

TBI MOTION TECHNOLOGY CO., LTD. and
Subsidiaries
Consolidated Financial Statements and Independent
Auditors' Review Report
First Quarter in 2025 and 2024
(Stock code: 4540)

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TBI MOTION TECHNOLOGY CO., LTD. and Subsidiaries
Consolidated Financial Statements and Independent Auditors' Review Report of
First Quarter of 2025 and 2024
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Independent Auditors' Review Report
(2025) Cai-Shen-Bao-Zi No. 25000335

To: TBI MOTION TECHNOLOGY CO., LTD.

Foreword

We have reviewed the Consolidated Balance Sheet of TBI MOTION TECHNOLOGY CO., LTD. and its subsidiaries as of March 31, 2025 and 2024, the Consolidated Statement of Comprehensive Income from January 1 to March 31, 2025 and 2024, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement from January 1 to March 31, 2025 and 2024, as well as the Notes to the Consolidated Financial Statements (including the summary of significant accounting policies). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope

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

Conclusion

Based on our review, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects,

the consolidated financial position of TBI MOTION TECHNOLOGY CO., LTD. and its subsidiaries as of March 31, 2025 and 2024, and their consolidated financial performance and consolidated cash flow from January 1 to March 31, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

PricewaterhouseCoopers Taiwan

Bing-Jun Zhi

CPA

Ming-Chuan Hsu

Former Securities and Futures Commission, Ministry of Finance
Approval Letter No.: (1999) Tai-Cai-Zheng (VI) No. 16120
Financial Supervisory Commission
Approval No.: Jin-Guan-Zheng-Shen-Zi No. 1050029449

May 7, 2025

Notice to Readers

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

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

TBI MOTION TECHNOLOGY CO., LTD. and Subsidiaries
Consolidated Balance Sheet
March 31, 2025, December 31, 2024, and March 31, 2024

Unit: NT\$ thousand

	Assets	Notes	March 31, 2025		December 31, 2024		March 31, 2024	
			Amount	%	Amount	%	Amount	%
	Current assets							
1100	Cash and cash equivalents	6(1)	\$ 644,514	9	\$ 732,570	11	\$ 685,546	9
1110	Current financial assets measured at fair value through profit or loss	6(2)	88	-	475	-	26	-
1150	Notes receivable, net	6(5)	397,895	6	399,639	6	238,298	3
1170	Accounts receivable, net	6(5)	654,930	10	660,141	9	508,682	7
1200	Other receivables		11,203	-	6,470	-	4,169	-
1220	Current income tax assets	6(27)	16,599	-	18,035	-	-	-
130X	Inventory	6(6)	1,346,047	19	1,320,789	19	1,938,510	26
1410	Prepayments		34,975	1	13,223	-	37,015	1
1460	Non-current assets held for sale, net	6(11) and 8	230,564	3	230,564	3	230,564	3
1470	Other current assets		478	-	316	-	189	-
11XX	Total current assets		<u>3,337,293</u>	<u>48</u>	<u>3,382,222</u>	<u>48</u>	<u>3,642,999</u>	<u>49</u>
1517	Non-current financial assets measured at fair value through other comprehensive income	6(3)	88,918	1	88,918	1	94,594	1
1535	Non-current financial assets at amortised cost	6(4) and 8	30,000	-	30,000	-	30,000	-
1600	Property, plant and equipment	6(7) and 8	2,597,735	37	2,634,977	37	2,730,637	36
1755	Right-of-use assets	6(8)	737,704	11	742,802	11	725,260	10
1780	Intangible assets	6(9)	29,046	-	23,943	-	31,628	1
1840	Deferred income tax assets	6(27)	183,838	3	179,676	3	217,739	3
1900	Other non-current assets	6(10)	20,463	-	20,536	-	27,593	-
15XX	Total non-current assets		<u>3,687,704</u>	<u>52</u>	<u>3,720,852</u>	<u>52</u>	<u>3,857,451</u>	<u>51</u>
1XXX	Total assets		<u>\$ 7,024,997</u>	<u>100</u>	<u>\$ 7,103,074</u>	<u>100</u>	<u>\$ 7,500,450</u>	<u>100</u>

