	\$ <u>42,058</u>	\$ <u>39,925</u>
Non-current	\$ <u>109,639</u>	\$ <u>138,263</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2025	2024
Land	2.02%	1.89%
Buildings	1.45%-1.94%	1.89%

c. Material lease-in activities and terms

The Corporation leases land and buildings for the use of plants and offices with lease terms of 1 to 20 years. The lease contract for land specifies that lease payments will be adjusted on the basis of changes in the consumer price index or announced land value prices. The Corporation 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 Year Ended December 31	
	2025	2024
Expenses relating to short-term leases	\$ <u>174</u>	\$ <u>546</u>
Expenses relating to low-value asset leases	\$ <u>8,620</u>	\$ <u>6,437</u>
Total cash outflow for leases	\$ <u>(63,692)</u>	\$ <u>(88,363)</u>

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

14. PREPAYMENTS FOR MACHINERY AND EQUIPMENT

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

The Date of Initial Cost Contribution	December 31	
	2025	2024
Within 1 year	\$ 696,126	\$ 662,451
1-2 years	327,339	141,884
2-5 years	88,331	261,225
More than 5 years	<u>103,156</u>	<u>184,545</u>
	<u>\$ 1,214,952</u>	<u>\$ 1,250,105</u>

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

15. LONG-TERM BORROWINGS

	December 31	
	2025	2024
<u>Secured borrowings</u> (Note 27)		
Secured loans - Expired from February 2026 to March 2038	\$ 3,479,953	\$ 4,074,857
<u>Unsecured borrowings</u>		
Unsecured loans - Expired from April 2027 to February 2030	<u>13,640</u>	<u>22,056</u>
	3,493,593	4,096,913
Less: Current portion	<u>(557,442)</u>	<u>(393,884)</u>
Long-term borrowings	<u>\$ 2,936,151</u>	<u>\$ 3,703,029</u>
<u>Rate of interest per annum (%)</u>		
Secured loans	1.32-2.07	1.28-2.12
Unsecured loans	1.32-1.87	1.32

In August 2019, the Corporation received a qualification letter for the Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan from the Ministry of Economic Affairs, and therefore received the subsidy for processing fee of long-term borrowings. As of December 31, 2025, \$1,002,000 thousand was drawn down for building the plant, the purchase of machinery and equipment and the use of operating capital. The Corporation recognized \$22,632 thousand as a government grant, which is the difference between the loan amount obtained at a lower-than-market interest rate and the fair value, which was accounted for as deferred revenue and would be subsequently recognized in profit or loss over the useful life of the asset.

16. OTHER PAYABLES

	December 31	
	2025	2024
Payables for salaries and bonuses	\$ 582,542	\$ 611,240
Payables for annual leave	186,432	153,024
Payables for compensation of employees	115,859	156,559
Payables for remuneration of directors	57,930	78,279
Payables for purchases of equipment	23,340	24,743
Others	<u>259,144</u>	<u>266,714</u>
	<u>\$ 1,225,247</u>	<u>\$ 1,290,559</u>

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

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

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

	December 31	
	2025	2024
Present value of defined benefit obligation	\$ 313,784	\$ 332,845
Fair value of plan assets	<u>(245,891)</u>	<u>(238,972)</u>
Net defined benefit liabilities	<u>\$ 67,893</u>	<u>\$ 93,873</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance on January 1, 2025	<u>\$ 332,845</u>	<u>\$ (238,972)</u>	<u>\$ 93,873</u>
Service cost			
Current service cost	744	-	744
Net interest expense (income)	<u>5,325</u>	<u>(3,922)</u>	<u>1,403</u>
Recognized in profit or loss	<u>6,069</u>	<u>(3,922)</u>	<u>2,147</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(16,562)	(16,562)
Actuarial loss - changes in financial assumptions	3,168	-	3,168
Actuarial gain - experience adjustments	<u>(2,273)</u>	<u>-</u>	<u>(2,273)</u>
Recognized in other comprehensive income	<u>895</u>	<u>(16,562)</u>	<u>(15,667)</u>
Contributions from the employer	-	(12,460)	(12,460)
Benefits paid	<u>(26,025)</u>	<u>26,025</u>	<u>-</u>
Balance on December 31, 2025	<u>\$ 313,784</u>	<u>\$ (245,891)</u>	<u>\$ 67,893</u>
Balance on January 1, 2024	<u>\$ 329,078</u>	<u>\$ (218,469)</u>	<u>\$ 110,609</u>
Service cost			
Current service cost	797	-	797
Net interest expense (income)	<u>3,949</u>	<u>(2,690)</u>	<u>1,259</u>
Recognized in profit or loss	<u>4,746</u>	<u>(2,690)</u>	<u>2,056</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(18,159)	(18,159)
Actuarial gain - changes in financial assumptions	(6,104)	-	(6,104)
Actuarial loss - experience adjustments	<u>17,813</u>	<u>-</u>	<u>17,813</u>
Recognized in other comprehensive income	<u>11,709</u>	<u>(18,159)</u>	<u>(6,450)</u>
Contributions from the employer	-	(12,342)	(12,342)
Benefits paid	<u>(12,688)</u>	<u>12,688</u>	<u>-</u>
Balance on December 31, 2024	<u>\$ 332,845</u>	<u>\$ (238,972)</u>	<u>\$ 93,873</u>

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

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

- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2025	2024
Discount rates	1.35%	1.60%
Expected rates of salary increase	2.00%	2.00%

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

	December 31	
	2025	2024
Discount rate		
0.25% increase	\$ (3,168)	\$ (3,682)
0.25% decrease	\$ 3,249	\$ 3,784
Expected rate of salary increase/decrease		
0.25% increase	\$ 3,212	\$ 3,750
0.25% decrease	\$ (3,148)	\$ (3,667)

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

	December 31	
	2025	2024
Expected contributions to the plan for the next year	\$ 12,460	\$ 12,342
Average duration of the defined benefit obligation	8.1 years	9.0 years

18. EQUITY

a. Ordinary shares

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

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

b. Capital surplus

	December 31	
	2025	2024
May be used to offset a deficit, distributed as cash dividends, or <u>transferred to share capital (Note)</u>		
Issuance of ordinary shares	\$ 7,469,101	\$ 7,469,101
Invalid employee share options	<u>10,634</u>	<u>10,634</u>
	<u>\$ 7,479,735</u>	<u>\$ 7,479,735</u>

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, until the accumulated legal reserve equals the Corporation's paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit shall be distributed as dividends, where the dividends distributed should not exceed 6% of the remaining profit. The Corporation's profit may be distributed in the form of cash or share dividends; however, the ratio of share dividends distributed shall not exceed two-thirds of the Corporation's total amount of dividends and bonuses distributed to shareholders. A distribution plan is also to be made by the board of directors and should be resolved in the shareholder's meeting. The dividends could be distributed in whole or in part by cash after the resolution has been passed by more than half of the directors present at the meeting of the board of directors, in which at least two-thirds of the total number of directors should be present. In addition, a report of such distribution shall be submitted to the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 20-c.

