

Consolidated Financial Statements and Independent
Auditors' Report of TBI MOTION TECHNOLOGY CO.,
LTD. and Subsidiaries
2023 and 2022
(Stock code: 4540)

Company address: No.123, Sanduo Rd., Shulin Dist., New Taipei
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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

TBI MOTION TECHNOLOGY CO., LTD. and Subsidiaries
2023 and 2022 Consolidated Financial Statements and Independent Auditors' Report

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TBI Motion Technology Co., Ltd.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

The entities that are required to be included in the consolidated financial statements of the Company for 2023 (from January 1 to December 31, 2023) under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, “Consolidated Financial Statements” endorsed by the Financial Supervisory Commission. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, the Company and its subsidiaries will not prepare a separate set of combined financial statements.

We hereby declare

Company name: TBI MOTION TECHNOLOGY CO., LTD.

Responsible Person: Li, Ching-Kung

March 12, 2024

Independent Auditors' Report

(113) Cai-Shen-Bao-Zi No. 23005070

To: TBI MOTION TECHNOLOGY CO., LTD.

Audit Opinions

We have reviewed the accompanying Consolidated Statement of Financial Position of TBI MOTION TECHNOLOGY CO., LTD. and subsidiaries as of December 31, 2023 and 2022, and the related Consolidated Statement of Comprehensive Income, of Consolidated Statement of Changes in Equity and of Consolidated Statement of Cash Flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

Based on our opinion, we have found no circumstances causing the fair presentation of the consolidated financial position of TBI MOTION TECHNOLOGY CO., LTD. and its subsidiaries as of December 31, 2023 and 2022, and the consolidated financial performance and consolidated cash flows for the years ended based on the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission in all material perspectives.

Basis for the audit opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountant and the Auditing Standards in the Republic of China. Our responsibilities under these standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We comply with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China and independent of TBI MOTION TECHNOLOGY CO., LTD.. We have also 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 audits of the standalone financial statements of TBI MOTION TECHNOLOGY CO., LTD. for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Group's consolidated financial statements for the year ended December 31, 2023 are as follows:

Assessment of impairment of accounts receivable

Item description

For the accounting policies of accounts receivable, please refer to Note 4(10) of the consolidated financial statements; the accounting estimates and assumptions of the impairment assessment of accounts receivable are detailed in Note 5(2) of the consolidated financial statements; Please refer to Note 6(5) of the consolidated financial statements.

The Group manages the collection and collection of customers, and undertakes the related credit risk. The management regularly evaluates customers' credit quality and collection status, and adjusts the credit policy to customers in a timely manner. In addition, the impairment assessment of accounts receivable adopts a simplified assessment in accordance with the relevant provisions of IFRS 9 "Financial Instruments" for expected credit losses. The management determines the expected loss rate based on a number of factors that may affect a customer's ability to pay, such as the individual customer's past due period, the customer's financial status and economic condition, and forward-looking information at the balance sheet date and in the past. The policy of setting aside for expected credit losses and the recoverability of accounts receivable involve subjective judgments and estimates made by the management. Considering that accounts receivable and their expected credit impairment is of significant impact to the Consolidated Financial Statements, hence, we recognize the assessment of the impairment losses of the accounts receivable to be listed as one of the most important matters in this year's audit.

Corresponding audit procedures

We have implemented the corresponding procedures for the impairment assessment of accounts receivable as follows:

1. Evaluate and test the effectiveness of the internal controls related to accounts receivable in the sales cycle, including the approval of customer transaction credit limits and the management of overdue accounts receivable.
2. Obtain the aging report, and select samples for testing to confirm the accuracy and completeness of the content.
3. Evaluate whether the assumptions used by the management to calculate the loss allowance are reasonable, and confirm that the calculation can support the amount of the expected credit loss.
4. Compare the aging of accounts receivable in the current year and those in previous years, and examine the amount of expected credit losses that occurred in the current year and in the previous years to verify the reasonableness of the amount to be set aside.

Inventory impairment assessment

Item description

For the accounting policy of inventories, please refer to Note 4(13) of the consolidated financial statements; for accounting estimates and the uncertainty assumed in the valuation of inventories, please

refer to Note 5(2) of the consolidated financial statements; for the description of the accounting titles of inventories, please refer to the consolidated financial statements Note 6(6).

As of December 31, 2023, the Group's total inventory was NT\$2,642,251 thousand, and the allowance for valuation losses was NT\$260,579 thousand. The assessment of the net realizable value of inventories involves the subjective judgment and estimation of the management. Therefore, we believe that the inventory impairment assessment is listed as one of the most important matters in the current year's audit.

Corresponding audit procedures

We have summarized the corresponding procedures that have been executed for the inventory impairment assessment as follows:

1. Based on our understanding of the operation and industry nature of the Group, we evaluate the policies and procedures for appropriating the inventory allowance of the Group, including determining the obsolete items of inventory and the accounting estimation method.
2. Review the inventory age and the disposal status of the current year to assess the amount to be provided for inventory devaluation and obsolescence losses.
3. Obtain the data on the net realizable value, select a sample to check the selling price and re-calculate it.
4. We sample and compare the actual selling price and book value of the inventories to confirm that the book value of the inventories does not exceed the net realizable value.
5. The Company observes the inventory and understands the inventory status in order to assess the loss of obsolete and damaged inventory, inventory devaluation and obsolescence loss.

Other Matters - Parent Company Only Financial Statements

TBI MOTION TECHNOLOGY CO., LTD. has prepared the parent company only financial statements for 2023 and 2022, and for which we have issued an unqualified opinion.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair representation of the consolidated financial statements in accordance with IFRS, IAS, IFRICs and SICs endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management's responsibilities also include assessing the Group's ability to continue as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting. Unless the management intends to liquidate the Group or to cease operations, or the Company has no other viable alternative but to cease operations.

The governing body of the Group (including the Audit Committee) is responsible for supervising the financial reporting process.

Auditors' Responsibilities for Auditing the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance. However, the auditing conducted in accordance with the auditing standards of the Republic of China cannot guarantee that it will be able to detect material misstatements in the consolidated financial statements. Misstatements can arise from fraud or error. If the amount of misstatement, either individually or in the aggregate, can reasonably be expected to influence the economic decisions of the users of the consolidated financial statements, the misstatement is considered material.

We exercise professional judgment and skepticism during the audit in accordance with the Auditing Standards of the Republic of China. We also perform the following tasks:

1. Identify and assess the risks of material misstatement, whether due to fraud or error, in the consolidated financial statements; design and execute countermeasures in response to the risks assessed; and obtain sufficient and appropriate audit evidence 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 to express an opinion on the effectiveness of the TBI MOTION TECHNOLOGY CO., LTD.'s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the disclosures), and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's 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.

PricewaterhouseCoopers Taiwan

Chih, Ping-Chun
Certified Public Accountant
Chiu, Chao-Hsien

Formerly approved by the Securities and Futures Commission,
Ministry of Finance: (88) Tai-Cai -Zheng (VI) No. 16120
FSC Approved No .: Jin-Guan-Zheng-Shen-Zi No. 1020049451

March 12 , 2024

TBI MOTION TECHNOLOGY CO., LTD. and Subsidiaries

Consolidated Balance Sheet

December 31, 2023 and 2022

Unit: NT\$ thousand

	Assets	Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current asset						
1100	Cash and cash equivalents	6(1)	\$ 612,044	8	\$ 698,793	9
1110	Financial assets at fair value through profit or loss - current	6(2)	-	-	220	-
1136	Financial assets at amortized cost - current	6(4)	-	-	1,000	-
1150	Net notes receivable	6(5)	171,031	2	10,510	-
1170	Net accounts receivable	6(5)	644,091	8	867,614	11
1200	Other receivables		319	-	81	-
1220	Current income tax assets	6(27)	-	-	5,838	-
130X	Inventory	6(6)	2,381,672	31	2,468,216	30
1410	Prepayments		46,120	1	87,456	1
1460	Non-current assets held for sale, net	6(11) and 8	230,564	3	-	-
1470	Other current assets		189	-	2,724	-
11XX	Total current assets		<u>4,086,030</u>	<u>53</u>	<u>4,142,452</u>	<u>51</u>
1517	Financial assets measured at fair value through other comprehensive income - non-current	6(3)	94,594	1	96,305	1
1535	Financial assets measured at amortized cost - non-current	6(4) and 8	30,000	1	30,000	1
1600	Property, Plant and Equipment	6(7) and 8	2,770,488	36	3,036,028	38
1755	right-of-use asset	6(8)	637,948	8	650,589	8
1780	Intangible Assets	6(9)	27,813	-	25,403	-
1840	Deferred income tax assets	6(27)	88,831	1	24,389	-
1900	Other non-current assets	6(10)	25,317	-	50,174	1
15XX	Total non-current assets		<u>3,674,991</u>	<u>47</u>	<u>3,912,888</u>	<u>49</u>
1XXX	Total assets		<u>\$ 7,761,021</u>	<u>100</u>	<u>\$ 8,055,340</u>	<u>100</u>

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TBI MOTION TECHNOLOGY CO., LTD. and Subsidiaries

Consolidated Balance Sheet

December 31, 2023 and 2022

Unit: NT\$ thousand

	Liabilities and equity	Notes	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	6(12) and 7	\$ 670,000	9	\$ 10,000	-
2130	Contract liabilities - current	6(20)	3,681	-	5,452	-
2150	Notes payable		4,078	-	3,327	-
2170	Accounts payable		142,395	2	615,104	8
2200	Other payables	6(13)	247,882	3	381,865	5
2230	Current income tax liabilities	6(27)	51,496	1	79,299	1
2280	Lease liabilities - current	6(8)	27,278	-	24,582	-
2320	Long-term liabilities due within one year or one operating cycle	6(14), 7 and 8	236,058	3	151,816	2
2399	Other current liabilities - Other		109	-	1,776	-
21XX	Total of current liabilities		<u>1,382,977</u>	<u>18</u>	<u>1,273,221</u>	<u>16</u>
Non-current liabilities						
2530	Corporate bonds payable	6(15)	737,855	10	758,628	10
2540	Long-term borrowing	6(14), 7 and 8	1,746,565	22	1,886,496	23
2570	Deferred income tax liabilities	6(27)	712	-	19,730	-
2580	Lease liabilities - non-current	6(8)	628,949	8	639,972	8
2600	Other non-current liabilities		4,526	-	4,743	-
25XX	Total non-current liabilities		<u>3,118,607</u>	<u>40</u>	<u>3,309,569</u>	<u>41</u>
2XXX	Total liabilities		<u>4,501,584</u>	<u>58</u>	<u>4,582,790</u>	<u>57</u>
Equity						
Share capital		6(17)				
3110	Common stock capital		951,588	12	941,780	12
	Additional paid-in capital	6(18)				
3200	Additional paid-in capital		1,724,900	22	1,700,331	21
	Retained earnings	6(19)				
3310	Legal reserve		177,140	2	148,739	2
3350	Undistributed earnings		360,885	5	634,165	8
	Other equity					
3400	Other equity		44,924	1	47,535	-
31XX	Total equity attributable to owners of the parent company		<u>3,259,437</u>	<u>42</u>	<u>3,472,550</u>	<u>43</u>
3XXX	Total equity		<u>3,259,437</u>	<u>42</u>	<u>3,472,550</u>	<u>43</u>
	Significant contingent liabilities and unrecognized contractual commitments	IX				
	Material events after the reporting period	XI				
3X2X	Total liabilities and equity		<u>\$ 7,761,021</u>	<u>100</u>	<u>\$ 8,055,340</u>	<u>100</u>

The attached notes to the consolidated financial statements are an integral part of this consolidated financial statement.

Chairman: Li, Ching-Kung

Manager: Li, Jin-Sheng

Accounting supervisor: Shen, Hsin-Kai

TBI MOTION TECHNOLOGY CO., LTD. and Subsidiaries

Consolidated Statement of Comprehensive Income

January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

(Except earnings (losses) per share in NTD)

Item	Notes	2023		2022	
		Amount	%	Amount	%
4000 Operating Revenue	6(20)	\$ 2,571,194	100	\$ 3,374,243	100
5000 Operating costs	6(6)(7)(8) (9)(16) (25) (26)	(2,153,100)	(84)	(2,436,720)	(72)
5900 Gross profit		418,094	16	937,523	28
Operating expenses	6(7)(8)(9) (16)(25) (26) and 12 (II)				
6100 Sales promotion expenses		(97,214)	(4)	(94,177)	(3)
6200 Administrative expenses		(310,909)	(12)	(348,757)	(10)
6300 R&D expenses		(83,811)	(3)	(86,749)	(3)
6450 Expected credit impairment gain (loss)		2,948	-	(30,040)	(1)
6000 Total operating expenses		(488,986)	(19)	(559,723)	(17)
6900 Operating income (loss)		(70,892)	(3)	(377,800)	11
Non-operating revenue and expenses					
7100 Interest income	6(4)(21)	5,872	-	3,033	-
7010 Other income	6(22)	25,026	1	9,097	-
7020 Other gains and losses	6(2)(23)	(36,786)	(1)	52,269	2
7050 Financial cost	6(8)(12) (14)(15)				
7000 Total non-operating income and expenses	(24)	(71,015)	(3)	(50,981)	(1)
7900 Net income before tax (net loss)		(76,903)	(3)	(13,418)	1
7950 Income tax benefit (expense)	6(27)	(147,795)	(6)	391,218	12
8200 Net income (loss) in the current period		(44,183)	2	(107,207)	(3)
Other comprehensive income (net amount)					
Items not reclassified into profit or loss					
8316 Unrealized gains or losses on investments in equity instruments measured at fair value through other comprehensive income	6(3)				
8310 Total of items not reclassified to profit or loss		(\$ 1,711)	-	\$ 901	-
Items that may be reclassified subsequently to profit or loss					
8361 Exchange differences on translation of financial statements of foreign operations		(1,125)	-	6,125	-
8399 Income tax related to items that may be reclassified	6(27)	225	-	(1,225)	-
8360 Total of items that may be reclassified subsequently to profit or loss		(900)	-	4,900	-
8300 Other comprehensive income (net amount)		(\$ 2,611)	-	\$ 5,801	-
8500 Total comprehensive income		(\$ 106,223)	(4)	\$ 289,812	9
8610 Net profit (loss) attributable to: Owner of the parent company		(\$ 103,612)	(4)	\$ 284,011	9
8710 Total comprehensive income attributable to: Owner of the parent company		(\$ 106,223)	(4)	\$ 289,812	9
9750 Basic earnings (losses) per share	6(28)	(\$ 1.09)	\$	3.02	
9850 Diluted earnings (losses) per share	6(28)	(\$ 1.09)	\$	2.94	

The attached notes to the consolidated financial statements are an integral part of this consolidated financial statement.