(continued on next page)

TBI MOTION TECHNOLOGY CO., LTD. and Subsidiaries
Consolidated Balance Sheet
March 31, 2025, December 31, 2024, and March 31, 2024

Unit: NT\$ thousand

Liabilities and equity			March 31, 2025		December 31, 2024		March 31, 2024	
			Amount	%	Amount	%	Amount	%
Current liabilities								
2100	Short-term borrowings	6(12) and 7	\$ 500,000	7	\$ 450,000	6	\$ 640,000	9
2130	Current contract liabilities	6(20)	2,803	-	3,118	-	2,035	-
2150	Notes payable		21,131	-	35,457	-	5,251	-
2170	Accounts payable		259,360	4	187,266	3	81,806	1
2200	Other payables	6(13)	208,088	3	239,331	3	203,528	3
2230	Current tax liabilities	6(27)	-	-	-	-	53,877	1
2280	Current lease liabilities	6(8)	38,285	1	36,569	1	27,628	-
2320	Long-term liabilities due within one year or one operating cycle	6(14)(15), 7 and 8	444,303	6	553,983	8	251,576	3
2399	Other current liabilities - others	6(11)	59,988	1	59,953	1	230	-
21XX	Total current liabilities		1,533,958	22	1,565,677	22	1,265,931	17
Non-current liabilities								
2530	Corporate bonds payable	6(15)	-	-	-	-	741,287	10
2540	Long-term borrowings	6(14), 7 and 8	1,431,570	21	1,511,782	21	1,676,135	22
2570	Deferred income tax liabilities	6(27)	16,946	-	9,344	-	6,147	-
2580	Non-current lease liabilities	6(8)	725,386	10	730,997	11	715,336	10
2600	Other non-current liabilities		4,902	-	5,693	-	219	-
25XX	Total non-current liabilities		2,178,804	31	2,257,816	32	3,139,124	42
2XXX	Total liabilities		3,712,762	53	3,823,493	54	4,405,055	59
Equity								
	Share capital	6(17)						
3110	Common shares capital		1,091,382	16	996,143	14	951,588	13
3140	Capital received in advance		30,023	-	95,239	1	-	-
	Capital surplus	6(18)						
3200	Capital surplus		2,181,566	31	2,097,475	29	1,724,900	23
	Retained earnings	6(19)						
3310	Legal reserve		177,140	2	177,140	3	177,140	2
3350	Undistributed earnings (accumulated deficit to be offset)		(202,929)	(3)	(125,767)	(2)	198,156	3
	Other equity	6(3)						
3400	Other equity		35,053	1	39,351	1	43,611	-
31XX	Total equity attributable to owners of the parent company		3,312,235	47	3,279,581	46	3,095,395	41
3XXX	Total equity		3,312,235	47	3,279,581	46	3,095,395	41
	Significant contingent liabilities and unrecognized contractual commitments	9						
	Material events after the reporting period	11						
3X2X	Total liabilities and equity		\$ 7,024,997	100	\$ 7,103,074	100	\$ 7,500,450	100

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

Chairman:
Ching-Kun Lee

Manager:
Ching-Sheng Lee

Accounting supervisor:
Hsin-Kai Shen

TBI MOTION TECHNOLOGY CO., LTD. and Subsidiaries
Consolidated Statement of Comprehensive Income
From January 1 to March 31, 2025 and 2024

Unit: NT\$ thousand (Except losses per share in NTD)