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

The appropriations of earnings of the Corporation for 2024 and 2023 were as follows:

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

The appropriations of cash dividends per share for 2024 and 2023 had been approved by Corporation's the board of directors on February 26, 2025 and February 27, 2024, respectively; the other appropriations of earnings for 2024 and 2023 had been approved by the shareholders in their meetings on May 28, 2025 and May 31, 2024, respectively.

The appropriation of earnings for 2025, which was proposed by the Corporation's board of directors on February 26, 2026, was as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 146,290	
Cash dividends	707,584	\$ 2.0

The above-mentioned cash dividends were approved by the Corporation's board of directors for distribution, and the other appropriation of earnings is subject to the resolution of the shareholders in their meeting held on May 27, 2026.

19. REVENUE

	For the Year Ended December 31	
	2025	2024
Revenue from contracts with customers		
Revenue from the sale of goods	<u>\$ 17,462,527</u>	<u>\$ 18,236,021</u>

a. Contract balances

	December 31, 2025	December 31, 2024	January 1, 2024
Notes receivable and accounts receivable (Note 9)	<u>\$ 4,556,813</u>	<u>\$ 4,477,642</u>	<u>\$ 3,709,875</u>
Contract liabilities - current			
Sale of goods	<u>\$ 17,137</u>	<u>\$ 67,018</u>	<u>\$ 49,294</u>

b. Disaggregation of revenue

	For the Year Ended December 31	
	2025	2024
Linear guideways	\$ 11,272,020	\$ 12,234,233
Ballscrews	3,921,640	3,956,317
Others	<u>2,268,867</u>	<u>2,045,471</u>
	<u>\$ 17,462,527</u>	<u>\$ 18,236,021</u>

20. NET PROFIT FROM CONTINUING OPERATIONS

a. Finance costs

	For the Year Ended December 31	
	2025	2024
Interest on bank loans	\$ 60,801	\$ 34,535
Interest on lease liabilities	<u>3,402</u>	<u>4,401</u>
	<u>\$ 64,203</u>	<u>\$ 38,936</u>

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2025	2024
Capitalized interest	\$ 10,594	\$ 31,209
Capitalization rates (%)	1.38-1.83	1.27-2.00

b. Employee benefits expense, depreciation and amortization expenses

	Operating Costs	Operating Expenses	Non-business – Other Expenses	Total
<u>For the Year Ended December</u>				
<u>31, 2025</u>				
Short-term employee benefits				
Salary	\$2,565,954	\$ 962,572	\$ -	\$3,528,526
Labor and health insurance	269,486	90,468	-	359,954
Post-employment benefits				
Defined contribution plans	109,377	44,439	-	153,816
Defined benefit plans				
(Note 17)	1,904	243	-	2,147
Remuneration of directors	-	66,620	-	66,620
Other employee benefits	141,767	44,104	-	185,871
Depreciation expenses	1,607,327	184,430	308	1,792,065
Amortization expenses	8,886	16,751	-	25,637
<u>For the Year Ended December</u>				
<u>31, 2024</u>				
Short-term employee benefits				
Salary	2,540,998	917,459	-	3,458,457
Labor and health insurance	259,180	86,137	-	345,317
Post-employment benefits				
Defined contribution plans	105,417	43,205	-	148,622
Defined benefit plans				
(Note 17)	1,825	231	-	2,056
Remuneration of directors	-	87,039	-	87,039
Other employee benefits	138,616	48,469	-	187,085
Depreciation expenses	1,600,385	171,191	244	1,771,820
Amortization expenses	5,799	8,263	-	14,062

For the years ended December 31, 2025 and 2024, the Corporation had an average of 4,542 and 4,659 employees, respectively. There were 7 directors who did not serve concurrently as employees.

For the years ended December 31, 2025 and 2024, the average of employee benefits expense was \$933 thousand and \$890 thousand, respectively, and the average of employee salaries was \$778 thousand and \$743 thousand, respectively, and the change in the average employee salaries was 5%.

The annual salary provided by the Corporation to employees is higher than the industry average, and the salary of new employees in Taiwan and around the world is higher than the local minimum salary. Adhering to the concept of equal pay for equal work and retaining employees, all assessments are taken into consideration. Through new assessments, quarterly assessments, year-end assessments, and project assessments, the Corporation encourages and rewards the contributions of outstanding employees. Payment of different bonuses is also a key feature of the reward scheme; for example, the lifetime premium system, which is the new technology developed by employees to make more profits. The Corporation will regularly pay bonuses equivalent to the authorization fee to employees, so that employees and the Corporation can share their achievements.

In addition, the managers of the Corporation are regarded as ordinary employees receiving salaries, and various bonuses, dividends and benefits are paid according to the operation and profit status, taking into account the Corporation's operating results and the scope of management and responsibility of each manager in the Corporation. The condition and the results of the annual performance evaluation are given reasonable remuneration; the policy for remuneration of managers is based on the Corporation's salary scale, salary treatment method and the scope of rights and responsibilities of the position in the Corporation and the contribution to the Corporation's operating performance for the payment of dividends, year-end bonuses and other remuneration.

The Corporation sets the remuneration procedures for directors, which is based on director's performance evaluation and remuneration system, board performance evaluation method and manager's performance evaluation and bonus system as the basis of evaluation; In addition to the Corporation's overall operating performance, future risks and development trends of the industry, it also refers to the results obtained from the performance evaluation standards and its contribution to the Corporation which pays reasonable remuneration; the remuneration of the general manager and deputy general manager is based on salary and various treatment procedures and takes into account the relevance of the manager's performance and the Corporation's overall business performance and future risks, and the salary and compensation committee will make recommendations to the board of directors for resolution, based on the actual operating conditions and relevant regulations of the remuneration system to balance the Corporation's sustainable operation and risk control measures.

c. Compensation of employees and remuneration of directors

In accordance with the Corporation's Articles of Incorporation, the Corporation is required to accrue employees compensation and directors' remuneration at rates of no less than 1% and no more than 4%, respectively, of net profit before income tax, employees compensation and directors' remuneration. Pursuant to the amendments to the Securities and Exchange Act in August 2024, revisions to the Articles had been approved in the 2025 shareholders' meeting. The Articles' revisions stipulate that no less than 1% of net profit before income tax, employees compensation and directors' remuneration shall be allocated, of which no less than 0.3% of the employees compensation is to be distributed to non-executive employees. The compensation of employees and remuneration of directors for the years ended December 31 2025 and 2024 which have been approved by the Corporation's board of directors on February 26, 2026 and February 26, 2025, respectively, were as follows:

Cash	For the Year Ended December 31			
	2025		2024	
	Accrual rate	Amount	Accrual rate	Amount
Compensation of employees	6.0%	\$ 115,859	6.2%	\$ 156,559
Remuneration of directors	3.0%	57,930	3.1%	78,279

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

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2024 and 2023.