Chairman: Li, Ching-Kung

Manager: Li, Jin-Sheng

Accounting supervisor: Shen, Hsin-Kai

TBI MOTION TECHNOLOGY CO., LTD. and Subsidiaries

Consolidated Statement of Changes in Equity

January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

Notes	Equity attributable to owners of parent						Total equity	
				Retained earnings		Other equity		
	Common stock capital	Additional paid-in capital	Legal reserve	Undistributed earnings	Exchange differences on translation of financial statements of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income		
<u>2022</u>								
Balance as of January 1, 2022	\$ 941,780	\$ 1,650,733	\$ 125,009	\$ 496,316	(\$ 1,155)	\$ 42,889	\$ 3,255,572	
Net profit	-	-	-	284,011	-	-	284,011	
Other comprehensive income in the current period	-	-	-	-	4,900	901	5,801	
Total comprehensive income	-	-	-	284,011	4,900	901	289,812	
Earnings distribution and appropriation for 2021	6(19)							
Provision of legal reserve	-	-	23,730	(23,730)	-	-	-	
Distribution of cash dividends	-	-	-	(122,432)	-	-	(122,432)	
Generated from the recognition of equity component due to the issuance of convertible corporate bonds - share subscription	6(15)(18)		49,598	-	-	-	49,598	
Balance as of December 31, 2022	\$ 941,780	\$ 1,700,331	\$ 148,739	\$ 634,165	\$ 3,745	\$ 43,790	\$ 3,472,550	
<u>2023</u>								
Balance as of January 1, 2023	\$ 941,780	\$ 1,700,331	\$ 148,739	\$ 634,165	\$ 3,745	\$ 43,790	\$ 3,472,550	
Net loss for the period	-	-	-	(103,612)	-	-	(103,612)	
Other comprehensive income in the current period	-	-	-	-	(900)	(1,711)	(2,611)	
Total comprehensive income	-	-	-	(103,612)	(900)	(1,711)	(106,223)	
Earnings distribution and appropriation for 2022	6(19)							
Provision of legal reserve	-	-	28,401	(28,401)	-	-	-	
Distribution of cash dividends	-	-	-	(141,267)	-	-	(141,267)	
Convertible corporate bond conversion	6(15)(18)	9,808	24,569	-	-	-	34,377	
Balance as of December 31, 2023	\$ 951,588	\$ 1,724,900	\$ 177,140	\$ 360,885	\$ 2,845	\$ 42,079	\$ 3,259,437	

The attached notes to the consolidated financial statements are an integral part of this consolidated financial statement.

Chairman: Li, Ching-Kung

Manager: Li, Jin-Sheng

Accounting supervisor: Shen Hsin-Kai

TBI MOTION TECHNOLOGY CO., LTD. and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	Notes	From January 1 to December 31, 2023	From January 1 to December 31, 2022
Cash flow from operating activities			
Net income before tax (net loss) in the current period		(\$ 147,795)	\$ 391,218
Adjusted items			
Income and expenses			
Depreciation expense	6(25)	272,320	246,648
Amortization expense	6(25)	25,646	23,929
Expected credit impairment (gain) loss	6(25)	(2,948)	30,040
Net loss (gain) of financial assets measured at fair value through profit or loss	6(23)	220 (20)	
Interest Expenses	6(24)	71,015	50,981
Interest income	6(21)	(5,872) (3,033)	
Dividend income	6(3)(22)	(4,632) (3,860)	
Gains from the disposal of property, plant and equipment	6(23)	(291) (131)	
Gain on lease modification	6(23)	- (1)	
Changes in assets/liabilities related to operating activities			
Net changes in assets related to operating activities			
Notes receivable		(160,521)	22,752
Accounts receivable		227,566 (148,236)	
Other receivables		(238)	19,634
Inventory		86,544 (512,460)	
Prepayments		41,336	17,436
Other current assets		2,535 (2,605)	
Net changes in liabilities related to operating activities			
Contract liabilities		(1,771)	389
Notes payable		751 (270)	
Accounts payable		(472,709) (64,774)	
Other payables		(121,499)	103,179
Other current liabilities		(1,667) (3,106)	
Cash (outflow) from operations		(192,010)	167,710
Interest received		5,872	3,033
Interest paid		(57,410) (49,089)	
Dividends received		4,632	3,860
Income tax paid		(61,044) (88,520)	
Net cash (outflow) inflow from operating activities		(299,960)	36,994

(continued on next page)

TBI MOTION TECHNOLOGY CO., LTD. and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	Notes	From January 1 to December 31, 2023	From January 1 to December 31, 2022
<u>Cash flow from investing activities</u>			
Disposal (acquisition) of financial assets measured at amortized cost		\$ 1,000	(\$ 1,000)
Proceeds from the disposal of property, plant and equipment		576	526
Acquisition of property, plant and equipment	6(29)	(186,943)	(939,217)
Acquisition of intangible assets	6(9)	(26,730)	(54)
Increase in prepayment for equipment		(606)	(17,764)
Decrease (increase) in refundable deposits		<u>3,084</u>	(2,595)
Net cash outflow from investing activities		(209,619)	(960,104)
<u>Cash flow from financing activities</u>			
Increase (decrease) of short-term borrowings	6(30)	660,000	(380,000)
Borrowing of long-term loans	6(30)	108,150	720,590
Repayment of long-term borrowings	6(30)	(163,839)	(193,776)
Lease principal repayment	6(30)	(38,439)	(32,856)
Increase (decrease) in guarantee deposits received		(217)	4,543
Distribution of cash dividends	6(19)	(141,267)	(122,432)
Issuance of convertible bonds	6(15)	<u>-</u>	<u>806,134</u>
Net cash inflow from financing activities		<u>424,388</u>	<u>802,203</u>
Effect of exchange rate changes on cash and cash equivalents		(1,558)	7,534
Decrease in cash and cash equivalents in current period		(86,749)	(113,373)
Opening balance of cash and cash equivalents	6(1)	<u>698,793</u>	<u>812,166</u>
Closing balance of cash and cash equivalents	6(1)	<u>\$ 612,044</u>	<u>\$ 698,793</u>

The attached notes to the consolidated financial statements are an integral part of this consolidated financial statement.

Chairman: Li, Ching-Kung

Manager: Li, Jin-Sheng

Accounting supervisor: Shen, Hsin-Kai

TBI MOTION TECHNOLOGY CO., LTD. and Subsidiaries

Notes to the consolidated financial statements

2023 and 2022

Unit: NT\$ thousand

(unless otherwise specified)

I. Company history

TBI MOTION TECHNOLOGY CO., LTD.(hereinafter referred to as the “Company”) was incorporated in the Republic of China. The Company and its subsidiaries’ (hereinafter referred to as “the Group”) main business scope is manufacturing and sales of precision transmission components for industrial automation, ball screws and linear slides. The Group's shares have been traded on the Taiwan Stock Exchange since August 15, 2018.

II. Date and procedure for adopting financial statements

This consolidated financial statement has been approved by the Board of Directors for announcement on March 12, 2024.

III. Application of new and amended standards and interpretations

(I) The impact of the adoption of the new and amended IFRSs approved and issued into effect by the Financial Supervisory Commission (hereinafter referred to as the “FSC”)

The following table sets forth the standards and interpretations of new releases, amendments, and revisions of the IFRSs applicable in 2023 that were approved and promulgated by the FSC:

New/amended/revised standards and interpretations	Effective date of IASB's announcement
Amended “Disclosure of Accounting Policies” of IAS 1	January 1, 2023
Amended “Definition of Accounting Estimates” of IAS 8	January 1, 2023
Amendments to IAS 12 regarding “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023
Amendments to IAS 12, “International Tax Reform — Pillar Two Model Rules”	May 23, 2023

The Group has assessed that the standards and interpretations above have no significant impact on the financial position and financial performance of the Group.

(II) The impact of not yet adopting the new and revised IFRSs recognized by the FSC

The following table summarizes the standards and interpretations for the new releases, amendments, and revisions of the IFRSs applicable in 2024 as approved by the FSC:

New/amended/revised standards and interpretations	Effective date of IASB's announcement
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-Current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7, “Supplier Finance Arrangements”	January 1, 2024

The Group has assessed that the standards and interpretations above have no significant impact on the financial position and financial performance of the Group.

(III) Impacts of IFRSs issued by the IASB but not yet endorsed by the FSC

The following table summarizes the standards and interpretations of new releases, amendments, and revisions to the IFRSs issued by the IASB but not yet recognized by the FSC:

New/amended/revised standards and interpretations	Effective date of IASB's announcement
Amendments to IFRS 10 and IAS 28 “The Sale or Investment of Assets between Investors and Their Affiliates or Joint Ventures”	To be decided by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance contracts”	January 1, 2023
Amendment to IFRS 17 “Initial application of IFRS 17 and IFRS 9 – comparative information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025

The Group has assessed that the standards and interpretations above have no significant impact on the financial position and financial performance of the Group.

IV. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of the consolidated financial statements are described as follows. Unless otherwise stated, these policies apply consistently throughout the reporting period.

(I) Compliance Statement

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards and Interpretations and Interpretations Announcements (IFRSs) endorsed and issued into effect by the FSC.

(II) Basis of preparation

1. Except for the following material items, this consolidated financial statement has been prepared at historical cost:

- (1) Financial assets and liabilities (including derivatives) measured at fair value through profit or loss.
- (2) Financial assets measured at fair value through other comprehensive income.
2. The preparation of financial statements in conformity with the IFRSs requires the use of some important accounting estimates. In the process of applying the Group's accounting policies, it also requires the management to exercise its judgment, and items that involve a high degree of judgment or complexity, or involve significant assumptions and estimates in the consolidated financial statements. Please refer to Note 5 for details.

(III) Basis of consolidation

1. Principles for the preparation of consolidated financial statements
 - (1) The Group included all subsidiaries in the consolidated financial statements. Subsidiaries refer to individual entities (including structured individual entities) that the Group has the right to control. When the Group is exposed to or entitled to variable remuneration from participation in the entity and through the power over the entity having influence over the returns, the Group controls the entity. Subsidiaries are included in the consolidated financial statements from the date the Group acquires the control, and the consolidation is terminated from the date of loss of control.
 - (2) Inter-company transactions, unrealized gains and losses have been eliminated. The accounting policies of the subsidiaries have been adjusted as necessary to be consistent with the policies adopted by the Group.
 - (3) The components of profit or loss and other comprehensive income are attributed to the owners and non-controlling interests of the parent company; the total amount of comprehensive income is also attributed to the owners and non-controlling interests of the parent company, even if the resulting non-controlling interests incur balance.
 - (4) If the change in the shareholding of the subsidiary does not result in the loss of control (transaction with non-controlling interests), it is treated as an equity transaction, that is, it is regarded as a transaction with the owner. The difference between the adjusted amount of the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity.
 - (5) When the Group loses control of a subsidiary, the remaining investment in the former subsidiary is re-measured at fair value, and treated as the fair value of the initially recognized financial assets or the cost of the investment in affiliates or joint ventures initially. The difference between the fair value and the carrying amount is recognized in current profit or loss. The accounting treatment of all amounts related to the subsidiary previously recognized in other comprehensive income shall be the same as the basis for the direct disposal of the relevant assets or liabilities by the Group. That is, if the profit or loss previously recognized as other comprehensive income will be reclassified as profit

or loss when the relevant assets or liabilities are disposed, the profit or loss will be reclassified from equity to profit or loss when the significant control over the subsidiary is lost.

2. Subsidiaries included in the consolidated financial statements:

Investment company Name	Name of subsidiary	Nature of business	Percentage of equity held		Description
			December 31, 2023	December 31, 2022	
TBI Motion Technology Co., Ltd.	TBI Motion Technology (USA) LLC.	Sale of precision transmission components for the automated industry	100%	100%	No
TBI Motion Technology Co., Ltd.	TBI Motion Intelligence Co., Ltd.	Sale of precision transmission components for the automated industry	100%	100%	No
TBI Motion Technology Co., Ltd.	TBI Motion Technology (HK) LTD.	Holding company for overseas enterprises	100%	100%	No
TBI Motion Technology (HK) LTD.	TBI Motion (Suzhou) Co., Ltd.	Sale of precision transmission components for the automated industry	100%	100%	No

3. Subsidiaries not included in the consolidated financial statements: No such situation.
4. Different adjustment and treatment methods of subsidiaries during the accounting period: No such situation.
5. Material Restriction: No such situation.
6. Subsidiaries with non-controlling interests that are material to the Group: No such situation.

(IV) Foreign currency translation

The items listed in the financial statements of each entity within the Group are measured using the currency of the primary economic environment in which the individual operates (i.e. the functional currency). The presentation currency of the consolidated financial statements is the functional currency of the Company, which is “NTD.”

1. Transactions and balances in foreign currency
 - (1) Transactions denominated in foreign currencies are translated into the functional currency using the spot exchange rate on the transaction date or the measurement date, and the translation differences arising from such transactions are recognized in profit or loss for the current period.
 - (2) The balance of monetary assets and liabilities denominated in foreign currencies is adjusted according to the spot exchange rate on the balance sheet date, and the translation difference arising from the adjustment is recognized in the current profit or loss.
 - (3) For the balance of non-monetary assets and liabilities denominated in foreign currencies that are measured at FVTPL, they are adjusted using the spot exchange rate on the balance

sheet date, and the exchange difference arising from the adjustment is recognized in the current profit or loss; if measured at fair value through other comprehensive income, the adjustment is valued according to the spot exchange rate on the balance sheet date, and the exchange difference arising from the adjustment is recognized in other comprehensive income; if not measured at fair value, it is measured at the historical exchange rate on the initial transaction date.

- (4) All foreign exchange gains and losses are reported in the “other gains and losses” of the income statement.

2. Translation of foreign operations

For all group individuals and affiliated enterprises whose functional currency is different from the presentation currency, the operating results and financial position shall be translated into the presentation currency in the following ways:

- (1) The assets and liabilities expressed in each balance sheet are translated at the closing exchange rate on the balance sheet date;
- (2) The income, expenses and losses expressed in each comprehensive income statement are translated at the average exchange rates of the current period;
- (3) All exchange differences arising from translation are recognized in other comprehensive income.

(V) Classification criteria for current and non-current assets and liabilities

1. Assets that meet one of the following conditions are classified as current assets:
 - (1) The asset is expected to be realized, or intended to be sold or consumed in the normal business cycle.
 - (2) Mainly held for the purpose of trading.
 - (3) Expected to be realized within 12 months after the balance sheet date.
 - (4) Cash or cash equivalents, except for those to be exchanged or used to settle liabilities in at least 12 months after the balance sheet date.

The Group classifies all assets that do not meet the above conditions as non-current.
2. Liabilities that meet one of the following conditions are classified as current liabilities:
 - (1) Expected to be settled in the normal business cycle.
 - (2) Mainly held for the purpose of trading.
 - (3) Expected to be settled within 12 months after the balance sheet date.
 - (4) The settlement period cannot be unconditionally deferred to at least 12 months after the balance sheet date. The terms of liabilities that may, at the option of the counterparty, result in settlement by issue of equity instruments does not affect its classification.

The Group classifies all liabilities that do not meet the above conditions as non-current.

(VI) Cash equivalents

Cash equivalent is a short-term investment with high liquidity that is readily convertible into known amounts of cash and is subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held to meet short-term cash commitments in operations are classified as cash equivalents.