	Item	Notes	From January 1 to March 31, 2025		From January 1 to March 31, 2024	
			Amount	%	Amount	%
4000	Operating revenue	6(20)	\$ 471,680	100	\$ 589,741	100
5000	Operating costs	6(6)(7)(8)(16)(25)(26)	(428,617)	(91)	(714,629)	(121)
5900	Gross profit (loss) from operations		43,063	9	124,888	21
	Operating expenses	6(7)(8)(16)(25)(26) and 12(2)				
6100	Selling expenses		(21,059)	(4)	(22,365)	(4)
6200	General and administrative expenses		(78,224)	(17)	(68,327)	(12)
6300	Research and development expenses		(21,084)	(5)	(24,143)	(4)
6450	Expected credit impairment loss		(34,852)	(7)	(84,729)	(14)
6000	Total operating expenses		(155,219)	(33)	(199,564)	(34)
6900	Operating loss		(112,156)	(24)	(324,452)	(55)
	Non-operating income and expenses					
7100	Interest income	6(4)(21)	897	-	1,098	-
7010	Other income	6(22)	5,953	1	475	-
7020	Other gains and losses	6(2)(23)	50,797	11	59,106	10
7050	Finance costs	6(8)(12)(14)(15)(24)	(15,296)	(3)	(18,730)	(3)
7000	Total non-operating income and expenses		42,351	9	41,949	7
7900	Net loss before tax		(69,805)	(15)	(282,503)	(48)
7950	Income tax (expense) benefit	6(27)	(7,357)	(1)	119,774	20
8200	Net loss for the period		(\$ 77,162)	(16)	(\$ 162,729)	(28)
	Other comprehensive income (net amount)					
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of financial statements of foreign operations		(\$ 5,373)	(1)	(\$ 1,641)	-
8399	Income tax related to items that may be reclassified	6(27)	1,075	-	328	-
8360	Sum of items that may be reclassified subsequently to profit or loss		(4,298)	(1)	(1,313)	-
8300	Other comprehensive income (net amount)		(\$ 4,298)	(1)	(\$ 1,313)	-
8500	Total comprehensive income		(\$ 81,460)	(17)	(\$ 164,042)	(28)
	Net profit (loss) attributable to:					
8610	Owner of the parent company		(\$ 77,162)	(16)	(\$ 162,729)	(28)
	Total comprehensive income attributable to:					
8710	Owner of the parent company		(\$ 81,460)	(17)	(\$ 164,042)	(28)
	Basic loss per share	6(28)				
9750	Basic loss per share		(\$ 0.69)		(\$ 1.71)	
	Diluted loss per share	6(28)				
9850	Diluted loss per share		(\$ 0.69)		(\$ 1.71)	

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

Chairman:
Ching-Kun Lee

Manager:
Ching-Sheng Lee

Accounting supervisor:
Hsin-Kai Shen

TBI MOTION TECHNOLOGY CO., LTD. and Subsidiaries
Consolidated Statement of Changes in Equity
From January 1 to March 31, 2025 and 2024

Unit: NT\$ thousand

		Equity attributable to owners of parent company						
		Share capital		Retained earnings			Other equity	
		Common shares capital	Capital received in advance	Capital surplus	Legal reserve	Undistributed earnings	Exchange differences on translation of financial statements of foreign operations	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income
Notes								
<u>From January 1 to March 31, 2024</u>								
		\$ 951,588	\$ -	\$ 1,724,900	\$ 177,140	\$ 360,885	\$ 2,845	\$ 42,079
		-	-	-	-	(162,729)	-	(162,729)
		-	-	-	-	-	(1,313)	-
		-	-	-	-	(162,729)	(1,313)	-
		\$ 951,588	\$ -	\$ 1,724,900	\$ 177,140	\$ 198,156	\$ 1,532	\$ 42,079
<u>From January 1 to March 31, 2025</u>								
		\$ 996,143	\$ 95,239	\$ 2,097,475	\$ 177,140	(\$ 125,767)	\$ 2,948	\$ 36,403
		-	-	-	-	(77,162)	-	(77,162)
		-	-	-	-	-	(4,298)	-
		-	-	-	-	(77,162)	(4,298)	-
Convertible corporate bond conversion	6(15)(17)(18)	95,239	(65,216)	84,091	-	-	-	-
		\$ 1,091,382	\$ 30,023	\$ 2,181,566	\$ 177,140	(\$ 202,929)	\$ 1,350	\$ 36,403