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

21. INCOME TAXES

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

	For the Year Ended December 31	
	2025	2024
Current tax		
In respect of the current year	\$ 180,438	\$ 396,317
Income tax on unappropriated earnings	9,343	8,472
Adjustments for prior years	(57,215)	(64,682)
Deferred tax		
In respect of the current year	<u>88,791</u>	<u>(25,401)</u>
Income tax expense recognized in profit or loss	<u>\$ 221,357</u>	<u>\$ 314,706</u>

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

	For the Year Ended December 31	
	2025	2024
Income tax expense calculated at the statutory rate	\$ 349,445	\$ 457,330
Non-deductible expenses in determining taxable income	18,307	416
Others	(2,546)	(2,438)
Income tax on unappropriated earnings	45,363	49,149
Investment tax credits used	<u>(131,303)</u>	<u>(125,632)</u>
Current tax	279,266	378,825
Unrecognized deductible temporary differences	(694)	563
Adjustments for prior years' tax	<u>(57,215)</u>	<u>(64,682)</u>
Income tax expense recognized in profit or loss	<u>\$ 221,357</u>	<u>\$ 314,706</u>

- b. Income tax expense recognized in other comprehensive income

	For the Year Ended December 31	
	2025	2024
<u>Deferred tax</u>		
In respect of the current year:		
Translation of foreign operations	\$ 67,787	\$ 41,337
Remeasurement of defined benefit plans	<u>3,133</u>	<u>1,290</u>
	<u>\$ 70,920</u>	<u>\$ 42,627</u>

c. The movements of the deferred tax assets and liabilities

For the Year Ended December 31, 2025				
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized intercompany profit	\$ 200,230	\$ (39,368)	\$ -	\$ 160,862
Allowance for inventory devaluation	97,200	(9,400)	-	87,800
Payables for annual leave	30,605	6,681	-	37,286
Exchange differences on foreign operations	28,816	-	(28,816)	-
Defined benefit obligations	19,177	-	(3,133)	16,044
Provisions	3,663	(213)	-	3,450
Impairment loss on financial assets	2,895	-	-	2,895
Financial liabilities at FVTPL	1,062	1,825	-	2,887
Others	25	(1)	-	24
	<u>\$ 383,673</u>	<u>\$ (40,476)</u>	<u>\$ (31,949)</u>	<u>\$ 311,248</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unappropriated earnings of subsidiaries	\$ 758,836	\$ 24,947	\$ -	\$ 783,783
Gain from bargain purchase	9,254	-	-	9,254
Unrealized gain on foreign currency exchange	3,253	23,368	-	26,621
Exchange differences on foreign operations	-	-	38,971	38,971
	<u>\$ 771,343</u>	<u>\$ 48,315</u>	<u>\$ 38,971</u>	<u>\$ 858,629</u>
For the Year Ended December 31, 2024				
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized intercompany profit	\$ 209,601	\$ (9,371)	\$ -	\$ 200,230
Allowance for inventory devaluation	90,400	6,800	-	97,200
Payables for annual leave	27,281	3,324	-	30,605
Exchange differences on foreign operations	70,153	-	(41,337)	28,816
Defined benefit obligations	20,467	-	(1,290)	19,177
Provisions	3,464	199	-	3,663
Impairment loss on financial assets	4,071	(1,176)	-	2,895
Financial liabilities at FVTPL	-	1,062	-	1,062
Unrealized loss on foreign currency exchange	12,125	(12,125)	-	-
Others	26	(1)	-	25
	<u>\$ 437,588</u>	<u>\$ (11,288)</u>	<u>\$ (42,627)</u>	<u>\$ 383,673</u>

For the Year Ended December 31, 2024				
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax liabilities</u>				
Temporary differences				
Unappropriated earnings of subsidiaries	\$ 796,830	\$ (37,994)	\$ -	\$ 758,836
Gain from bargain purchase	9,254	-	-	9,254
Unrealized gain on foreign currency exchange	-	3,253	-	3,253
Financial assets at FVTPL	<u>1,948</u>	<u>(1,948)</u>	<u>-</u>	<u>-</u>
	<u>\$ 808,032</u>	<u>\$ (36,689)</u>	<u>\$ -</u>	<u>\$ 771,343</u>

- d. Deductible temporary differences for which no deferred tax assets have been recognized in the balance sheets

	December 31	
	2025	2024
Investment loss	<u>\$ 3,871,932</u>	<u>\$ 3,875,400</u>

- e. Income tax assessments

The tax returns of the Corporation through 2023 have been assessed by the tax authorities.

22. EARNINGS PER SHARE

	Net Profit	Number of Shares (In Thousands)	Earnings Per Share (NT\$)
<u>For the Year Ended December 31, 2025</u>			
Basic earnings per share			
Profit for the year	\$ 1,525,866	353,792	<u>\$ 4.31</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>-</u>	<u>667</u>	
Diluted earnings per share			
Profit for the year plus effect of potentially dilutive ordinary shares	<u>\$ 1,525,866</u>	<u>354,459</u>	<u>\$ 4.30</u>
<u>For the Year Ended December 31, 2024</u>			
Basic earnings per share			
Profit for the year	\$ 1,971,948	353,792	<u>\$ 5.57</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>-</u>	<u>576</u>	
Diluted earnings per share			
Profit for the year plus effect of potentially dilutive ordinary shares	<u>\$ 1,971,948</u>	<u>354,368</u>	<u>\$ 5.56</u>

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

23. PARTIAL ACQUISITION OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL

In July and December 2025, the Corporation acquired an additional equity interest and subscribed for additional new shares of Matrix Precision at a percentage different from its existing ownership percentage, thereby increasing its continuing interest from 60.82% to 67.39%, and recognized a decrease of \$87,079 thousand in retained earnings.

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

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

24. CAPITAL MANAGEMENT

To support the needs for expansion and upgrade of its plant and equipment, the Corporation has to maintain an appropriate amount of capital. Therefore, the Corporation 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 Corporation 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 Corporation may adjust the amount of dividends paid to shareholders and the amount of new debt issued or existing debt redeemed.

25. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

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

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

<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

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 330	\$ 112
Financial assets at amortized cost (1)	8,140,472	8,976,414
Financial assets at FVTOCI		
Equity instruments	1,121,345	1,601,429
<u>Financial liabilities</u>		
FVTPL		
Mandatorily classified as at FVTPL	14,767	5,423
Financial liabilities at amortized cost (2)	6,571,508	7,375,430

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

c. Financial risk management objectives and policies

The Corporation's major financial instruments include equity and debt investments, trade receivables, trade payables, lease liabilities and borrowings. The Corporation's Corporate Treasury function provides services to the business, monitors and manages the financial risks relating to the operations of the Corporation. 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 Corporation 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 Corporation's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Corporation's operating activities and net investment in foreign operations are denominated in foreign currencies. Consequently, the Corporation 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 Corporation 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 Corporation's net investments in foreign operations are held for strategic purposes, they are not hedged.

The carrying amounts of the Corporation'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 29.

Sensitivity analysis

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

The sensitivity analysis of foreign currency risk used when reporting foreign currency risk internally to key management personnel mainly focuses on foreign currency denominated monetary items at the end of the reporting period. When the NTD had increased by 1% against the relevant foreign currency, the post-tax profit for the years ended December 31, 2025 and 2024 would have decreased by \$41,222 thousand and \$46,773 thousand, respectively.

b) Interest rate risk

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

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

	December 31	
	2025	2024
Fair value interest rate risk		
Deposits in bank	\$ 1,056,262	\$ 1,017,666
Lease liabilities	151,697	178,188
Cash flow interest rate risk		
Deposits in bank	2,087,724	3,136,807
Long-term borrowings	3,493,593	4,096,913

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 Corporation's post-tax profit for the years ended December 31, 2025 and 2024 would have decreased by \$11,247 thousand and \$7,681 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 Corporation. At the end of the reporting period, the counterparties are all creditworthy organizations; thus, no significant credit risk is expected.