(VII) Financial assets measured at fair value through profit or loss

1. Financial assets that are not measured at amortized cost or at fair value through other comprehensive income.
2. The Group adopts trade date accounting for financial assets measured at fair value through profit or loss that are customary transactions.
3. The Group measures their fair value at the time of initial recognition, and the relevant transaction costs are recognized in profit or loss; subsequently, they are measured at fair value, and the profit or loss is recognized in profit or loss.
4. When the right to receive dividends is established, the economic benefits related to the dividends are likely to inflow, and the amount of dividends can be reliably measured, the Group recognizes dividend income in profit or loss.

(VIII) Financial assets measured at fair value through other comprehensive income

1. Refers to an irrevocable choice at the time of initial recognition to report changes in the fair value of investments in equity instruments that are not held for trading in other comprehensive income.
2. The Group adopts trade date accounting for financial assets measured at fair value through other comprehensive income in accordance with transaction practices \.
3. The Group measures according to its fair value plus transaction cost at the time of initial recognition, and subsequently measured at fair value: changes in fair value of equity instruments are recognized in other comprehensive income, and at the time of derecognition, the accumulated profit or loss previously recognized in other comprehensive income shall not be reclassified as profit or loss, but transferred to retained earnings. When the right to receive dividends is established, the economic benefits related to the dividends are likely to inflow, and the amount of dividends can be reliably measured, the Group recognizes dividend income in profit or loss.

(IX) Financial assets measured at amortized cost

1. Refers to those who meet the following conditions at the same time:
 - (1) The financial asset is held under the business model for the purpose of collecting contractual cash flow.

- (2) 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.
- 2. The Group adopts trade date accounting for financial assets measured at amortized cost in accordance with trading practices.
- 3. The Group holds time deposits that do not qualify as cash equivalents. Due to the short holding period, the impact of discounting is not significant and is measured at the investment amount.

(X) Accounts and notes receivable

- 1. Refer to accounts and bills that, according to the contract, have the unconditional right to receive the amount of consideration exchanged for the transferred goods or services.
- 2. For short-term accounts and notes receivable with unpaid interest, as the discounting effect is insignificant, the Group measures them at the original invoice amount.

(XI) Financial assets impairment

On each balance sheet date, the Group, regarding debt instrument investments measured at fair value through other comprehensive income and financial assets measured at amortized cost, considering all reasonable and corroborating information (including forward looking ones), if the credit risk has not increased significantly since the initial recognition, the loss allowance is measured at the 12-month expected credit loss amount; if the credit risk has increased significantly since the original recognition, the loss allowance is measured at the lifetime expected credit loss amount. For accounts receivable or contract assets that do not include a significant financial component, the loss allowance is measured at the amount of lifetime expected credit losses.

(XII) Derecognition of financial assets

When the contractual right to receive the cash flow from the financial asset expires, the financial asset will be derecognized.

(XIII) Inventory

Inventories are measured at the lower of cost or net realizable value, and the cost is determined in accordance with the weighted average method. The cost of finished goods and work-in-progress includes raw materials, direct labor, other direct costs, and production-related manufacturing expenses (allocated according to normal production capacity), but does not include borrowing costs. When comparing whether the cost or the net realizable value is lower, the item-by-item comparison method is adopted. The net realizable value refers to the estimated selling price in the normal business process less the estimated cost of completion and the estimated cost of sales balance.

(XIV) Non-current assets held for sale

When the carrying amount of a non-current asset is mainly recovered through a sale transaction

rather than continued use, and the sale is highly probable, it is classified as an asset held for sale and measured at the lower of its carrying amount or fair value less costs to sell.

(XV) Property, Plant and Equipment

1. Property, plant, and equipment are recorded at acquisition cost, and the relevant interest during the acquisition and construction period is capitalized.
2. The subsequent cost is included in the book value of the asset or recognized as an individual asset only when the future economic benefits related to the item are likely to flow into the Group and the cost of the item can be reliably measured. The book value of the replaced part shall be derecognized. All other maintenance expenses are recognized in profit or loss for the period when incurred.
3. Property, plant and equipment are subsequently measured at cost. Except for land, which is not depreciated, the depreciation is calculated using the straight-line method over the estimated useful years. Significant components of property, plant, and equipment are depreciated separately.
4. The Group reviews the residual value, years of useful life and depreciation method of each asset at the end of each fiscal year. If the residual value and the expected value of useful years are different from the previous estimates, or if the future economic benefits of the asset shows a significant change in the expected consumption pattern, from the date of the change, it is treated in accordance with the provisions of IAS No. 8 “Accounting Policies, Changes in Accounting Estimates and Errors” for changes in accounting estimates. The useful lives of each asset are as follows:

Buildings	2 to 45 years
Machinery and equipment	2 to 16 years
Transportation Equipment	4 to 6 years
Other equipment	2 to 20 years

(XVI) Lessee's lease transaction - right-of-use assets/lease liabilities

1. Lease assets are recognized as right-of-use assets and lease liabilities on the date they are available for use by the Group. When the lease contract is in the form of a short-term lease or a lease of a low-value target asset, the lease payments are recognized as expenses using the straight-line method over the lease period.
2. Lease liabilities are recognized at the present value of the lease payments that have not yet been paid on the lease starting date, discounted at the Group's incremental borrowing rate. Lease payments include:
 - (1) Fixed payment, less any lease incentives receivable;

(2) Variable lease payments depending on a certain index or rate;

The interest expense is subsequently measured using the interest method and the amortized cost method, and the interest expense is provided during the lease term.

When the lease period or lease payment changes other than contract modification, the lease liabilities will be reassessed and the right-of-use assets will be remeasured.

3. The right-of-use asset is recognized at cost on the lease start date. Cost includes:

- (1) The initially measured amount of the lease liability;
- (2) Any lease payments made on or before the commencement date;
- (3) any initial direct costs incurred; and

the subsequent measurement is based on the cost model, and the depreciation expense is appropriated when the useful life of the right-of-use asset expires or the lease term expires, whichever is earlier. When the lease liability is reassessed, the right-of-use asset adjusts any remeasurement of the lease liability.

(XVII) Intangible Assets

Mainly computer software and patents, they are recognized at acquisition cost and amortized using the straight-line method over the estimated useful lives of 1 to 18 years.

(XVIII) Non-financial assets impairment

On the balance sheet date, the recoverable amount of assets with signs of impairment is estimated. When the recoverable amount is lower than the book value, the impairment loss is recognized. The recoverable amount is the fair value of an asset less the cost of disposal or its value in use, whichever is higher. When the impairment loss of assets recognized in prior years does not exist or decreases, the impairment loss is reversed. However, the increase in book value of the asset due to the impairment loss due to the reversal shall not exceed the amount of the depreciation or amortization if the impairment loss was not recognized for the asset and subsequent book value.

(XIX) Borrowings

Refers to long-term and short-term borrowings from banks. The Group measures their fair values less transaction costs at the time of initial recognition, and subsequently, for any difference between the price after deducting transaction costs and the redemption value, the effective interest method is used to recognize interest expenses in the outstanding period according to the amortization procedure in profit or loss.

(XX) Accounts and notes payable

1. Refers to debts incurred from the purchase of raw materials, commodities or labor services on credit, and notes payable due to business and non-business reasons.

2. For short-term accounts and notes payable with unpaid interest, as the discounting effect is insignificant, the Group measures them based on the original invoice amount.

(XXI) Convertible bonds payable

The convertible bonds issued by the Group are embedded with conversion rights (i.e. holders can choose the right to convert into the Group's common shares with a fixed amount of shares converted into a fixed number of shares) and repurchase options. At the time of initial issuance, the issuance price is divided into financial assets, financial liabilities or equity according to the issuance conditions, and the treatment is as follows:

1. Embedded repurchase rights: The net fair value is stated as "financial assets or liabilities measured at fair value through profit or loss" at the time of initial recognition; subsequently, on the balance sheet date, it is evaluated at the then fair value; differences are recognized as "Gains or losses on financial assets (liabilities) measured at fair value through profit or loss."
2. Corporate bond host contract: The difference between the fair value measurement at the time of initial recognition and the redemption value is recognized as the corporate bond premium or discount payable; subsequently, the effective interest method is used and recognized in the profit or loss during the outstanding period according to the amortization procedure. It is used as an adjustment item in "Finance cost."
3. Embedded conversion right (complying with the definition of equity): At the time of initial recognition, the residual value of the issued amount after deducting the above-mentioned "financial assets or liabilities at fair value through profit or loss" and "corporate bonds payable" is accounted for under "capital equity - stock options" and no subsequent remeasurement is required.
4. Any directly attributable transaction costs of the issuance are allocated to each component of each liability and equity in accordance with the original book value of each component referred to above.
5. When the holders are changed, the liability components (including "corporate bonds payable" and "financial assets or liabilities at fair value through profit or loss") are accounted for according to their classification, and then plus the book value of "capital reserve - share options" as the issuance cost of the common shares.

(XXII) Derecognition of financial liabilities

The Group derecognizes financial liabilities when the contractual obligations are fulfilled, cancelled or expired.

(XXIII) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured by the non-discounted amount expected to be paid, and are recognized as expenses when the related services are provided.

2. Pension

Defined contribution plan

For the defined contribution plan, the amount that should be contributed to the pension fund is recognized as the current pension cost on an accrual basis. Prepaid allocations are recognized as assets within the scope of refundable cash or reduction of future payments.

3. Remuneration of employees and directors,

Employees' remuneration and directors' remuneration are recognized as expenses and liabilities when they have legal or constructive obligations and the amount can be reasonably estimated. If there is a discrepancy between the actual distributed amount and the estimated amount, it will be treated as a change in accounting estimate. If the employee's remuneration is paid in shares, the number of shares is calculated based on the closing price on the day before the date of the resolution of the board of directors.

(XXIV) Income tax

1. Income tax expense includes current and deferred income tax. Income tax is recognized in profit or loss, except for items that are recognized in other comprehensive income or directly in equity, respectively.
2. The Group calculates the income tax for the current period in accordance with the tax rate that has been enacted or substantially enacted in the countries where the Group is operating and generating taxable income on the balance sheet date. The management regularly evaluates the status of income tax filings in accordance with the applicable income tax related laws and regulations, and, if applicable, the estimated income tax liabilities based on the tax expected to be paid to the taxing authorities. Undistributed earnings are subject to additional income tax in accordance with the income tax law. The undistributed earnings income tax expense is recognized based on the actual distribution of earnings once the earnings distribution proposal is passed at the shareholders' meeting in the year following the year in which the earnings are generated.
3. Deferred income tax is recognized based on the temporary differences between the tax bases of assets and liabilities and their carrying amounts on the balance sheet using the balance sheet method. The deferred income tax liabilities arising from the initially recognized goodwill shall not be recognized. If the deferred income tax is derived from the initial recognition of assets or liabilities in the transaction (excluding business combination) on the initial recognition of assets or liabilities, and the transaction does not affect accounting profits or taxable income (taxable losses) at the time of the transaction and does not generate equivalent taxable and deductible temporary differences, they are not to be recognized. If the temporary difference

generated by the investment in the subsidiaries can be controlled by the Group to control the time point for the temporary difference to reverse, and the temporary difference is very likely not to be reversed in the foreseeable future, it shall not be recognized. Deferred income tax is based on the tax rate (and tax law) that has been enacted or substantially enacted at the balance sheet date and that is expected to apply when the related deferred income tax assets are realized or deferred income tax liabilities are settled.

4. Deferred income tax assets are recognized within the scope of temporary differences that are likely to be used to offset future taxable income, and the unrecognized and recognized deferred income tax assets are reassessed at each balance sheet date.
5. When there is a legally enforceable right to offset the amount of current income tax assets and liabilities recognized, and there is an intention to settle on a net basis or realize the assets and settle the liabilities at the same time, offset the current income tax assets and liabilities; when there is a legally enforceable right to offset current income tax assets and current income tax liabilities, and the deferred income tax assets and liabilities are levied by the same taxation authority, the same taxable entity, or different taxable entities and each entity intends to repay on the basis of the net amount or to realize assets and repay liabilities at the same time, the deferred income tax assets and liabilities are offset.

(XXV) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of new shares or share options, net of income tax, are recognized in equity as a deduction of the consideration.

(XXVI) Dividend distribution

Dividends distributed to the Company's shareholders are recognized in the financial statements when the shareholders' meeting resolves to distribute dividends. Cash dividends are recognized as liabilities, and stock dividends are recognized as stock dividends to be distributed and transferred to common shares on the record date of issuance of new shares.

(XXVII) Revenue recognition

Sale of goods

1. The Group manufactures and sells precision transmission components for industrial automation, ball screws, and linear guides. Revenue from sales is recognized when the control of the product is transferred to the customer. That is, when the product is delivered to the customer, the customer has discretion over the sales channel and price of product, and when there are no outstanding performance obligations by the Group that may affect the customer's acceptance of the product. When the product is transported to the designated location, the risk of obsolescence and loss has been transferred to the customer, and the customer accepts the

product in accordance with the sales contract, or there is objective evidence to prove that all acceptance criteria have been met.

2. Accounts receivable are recognized when the goods are delivered to the customer, as the Group has an unconditional right to the contract price from that point on, and it only takes time to collect the consideration from the customer.

(XXVIII) Government grants

Government subsidies are recognized at fair value when it is reasonably certain that the enterprise will comply with the conditions attached to the government subsidies and the subsidies will be received. If the nature of the government subsidies is to compensate the expenses incurred by the Group, the government subsidies shall be recognized as current profit or loss on a systematic basis in the period in which the relevant expenses are incurred.

(XXIX) Operating department

The information of the Group's operating segments is reported in a consistent manner with the internal management reports provided to major operational decision makers. The chief operational decision-makers are responsible for allocating resources to operating segments and evaluating their performance.

V. Major sources of uncertainty in major accounting judgments, estimates, and assumptions

When the Group prepared these consolidated financial statements, the management has exercised its judgment to determine the accounting policies adopted, and made accounting estimates and assumptions based on reasonable expectations of future events as of the balance sheet date. Significant accounting estimates and assumptions made may differ from the actual results. Historical experience and other factors will be considered for continuous evaluation and adjustment. Please refer to the following descriptions of significant accounting judgments, estimates and uncertainties of assumptions:

(I) Important judgment on the adoption of accounting policies

None.

(II) Important accounting estimates and assumptions

1. Impairment assessment of accounts receivable

In the process of impairment assessment of accounts receivable, after considering all reasonable and corroborating information (including forward-looking information) for accounts receivable with significant financing components, if the credit risk has not increased significantly since the initial recognition, the loss allowance is measured at the 12-month expected credit loss amount; if the credit risk has increased significantly since the original recognition, the loss allowance is measured at the lifetime expected credit loss amount. For

accounts receivable that do not include a significant financial component, the loss allowance is measured at the amount of lifetime expected credit losses. The allowance is based on reasonable expectations of future events as of the balance sheet date. However, the actual results may differ materially.

2. Valuation of inventories

Since inventories must be valued at the lower of cost or net realizable value, the Group must use judgment and estimate to determine the net realizable value of inventories on the balance sheet date. Due to the rapid changes in market products, the Group assesses the amount of inventories due to normal wear and tear, obsolete or no market sales value on the balance sheet date, and writes off the inventory cost to the net realizable value. The valuation of the inventory is mainly based on the demand for products in a specific period of time in the future, so there may be significant changes.