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

Chairman:
Ching-Kun Lee

Manager:
Ching-Sheng Lee

Accounting supervisor:
Hsin-Kai Shen

TBI MOTION TECHNOLOGY CO., LTD. and Subsidiaries
Consolidated Statement of Cash Flows
From January 1 to March 31, 2025 and 2024

Unit: NT\$ thousand

	Notes	From January 1 to March 31, 2025	From January 1 to March 31, 2024
<u>Cash flow from operating activities</u>			
Net loss before tax in the current period		(\$ 69,805)	(\$ 282,503)
Adjustments			
Income and expenses			
Depreciation expenses	6(25)	62,899	65,636
Amortization expenses	6(25)	6,259	7,493
Expected credit impairment loss	6(25)	34,852	84,729
Net loss (gain) on financial assets measured at fair value through profit or loss	6(23)	387	(26)
Interest expenses	6(24)	15,296	18,730
Gains from lease modification	6(23)	(4)	-
Interest income	6(21)	(897)	(1,098)
Gains from the disposal of property, plant and equipment	6(23)	-	(280)
Losses from disasters	6(23)	572	-
Changes in assets/liabilities related to operating activities			
Net changes in assets related to operating activities			
Notes receivable		1,744	(67,267)
Accounts receivable		(32,398)	51,560
Other receivables		(4,733)	(3,850)
Inventory		(25,830)	443,162
Prepayments		(21,752)	9,105
Other current assets		(162)	-
Other non-current assets		(64)	(36)
Net changes in operating liabilities			
Contract liabilities		(315)	(1,646)
Notes payable		(14,326)	1,173
Accounts payable		72,094	(60,589)
Other payables		(31,080)	(46,523)
Other current liabilities		35	121
Other non-current liabilities		(791)	19
Cash inflow (outflow) from operations		(8,019)	217,910
Interest received		897	1,098
Interest paid		(14,570)	(15,298)
Income tax paid		(68)	(174)
Net cash inflow (outflow) from operating activities		(21,760)	203,536

(continued on next page)

TBI MOTION TECHNOLOGY CO., LTD. and Subsidiaries
Consolidated Statement of Cash Flows
From January 1 to March 31, 2025 and 2024

Unit: NT\$ thousand

	<u>Notes</u>	<u>From January 1 to March 31, 2025</u>	<u>From January 1 to March 31, 2024</u>
<u>Cash flow from investing activities</u>			
Proceeds from the disposal of property, plant and equipment		\$ -	\$ 1,604
Acquisition of property, plant and equipment	6(29)	(12,090)	(11,281)
Acquisition of intangible assets	6(9)	(9,642)	(9,656)
Increase in prepayment for equipment		(3,950)	(4,121)
Decrease (Increase) in refundable deposits		704	(423)
Net cash outflow from investing activities		(24,978)	(23,877)
<u>Cash flows from (used in) financing activities</u>			
Increase (decrease) in short-term borrowings	6(30)	50,000	(30,000)
Repayments of long-term borrowings	6(30)	(76,504)	(54,912)
Payments of lease liabilities	6(30)	(9,668)	(12,853)
Decrease in guarantee deposits received	6(30)	-	(4,326)
Net cash outflow from financing activities		(36,172)	(102,091)
Effect of exchange rate changes on cash and cash equivalents		(5,146)	(4,066)
Increase (Decrease) in cash and cash equivalents in current period		(88,056)	73,502
Cash and cash equivalents at beginning of period	6(1)	732,570	612,044
Cash and cash equivalents at end of period	6(1)	<u>\$ 644,514</u>	<u>\$ 685,546</u>

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

Chairman:
Ching-Kun Lee

Manager:
Ching-Sheng Lee

Accounting supervisor:
Hsin-Kai Shen

TBI MOTION TECHNOLOGY CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

First Quarter in 2025 and 2024

Unit: NT\$ thousand (unless otherwise specified)

1. 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.

2. Date and procedure for approving the financial statements

This consolidated financial statement was announced after being submitted to the Board of Directors on May 7, 2025.