The counterparties of the Corporation'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 Corporation's concentration of credit risk by geographical locations was mainly in Asia, which accounted for 77% and 74% of the total trade receivables as of December 31, 2025 and 2024, respectively.

3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Corporation'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 Corporation relies on bank borrowings as a significant source of liquidity. As of December 31, 2025 and 2024, the Corporation had available unutilized bank loan facilities of \$10,594,420 thousand and \$10,844,294 thousand, respectively.

The following table details the Corporation'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	More than 5 Years
<u>December 31, 2025</u>			
Non-derivative financial liabilities			
Non-interest bearing	\$ 4,019,068	\$ -	\$ -
Lease liabilities	44,637	60,441	58,738
Variable interest rate liabilities	<u>614,395</u>	<u>1,833,878</u>	<u>1,308,691</u>
	<u>\$ 4,678,100</u>	<u>\$ 1,894,319</u>	<u>\$ 1,367,429</u>
Derivative financial liabilities			
Foreign exchange forward contracts	<u>\$ 14,767</u>	<u>\$ -</u>	<u>\$ -</u>

	Less Than 1 Year	1-5 Years	More than 5 Years
<u>December 31, 2024</u>			
Non-derivative financial liabilities			
Non-interest bearing	\$ 4,274,322	\$ -	\$ -
Lease liabilities	43,669	82,398	66,924
Variable interest rate liabilities	<u>465,354</u>	<u>2,210,142</u>	<u>1,765,801</u>
	<u>\$ 4,783,345</u>	<u>\$ 2,292,540</u>	<u>\$ 1,832,725</u>
Derivative financial liabilities			
Foreign exchange forward contracts	<u>\$ 5,423</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
<u>December 31, 2025</u>				
Lease liabilities	\$ 44,637	\$ 60,441	\$ 48,948	\$ 9,790
Variable interest rate liabilities	<u>614,395</u>	<u>1,833,878</u>	<u>1,188,184</u>	<u>120,507</u>
	<u>\$ 659,032</u>	<u>\$ 1,894,319</u>	<u>\$ 1,237,132</u>	<u>\$ 130,297</u>
<u>December 31, 2024</u>				
Lease liabilities	\$ 43,669	\$ 82,398	\$ 47,803	\$ 19,121
Variable interest rate liabilities	<u>465,354</u>	<u>2,210,142</u>	<u>1,590,086</u>	<u>175,715</u>
	<u>\$ 509,023</u>	<u>\$ 2,292,540</u>	<u>\$ 1,637,889</u>	<u>\$ 194,836</u>

26. TRANSACTIONS WITH RELATED PARTIES

The significant transactions between the Corporation and its related parties, other than those disclosed in other notes, are summarized as follows:

a. Related party name and categories

Related Party Name	Related Party Categories
Hiwin Germany	Subsidiary
Hiwin USA	Subsidiary
Hiwin Japan	Subsidiary
Hiwin Singapore	Subsidiary
Hiwin Korea	Subsidiary
Hiwin China	Subsidiary
Matrix Precision	Subsidiary

(Continued)

Related Party Name	Related Party Categories
Hiwin Healthcare Corp.	Subsidiary
Hiwin Italy	Subsidiary
Matrix England	Subsidiary
Hiwin Schweiz	Subsidiary
Hiwin Mikrosystem	Other related party
Hiwin Investment and Holding Corporation (Hiwin Investment Corporation)	Other related party
Yong-Yin Investment and Holding Corp. (Yong-Yin Investment Corporation)	Other related party
Hiwin Technologies Foundation in Education (Hiwin Education Foundation)	Other related party

(Concluded)

b. Operating transactions

	For the Year Ended December 31	
	2025	2024
1) Sales of goods		
Hiwin China	\$ 3,777,063	\$ 3,976,650
Subsidiaries	3,272,069	3,514,037
Other related parties	<u>87,240</u>	<u>64,488</u>
	<u>\$ 7,136,372</u>	<u>\$ 7,555,175</u>

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

	For the Year Ended December 31	
	2025	2024
2) Purchases of goods		
Other related parties	\$ 90,995	\$ 139,321
Subsidiaries	<u>27,728</u>	<u>13,119</u>
	<u>\$ 118,723</u>	<u>\$ 152,440</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 Year Ended December 31	
	2025	2024
Non-operating income - dividend income (classified as other income)		
Hiwin Mikrosystem	\$ <u>1,905</u>	\$ <u>953</u>
Non-operating income - other income		
Hiwin Japan	\$ 14,312	\$ 15,441
Matrix Precision	10,851	9,803
Hiwin Italy	11,716	9,659
Subsidiaries	6,026	6,259
Other related parties	<u>1,083</u>	<u>910</u>
	\$ <u>43,988</u>	\$ <u>42,072</u>
Non-operating expenses - other expenses		
Hiwin Korea	\$ <u>89,911</u>	\$ <u>-</u>
Manufacturing and operating expenses		
Other related parties	\$ 26,768	\$ 42,067
Subsidiaries	<u>5,878</u>	<u>17,770</u>
	\$ <u>32,646</u>	\$ <u>59,837</u>
Operating expenses - donations		
Hiwin Education Foundation	\$ <u>9,000</u>	\$ <u>7,000</u>
	December 31	
	2025	2024

4) Trade receivables

Hiwin China	\$ 1,125,433	\$ 859,005
Hiwin Italy	380,721	392,499
Hiwin Germany	338,983	270,953
Hiwin Japan	275,765	354,625
Subsidiaries	<u>188,393</u>	<u>308,163</u>
	\$ <u>2,309,295</u>	\$ <u>2,185,245</u>

5) Other receivables (classified as other current assets)

Subsidiaries	\$ <u>3,430</u>	\$ <u>3,634</u>
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		December 31	
		2025	2024
6) Trade payables			
Hiwin Mikrosystem	\$	4,822	\$ 19,761
Hiwin China		4,564	684
Matrix Precision		708	5,088
Subsidiaries		<u>1,514</u>	<u>32</u>
	\$	<u>11,608</u>	<u>25,565</u>
7) Other payables			
Subsidiaries	\$	1,612	\$ 2,787
Other related parties		<u>-</u>	<u>5,181</u>
	\$	<u>1,612</u>	<u>7,968</u>
8) Prepayments for machinery and equipment			
Subsidiaries	\$	<u>8,647</u>	<u>36,220</u>
9) Refundable deposits			
Hiwin Mikrosystem	\$	1,616	\$ 1,616
Subsidiaries		<u>30</u>	<u>-</u>
	\$	<u>1,646</u>	<u>1,616</u>

c. Loans to related parties

		December 31	
		2025	2024
<u>Other receivables (classified as other current assets)</u>			
Subsidiaries	\$	<u>-</u>	<u>30,960</u>
For the Year Ended December 31			
		2025	2024
<u>Interest income</u>			
Subsidiaries	\$	<u>368</u>	<u>1,312</u>