VI. Description of major accounting titles

(I) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	\$ 1,193	\$ 1,776
Checking deposit and demand deposit	<u>10,851</u>	<u>97,017</u>
Total	<u>\$ 12,044</u>	<u>\$ 98,793</u>

1. The credit quality of the financial institutions with which the Group interacts is good, and the Group interacts with multiple financial institutions to diversify credit risks, and the possibility of default is expected to be very low.
2. On December 31, 2023 and 2022, the Group's bank deposits of NT\$30,000 were classified as "financial assets at amortized cost - non-current" due to the restricted use of performance bonds.

(II) Financial assets measured at fair value through profit or loss

Item	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Right to repurchase convertible bonds issued	<u>\$ -</u>	<u>\$ 220</u>

1. The breakdown of financial assets measured at fair value through profit or loss recognized in profit or loss is as follows:

	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Right to repurchase convertible bonds issued	(\$ 220)	\$ 20

2. The Company does not provide financial assets measured at fair value through profit or loss as collateral.
3. For information on the fair value of financial assets measured at fair value through profit or loss, please refer to Note 12(3).

(III) Financial assets measured at fair value through other comprehensive income

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current items:		
Equity instrument		
Non-listed, OTC, and emerging stocks	\$ 52,515	\$ 52,515
Valuation adjustment	<u>42,079</u>	<u>43,790</u>
Total	<u>\$ 94,594</u>	<u>\$ 96,305</u>

1. The Group chose to classify the equity investments that are strategic investments as financial assets measured at fair value through other comprehensive income. The fair values of these investments as of December 31, 2023 and 2022 were NT\$94,594 and NT\$96,305, respectively.
2. The breakdown of financial assets measured at fair value through other comprehensive income and comprehensive income recognized in profit or loss is as follows:

	2023	2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Changes in fair value recognized in other comprehensive income	(\$ 1,711)	\$ 901
Dividend income recognized in profit or loss and still held at the end of the current period	<u>\$ 4,632</u>	<u>\$ 3,860</u>

3. Without considering the collateral or other credit enhancements held, the financial assets measured at fair value through other comprehensive income that best represent the Group held on December 31, 2023 and 2022, the maximum exposure amounts of credit risk are NT\$94,594 and NT\$96,305 respectively.
4. For the information on the fair value of financial assets measured at fair value through other comprehensive income, please refer to Note 12(3).

(IV) Financial assets measured at amortized cost

<u>Item</u>		<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:			
Time deposit	\$	-	\$ 1,000
Non-current items:			
Pledged time deposit		30,000	30,000
Total	\$	30,000	\$ 31,000

- Without considering the collateral or other credit enhancements held, the financial assets measured at amortized cost that are most representative of the Group held in the period of December 31, 2023 and 2022, the maximum exposure amounts of credit risk are NT\$30,000 and NT\$31,000, respectively.
- The credit quality of the financial institutions with which the Group interacts is good, and the Group interacts with multiple financial institutions to diversify credit risks, and the possibility of default is expected to be very low.
- The interest income recognized in profit or loss of financial assets measured at amortized cost in 2023 and 2022 were NT\$203 and NT\$84 in 2023 and 2022 respectively.
- Please refer to Note 8 for the Group's financial assets measured at amortized cost as collaterals.
- Please refer to Note 12(2) for the credit risk information of financial assets measured at amortized cost. The counterparties of the Group's investment in certificates of deposit are financial institutions with good credit quality, and the possibility of default is expected to be very low.

(V) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 171,031	\$ 10,510
Accounts receivable	\$ 727,172	\$ 1,029,248
Less: Loss allowance	(83,081)	(161,634)
	\$ 644,091	\$ 867,614
Non-performing loans (stated as other non-current assets)	\$ 74,510	\$ -
Less: Loss allowance	(74,510)	\$ -
	\$ -	\$ -

Non-performing loans refer to the balance of accounts that have been collected through outsourcing or litigation.

1. The aging analysis of accounts receivable and notes receivable is as follows:

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 228,253	\$ 171,031	\$ 339,641	\$ 10,510
Within 30 days of overdue	109,918	-	220,694	-
31 to 90 days	158,851	-	215,540	-
91 to 180 days	147,069	-	87,384	-
More than 181 days	-	-	4,355	-
	<u>\$ 644,091</u>	<u>\$ 171,031</u>	<u>\$ 867,614</u>	<u>\$ 10,510</u>

The above is an aging analysis based on the number of overdue days.

2. The balance of accounts receivable and notes receivable on December 31, 2023 and 2022 were all arising from contracts with customers, and the balance of accounts receivable on contracts with customers on January 1, 2022 was NT\$785,522.
3. Without considering the collateral or other credit enhancements held, the maximum exposure amount that best represents the credit risk of the notes receivable of the Group as of December 31, 2023 and 2022 was NT\$171,031 and NT\$10,510, respectively; the maximum credit risk exposure amount on December 31, 2023 and 2022, representing the Group was NT\$644,091 and NT\$867,614, respectively.
4. Please refer to Note 12(2) for the credit risk information of accounts receivable and notes receivable in detail.

(VI) Inventory

	December 31, 2023		
	Cost	Allowance for devaluation losses	Carrying amount
Raw materials	\$ 382,990	(\$ 55,962)	\$ 327,028
Work in process	487,334	(53,359)	433,975
Finished goods	<u>1,771,927</u>	<u>(151,258)</u>	<u>1,620,669</u>
Total	<u>\$ 2,642,251</u>	<u>(\$ 260,579)</u>	<u>\$ 2,381,672</u>
December 31, 2022			
	Cost	Allowance for devaluation losses	Carrying amount
Raw materials	\$ 358,094	(\$ 24,132)	\$ 333,962
Work in process	589,483	(26,857)	562,626
Finished goods	<u>1,654,284</u>	<u>(82,656)</u>	<u>1,571,628</u>
Total	<u>\$ 2,601,861</u>	<u>(\$ 133,645)</u>	<u>\$ 2,468,216</u>

Expenses and losses related to inventory recognized in the current period:

	2023	2022
Cost of sold inventories	\$ 2,026,727	\$ 2,388,264
Inventory valuation losses	127,886	52,677
Inventory loss (profit)	1,355 (177)	
Revenue from sale of scraps	(2,868) (4,044)	
	<u>\$ 2,153,100</u>	<u>\$ 2,436,720</u>

(VII) Property, Plant and Equipment

	Land	Buildings	Machinery and equipment	Transportation Equipment	Others	Construction in progress	Total
	Self-use	Self-use	Self-use	Self-use	Self-use	Self-use	
January 1, 2023							
Cost	\$ 1,006,321	\$ 1,820,521	\$ 1,431,128	\$ 4,904	\$ 356,576	\$ 76,944	\$ 4,696,394
Accumulated depreciation	- (436,807)	(971,374)	(2,815)	(249,370)	-	- (1,660,366)	
	<u>\$ 1,006,321</u>	<u>\$ 1,383,714</u>	<u>\$ 459,754</u>	<u>\$ 2,089</u>	<u>\$ 107,206</u>	<u>\$ 76,944</u>	<u>\$ 3,036,028</u>
2023							
January 1	\$ 1,006,321	\$ 1,383,714	\$ 459,754	\$ 2,089	\$ 107,206	\$ 76,944	\$ 3,036,028
Addition	- 1,409	50,847	1,026	22,337	98,839	174,458	
Disposal - cost	- (302)	(251)	- (5,573)	- (6,126)			
Disposal - Accumulated depreciation	- 302	56	5,483	-	5,841		
Reclassified to held-for-sale - non-current assets	(111,327)	(118,350)	- (887)	- (230,564)			
Reclassification	- 6,075	43,359	23,322	(51,707)	21,049		
Depreciation expense	- (68,379)	(118,432)	(963)	(41,565)	- (229,339)		
Exchange difference, net	- (296)	(35)	(528)	- (859)			
December 31	<u>\$ 894,994</u>	<u>\$ 1,204,469</u>	<u>\$ 435,037</u>	<u>\$ 2,117</u>	<u>\$ 109,795</u>	<u>\$ 124,076</u>	<u>\$ 2,770,488</u>
December 31, 2023							
Cost	\$ 894,994	\$ 1,624,004	\$ 1,524,764	\$ 5,886	\$ 395,200	\$ 124,076	\$ 4,568,924
Accumulated depreciation	- (419,535)	(1,089,727)	(3,769)	(285,405)	- (1,798,436)		
	<u>\$ 894,994</u>	<u>\$ 1,204,469</u>	<u>\$ 435,037</u>	<u>\$ 2,117</u>	<u>\$ 109,795</u>	<u>\$ 124,076</u>	<u>\$ 2,770,488</u>

	Land	Buildings	Machinery and equipment	Transportation Equipment	Others	Construction in progress	
	Self-use	Self-use	Self-use	Self-use	Self-use	Self-use	Total
January 1, 2022							
Cost	\$ 111,327	\$ 1,708,294	\$ 1,301,552	\$ 3,142	\$ 327,213	\$ 42,748	\$ 3,494,276
Accumulated depreciation	- (372,230)	(869,260)	(2,342)	(237,291)	-	- (1,481,123)	
	<u>\$ 111,327</u>	<u>\$ 1,336,064</u>	<u>\$ 432,292</u>	<u>\$ 800</u>	<u>\$ 89,922</u>	<u>\$ 42,748</u>	<u>\$ 2,013,153</u>
<u>2022</u>							
January 1	\$ 111,327	\$ 1,336,064	\$ 432,292	\$ 800	\$ 89,922	\$ 42,748	\$ 2,013,153
Addition	713,524	77,597	69,583	1,762	41,486	50,182	954,134
Disposal - cost	-	1 (3,910)	-	- (27,453)	-	- (31,362)	
Disposal - Accumulated depreciation	- (1)	3,910	-	27,058	-	30,967	
Prepaid land transfer	181,470	-	-	-	-	-	181,470
Transfer of prepaid equipment payment	-	34,629	63,903	-	15,330 (15,986)	-	97,876
Depreciation expense	- (64,576)	(106,041)	(473)	(39,159)	- (210,249)	-	
Exchange difference, net	-	-	17	-	22	-	39
December 31	<u>\$ 1,006,321</u>	<u>\$ 1,383,714</u>	<u>\$ 459,754</u>	<u>\$ 2,089</u>	<u>\$ 107,206</u>	<u>\$ 76,944</u>	<u>\$ 3,036,028</u>
December 31, 2022							
Cost	\$ 1,006,321	\$ 1,820,521	\$ 1,431,128	\$ 4,904	\$ 356,576	\$ 76,944	\$ 4,696,394
Accumulated depreciation	- (436,807)	(971,374)	(2,815)	(249,370)	-	- (1,660,366)	
	<u>\$ 1,006,321</u>	<u>\$ 1,383,714</u>	<u>\$ 459,754</u>	<u>\$ 2,089</u>	<u>\$ 107,206</u>	<u>\$ 76,944</u>	<u>\$ 3,036,028</u>

For information on property, plant and equipment as collateral, please refer to the descriptions in Note VIII.

(VIII) Lease transaction - Lessee

1. The underlying assets leased by the Group include land, buildings and buildings, official vehicles and telephone systems. The lease contract period usually ranges from 2 to 50 years. Lease contracts are negotiated separately and include various terms and conditions. No other restrictions are imposed except that the leased assets may not be used as guarantees for loans.
2. The book value of the right-of-use assets and the information of depreciation expense recognized are as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land	\$ 616,909	\$ 630,208
Buildings	7,396	12,610
Transportation equipment (office vehicles)	6,704	6,718
Other equipment	<u>6,939</u>	<u>1,053</u>
	<u>\$ 637,948</u>	<u>\$ 650,589</u>

	2023	2022
	Depreciation expense	Depreciation expense
Land	\$ 16,056	\$ 16,056
Buildings	18,273	13,426
Transportation equipment (office vehicles)	5,678	5,924
Other equipment	<u>2,974</u>	<u>993</u>
	<u>\$ 42,981</u>	<u>\$ 36,399</u>

3. The increase in the Group's right-of-use assets in 2023 and 2022 were NT\$30,296 and NT\$46,285, respectively.
4. The information of loss (gain) related to lease contract is as follows:

	2023	2022
<u>Items affecting current profit or loss</u>		
Interest expense of lease liabilities	\$ 10,958	\$ 11,429
Expenses of short-term lease contracts	4,967	6,254
Gain (loss) on lease modification	- (1)	

5. The Group's total lease cash outflow amounted to NT\$54,364 and NT\$50,539 in 2023 and 2022, respectively.

(IX) Intangible Assets

	Patent right	Computer software	Total
January 1, 2023			
Cost	\$ 12,000	\$ 82,256	\$ 94,256
Accumulated amortization	(11,848)	(57,005)	(68,853)
	<u>\$ 152</u>	<u>\$ 25,251</u>	<u>\$ 25,403</u>
<u>2023</u>			
January 1	\$ 152	\$ 25,251	\$ 25,403
Addition	-	26,730	26,730
Disposal - cost	-	(10)	(10)
Disposal - Amortization	-	10	10
Transfer of prepaid equipment payment	-	1,330	1,330
Amortization expense	(25)	(25,621)	(25,646)
Exchange difference, net	-	(4)	(4)
December 31	<u>\$ 127</u>	<u>\$ 27,686</u>	<u>\$ 27,813</u>
December 31, 2023			
Cost	\$ 12,000	\$ 110,306	\$ 122,306
Accumulated amortization	(11,873)	(82,620)	(94,493)
	<u>\$ 127</u>	<u>\$ 27,686</u>	<u>\$ 27,813</u>
	Patent right	Computer software	Total
January 1, 2022			
Cost	\$ 12,000	\$ 111,996	\$ 123,996
Accumulated amortization	(11,823)	(86,954)	(98,777)
	<u>\$ 177</u>	<u>\$ 25,042</u>	<u>\$ 25,219</u>
<u>2022</u>			
January 1	\$ 177	\$ 25,042	\$ 25,219
Addition	-	54	54
Disposal - cost	-	(53,853)	(53,853)
Disposal - Amortization	-	53,853	53,853
Transfer of prepaid equipment payment	-	24,059	24,059
Amortization expense	(25)	(23,904)	(23,929)
December 31	<u>\$ 152</u>	<u>\$ 25,251</u>	<u>\$ 25,403</u>
December 31, 2022			
Cost	\$ 12,000	\$ 82,256	\$ 94,256
Accumulated amortization	(11,848)	(57,005)	(68,853)
	<u>\$ 152</u>	<u>\$ 25,251</u>	<u>\$ 25,403</u>

The details of amortization of intangible assets are as follows:

	2023	2022
Operating costs	\$ 3,086	\$ 575
Sales promotion expenses	117	239
Administrative expenses	21,435	20,866
R&D expenses	<u>1,008</u>	<u>2,249</u>
	<u><u>\$ 25,646</u></u>	<u><u>\$ 23,929</u></u>

(X) Other non-current assets

	December 31, 2023	December 31, 2022
Prepayment for equipment	\$ 11,739	\$ 33,512
Refundable deposits	<u>13,578</u>	<u>16,662</u>
	<u><u>\$ 25,317</u></u>	<u><u>\$ 50,174</u></u>

(XI) Non-current assets held for sale

The Group resolved to dispose of the real estate in Yingge District on November 8, 2023 and the related assets were classified as non-current assets held for sale, which is expected to be completed before the end of 2024.