3. Application of new and amended standards and interpretations

(1) The impact of the adoption of the new and amended IFRS Accounting Standards 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 IFRS Accounting Standards applicable in 2025 that were approved and promulgated by the FSC:

New/amended/revised standards and interpretations	Effective date announced by IASB
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.

(2) The impact of not yet adopting the new and revised IFRS Accounting Standards recognized by the FSC

The following table summarizes the standards and interpretations for the new releases, amendments, and revisions of the IFRS Accounting Standards early applicable in 2025 as approved by the FSC:

New/amended/revised standards and interpretations	Effective date announced by IASB
Partial amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026

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

(3) Impacts of IFRS Accounting Standards 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 IFRS Accounting Standards issued by the IASB but not yet recognized by the FSC:

New/amended/revised standards and interpretations	Effective date announced by IASB
Partial amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments on Contracts Involving Natural Electricity”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026

Except for the following, the Group has assessed that the standards and interpretations above have no significant impact on the Group's financial position and financial performance and the amount of the relevant impact will be disclosed when the assessment is completed:

IFRS 18 “Presentation and Disclosure in Financial Statements” replaces IAS 1 and updates the structure of the comprehensive income statement, adds the disclosure of management performance measurement and strengthens the application in the summary and principle of subdivision of the main financial statements and notes.

4. 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.

(1) Compliance statement

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" endorsed and issued into effect by the FSC.

(2) Basis of preparation

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

(A) Financial assets and liabilities (including derivatives) at fair value through profit or loss were measured at fair value.

(B) Financial assets measured at fair value through other comprehensive income were measured at fair value.

B. It is necessary to use some important accounting estimates in the preparation of the financial statements in compliance with the International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretations (hereinafter referred to as IFRSs) approved and issued into effect by the FSC. 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.

(3) Basis of consolidation

A. Principles for the preparation of consolidated financial statements

(A) 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.

(B) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group have been eliminated. The accounting policies of the subsidiaries have been adjusted as necessary to be consistent with the policies

adopted by the Group.

- (C) 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.
- (D) 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.
- (E) 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.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Nature of business	Percentage of equity held			Description
			March 31, 2025	December 31, 2024	March 31, 2024	
TBI Motion Technology Co., Ltd.	TBI Motion Technology (USA) LLC.	Sale of precision transmission components for the automated industry	100%	100%	100%	None
TBI Motion Technology Co., Ltd.	TBI Motion Intelligence Co., Ltd.	Sale of precision transmission components for the automated industry	100%	100%	100%	None
TBI Motion Technology Co., Ltd.	TBI Motion Technology (HK) LTD.	Holding company for overseas enterprises	100%	100%	100%	None
TBI Motion Technology (HK) LTD.	TBI Motion Technology (Suzhou) Co., Ltd.	Sale of precision transmission components for the automated industry	100%	100%	100%	None

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Different adjustment and treatment methods of subsidiaries during the accounting period: None.
- E. Material restriction: None.
- F. Subsidiaries with non-controlling interests that are material to the Group: None.

(4) 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".

A. Transactions and balances in foreign currency

- (A) 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.
- (B) 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.
- (C) For the balance of non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value through profit or loss, 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.
- (D) All foreign exchange gains and losses are reported in the "other gains and losses" of the Statement of Comprehensive Income.

B. 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:

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

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

A. Assets that meet one of the following conditions are classified as current assets:

- (A) The asset is expected to be realized, or intended to be sold or consumed in the normal business cycle.
- (B) Mainly held for the purpose of trading.
- (C) Assets expected to be realized within 12 months after the reporting period.
- (D) Cash or cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period).

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

B. Liabilities that meet one of the following conditions are classified as current liabilities:

- (A) Expected to be settled in the normal business cycle.
- (B) Mainly held for the purpose of trading.
- (C) Liabilities to be settled within 12 months after the reporting period.
- (D) Those without the right to defer the settlement of liabilities for at least 12 months after the reporting period.

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

(6) 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.