The Corporation provided subsidiaries with short-term loans at rates comparable to market interest rates.

d. Acquisition of property, plant and equipment

	Purchase Price	
	For the Year Ended December 31	
	2025	2024
Subsidiaries	\$ 37,177	\$ 35,482
Other related parties	<u>3,600</u>	<u>-</u>
	<u>\$ 40,777</u>	<u>\$ 35,482</u>

e. Disposal of property, plant and equipment

	Disposal Price		Gain on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
	2025	2024	2025	2024
Subsidiaries	\$ <u>386</u>	\$ <u>-</u>	\$ <u>269</u>	\$ <u>-</u>

f. Lease arrangements

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

	For the Year Ended December 31	
	2025	2024
<u>Acquisition of right-of-use assets</u>		
Hiwin Mikrosystem	\$ <u>22,950</u>	\$ <u>25,895</u>

	December 31	
	2025	2024

Lease liabilities

Other related parties	\$ <u>13,429</u>	\$ <u>13,926</u>
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	For the Year Ended December 31	
	2025	2024

Finance costs

Other related parties	\$ <u>426</u>	\$ <u>413</u>
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g. Endorsements and guarantees

For the information about the endorsements and guarantees for subsidiaries given by the Corporation as of December 31, 2025, is disclosed in Table 2.

h. Acquisition of additional interests in related parties

	For the Year Ended December 31	
	2025	2024
Matrix Precision	\$ 270,214	\$ 233,667
Hiwin Japan	176,515	186,300
Matrix England	<u>-</u>	<u>82,880</u>
	<u>\$ 446,729</u>	<u>\$ 502,847</u>

i. Remuneration of key management personnel

	For the Year Ended December 31	
	2025	2024
Short-term employee benefits	\$ 154,138	\$ 170,094
Post-employment benefits	<u>959</u>	<u>827</u>
	<u>\$ 155,097</u>	<u>\$ 170,921</u>

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

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2025	2024
Property, plant and equipment	\$ 15,112,164	\$ 13,548,529
Pledged deposits (classified as other current assets)	<u>214</u>	<u>413</u>
	<u>\$ 15,112,378</u>	<u>\$ 13,548,942</u>

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- As of December 31, 2025 and 2024, unused letters of credit for purchases of raw materials and machinery equipment amounted to \$100,763 thousand and \$187,349 thousand, respectively.
- As of December 31, 2025 and 2024, commitments for acquisition of property, plant and equipment amounted to \$979,396 thousand and \$1,303,802 thousand, respectively.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	December 31, 2025			December 31, 2024		
	Foreign Currency	Exchange Rate	Carrying Amount	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>						
Monetary items						
USD	\$ 26,886	31.43	\$ 845,019	\$ 31,606	32.785	\$ 1,036,198
EUR	30,309	36.90	1,118,392	34,641	34.14	1,182,646
JPY	1,898,023	0.2008	381,123	2,748,113	0.2099	576,829
RMB	661,535	4.496	2,974,262	753,575	4.478	3,374,507
Non-monetary items						
USD	39,698	31.43	1,247,719	37,012	32.785	1,213,432
EUR	97,778	36.90	3,607,992	96,899	34.14	3,308,117
ILS	34,063	9.859	335,841	31,819	8.585	273,166
RMB	651,070	4.496	2,927,150	620,411	4.478	2,778,200
GBP	6,953	42.33	294,329	8,188	41.19	337,247
CHF	12,790	39.62	506,745	11,226	36.27	407,175
SGD	-	-	-	1,163	24.13	28,064
<u>Financial liabilities</u>						
Monetary items						
USD	1,118	31.43	35,146	563	32.785	18,470
EUR	95	36.90	3,514	2,186	34.14	74,645
JPY	524,859	0.2008	105,392	1,041,938	0.2099	218,703
RMB	4,894	4.496	22,003	2,635	4.478	11,798
Non-monetary items						
KRW	9,004,445	0.02201	198,188	9,799,466	0.02246	220,096
JPY	51,113	0.2008	10,264	138,292	0.2099	29,027
SGD	181	24.45	4,417	-	-	-

The significant (realized and unrealized) foreign exchange gain (loss) were as follows:

Foreign Currency	For the Year Ended December 31			
	2025		2024	
	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
RMB	4.333	\$ 67,812	4.454	\$ 159,245
USD	31.180	(46,840)	32.112	53,789
EUR	35.18	119,127	34.74	22,756
JPY	0.2085	(4,530)	0.2121	(5,838)
		<u>\$ 135,569</u>		<u>\$ 229,952</u>

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

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

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)
- 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. (Table 4)
 - c) The amount of property transactions and the amount of the resultant gains or losses. (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes. (None)
 - e) The highest balance, the 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)

TABLE 1

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 4)	Ending Balance (Note 4)	Actual Amount Borrowed	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 1)	Aggregate Financing Limit (Notes 3)
													Item	Value		
0	The Corporation	Hiwin Japan	Other receivables from related parties	Yes	\$ 62,816	\$ -	\$ -	2.0654%	1	Sales \$531,024	-	\$ -	-	\$ -	\$ 5,601,865	\$ 11,203,730

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

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

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

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

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

TABLE 2

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars and Foreign Currencies)**

No.	Endorser/Guarantor	Endorsee/Guaranteed Party		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 1)	Maximum Amount Endorsed/ Guaranteed During the Year (Note 3)	Outstanding Endorsement/ Guarantee at the End of the Year (Notes 3 and 4)	Actual Amount Borrowed (Note 4)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Notes 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Corporation	Matrix England	Subsidiary	\$ 3,734,577	\$ 43,050 (GBP 1,000)	\$ 42,330 (GBP 1,000)	\$ -	\$ -	0.1%	\$ 13,071,018	Yes	-	-
0	The Corporation	Hiwin Italy	Subsidiary	3,734,577	1,303,171 (EUR 35,801)	1,088,550 (EUR 29,500)	744,007 (EUR 20,163)	-	2.9%	13,071,018	Yes	-	-
0	The Corporation	Hiwin Singapore	Subsidiary	3,734,577	199,230 (USD 6,000)	188,580 (USD 6,000)	101,522 (USD 3,230)	-	0.5%	13,071,018	Yes	-	-
0	The Corporation	Hiwin Korea	Subsidiary	3,734,577	398,460 (USD 12,000)	377,160 (USD 12,000)	330,015 (USD 10,500)	-	1.0%	13,071,018	Yes	-	-
0	The Corporation	Hiwin Japan	Subsidiary	3,734,577	1,546,875 (JPY 6,899,530)	1,354,933 (JPY 6,747,672)	1,274,613 (JPY 6,347,672)	-	3.6%	13,071,018	Yes	-	-
0	The Corporation	Matrix Precision	Subsidiary	3,734,577	1,250,000	1,050,000	585,000	-	2.8%	13,071,018	Yes	-	-

Note 1: The limit on the endorsements/guarantees provided for a single enterprise is 10% of the Corporation’s net assets as shown in its most recent parent company only 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 parent company only financial statements.

Note 2: The aggregate endorsement/guarantee limit is 35% of the Corporation’s net assets as shown in its latest parent company only financial statements.