	December 31, 2023	December 31, 2022
Property, Plant and Equipment	<u><u>\$ 230,564</u></u>	<u><u>\$ -</u></u>

The said non-current asset held for sale was re-measured at the lower of its book value or fair value less selling cost, and no impairment loss was incurred. Please refer to Note VIII for the guarantee information.

(XII) Short-term borrowings

<u>Nature of loan</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured loan	<u><u>\$ 670,000</u></u>	1.65-1.85%	No
<u>Nature of loan</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured loan	<u><u>\$ 10,000</u></u>	1.515%	No

Please refer to 6(24) for the interest expense recognized in profit and loss in 2023 and 2022.

(XIII) Other payables

	December 31, 2023	December 31, 2022
Salaries and bonuses payable	\$ 139,486	\$ 180,171
Labor health insurance premium payable	15,070	39,754
Payables for equipment	4,200	16,685
Research and experimentation expenses payable	2,681	3,287
Payables for packaging	1,781	13,633
Other payable expenses	<u>84,664</u>	<u>128,335</u>
	<u><u>\$ 247,882</u></u>	<u><u>\$ 381,865</u></u>

(XIV) Long-term borrowing

Nature of loan	Borrowing period and repayment method	Interest rate range	Collateral	December 31, 2023
Long-term bank borrowings				
Secured loan	Repayment will be made in accordance with the agreed terms from March 23, 2016 to January 26, 2042.	2.03%-2.2%	Land and buildings	\$ 1,362,867
Unsecured loan	Repayment will be made in accordance with the agreed terms from December 1, 2016 to October 15, 2031.	1.3%-2.23%	No	<u>619,756</u>
Less: Long-term borrowings due within one year or one operating cycle				<u><u>(236,058)</u></u>
				<u><u>\$ 1,746,565</u></u>
Nature of loan	Borrowing period and repayment method	Interest rate range	Collateral	December 31, 2022
Long-term bank borrowings				
Secured loan	Repayment will be made in accordance with the agreed terms from March 23, 2016 to January 26, 2042.	1.73%-2.08%	Land and buildings	\$ 1,448,322
Unsecured loan	Repayment will be made in accordance with the agreed terms from December 1, 2016 to October 15, 2031.	1.18%-1.78%	No	<u>589,990</u>
Less: Long-term borrowings due within one year or one operating cycle				<u><u>2,038,312</u></u>
				<u><u>(151,816)</u></u>
				<u><u>\$ 1,886,496</u></u>

1. Please refer to 6(24) for the interest expense recognized in profit and loss in 2023 and 2022.
2. For the above-mentioned loan from financial asset institutions, the related party serves as the joint guarantor. Please refer to the descriptions in Note 7.

(XV) Bonds payable

	December 31, 2023	December 31, 2022
Convertible bonds payable	\$ 763,700	\$ 800,000
Less: Discount of bond payable	<u>(25,845)</u>	<u>(41,372)</u>
	737,855	758,628
Less: Corporate bonds maturing within one year or one operating cycle or repurchase rights exercised	<u> </u>	<u> </u>
	<u><u>\$ 737,855</u></u>	<u><u>\$ 758,628</u></u>

1. Domestic convertible bonds issued by the Company

- (1) The conditions for the Company's issuance of the 1st secured convertible bonds in Taiwan are as follows:
 - A. The first domestic secured convertible bonds are approved by the competent authority. The total amount to be issued is NT\$500,000, the coupon rate of 0%, the issuance period is 3 years, and the circulation period is from October 24, 2022 to October 24, 2025. The convertible bonds are repaid in cash in one lump sum at the bond face value upon maturity. The 1st batch of convertible bonds was listed for trading on the Taipei Exchange on October 24, 2022.
 - B. From the day following the expiration of three months after the date of issue (January 25, 2023) to the maturity date (October 24, 2025), outside of the transfer suspension period, the holders of these convertible corporate bonds may make a request for conversion into the Company's ordinary shares at any time. The rights and obligations of the ordinary shares after conversion are the same as the ordinary shares originally issued.
 - C. The conversion price of these convertible corporate bonds was set in accordance with the pricing model stipulated in the Regulations for Conversion. Subsequently, the conversion price will be adjusted according to the pricing model stipulated in the Regulations for Conversion in case of the Company's anti-dilution clause. The conversion price shall be re-set according to the pricing model on the base date, both as stipulated in the Regulations for Conversion. If the conversion price is higher than the conversion price before the re-setting in the current year, no adjustment shall be made. The conversion price of these convertible corporate bonds at the time of issuance is NT\$40.5 per share. Due to the distribution of cash dividends of the common shares, it has been adjusted in accordance with Article 11 of the Regulations for the Issuance and Conversion of the First Secured Convertible Corporate Bonds in Taiwan. Since September 13, 2023, the conversion price was adjusted from NT\$40.5 per share to NT\$38.9 per share.

- D. From the day following the expiration of three months from the issuance of the convertible corporate bonds (January 25, 2023) to the forty days prior to the expiration of the issuance period (September 15, 2025), when the closing price of the Company's common shares exceeds 30% of the conversion price at the time for thirty consecutive business days, or the day following three months after issuance of the convertible corporate bonds (January 25, 2023) to the 40 days prior to the expiration of the issuance period (September 15, 2025), if the outstanding balance of the convertible bonds is less than 10% of the initial issuance amount, the Company may recover all of the bonds in cash at the par value at any time thereafter.
- E. In accordance with the Regulations Governing the Conversion, all the Corporate Bonds for which the Bonds are redeemed (including those bought back from Taipei Exchange), repaid or converted will be cancelled, and all the rights and obligations attached to the bonds shall be extinguished at the same time, and will not be issued again.
- F. As of December 31, 2023, the bonds with a face value of NT\$100 had been converted into 2,469 ordinary shares.

(2) The conditions for the Company's issuance of the 2nd unsecured convertible bonds in Taiwan are as follows:

- A. The second domestic unsecured convertible bonds are approved by the competent authority. The total amount to be issued is NT\$300,000, the coupon rate of 0%, the issuance period is 3 years, and the circulation period is from December 12, 2022 to December 12, 2025. The convertible bonds are repaid in cash in one lump sum at the bond face value upon maturity. The 2nd batch of convertible bonds was listed for trading on the Taipei Exchange on December 12, 2022.
- B. From the day following the expiration of three months after the date of issue (March 13, 2023) to the maturity date (December 12, 2025), outside of the transfer suspension period, the holders of these convertible corporate bonds may make a request for conversion into the Company's ordinary shares at any time. The rights and obligations of the ordinary shares after conversion are the same as the ordinary shares originally issued.
- C. The conversion price of these convertible corporate bonds was set in accordance with the pricing model stipulated in the Regulations for Conversion. Subsequently, the conversion price will be adjusted according to the pricing model stipulated in the Regulations for Conversion in case of the Company's anti-dilution clause. The conversion price shall be re-set according to the pricing model on the base date, both as stipulated in the Regulations for Conversion. If the conversion price is higher than the conversion price before the re-setting in the current year, no adjustment shall be

made. The conversion price of these convertible corporate bonds at the time of issuance is NT\$37 per share. Due to the distribution of cash dividends of the common shares, it has been adjusted in accordance with Article 11 of the Regulations for the Issuance and Conversion of the Second Unsecured Convertible Corporate Bonds in Taiwan. Since September 13, 2023, the conversion price was adjusted from NT\$37 per share to NT\$35.5 per share.

- D. From the day following the expiration of three months from the issuance of the convertible corporate bonds (March 13, 2023) to the forty days prior to the expiration of the issuance period (November 2, 2025), when the closing price of the Company's common shares exceeds 30% of the conversion price at the time for thirty consecutive business days, or the day following three months after issuance of the convertible corporate bonds (March 13, 2023) to the 40 days prior to the expiration of the issuance period (November 2, 2025), if the outstanding balance of the convertible bonds is less than 10% of the initial issuance amount, the Company may recover all of the bonds in cash at the par value at any time thereafter.
- E. In accordance with the Regulations Governing the Conversion, all the Corporate Bonds for which the Bonds are redeemed (including those bought back from Taipei Exchange), repaid or converted will be cancelled, and all the rights and obligations attached to the bonds shall be extinguished at the same time, and will not be issued again.
- F. As of December 31, 2023, the bonds with a face value of NT\$36,200 had been converted into 978,359 ordinary shares.

2. When the Group issued the first and second convertible corporate bonds, in accordance with IAS 32 "Financial Instruments: Presentation," the conversion option that was of the nature of conversion was separated from each component of liabilities, and accounted for in "Capital reserve - share options" was totaled NT\$49,598. In addition, the embedded repurchase options are not closely related to the economic characteristics and risks of the debt instrument of the host contract in accordance with IFRS 9 "Financial Instruments," so they are separated and accounted for in the net amount of "Financial assets or liabilities measured at fair value through profit or loss." The effective interest rate of the host contract after the separation is 1.8053% to 1.9797%.

(XVI) Pension

- 1. In accordance with the "Labor Pension Act", the Group has established a defined contribution retirement method, which is applicable to domestic employees. In accordance with the labor pension system stipulated in the "Labor Pension Act" for employees choosing to apply for the labor pension, the Group contributes 6% of the monthly salary to the employee's individual account at the Bureau of Labor Insurance. The employee's pension is paid in accordance with

the employee's individual pension. The amount of accumulated income and segregated account is withdrawn as monthly pension or lump sum.

2. In 2023 and 2022, the pension costs recognized by the Group in accordance with the above regulations were NT\$27,408 and NT\$29,022, respectively.

(XVII) Share capital

1. On December 31, 2023, the Company's authorized capital was NT\$3,000,000 divided into 300,000 thousand shares; the paid-in capital was NT\$951,588 with a face value of NT\$10 per share. Payment for the issued shares of the Company has been received. The number of outstanding common shares at the beginning and the end of the period is adjusted as follows: (Unit: shares)

	2023	2022
January 1	94,178,000	94,178,000
Corporate bond conversion	<u>980,828</u>	-
December 31	<u>95,158,828</u>	<u>94,178,000</u>

2. Corporate bond conversion

As of December 31, 2023, the Company had 980,828 ordinary shares issued due to the exercise of conversion rights with respect to the secured and unsecured convertible bonds issued by the Company in 2022, and registration of all changes has been completed.

(XVIII) Additional paid-in capital

1. In accordance with the provisions of the Company Act, the premium from the issuance of shares in excess of the par value and the capital reserve from the receipt of gifts may be used to make up for losses. When the Company has no accumulated losses, new shares or cash are issued or paid in proportion to the original shares of the shareholders. In addition, according to the relevant provisions of the Securities and Exchange Act, when the additional paid-in capital above is appropriated to capital, its total amount each year shall not exceed 10% of the paid-in capital. The Company shall not use the additional paid-in capital to make up for the capital loss unless the earnings reserve is still insufficient to make up for the capital loss.
2. The changes in the additional paid-in capital of the Company in 2023 and 2022 are as follows:

	2023				Total
	Issuance premium	Employee share		Stock options	
	\$	\$	\$	\$	\$
January 1	\$ 1,625,489	\$ 25,244	\$ 49,598	\$ 1,700,331	
Exercise of the right to convert convertible corporate bonds into stock	<u>26,455</u>	<u>-</u>	<u>(1,886)</u>	<u>24,569</u>	
December 31	<u>\$ 1,651,944</u>	<u>\$ 25,244</u>	<u>\$ 47,712</u>	<u>\$ 1,724,900</u>	

	2022				
	Issuance premium	Employee share warrants	Stock options	Total	
January 1	\$ 1,625,489	\$ 25,244	\$ -	\$ 1,650,733	
Stock options at the time of issuance of corporate bonds	\$ -	\$ -	\$ 49,598	\$ 49,598	
December 31	<u>\$ 1,625,489</u>	<u>\$ 25,244</u>	<u>\$ 49,598</u>	<u>\$ 1,700,331</u>	

(XIX) Retained earnings

1. In accordance with the Company's Articles of Incorporation, where the Company has earnings at the end of the fiscal year, the Company shall first pay all taxes, offset its losses in the previous years and set aside a legal capital reserve at 10% of the net profit, which may be exempted when the accumulated legal capital reserve is equal the paid-in capital of the Company. Then set aside or reverse special capital reserve in accordance with operational demand of the Company and relevant laws or regulations or the requirements of the competent authority. Where there are still remaining earnings, the Board of Directors may propose the distribution of the remaining earnings plus the undistributed earnings of the previous years in the earnings distribution proposal for approval in the shareholders' meeting.
2. For the stability of the future business and long-term sound financial structure to generate the maximum profits for shareholders, the distribution of shareholders' bonus adopts cash and stock dividends balance policy. The dividends shall not be less than 10% of the distributable earnings in the current year. However, where the accumulated distributable earnings is less than 10% of the paid-in capital, the Company may transfer them into retained earnings and choose not to distribute dividends. During the earnings distribution, the dividends paid in cash shall not be less than 20% of the total dividends distributed in the current year.
3. The legal reserve may not be used except to make up for the Company's losses and issuing new shares or cash in proportion to the original number of shares held by shareholders. However, if new shares or cash are issued, it shall exceed 25% of the paid-up capital.
4. When the Company distributes earnings, the special reserve shall be set aside for the debit balance of other equity items on the balance sheet date of the current year according to laws and regulations before distribution. When the debit balance of other equity items is subsequently reversed, the amount of reversal may be included in the distribution available in earnings.