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

- A. Financial assets measured at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. The Group adopts trade date accounting for financial assets measured at fair value through profit or loss that are customary transactions.
- C. 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.

- D. When the right to receive dividends is determined, economic benefits related to dividends are likely to flow in, and when the amount of dividends can be reliably measured, the Group recognizes dividend income in profit or loss.
- (8) Financial assets measured at fair value through other comprehensive income
- A. 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.
- B. The Group adopts trade date accounting for financial assets measured at fair value through other comprehensive income in accordance with transaction practices.
- C. 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 determined, economic benefits related to dividends are likely to flow in, and when the amount of dividends can be reliably measured, the Group recognizes dividend income in profit or loss.
- (9) Financial assets measured at amortized cost
- A. Refers to those who meet the following conditions at the same time:
- (A) The financial asset is held under the business model for the purpose of collecting contractual cash flow.
- (B) 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.
- B. The Group adopts trade date accounting for financial assets measured at amortized cost in accordance with trading practices.
- C. 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.
- (10) Accounts and notes receivable
- A. It refers to accounts and notes that have been unconditionally received in exchange for the right to the amount of consideration for the delivery of goods or services as agreed in the contract.
- B. The non-interest-bearing short-term accounts and notes receivable is barely affected by discounting, so the Group measures them at the original invoice amount.

(11) 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.

(12) Derecognition of financial assets

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

(13) 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.

(14) 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.

(15) Property, plant and equipment

- A. Property, plant and equipment are recorded at acquisition cost, and the relevant interest during the acquisition and construction period is capitalized.
- B. 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.

- C. 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.
- D. 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 8 "Accounting Policies, Changes in Accounting Estimates and Errors" for changes in accounting estimates. The useful life of each asset is 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

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

- A. Lease assets are recognized as right-of-use assets and lease liabilities on the date they are available for use by the Group. When a lease contract is a short-term lease or lease of a low-value asset, the lease payment is recognized as an expense during the lease term using the straight-line method.
- B. Lease liabilities are recognized at the present value of the lease payments that have not been paid at the commencement date of a lease at the discounted interest rate of the Group's incremental borrowings. The lease payments include:
 - (A) Fixed payments, less any rental incentives that can be collected;
 - (B) Variable lease payments depending on a certain index or rate;
 Subsequently, an interest approach is adopted to measure said payments at amortized cost, and interest expenses are recognized over the lease term. When changes in the lease term or lease payment due to non-contract modification, the lease liabilities will be reassessed and the right-of-use assets will be adjusted in the remeasurement.
- C. The right-of-use asset is recognized at cost at the commencement date of a lease, and the cost includes:
 - (A) The initially measured amount of the lease liability;
 - (B) Any lease payments made at or before the commencement date;
 - (C) Any initial direct costs incurred; and

Subsequently, such an asset is measured at cost and recognized in depreciation expenses when the useful life of the right-of-use asset expires or the lease term expires, whichever is earlier. When a lease liability is reassessed, the remeasurement of the lease liability will be adjusted for the right-of-use asset.

- D. Except for lease modifications with reduced lease scope, where the lessee reduces the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognizes the difference between this and the remeasured lease liability in profit or loss, all other lease modifications result in a corresponding adjustment to the right-of-use asset based on the remeasured lease liability amount.

(17) 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.

(18) Non-financial assets impairment

The Group estimates the recoverable amount of assets with signs of impairment on the balance sheet date. When the recoverable amount is lower than its carrying amount, it is recognized in impairment loss. The recoverable amount is the fair value of an asset less the cost of disposal or its value in use, whichever is higher. When there is no impairment or reduced impairment in an asset recognized in prior years, the impairment loss shall be reversed, but the increased portion of the carrying amount of the asset due to the reversal of the impairment loss shall not exceed the carrying amount of the asset less depreciation or amortization without impairment loss recognized.

(19) 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.

(20) Accounts and notes payable

- A. 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.
- B. The non-interest-bearing short-term accounts and notes payable are barely affected by discounting, so the Group measures them at the original invoice amounts.