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

Note 4: The amounts denominated in foreign currencies were translated into the New Taiwan dollar at the exchange rate prevailing at the end of last month.

TABLE 3

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2025				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Corporation	<u>Shares</u>	Other related party -	Financial assets at FVTOCI - non-current	9,525,676	\$ 981,145	8	\$ 981,145	
	Hiwin Mikrosystem Ever Fortune.		Financial assets at FVTOCI - non-current	2,000,000	140,200	2	140,200	

Note: For information on the investments in subsidiaries and associates, see Tables 6 and 7.

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 YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Corporation	Hiwin China	Subsidiary	Sale	\$ (3,777,063)	(22)	O/A 90 days	\$ -	-	\$ 1,125,433	25%	Note
	Hiwin Germany	Subsidiary	Sale	(1,308,841)	(7)	O/A 90 days	-	-	338,983	7%	
	Hiwin Italy	Subsidiary	Sale	(544,995)	(3)	O/A 180 days	-	-	380,721	8%	
	Hiwin Japan	Subsidiary	Sale	(518,931)	(3)	O/A 150 days	-	-	275,765	6%	
	Hiwin USA	Subsidiary	Sale	(360,502)	(2)	O/A 120 days	-	-	111,018	2%	
	Hiwin Korea	Subsidiary	Sale	(228,188)	(1)	O/A 180 days	-	-	7,189	-	
	Hiwin Schweiz	Subsidiary	Sale	(169,184)	(1)	O/A 60 days	-	-	21,868	-	
	Hiwin Singapore	Subsidiary	Sale	(128,854)	(1)	O/A 120 days	-	-	47,589	1%	
Hiwin China	The Corporation	Parent company	Purchase	3,777,063	91	O/A 90 days	-	-	(1,125,433)	(94%)	
Hiwin Germany	The Corporation	Parent company	Purchase	1,308,841	71	O/A 90 days	-	-	(338,983)	(76%)	
	Hiwin Mikrosystem	Other related party	Purchase	125,869	7	O/A 90 days	-	-	(28,058)	(6%)	
Hiwin Italy	The Corporation	Parent company	Purchase	544,995	86	O/A 180 days	-	-	(380,721)	(72%)	
Hiwin Japan	The Corporation	Parent company	Purchase	518,931	82	O/A 150 days	-	-	(275,765)	(92%)	
Hiwin USA	The Corporation	Parent company	Purchase	360,502	81	O/A 120 days	-	-	(111,018)	(66%)	
Hiwin Korea	The Corporation	Parent company	Purchase	228,188	94	O/A 180 days	-	-	(7,189)	(54%)	
Hiwin Schweiz	The Corporation	Parent company	Purchase	169,184	66	O/A 60 days	-	-	(21,868)	(46%)	
Hiwin Singapore	The Corporation	Parent company	Purchase	128,854	80	O/A 120 days	-	-	(47,589)	(78%)	

Note: Unrealized gains from Hiwin China totaled \$177,959 thousand.

TABLE 5

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (Times)	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss	
					Amount	Actions Taken			
The Corporation	Hiwin China	Subsidiary	Trade receivables from related parties	\$ 1,125,433	3.81	\$ -	-	\$ 712,707	\$ -
	Hiwin Italy	Subsidiary	Trade receivables from related parties	380,721	1.41	-	-	68,043	-
			Other receivables from related parties	925	-	-	-	-	-
	Hiwin Japan	Subsidiary	Trade receivables from related parties	275,765	1.65	-	-	29,181	-
			Other receivables from related parties	1,161	-	-	-	-	-
	Hiwin Germany	Subsidiary	Trade receivables from related parties	338,983	4.29	-	-	170,477	-
			Other receivables from related parties	5	-	-	-	-	-
	Hiwin USA	Subsidiary	Trade receivables from related parties	111,018	2.90	-	-	31,403	-

TABLE 6

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2025	December 31, 2024	Number of Shares	%	Carrying Amount			
The Corporation	Hiwin Germany	Germany	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	\$ 224,257	\$ 224,257	-	100	\$ 2,809,682	\$ 34,397	\$ 34,397	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	1,188,264	83,777	83,777	Subsidiary
	Hiwin Japan	Japan	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	1,281,417	1,104,902	97,140	100	(38,560)	(158,422)	(158,422)	Subsidiary
	Mega-Fabs	Israel	Research, manufacture and sale of drivers and controllers	42,444	42,444	240,000	40	368,670	55,322	22,129	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	514,031	3,886	3,469	Subsidiary
	Hiwin Singapore	Singapore	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	117,550	117,550	5,000,000	100	(13,699)	(32,011)	(32,011)	Subsidiary
	Hiwin Korea	Korea	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	242,707	242,707	1,760,000	100	(214,241)	12,500	12,500	Subsidiary
	Matrix Precision	Taiwan	Research, development, production, manufacture and sale of gear cutting tools and machinery	1,707,055	1,436,688	102,733,163	67	313,637	(299,520)	(180,514)	Subsidiary
	Hiwin Healthcare Corp.	Samoa	Sale of medical robots	3,108	3,108	100,000	100	2,943	(11)	(11)	Subsidiary
	Hiwin Italy	Italy	Manufacture and sale of aerospace parts, ballscrews, linear guideways, and industrial robots	296,580	296,580	-	100	329,698	(17,215)	(17,215)	Subsidiary
	Matrix England	United Kingdom	Design integrated application, research, development, manufacture and sale of thread forming machinery	812,334	812,334	8,249,500	100	339,590	(50,684)	(44,856)	Subsidiary
	Hiwin Schweiz	Switzerland	Manufacture and sale of aerospace parts, ballscrews, linear guideways, and industrial robots	266,300	266,300	243,000	81	536,081	73,152	73,152	Subsidiary
Hiwin Germany	Hiwin Czech	Czech Republic	Manufacture and sale of aerospace parts, ballscrews, linear guideways, and industrial robots	256,154 (EUR 7,502)	256,154 (EUR 7,502)	-	100	425,375 (EUR 11,528)	8,204	(Note 1)	Sub-subsubsidiary
	Hiwin Schweiz	Switzerland	Manufacture and sale of aerospace parts, ballscrews, linear guideways, and industrial robots	3,320 (EUR 72)	3,320 (EUR 72)	57,000	19	47,485	73,152	-	Subsidiary
	Hiwin France	France	Sale of aerospace parts, ballscrews, linear guideways, and industrial robots	35,520 (EUR 1,000)	17,070 (EUR 500)	-	100	3,424 (EUR 93)	(31,916)	(Note 1)	Sub-subsubsidiary
Hiwin Czech	Hiwin Bulgaria	Bulgaria	Sale of aerospace parts, ballscrews, linear guideways, and industrial robots	-	3,880 (BGN 222)	(Note 3)	(Note 3)	(Note 3)	(Note 3)	(Note 3)	(Note 3)
Hiwin Schweiz	Hiwin Bulgaria	Bulgaria	Sale of aerospace parts, ballscrews, linear guideways, and industrial robots	20,484 (EUR 600)	-	-	100	36,407 (CHF 919)	671	(Note 1)	Sub-subsubsidiary

Note 1: Exempted from disclosure in accordance with regulations.