5. The 2022 earnings distribution proposal of the Company was approved by the shareholders' meeting on June 27, 2023 as follows:

	2022	
	Amount	Dividends per share (NTD)
Legal reserve	\$ 28,401	
Cash dividends	<u>141,267</u>	\$ 1.5
Total	<u><u>\$ 169,668</u></u>	

(XX) Operating Revenue

	2023	2022
Revenue from contracts with customers	\$ 2,571,194	\$ 3,374,243

1. Breakdown of revenue from customer contracts

The Group's income is derived from the goods transferred at a certain point in time, and the income can be divided into the following main products:

2023	Ball Screw	Linear Guide	Ball Spline	Others	Total
Revenue from contracts with customers	\$ 1,664,486	\$ 737,874	\$ 138,212	\$ 30,622	\$ 2,571,194

2022	Ball Screw	Linear Guide	Ball Spline	Others	Total
Revenue from contracts with customers	\$ 2,079,621	\$ 1,032,875	\$ 217,514	\$ 44,233	\$ 3,374,243

2. Contract liabilities

The contractual liabilities related to the contractual revenue recognized by the Group are as follows:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities - collections in advance	\$ 3,681	\$ 5,452	\$ 5,063

Revenue recognized in current period of contract liabilities at the beginning of the period

	2023	2022
Opening balance of contract liabilities recognized as income in current period		
Collections in advance	\$ 4,812	\$ 3,660

(XXI) Interest income

	2023	2022
Interest on bank deposits	\$ 5,400	\$ 2,897
Interest income from financial assets measured at amortized cost	203	84
Other interest income	269	52
	<u>\$ 5,872</u>	<u>\$ 3,033</u>

(XXII) Other income

	2023	2022
Grant income	\$ 16,942	\$ 238
Dividend income	4,632	3,860
Rental income	963	3,329
Other income - others	2,489	1,670
	<u>\$ 25,026</u>	<u>\$ 9,097</u>

(XXIII) Other gains and losses

	2023	2022
Foreign exchange gain (loss)	(\$ 36,770)	\$ 52,147
Gains from the disposal of property, plant and equipment	291	131
Gain on lease modification	-	1
Net (loss) gain on financial assets measured at fair value through profit or loss	(220)	20
Other losses	(87)	(30)
	<u>(\$ 36,786)</u>	<u>\$ 52,269</u>

(XXIV) Financial cost

	2023	2022
Bank borrowing interest expense	\$ 46,452	\$ 37,660
Interest expense on lease liabilities	10,958	11,429
Corporate bond interest expense	13,604	1,892
Others	1	-
	<u>\$ 71,015</u>	<u>\$ 50,981</u>

(XXV) Additional information on the nature of the expense

	2023	2022
Employee benefit expense	\$ 824,411	\$ 909,883
Depreciation expenses of property, plant and equipment	229,339	210,249
Right-of-use assets depreciation expense	42,981	36,399
Amortization expense of intangible assets	25,646	23,929
Operating lease rental expense	4,967	6,254
Expected credit impairment (gain) loss	(2,948)	30,040
	<u>\$ 1,124,396</u>	<u>\$ 1,216,754</u>

(XXVI) Employee benefit expense

	2023	2022
Salary expenses	\$ 680,736	\$ 768,916
Labor and national health insurance expenses	84,195	77,256
Pension expense	27,408	29,022
Other personnel expenses	32,072	34,689
	<u>\$ 824,411</u>	<u>\$ 909,883</u>

1. If the Company makes a profit in the year, it shall allocate at least 1% as remuneration to employees, which shall be distributed in shares or cash by resolution of the board of directors. The recipients of the payment may include employees of the controlling or subsidiaries. The remuneration to directors and supervisors, not more than 5% of the amount of the above-mentioned profit, shall be set aside by resolution of the board of directors. The proposal for the distribution of remuneration to employees, directors and supervisors shall be submitted to the shareholders' meeting for reporting. However, if the Company has accumulated losses, it shall first reserve a certain amount for offsetting losses, then allocate funds for the employee bonuses and director and supervisor remuneration proportionally from the remaining amount based on the ratio indicated in the preceding paragraph.
2. The Company has estimated the remuneration to employees for 2023 and 2022 as NT\$0 and NT\$14,000, respectively; the remuneration to directors is NT\$0 and NT\$4,000, and the aforementioned amounts are accounted for as salary expenses.
3. 2023 was a loss, so employees' remuneration and directors' remuneration were not estimated.
4. The amount of remuneration to employees and directors for 2022 as resolved by the Board of Directors was consistent with the recognized amount in the 2022 financial statements, and all was paid in cash.

Information on employees' and directors' remuneration approved by the Company's board of directors is available on the MOPS.

(XXVII) Income tax

1. Components of income tax expense (benefit):

- (1) Components of income tax expense (benefit):

	2023	2022
Current income tax:		
Income tax arising from current income	\$ 51,277	\$ 109,772
Imposition on undistributed earnings	536	4,557
(Over) Underestimation of income tax in previous years	(12,761)	1,125
Total income tax for the current period	<u>39,052</u>	<u>115,454</u>
Deferred income tax:		
The origin and reversal of the temporary	(83,235)	(8,247)

difference	
Total deferred income tax	(<u>83,235</u>) (<u>8,247</u>)
Income tax expense (benefit)	<u>(\$ 44,183)</u> <u>\$ 107,207</u>

(2) Amount of income tax related to other comprehensive income:

	2023	2022
Difference on translation of foreign operations	<u>\$ 225</u>	<u>(\$ 1,225)</u>

2. Relationship between income tax (interest) expenses and accounting profit

	2023	2022
Income tax on net profit (loss) before tax calculated at statutory tax rate	(\$ 77,908)	\$ 90,371
Impacts of items that cannot be recognized as required by law	4,090	30
Temporary difference not recognized as deferred income tax assets	27,836	11,872
Reversal of unrecognized temporary differences on deferred income tax assets	(15,233)	-
Income exempted from taxation under the Tax Act	(14,260)	(772)
(Over) Underestimation of Income Tax in Previous Years(12,761)	1,125
Income tax impact of minimum tax system	25	24
Additional income tax on undistributed earnings	536	4,557
Taxable losses not recognized as deferred income tax assets	<u>43,492</u>	-
Income tax expense (benefit)	<u>(\$ 44,183)</u>	<u>\$ 107,207</u>

3. The amount of each deferred income tax asset or liability arising from the temporary difference is as follows:

	2023			
	January 1	Recognized in other comprehensive net income	December 31	
Temporary difference:				
- Deferred income tax assets:				
Unrealized expenses	\$ 2,774	\$ 372	-	\$ 3,146
Unrealized gross profit from sales	18,179	24,682	-	42,861
Unrealized exchange losses	-	5,718	-	5,718
Impacts of foreign investment losses	3,436	33,670	-	37,106
Subtotal	<u>\$ 24,389</u>	<u>\$ 64,442</u>	<u>\$ -</u>	<u>\$ 88,831</u>
- Deferred income tax liabilities:				
Effect of foreign investment interests	(\$ 16,811)	\$ 16,811	-	\$ -
Unrealized exchange gain	(1,982)	1,982	-	-
Exchange differences on foreign operations	(937)	-	225	(712)
Subtotal	<u>(19,730)</u>	<u>18,793</u>	<u>225</u>	<u>(712)</u>
Total	<u>\$ 4,659</u>	<u>\$ 83,235</u>	<u>\$ 225</u>	<u>\$ 88,119</u>

	2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive net income	December 31
Temporary difference:				
- Deferred income tax assets:				
Unrealized expenses	\$ 2,195	\$ 579	\$ -	\$ 2,774
Unrealized gross profit from sales	8,752	9,427	-	18,179
Impacts of foreign investment losses	1,098	2,338	-	3,436
Exchange differences on foreign operations	288	-	(288)	-
Subtotal	<u>\$ 12,333</u>	<u>\$ 12,344</u>	<u>(\$ 288)</u>	<u>\$ 24,389</u>
- Deferred income tax liabilities:				
Effect of foreign investment interests	(\$ 13,531)	(\$ 3,280)	\$ -	(\$ 16,811)
Unrealized exchange gain	(1,165)	(817)	-	(1,982)
Exchange differences on foreign operations	-	-	(937)	(937)
Subtotal	<u>(\$ 14,696)</u>	<u>(\$ 4,097)</u>	<u>(937)</u>	<u>(\$ 19,730)</u>
Total	<u>(\$ 2,363)</u>	<u>\$ 8,247</u>	<u>(\$ 1,225)</u>	<u>\$ 4,659</u>

4. Deductible temporary differences of unrecognized deferred income tax assets:

	December 31, 2023	December 31, 2022
Deductible temporary difference	<u>\$ 317,244</u>	<u>\$ 270,263</u>

5. The profit-seeking enterprise income tax of the Company and of TBI Motion has been approved by the tax authorities up to the year 2021.

(XXVIII) Earnings (losses) per share

	2023		
	After-tax amount	Weighted average number of outstanding shares (thousand shares)	Loss per share (NTD)
Basic loss per share			
Net loss for the period attributable to the common shareholders of the parent company	<u>(\$ 103,612)</u>	<u>94,946</u>	<u>(\$ 1.09)</u>
Diluted loss per share			
Net loss for the period attributable to the common shareholders of the parent company	<u>(\$ 103,612)</u>	<u>94,946</u>	
Effect of potentially dilutive ordinary shares			
Remuneration to employees	-	-	-
Convertible corporate bonds	-	-	-
Net loss for the period attributable to the common shareholders of the parent company plus the effect of potential common shares	<u>(\$ 103,612)</u>	<u>94,946</u>	<u>(\$ 1.09)</u>

	2022		
	Weighted average number of outstanding shares (thousand shares)	Earnings per Share (NTD)	
Basic earnings per share			
Net income for the period attributable to the common shareholders of the parent company	\$ 284,011	94,178	\$ 3.02
Diluted earnings per share			
Net income for the period attributable to the common shareholders of the parent company	\$ 284,011	94,178	
Effect of potentially dilutive ordinary shares			
Remuneration to employees	-	446	
Convertible corporate bonds	1,872	2,778	
Net income attributable to the common shareholders of the parent company for the period plus the effect of potential common shares	\$ 285,883	97,402	\$ 2.94

(XXIX) Supplementary information on cash flow

1. Investment activities with only partial cash payment:

	2023	2022
Additions of property, plant and equipment	\$ 174,458	\$ 954,134
Add: Payables for equipment, beginning	16,685	1,768
Less: Payables for equipment, ending	(4,200)	(16,685)
Cash paid in current period	\$ 186,943	\$ 939,217

2. Financing activities that do not affect cash flow:

	2023	2022
Conversion of convertible bonds into share capital	\$ 34,377	\$ -

(XXX) Changes in liabilities from financing activities

	January 1, 2023	Changes in cash flow	Non-cash changes	December 31, 2023
Short-term borrowings	\$ 10,000	\$ 660,000	\$ -	\$ 670,000
Long-term borrowing	2,038,312	(55,689)	-	1,982,623
Lease liabilities	664,554	(38,439)	30,112	656,227
Guarantee deposits received	4,743	(217)	-	4,526
Total liabilities from financing activities	\$ 2,717,609	\$ 565,655	\$ 30,112	\$ 3,313,376

	January 1, 2022	Changes in cash flow	Non-cash changes	December 31, 2022
Short-term borrowings	\$ 390,000	(\$ 380,000)	\$ -	\$ 10,000
Long-term borrowing	1,511,498	526,814	-	2,038,312
Lease liabilities	652,734	(32,856)	44,676	664,554
Guarantee deposits received	200	4,543	-	4,743
Total liabilities from financing activities	\$ 2,554,432	\$ 118,501	\$ 44,676	\$ 2,717,609

VII. Related party transactions

(I) Names of related parties and their relationship

Name of related party	Relationship with the Group
Li, Ching-Kung	Chairman of the Group
Li, Jin-Sheng	General manager of the Group

(II) Remuneration of key management personnel

	2023	2022
Short-term employee benefits	\$ 9,976	\$ 13,629
Post-employment benefits	108	108
Total	\$ 10,084	\$ 13,737

(III) Others

The Group borrowed from financial asset institutions on December 31, 2023 and 2022, with Li, Ching-Kung and Li, Jin-Sheng serving as the joint guarantors. The financing amount for the joint guarantees provided by the above-mentioned related parties was NT\$2,652,623 and NT\$2,048,312, respectively.

VIII. Pledged assets

The details of the guarantees provided for the Group's assets are as follows:

Assets	Book value		Purpose of guarantee
	December 31, 2023	December 31, 2022	
Financial assets measured at amortized cost			
Pledged time deposit	\$ 30,000	\$ 30,000	Note 1
Property, Plant and Equipment			
Land	894,994	1,006,321	Note 2
Buildings	942,595	969,534	Note 2
Non-current assets held for sale	230,564	-	Note 2
	\$ 2,098,153	\$ 2,005,855	

Note 1: The performance bond of the Company.

Note 2: Long-term borrowings.

IX. Significant contingent liabilities and unrecognized contractual commitments

(I) Capital expenditures signed but not yet incurred

	December 31, 2023	December 31, 2022
Property, Plant and Equipment	<u>\$ 11,346</u>	<u>\$ 40,629</u>

(II) The Group has opened an unused letter of credit for the purchase of materials

	December 31, 2023	December 31, 2022
Letter of credit issued but not used	<u>\$ 24,434</u>	<u>\$ 35,264</u>

X. Losses from major disasters

No such situation.

XI. Material events after the reporting period

No such situation.

XII. Others

(I) Capital management

The goal of the Group's capital management is to ensure the continued operation of the Group, maintain the optimal capital structure to reduce the cost of capital, and provide returns for shareholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce liabilities. The Group uses the debt capital ratio to monitor its capital, which is calculated by dividing net debt by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" reported in the consolidated balance sheet) less cash and cash equivalents. The calculation of total capital is "equity" reported in the consolidated balance sheet plus net debt.

The Group's debt capital ratio as of December 31, 2023 and 2022 was as follows:

	December 31, 2023	December 31, 2022
Total borrowings	<u>\$ 2,652,623</u>	<u>\$ 2,048,312</u>
Less: Cash and cash equivalent	<u>(612,044)</u>	<u>(698,793)</u>
Debt, net	<u>2,040,579</u>	<u>1,349,519</u>
Total equity	<u>3,259,437</u>	<u>3,472,550</u>
Total capital	<u>\$ 5,300,016</u>	<u>\$ 4,822,069</u>
Debt capital ratio	<u>38.50%</u>	<u>27.99%</u>

(II) Financial instruments

1. Type of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets measured at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ _____ -	\$ 220
Financial assets measured at fair value through other comprehensive income		
Selecting designated investments in equity instruments	\$ 94,594	\$ 96,305
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 612,044	\$ 698,793
Financial assets measured at amortized cost	30,000	31,000
Notes receivable	171,031	10,510
Accounts receivable	644,091	867,614
Other receivables	319	81
Refundable deposits	<u>13,578</u>	<u>16,662</u>
	<u><u>\$ 1,565,657</u></u>	<u><u>\$ 1,721,185</u></u>
Financial liabilities		
Financial liabilities measured at amortized cost		
Short-term borrowings	\$ 670,000	\$ 10,000
Notes payable	4,078	3,327
Accounts payable	142,395	615,104
Other payables	247,882	381,865
Long-term borrowings (including those due within one year or one operating cycle)	1,982,623	2,038,312
Guarantee deposits received	<u>4,526</u>	<u>4,743</u>
	<u><u>\$ 3,051,504</u></u>	<u><u>\$ 3,053,351</u></u>
Lease liabilities	<u><u>\$ 656,227</u></u>	<u><u>\$ 664,554</u></u>

2. Risk management policy

Risk management is carried out by the Group's Finance Department in accordance with the policies approved by the Board of Directors. The Finance Department of the Group works closely with various operating units within the Group to identify, evaluate and avoid financial risks. The Board of Directors has written principles for overall risk management, and also provides written policies for specific areas and matters, such as exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of surplus working capital.

3. Nature and extent of significant financial risk

(1) Market risk

Exchange rate risk

A. The Group operates in a multinational company, so it is subject to the exchange rate risk arising from transactions with the functional currency of the Company and its subsidiaries, which are mainly USD and RMB. The relevant exchange rate comes

from future commercial transactions and recognized assets and liabilities.

B. The Group's business involves some non-functional currencies, therefore it is subject to exchange rate fluctuations. The assets and liabilities denominated in foreign currencies with significant exchange rate fluctuations are as follows:

	December 31, 2023		
	Foreign currency (thousand)	Exchange rate	Carrying amount
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 3,669	30.7080	\$ 112,668
Japanese Yen: NTD	13,390	0.2172	2,908
Euro: NTD	18	34.0070	612
RMB: NTD	5,917	4.3265	25,600
<u>Financial liabilities</u>			
<u>Monetary items</u>			
Japanese Yen: NTD	2,898	0.217	629
USD: NTD	10	30.7080	307
December 31, 2022			
(Foreign currency: functional currency)			
	Foreign currency (thousand)	Exchange rate	Carrying amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 3,182	30.7250	\$ 97,767
Japanese Yen: NTD	183,632	0.2326	42,713
Euro: NTD	62	32.7530	2,031
RMB: NTD	461,564	4.4118	2,036,328
<u>Financial liabilities</u>			
<u>Monetary items</u>			
Japanese Yen: NTD	171,041	0.2326	39,784
USD: NTD	2	30.7250	61

C. Due to exchange rate fluctuations on monetary items of the Group, the aggregate amount of all exchange gains (losses) recognized in 2023 and 2022 (including realized and unrealized) were (NT\$36,770) and NT\$52,147, respectively.

D. The risk analysis of the Group's foreign currency market due to significant exchange rate fluctuations is as follows:

	2023		
	Sensitivity analysis	Effect on gains (losses)	Other comprehensive income (loss) affected
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	1%	\$ 901	\$ -
Japanese Yen: NTD	1%	23	-
Euro: NTD	1%	5	-
RMB: NTD	1%	205	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
Japanese Yen: NTD	1%	(5)	-
USD: NTD	1%	(2)	-

(Foreign currency: functional currency)	2022		Sensitivity analysis		Other comprehensive income (loss) affected	
	Range of change		Effect on gains (losses)			
<u>Financial assets</u>						
<u>Monetary items</u>						
USD: NTD	1%	\$	782	\$	-	
Japanese Yen: NTD	1%		342		-	
Euro: NTD	1%		16		-	
RMB: NTD	1%		16,291		-	
<u>Financial liabilities</u>						
<u>Monetary items</u>						
Japanese Yen: NTD	1%	(318)		-	
USD: NTD	1%	(0.49)		-	

Price risk

- A. The Group's equity instruments exposed to price risk are financial assets held at fair value through other comprehensive income. To manage the price risk of equity instrument investment, the Group will diversify its investment portfolio, and the diversification method is based on the limit set by the Group.
- B. The Group mainly invests in equity instruments issued by domestic companies, and the prices of these equity instruments will be affected by the uncertainty of the future value of the investment target. If the price of these equity instruments rises or falls by 1%, and all other factors remain unchanged, the net profit arising from the profit or loss of equity instruments measured at fair value through profit and loss increased or decreased by \$0 and \$2 in 2023 and 2022; other comprehensive income decreased or increased by \$756 and \$770, respectively, due to the gain or loss of equity investments classified as at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- A. The Group's interest rate risk mainly comes from the long-term and short-term loans issued at floating interest rates, which expose the Group to cash flow interest rate risk. In 2023 and 2022, the Group's borrowings with floating interest rates were mainly denominated in NTD.
- B. When the borrowing rate increases or decreases by 1%, and all other factors remain unchanged, the net income after tax in 2023 and 2022 will decrease or increase by NT\$21,221 and NT\$16,386, respectively, due to changes.

(2) Credit risk

- A. The Group's credit risk refers to the risk of financial loss due to the failure of customers or counterparties of financial instrument transactions to fulfill contractual obligations, mainly from the inability of counterparties to settle accounts receivable

in accordance with the collection terms.

- B. The Group establishes credit risk management from the group perspective. For banks and financial institutions, only institutions with good reputation and no recent major default records can be accepted as trading counterparts. According to the internal credit policy, for each new customer within the Group, management and credit risk analysis must be conducted before the establishment of payment and delivery terms and conditions. The internal risk control evaluates customers' credit quality by considering their financial status, past experience and other factors. The limits of individual risks are determined by the Board of Directors based on internal or external ratings, and the use of credit lines is regularly monitored.
- C. According to the Group's credit risk management procedures, a default is deemed to have occurred when the contract amount is overdue for more than 180 days according to the agreed payment terms.
- D. The Group classifies customers' accounts receivable according to geographical area, customer rating and trade credit risk characteristics, and estimates expected credit losses based on the allowance matrix and loss rate method in a simplified manner.
- E. The indicators used by the Group to determine that the debt instrument investment is subject to credit impairment are as follows:
 - (A) The issuer is in major financial difficulty, or the possibility of bankruptcy or other financial reorganization greatly increases;
 - (B) The issuer disappears from the active market for the financial assets due to financial difficulties;
 - (C) The issuer delays or fails to repay the interest or principal;
 - (D) Unfavorable changes in national or regional economic conditions that result in the issuer's default.
- F. The Group will continue to pursue legal proceedings for the default of financial assets to preserve the rights of the creditor's right. After the recourse procedures, the amount of financial assets for which it is impossible to reasonably expect to be recoverable is written off.
- G. The Group takes into account the consideration of future forward-looking and adjusts the loss rate based on historical and current information in a specific period to estimate the loss allowance for accounts receivable and non-performing loans. The provision matrix for December 31, 2023 and 2022 and loss ratio method is as follows:

December 31, 2023	Expected loss rate	Accounts receivable	Non-performing loans	Total carrying amount		Loss allowance
Not past due	0.03%	\$ 228,321	\$ -	\$ 228,321		(\$ 68)
Within 30 days	0.03%	109,954	-	109,954		(36)
31 to 90 days	0.03%~1.3%	160,152	-	160,152		(1,301)
91 to 180 days	6.29%~99.76%	169,317	-	169,317		(22,248)
More than 181 days	100% of face value	59,428	-	59,428		(59,428)
Individual assessment	100% of face value	-	74,510	74,510		(74,510)
Total				\$ 801,682		(\$ 157,591)

December 31, 2022	Expected loss rate	Accounts receivable	Non-performing loans	Total carrying amount		Loss allowance
Not past due	0.03%	\$ 339,735	\$ -	\$ 339,735		(\$ 94)
Within 30 days	0.04%~14.71%	223,535	-	223,535		(2,841)
31 to 90 days	0.06%~30.57%	215,669	-	215,669		(129)
91 to 180 days	0.12%~63.12%	87,489	-	87,489		(105)
Over 181 days (Note)	100% of face value	162,820	-	162,820		(158,465)
Total				\$ 1,029,248		(\$ 161,634)

Note: Among them, 100% of the accounts receivable of \$77,949 have been set aside as loss allowance. The Group is carrying out legal recourse procedures to preserve the rights of the creditor's right.

H. The Group's simplified statement of changes in the loss allowance on accounts receivable is as follows:

2023			
	Accounts receivable	Non-performing loans	Total
January 1	\$ 161,634	\$ -	\$ 161,634
Reversal of impairment loss	(2,948)	-	(2,948)
Reclassification	(74,510)	74,510	-
Exchange rate effect	(1,095)	-	(1,095)
December 31	\$ 83,081	\$ 74,510	\$ 157,591

2022			
	Accounts receivable	Non-performing loans	Total
January 1	\$ 128,752	\$ -	\$ 128,752
Provision for impairment loss	30,040	-	30,040
Exchange rate effect	2,842	-	2,842
December 31	\$ 161,634	\$ -	\$ 161,634

(3) Liquidity risk

- A. Cash flow forecasting is carried out by each operating entity within the Group and compiled by the Group's Finance Department. The Finance Department of the Group monitors the forecast of the Group's working capital needs to ensure that it has sufficient funds to meet operating needs, and maintains a sufficient undrawn commitment limit at all times to prevent the Group from breaching the relevant borrowing limits or terms. The forecast considers the Group's debt financing plan, debt terms compliance, financial ratio targets in line with the internal balance sheet, etc.
- B. The surplus cash held by each operating entity will be transferred back to the Group's Finance Department when it exceeds the needs for working capital management. The Group's Finance Department, on the other hand, invests the remaining funds in

interest-bearing demand deposits and time deposits with appropriate maturities or sufficient liquidity to provide sufficient levels in response to the above forecasts. As of December 31, 2023 and 2022, the Group held money market positions of \$612,044 and \$698,793, respectively, and undrawn borrowing facilities of \$1,436,957 and \$1,901,685, respectively, which are expected to generate cash flows to manage liquidity risk.

C. The following table shows the Group's non-derivative financial liabilities grouped by relevant maturity dates and analyzed based on the remaining period from the balance sheet date to the expected maturity date. The contractual cash flow amount disclosed in the following table is the undiscounted amount.

Non-derivative financial liabilities:

December 31, 2023	Within 1 year	Within 1 to 2 years	2 to 5 years	More than 5 years	Total
Short-term borrowings	\$ 670,000	\$ -	\$ -	\$ -	\$ 670,000
Notes payable	4,078	-	-	-	4,078
Accounts payable	142,395	-	-	-	142,395
Other payables	247,882	-	-	-	247,882
Lease liabilities	37,855	25,901	68,540	741,389	873,685
Long-term borrowings (including those due within one year)	272,106	328,536	741,568	860,203	2,202,413

Non-derivative financial liabilities:

December 31, 2022	Within 1 year	Within 1 to 2 years	2 to 5 years	More than 5 years	Total
Short-term borrowings	\$ 10,000	\$ -	\$ -	\$ -	\$ 10,000
Notes payable	3,327	-	-	-	3,327
Accounts payable	615,104	-	-	-	615,104
Other payables	381,865	-	-	-	381,865
Lease liabilities	30,826	25,905	67,511	763,686	887,928
Long-term borrowings (including those due within one year)	185,116	241,688	819,762	1,008,430	2,255,996

(III) Fair value information

1. The levels of valuation techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

Level 1: The quoted price (unadjusted) is available to the enterprise in an active market for the same assets or liabilities on the measurement date. An active market refers to a market with sufficient frequency and volume of transactions to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. All the equity instruments invested by the Group for which there is no active market belong to this category.

2. The Group's financial instruments not measured at fair value include cash and cash equivalents, financial assets measured at amortized cost, notes receivable, accounts receivable, other

receivables, short-term and long-term borrowings, notes and accounts payable and other payables, for which their book values, are a reasonable approximation to the fair value.

3. The financial and non-financial instruments measured at fair value are classified according to the nature, characteristics, risks and fair value levels of the assets and liabilities. Relevant information is as follows:

(1) The Group's assets and liabilities are classified according to the nature. The relevant information is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Repetitive fair value</u>				
Financial assets measured at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 94,594	\$ 94,594
December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
<u>Repetitive fair value</u>				
Financial assets at fair value through profit or loss - current				
Derivatives	\$ -	\$ 220	\$ -	\$ 220
Financial assets measured at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 96,305	\$ 96,305
Total	\$ -	\$ 220	\$ 96,305	\$ 96,525

(2) The methods and assumptions used by the Group to measure fair value are as follows:

When evaluating non-standardized and less complex financial instruments, such as debt instruments without an active market, interest rate swap contracts, foreign exchange contracts and options, the Group uses the evaluation techniques widely used by market participants. The parameters used by the valuation model of such financial instruments are usually market observable information.

4. There was no transfer between Level 1 and Level 2 in 2023 and 2022.

5. The following table shows the changes in Level 3:

	2023	2022
Financial assets measured at fair value through other comprehensive income	Financial assets measured at fair value through other comprehensive income	
January 1	\$ 96,305	\$ 95,404
Profit or loss recognized in other comprehensive income		
Unrealized gains and losses on equity instrument investments measured at fair value through other comprehensive income	(1,711)	901
December 31	\$ 94,594	\$ 96,305

6. There was no transfer into or out of Level 3 in 2023 and 2022.
7. The valuation process of the Group's fair value classified as Level 3 is that the financial department entrusts an external professional appraisal institution to conduct independent fair value verification of financial instruments.
8. The quantitative information of the significant unobservable input value of the evaluation model used in the Level 3 fair value measurement and the sensitivity analysis of the significant unobservable input value changes are as follows:

	Fair value on December 31, 2023	Valuation technique	Unobservable significant input	Range (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Non-listed stocks	\$ 94,594	Comparable Public Company Act	Discount for lack of market liquidity	19.54%	The higher the lack of market liquidity discount, the lower the fair value.
Non-derivative equity instruments:					
Non-listed stocks	\$ 96,305	Comparable Public Company Act	Discount for lack of market liquidity	21.68%	The higher the lack of market liquidity discount, the lower the fair value.

9. The external professional appraisal agency commissioned by the Group's Finance Department carefully evaluates the valuation model and valuation parameters selected; however, the use of different valuation models or valuation parameters may result in different evaluation results. For financial assets and financial liabilities classified as Level 3, if the valuation parameters change, the impact on the current profit and loss or other comprehensive income is as follows:

	December 31, 2023					
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input value	Travel Variations	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instrument	Discount for lack of market liquidity	±1%	\$ -	\$ -	\$ 946	(\$ 946)
December 31, 2022						
	Recognized in profit or loss					
	Input value	Travel Variations	Favorable change	Unfavorable change	Favorable change	Unfavorable change
	Discount for lack of market liquidity	±1%	\$ -	\$ -	\$ 963	(\$ 963)

XIII. Disclosures in notes

(I) Information on significant transactions

1. Loaning of funds to others: No such situation.
2. Endorsements/guarantees provided for others: none.
3. Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures): Please refer to Table 1.
4. Accumulated purchase or sale of the same securities reaching NT\$300 million or more than 20% of the paid-in capital: No such situation.
5. Acquisition of real estate for an amount over NT\$300 million or 20% of the paid-in capital: None.
6. Disposal of real estate for an amount over NT\$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Attachment 2.
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please refer to Table 3.
9. Engagement in derivative transactions: Please refer to Note 6(2) .
10. Business relationships and important transactions between the parent company and its subsidiaries and among subsidiaries: Please refer to Table 4.

(II) Information on investees

The name and location of the investee company and other relevant information (excluding mainland China investee companies): Please refer to Table 5.

(III) Mainland China Investment Information

1. Basic information: Please refer to Table 6.
2. Significant transactions with investee companies in mainland China directly or indirectly through enterprises in a third region: Please refer to Table 7.

(IV) Information of major shareholders

Names of shareholders holding 5% or more of the Company's shares, number of shares held and percentage: Please refer to Table 8.

XIV. Information about operating segments

(I) General information

The Group only operates in a single industry, and the Group's operating decision-maker has identified the Group as a reportable department based on the overall performance evaluation and

resource allocation.

(II) Measurement of segment information

The Group's operating decision-maker evaluates the performance of operating segments based on the after-tax net profit. The measurement indicators are based on the revenue achievement rate, gross profit achievement rate, and net operating profit achievement rate. The status of excessive and short expenses is reviewed on a monthly basis to assess the rationality of resource consumption.