Note 2: For information on investments in mainland China, see Table 7.

Note 3: In January 2025, Hiwin Schweiz acquired 100% equity interest of Hiwin Bulgaria from Hiwin Czech.

TABLE 7

HIWIN TECHNOLOGIES CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2025	Remittance of Funds		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2025	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2025	Accumulated Repatriation of Investment Income as of December 31, 2025
					Outward	Inward						
Hiwin China	Manufacture and sale of aerospace parts, ballscrews, linear guideways and industrial robots	\$ 1,498,040 (RMB 300,000)	(Note 1)	\$ 1,498,040 (RMB 300,000)	\$ -	\$ -	\$ 1,498,040 (RMB 300,000)	\$ 132,845	100	\$ 132,853 (Note 2)	\$ 2,749,192	\$ -
Suzhou Matrix	Sale of gear cutting tools and machinery	36,192 (RMB 8,000)	(Note 1)	36,192 (RMB 8,000)	-	-	36,192 (RMB 8,000)	(9,909)	67	(6,678) (Note 2)	1,598	-

Investor Company	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2025	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
The Corporation	\$ 1,498,040 (RMB 300,000)	\$ 1,498,040 (RMB 300,000)	(Note 3)
Matrix Precision	\$ 36,192 (RMB 8,000)	\$ 36,192 (RMB 8,000)	\$ 129,696 (Note 3)

- Note 1: The investment in mainland China was made directly.
- Note 2: The investment gain (loss) is recognized according to financial statements audited by the Corporation’s independent auditors.
- Note 3: Calculated in accordance with the “Regulations on Screening and Approval of Investment and Technical Cooperation in Mainland China” issued by the Investment Commission of the Ministry of Economic Affairs, the Corporation has been certified by the Industrial Development Bureau of the Ministry of Economic Affairs as an enterprise that has conformed to the scope of operations of the headquarters; therefore, there is no investment limit. The upper limit on the amount of investments in Matrix Precision is 60% of the net assets of Matrix Precision.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

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HIWIN TECHNOLOGIES CORPORATION**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars and Foreign Currencies)**

Item	Foreign Currency	Exchange Rate	Amount
Cash on hand			
NTD			\$ 328
Foreign currencies			<u>563</u>
			<u>891</u>
Cash in banks			
Checking accounts			168,588
Demand deposits			1,242,617
Foreign deposits			
RMB	90,435	4.496	406,594
EUR	3,340	36.90	123,264
USD	5,335	31.43	167,682
JPY	518,908	0.2008	104,197
GBP	1,025	42.33	<u>43,370</u>
			<u>2,256,312</u>
Cash equivalents			
Foreign time deposits			
RMB	49,000	4.496	220,304
EUR	4,000	36.90	147,600
USD	800	31.43	25,144
Time deposits			<u>663,000</u>
			<u>1,056,048</u>
			<u>\$ 3,313,251</u>

HIWIN TECHNOLOGIES CORPORATION**STATEMENT OF NOTES RECEIVABLE****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars)**

Client Name	Amount
Unrelated parties	
Company 17	\$ 9,682
Company 35	6,427
Company 16	2,931
Others (Note)	<u>28,933</u>
	47,973
Less: Allowance for impairment loss	<u>-</u>
	<u><u>\$ 47,973</u></u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

HIWIN TECHNOLOGIES CORPORATION**STATEMENT OF TRADE RECEIVABLES FROM UNRELATED PARTIES****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars)**

Client Name	Amount
Unrelated parties	
Company 9	\$ 421,896
Company 14	215,180
Company 24	160,228
Company 36	129,220
Others (Note)	<u>1,275,334</u>
	2,201,858
Less: Allowance for impairment loss	<u>(2,313)</u>
	<u>\$ 2,199,545</u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

HIWIN TECHNOLOGIES CORPORATION**STATEMENT OF INVENTORIES****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars)**

Item	Amount	Market Price (Note 1)
Merchandise	\$ 1,573	\$ 1,573
Finished goods	514,107	882,595
Work in process	1,017,419	1,224,053
Raw materials	1,932,254	2,217,592
Inventories in transit	<u>228,814</u>	<u>228,814</u>
	<u>\$ 3,694,167</u>	<u>\$ 4,554,627</u>

Note 1: Inventories are stated at the lower of cost or net realizable.

Note 2: Inventories are not provided as collateral.

HIWIN TECHNOLOGIES CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Investees	Balance, January 1, 2025		Additions		Decrease		Balance, December 31, 2025		Collateral
	Shares	Fair Value	Shares	Amount	Shares	Amount	Shares	Fair Value	
Hiwin Mikrosystem	9,525,676	\$ 1,457,429	-	\$ -	-	\$ (476,284)	9,525,676	\$ 981,145	None
Ever Fortune	2,000,000	144,000	-	-	-	(3,800)	2,000,000	140,200	None
King Kong Iron Work Ltd.	76,300	-	-	-	-	-	76,300	-	None
		<u>\$ 1,601,429</u>		<u>\$ -</u>		<u>\$ (480,084)</u>		<u>\$ 1,121,345</u>	

HIWIN TECHNOLOGIES CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investees	Balance, January 1, 2025		Additions		Decrease		Change of Subsidiaries' Ownership Equity	Share of Profit (Loss) and Other Comprehensive Income (Loss) of Subsidiaries and Associates Accounted for Using the Equity Method	Exchange Differences on Translating of Foreign Operations	Realized (Unrealized) Gain	Balance, December 31, 2025			Net Equity Value	Original Investment Cost December 31, 2025	Collateral
	Shares	Amount	Shares	Amount	Shares	Amount					Shares	Ownership (%)	Amount			
Investments in subsidiaries																
Hiwin Germany	-	\$ 2,455,124	-	\$ -	-	\$ -	\$ -	\$ 45,626	\$ 233,968	\$ 74,964	-	100	\$ 2,809,682	\$ 3,146,085	\$ 224,257	Nil
Hiwin USA	2,148,000	1,129,266	-	-	-	-	-	83,777	(49,353)	24,574	2,148,000	100	1,188,264	1,244,776	353,844	Nil
Hiwin Japan (Note 1)	80,200	(68,032)	16,940	176,515	-	-	-	(158,422)	672	10,707	97,140	100	(38,560)	(10,264)	1,281,417	Nil
Eterbright	505,360,592	510,562	-	-	-	-	-	3,469	-	-	505,360,592	89	514,031	514,031	6,322,668	Nil
Hiwin Singapore (Note 1)	5,000,000	18,291	-	-	-	-	-	(32,048)	(434)	492	5,000,000	100	(13,699)	(4,417)	117,550	Nil
Hiwin Korea (Note 1)	1,760,000	(240,877)	-	-	-	-	-	17,601	4,307	4,728	1,760,000	100	(214,241)	(198,188)	242,707	Nil
Hiwin China	-	2,562,720	-	-	-	-	-	132,853	16,165	37,454	-	100	2,749,192	2,927,150	1,498,040	Nil
Matrix Precision	75,696,467	307,116	27,036,696	270,367	-	-	(87,079)	(176,751)	-	(16)	102,733,163	67	313,637	136,401	1,707,055	Nil
Hiwin Healthcare Corp.	100,000	3,081	-	-	-	-	-	(11)	(127)	-	100,000	100	2,943	2,943	3,108	Nil
Hiwin Italy	-	264,775	-	-	-	-	-	(14,702)	34,984	44,641	-	100	329,698	461,907	296,580	Nil
Matrix England	8,249,500	376,657	-	-	-	-	-	(44,856)	7,766	23	8,249,500	100	339,590	261,503	812,334	Nil
Hiwin Schweiz	243,000	413,882	-	-	-	-	-	72,479	50,446	(726)	243,000	100	536,081	625,611	266,300	Nil
		\$ 7,732,565		\$ 446,882		\$ -	\$ (87,079)	\$ (70,985)	\$ 298,394	\$ 196,841			\$ 8,516,618	\$ 9,107,538	\$ 13,125,860	
Investments in associates																
Mega-Fabs	240,000	\$ 305,995	-	\$ -	-	\$ -	\$ -	\$ 22,129	\$ 40,546	\$ -	240,000	40	\$ 368,670	\$ 335,841	\$ 42,444	Nil

Note 1: The balance as of December 31, 2025 was accounted for as credit balance for investments, accounted for by using the equity method.

HIWIN TECHNOLOGIES CORPORATION

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

	Balance on January 1, 2025	Additions	Decrease	Balance on December 31, 2025
Cost				
Land	\$ 150,946	\$ 2,655	\$ -	\$ 153,601
Building	407,477	26,127	(2,816)	430,788
Total cost	<u>558,423</u>	<u>\$ 28,782</u>	<u>\$ (2,816)</u>	<u>584,389</u>
Accumulated depreciation				
Land	49,161	\$ 8,703	\$ -	57,864
Building	<u>331,880</u>	<u>43,931</u>	<u>-</u>	<u>375,811</u>
Total accumulated depreciation	<u>381,041</u>	<u>\$ 52,634</u>	<u>\$ -</u>	<u>433,675</u>
Right-of-use assets	<u>\$ 177,382</u>			<u>\$ 150,714</u>

HIWIN TECHNOLOGIES CORPORATION

STATEMENT OF TRADE PAYABLES TO UNRELATED PARTIES

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Unrelated parties	
Others (Note)	<u>\$ 2,777,637</u>

Note: The amount of individual vendor in others does not exceed 5% of the account balance.

HIWIN TECHNOLOGIES CORPORATION

STATEMENT OF LONG-TERM BANK BORROWINGS
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Type	Borrowing Period	Repayment	Interest Rate (%)	Current Portion	Non-Current Portion	Total
Secured loan (Note 1)						
Bank of Taiwan, Taichung Industrial Park Branch	2011.6.16-2034.12.15	Repayable monthly from July 16, 2014 in 144 installments	1.32-2.07	\$ 286,810	\$ 2,203,898	\$ 2,490,708
The Export-Import Bank of the Republic of China, Taichung Branch	2020.4.30-2027.4.15	Repayable monthly from May 15, 2023 in 48 installments	1.81	4,750	1,584	6,334
Chang Hwa Commercial Bank, Hsitun Branch	2020.5.26-2038.3.30	Repayable monthly from June 15, 2023 in 48, 84 and 114 installments	1.82-1.89	56,172	726,739	782,911
Land Bank of Taiwan, Taichung Branch	2021.8.2-2026.2.4	Repayment due on February 4, 2026	1.81	200,000	-	200,000
Unsecured loan						
Bank of Taiwan, Taichung Industrial Park Branch	2020.5.6-2027.4.15	Repayable monthly from May 15, 2023 in 48 installments	1.32	9,510	3,130	12,640
KGI Bank	2025.10.2-2030.2.23	Repayable monthly from February 23, 2026, in 9 installments at six-month intervals; installments one through eight shall each be \$100 thousand, with the remaining \$200 thousand settled upon maturity.	1.87	<u>200</u>	<u>800</u>	<u>1,000</u>
				<u>\$ 557,442</u>	<u>\$ 2,936,151</u>	<u>\$ 3,493,593</u>

Note 1: Property, plant and equipment pledged as collateral in the amount of \$15,112,164 thousand for bank borrowings.

HIWIN TECHNOLOGIES CORPORATION**STATEMENT OF LEASE LIABILITIES****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars)**

Item	Lease Term	Discount Rate (%)	Amount
Land	20 years	2.02	\$ 96,668
Building	1 to 5 years	1.45-1.94	<u>55,029</u>
			151,697
Less: Current portion			<u>(42,058)</u>
Lease liabilities - non-current			<u>\$ 109,639</u>

HIWIN TECHNOLOGIES CORPORATION**STATEMENT OF NET REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

Item	Shipments (In thousands of units)	Amount
Linear guideways	About 19,477	\$11,272,575
Ballscrews	About 1,335	3,921,919
Others		<u>2,269,838</u>
		17,464,332
Less: Sales return		(869)
Sales discount		<u>(936)</u>
Sales		<u>\$17,462,527</u>

HIWIN TECHNOLOGIES CORPORATION

STATEMENT OF OPERATING COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2025
 (In Thousands of New Taiwan Dollars)

Item	Amount	
Raw materials, beginning of year	\$ 2,222,613	
Raw materials purchased	5,552,201	
Sale of raw materials	(101,618)	
Raw materials scrapped	(61,510)	
Raw materials, end of year	<u>(2,061,786)</u>	
Raw materials used		\$ 5,549,900
Supplies, beginning of year	496,364	
Supplies purchased	2,090,925	
Sale of supplies	(5,054)	
Transferred to manufacturing expense and prepayments for machinery and equipment	(2,171,419)	
Supplies, end of year	<u>(410,816)</u>	
Supplies used		-
Direct labor		2,390,275
Manufacturing expenses		<u>5,688,003</u>
Manufacturing cost		13,628,178
Work in process, beginning of year		1,133,360
Work in process, end of year		<u>(1,103,464)</u>
Cost of finished goods		13,658,074
Finished goods, beginning of year		575,254
Finished goods, end of year		(555,295)
Transferred to operating expense and prepayments for machinery and equipment		(273,284)
Other adjustment		<u>(51,394)</u>
Cost of goods sold		13,353,355
Merchandise, beginning of year	2,066	
Merchandise purchased	4,215	
Transferred to manufacturing expense	(2,942)	
Merchandise, end of year	<u>(1,806)</u>	
Cost of merchandise sold		1,533
Cost of raw materials and supplies sold		106,672
Reversal of inventory write-downs		(47,000)
Loss from inventories scraps		61,510
Maintenance and warranty expense		31,672
Unallocated fixed overhead		333,470
Revenue from sale of scraps		<u>(101,907)</u>
Operating costs		<u>\$ 13,739,305</u>

HIWIN TECHNOLOGIES CORPORATION**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Salary	\$ 128,557	\$ 486,401	\$ 559,632	\$ 1,174,590
Depreciation expense	5,271	95,461	83,698	184,430
Others	<u>225,099</u>	<u>339,453</u>	<u>251,223</u>	<u>815,775</u>
Total	<u>\$ 358,927</u>	<u>\$ 921,315</u>	<u>\$ 894,553</u>	<u>\$ 2,174,795</u>