(III) Information on segment profits and losses, assets and liabilities

The information of the segments to be provided to the chief operating decision-maker is as follows:

<u>2023</u>	Single operating department	Reconciliation and write-off	Total
External income	\$ 2,571,194	\$ -	\$ 2,571,194
Internal department revenue	<u>2,902,842</u>	(<u>2,902,842</u>)	<u>-</u>
Segment revenue	<u>\$ 5,474,036</u>	(<u>\$ 2,902,842</u>)	<u>\$ 2,571,194</u>
Segment income	<u>(\$ 103,612)</u>	<u>\$ -</u>	<u>(\$ 103,612)</u>
Segment income includes:			
Depreciation and amortization	\$ 297,966	\$ -	\$ 297,966
Interest income	<u>5,872</u>	<u>-</u>	<u>5,872</u>
Interest Expenses	<u>71,015</u>	<u>-</u>	<u>71,015</u>
income tax expense	<u>44,183</u>	<u>-</u>	<u>44,183</u>
Segment assets	<u>\$ 10,941,392</u>	(<u>\$ 3,180,371</u>)	<u>\$ 7,761,021</u>
Departmental liabilities	<u>\$ 7,552,121</u>	(<u>\$ 3,050,537</u>)	<u>\$ 4,501,584</u>

<u>2022</u>	Single operating department	Reconciliation and write-off	Total
External income	\$ 3,374,243	\$ -	\$ 3,374,243
Internal department revenue	<u>3,540,650</u>	(<u>3,540,650</u>)	<u>-</u>
Segment revenue	<u>\$ 6,914,893</u>	(<u>\$ 3,540,650</u>)	<u>\$ 3,374,243</u>
Segment income	<u>\$ 330,142</u>	(<u>\$ 46,131</u>)	<u>\$ 284,011</u>
Segment income includes:			
Depreciation and amortization	\$ 270,577	\$ -	\$ 270,577
Interest income	<u>3,525</u>	(<u>492</u>)	<u>3,033</u>
Interest Expenses	<u>51,473</u>	(<u>492</u>)	<u>50,981</u>
income tax expense	<u>107,207</u>	<u>-</u>	<u>107,207</u>
Segment assets	<u>\$ 10,687,385</u>	(<u>\$ 2,632,045</u>)	<u>\$ 8,055,340</u>
Departmental liabilities	<u>\$ 6,898,141</u>	(<u>\$ 2,315,351</u>)	<u>\$ 4,582,790</u>

(IV) Reconciliation of segment profit and loss

1. The Group has only a single reportable segment that provides external revenue and profit information to the chief operating decision-maker. The amount in the consolidated statements of comprehensive income is measured in a consistent manner. The net profit of the Group's reportable segment is net profit after tax and does not need to be adjusted.
2. The Group has only a single reportable segment, the total assets and total liabilities provided to the chief operating decision-maker and the assets and liabilities of the consolidated balance

sheet shall be measured in a consistent manner, and the assets and liabilities of the reportable segment are equal to the total assets and total liabilities, no adjustment is required.

(V) Information on product type and service type

Please refer to Note VI (20)

(VI) Information by Region

Information of the Group by region in 2023 and 2022 is as follows:

	2023		2022	
	Income	Non-current assets	Income	Non-current assets
Taiwan	\$ 258,827	\$ 3,401,615	\$ 471,214	\$ 3,692,502
Asia	2,104,721	46,373	2,720,229	53,030
Europe	115,191	-	138,909	-
Others	92,455	-	43,891	-
Total	<u>\$ 2,571,194</u>	<u>\$ 3,447,988</u>	<u>\$ 3,374,243</u>	<u>\$ 3,745,532</u>

(VII) Important customer information

Information on the Group's important customers in 2023 and 2022 is as follows:

	2023		2022	
	Income	Percentage (%)	Income	Percentage (%)
B	\$ 506,669	20%	B	\$ 485,874
C	334,230	13%	C	426,726
D	315,264	12%	D	412,512
E	253,295	10%	A	384,282

TBI MOTION TECHNOLOGY CO., LTD. and Subsidiaries

Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates, and joint ventures)

December 31, 2023

Attachment 1

Unit: NT\$ thousand

(unless otherwise specified)

Companies in possession	Type and name of marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	End of period					Note
			Presentation Account	Shares	Carrying amount (Note 3)	Shareholding ratio (%)	Fair value	
TBI Motion Technology Co., Ltd.	CHUAN DA TECHNOLOGY CO., LTD.	No	Financial assets measured at fair value through other comprehensive income - non-current	3,860,000	\$ 94,594	19.30	\$ 94,594	Note 4

Note 1: Marketable securities referred to in this table are stocks, bonds, beneficiary certificates and marketable securities derived from the above items that fall within the scope of IFRS 9 "Financial Instruments."

Note 2: If the securities issuer is not a related party, this column can be omitted.

Note 3: If the item is measured at fair value, please enter the book balance after adjustment for fair value valuation and deduction of accumulated impairment in the column of book value. For the item not measured at fair value, please specify the original acquisition cost or cost after amortization less carrying amount balance of accumulated impairment.

Note 4: The securities are not provided as collateral, pledged for loans, or other restricted uses as agreed.

TBI MOTION TECHNOLOGY CO., LTD. and Subsidiaries

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20 percent of paid-in capital or more.

January 1 to December 31, 2023

Table 2

Unit: NT\$ thousand

(unless otherwise specified)

Purchase (sale) company	Name of counterparty	Relationship	Transaction status				Circumstances and reasons for the difference between the transaction conditions and general transactions		Notes/Accounts Receivable (Payable)		Percentage of total notes and accounts receivable (payable)	Note
			Purchase (sale) goods	Amount	Percentage to total purchase (sales)	Credit period	Unit price	Credit period	Balance			
TBI Motion Technology Co., Ltd.	TBI Motion (Suzhou) Co., Ltd.	Subsidiary	Sale of goods	(\$ 2,306,789)	(77.97%)	Within 120 days	Based on general sales and purchase prices and conditions	There is no significant difference in terms of payment from non-related parties	\$ 2,683,891		93.70%	
TBI Motion Technology Co., Ltd.	TBI Motion Intelligence Co., Ltd.	Subsidiary	Sale of goods	(581,920)	(19.67%)	Within 120 days	Based on general sales and purchase prices and conditions	There is no significant difference in terms of payment from non-related parties	158,330		5.53%	

Note: For the calculation of the transaction amount as a percentage of the parent company's revenue or asset ratio, if it is an asset or liability item, it is calculated as the ratio of the ending balance to the total individual. It is calculated by the amount in the total purchase (sales) ratio.

TBI MOTION TECHNOLOGY CO., LTD. and Subsidiaries

Accounts receivable from related parties reaching NT\$100 million or 20 percent of paid-in capital or more.

December 31, 2023

Table 3

Unit: NT\$ thousand

(unless otherwise specified)

Company with receivables booked	Name of counterparty	Relationship	Balance of receivables from related parties		Turnover rate	Overdue receivables from related parties		Period of receivables from related parties	Amount recovered	Amount of loss allowance
			Amount	Processing method		Amount	Period of receivables from related parties			
TBI Motion Technology Co., Ltd.	TBI Motion (Suzhou) Co., Ltd.	Subsidiary	\$ 2,683,891	1.00		\$ 2,299,508	Active collection	\$ 356,727		
TBI Motion Technology Co., Ltd.	TBI Motion Intelligence Co., Ltd.	Subsidiary	158,330	2.24		-	-		69,320	

TBI MOTION TECHNOLOGY CO., LTD. and Subsidiaries

Business relationships and important transactions between the parent company and its subsidiaries and among subsidiaries, and the amounts

January 1 to December 31, 2023

Table 4

Unit: NT\$ thousand

(unless otherwise specified)

Code (Note 1)	Trader's Name	Trading counterpart	Relationship with the counterparty (Note 2)	Account	Amount	Transactions with each other		As a percentage of consolidated total revenue or total assets (Note 3)
						Trading terms and conditions		
0	TBI Motion Technology Co., Ltd.	TBI Motion (Suzhou) Co., Ltd.	1	Sales revenue	\$ 2,306,789	Based on general sales price and terms and conditions	"	89.72%
0	TBI Motion Technology Co., Ltd.	TBI Motion (Suzhou) Co., Ltd.	1	Accounts receivable	2,683,891	"	"	34.58%
0	TBI Motion Technology Co., Ltd.	TBI Motion Intelligence Co., Ltd.	1	Sales revenue	581,920	"	"	22.63%
0	TBI Motion Technology Co., Ltd.	TBI Motion Intelligence Co., Ltd.	1	Accounts receivable	158,330	"	"	2.04%

Note 1: Information on business transactions between the parent company and its subsidiaries should be indicated in the numbered column. The number should be filled in as follows:

- (1) Fill in "0" for parent company.
- (2) Subsidiaries are numbered sequentially starting from 1 according to the company type.

Note 2: There are three types of relationship with the transaction party, and the type is sufficient (if it is the same transaction between the parent company and subsidiaries or between subsidiaries, it is not necessary to repeat the disclosure. For example, if a parent company's transaction with a subsidiary has been disclosed by the parent company, the subsidiary does not need to disclose the transaction again; if a subsidiary's transaction with another subsidiary has been disclosed by one of its subsidiaries, it is not necessary to repeat the disclosure of the other):

- (1) Parent company to subsidiary
- (2) Subsidiary to parent company
- (3) Subsidiary to subsidiary

Note 3: The ratio of the transaction amount to the total consolidated revenue or total assets is calculated. In the case of assets and liabilities, the calculation is based on the closing balance of the consolidated total assets; in the case of profit or loss, the calculation is based on the accumulated amount in the period to the consolidated total revenue calculation.

TBI MOTION TECHNOLOGY CO., LTD. and Subsidiaries

The name and location of the investee company and other relevant information (excluding mainland China investee companies)

January 1 to December 31, 2023

Table 5

Unit: NT\$ thousand

(unless otherwise specified)

Name of Investment Company	Name of investee (Note 1)	Location of the area	Main business items	Initial investment amount		Held at end of period			Investee profit or loss for the period	Investment gains and losses recognized in the current period	Note
				End of current period	End of last year	Shares	Ratio	Carrying amount			
TBI Motion Technology Co., Ltd.	TBI Motion Technology (USA) LLC.	U.S.	Sale of precision transmission components for the automated industry	\$ 31,090	\$ 31,090	10,000	100%	\$ 6,575	(\$ 4,848)	(\$ 4,848)	Note 2
TBI Motion Technology Co., Ltd.	TBI Motion Technology (HK) LTD.	Hong Kong	Holding company for overseas enterprises	170,630	170,630	60,000	100%	(201,136)	(247,554)	(247,554)	Note 3
TBI Motion Technology Co., Ltd.	TBI Motion Intelligence Co., Ltd.	Taiwan	Sale of precision transmission components for the automated industry	2,000	2,000	3,927,865	100%	110,089	66,668	66,668	Note 4
								\$ (84,472)	\$ (185,734)	\$ (185,734)	

Note 1: Invested companies recognized under the equity method.

Note 2: The investment income recognized in the current period excludes the unrealized sales loss of downstream transactions of NT\$265.

Note 3: The investment gains and losses recognized in the current period exclude the unrealized gain on sales of downstream transactions of NT\$124,097.

Note 4: The investment gains and losses recognized in the current period exclude the unrealized sales loss of downstream transactions of NT\$420.

TBI MOTION TECHNOLOGY CO., LTD. and Subsidiaries

Mainland China Investment Information - Basic Information

January 1 to December 31, 2023

Table 6

Unit: NT\$ thousand

(unless otherwise specified)

Name of investee company in Mainland China	Main business items	Paid-up Capital	Investment method	Investment amount remitted or recovered in the current period		Accumulated investment amount remitted from Taiwan at the beginning of current period	Outward remittance	Recovered	Accumulated investment amount remitted from Taiwan at the end of the period	Investee profit or loss for the period	The Company's shareholding ratio in direct or indirect investments	Investment gains and losses recognized in the current period	Carrying amount of investment at the end of the period	Repatriated investment income up to the current period	Note
TBI Motion (Suzhou) Co., Ltd.	Sale of precision transmission components for the automated industry	\$ 164,428	Note 1	\$ 164,428		\$ -	-	\$ 164,428	\$ 247,552	100% of face value	\$ 247,552	\$ 207,261	\$ -	Note 2, 6	
Company Name	Accumulated amount of remittance from Taiwan to Mainland China at the end of the period	Amount of investment approved by the Investment Commission, Ministry of Economic Affairs	The limit on investment in Mainland China stipulated by the Investment Commission of the Ministry of Economic Affairs	Note											
TBI Motion Technology Co., Ltd.	\$ 164,428	\$ 164,428	\$ 1,955,662	Note 4											

Note 1: Reinvest in China through reinvestment in TBI Motion Technology (HK) LTD.

Note 2: Gains and losses recognized in the financial statements audited by the parent company's CPAs.

Note 3: The book value of the investment at the end of the period is the investment income and the balance of the long-term equity investment stated in the account of the disclosed investment company.

Note 4: According to the amendments to the "Regulations Governing the Permit of Investment or Technical Cooperation in Mainland China" and the "Principle for Review of Investment or Technical Cooperation in Mainland China" announced by the Investment Commission of the Ministry of Economic Affairs on August 29, 2008, investors (not belonging to individual and small and medium enterprises) who invest in Mainland China, the cumulative investment amount is limited to 60% of the net amount or the consolidated net worth, whichever is greater.

Note 5: The figures in this table should be presented in NTD. The assets and liabilities accounts: RMB is calculated as NTD 1: NTD 4.3265; US dollars is calculated as NTD 1: NTD 30.708.

Profit and loss account: RMB is calculated as NTD 1: NTD 4.3941; USD is USD 1: NTD 30.1784.

Note 6: The investment gains and losses recognized in the current period exclude the unrealized gain on sales of downstream transactions of NT\$124,097.

TBI MOTION TECHNOLOGY CO., LTD. and Subsidiaries

Information on investments in Mainland China - significant transactions with investees that invest directly in Mainland China or indirectly through businesses in a third region

January 1 to December 31, 2023

Table 7

Unit: NT\$ thousand

(unless otherwise specified)

Name of investee company in Mainland China	Sales (purchase)		Property transactions		Accounts receivable (payable)		Guarantee or endorsement of bills		Capital financing			Technical service income
	Amount	%	Amount	%	Balance	%	Closing balance	Purpose	Maximum balance	Closing balance	Interest rate range	Current interest
TBI Motion (Suzhou) Co., Ltd.	\$ 2,306,789	77.97%	\$ -	-	\$ 2,683,891	93.70%	\$ -	-	\$ -	\$ -	-	\$ 2,106

Note: For the calculation of the transaction amount as a percentage of the parent company's revenue or asset ratio, if it is an asset or liability item, it is calculated as the ratio of the ending balance to the total individual. It is calculated by the amount in the total purchase (sales) ratio.

TBI MOTION TECHNOLOGY CO., LTD. and Subsidiaries

Information of major shareholders

December 31, 2023

Table 8

Name of major shareholders	Shares	
	Number of Shares Held	Percentage of shareholdings
Ding Jie Investment Co., Ltd.	6,950,000	7.30%
Te Yi Investment Co., Ltd.	5,735,000	6.02%