(21) Convertible corporate 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:

- A. Embedded repurchase rights: The net fair value is stated as "financial assets 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 measured at fair value through profit or loss".
- B. 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."
- C. Embedded conversion right (complying with the definition of equity): At the time of initial recognition, the residual value of the issued amount, after adding the above-mentioned "financial assets measured at fair value through profit or loss" and deducting "corporate bonds payable," is accounted for under "capital equity - stock options" and no subsequent remeasurement is required.
- D. 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.
- E. When the holders are changed, the liability components (including "corporate bonds payable" and "financial assets measured at fair value through profit or loss") are accounted for according to their classification and then plus the carrying amount of "capital reserve - share options" as the issuance cost of the common shares.

(22) Derecognition of financial liabilities

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

(23) Provisions

- A. A provision is recognized when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. A provision is measured based on the best estimate of the present value of an expense required to settle the obligation on the balance sheet date. The discount rate is a pre-tax discount rate that reflects the real-time market assessment of the time value of money and specific risks of the liabilities. Amortization of the discount is

recognized in interest expenses. No provisions shall be recognized for future operating losses.

- B. Carbon fees levied under Taiwan's Climate Change Response Act and its sub-laws are not subject to IFRIC 21 "Levies", but are recognized and measured in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". If the estimated annual emissions are highly likely to exceed the threshold for carbon fees, carbon fee liabilities should be estimated in interim financial reports based on the proportion of emissions incurred to estimated annual emissions.

(24) Employee benefits

- A. 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.

- B. 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.

- C. Remuneration to 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.

(25) Income tax

- A. Income tax expense includes current and deferred income tax. Except for income tax related to items included in other comprehensive income or directly included in equity recognized in comprehensive income or in equity directly, income tax is recognized in profit or loss.
- B. 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. A surtax is imposed on the undistributed earnings in accordance with the Income Tax Act. In the year following the year in which the earnings are generated, after the shareholders' meeting has passed the earnings distribution proposal, the income tax expense on the undistributed earnings will be recognized based on the earnings actually distributed.

- C. 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.
- D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
- E. 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.
- F. The estimated annual average effective tax rate applies to the interim income tax expenses to calculate the interim income before tax, and the relevant information is disclosed in accordance with the aforementioned policies.

- G. When there is a change in tax rate during the interim period, the Group recognizes the effect of the change all at once in the period in which the change occurs. For income tax related to an item other than profit or loss, the effect of the change is recognized in other comprehensive income or equity, the income tax is related to the item recognized in profit or loss, the effect of the change is recognized in profit or loss.

(26) 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.

(27) 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.

(28) Revenue recognition

Sale of goods

- A. 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.
- B. 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.

(29) 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. Government grants related to property, plant and equipment are recognized as non-current

liabilities and recognized in current profit or loss on a straight-line basis over the estimated useful life of the related assets.

(30) 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.

5. 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:

(1) Important judgment on the adoption of accounting policies

None.

(2) Important accounting estimates and assumptions

A. 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 assessment of this allowance is based on reasonable expectations of future events based on the circumstances at the balance sheet date, but actual results may differ from estimates and potentially lead to significant changes.

B. Inventory valuation

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 inventory valuation was mainly based on the estimated product demand in a specific future period, so significant changes may occur.

6. Description of major accounting titles

(1) Cash and cash equivalents

	March 31, 2025	December 31, 2024	March 31, 2024
Cash on hand and revolving funds	\$ 1,283	\$ 1,302	\$ 1,638
Checking deposit and demand deposit	517,036	711,592	629,501
Time deposit	16,648	19,676	-
Cash equivalents - bills with repurchase agreements	109,547	-	54,407
Total	<u>\$ 644,514</u>	<u>\$ 732,570</u>	<u>\$ 685,546</u>

- A. 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.
- B. On March 31, 2025, December 31, 2024, and March 31, 2024, the Group's bank deposits of \$30,000 were classified as "financial assets at amortized cost - non-current" due to the restricted use of performance bonds.

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

Item	March 31, 2025	December 31, 2024	March 31, 2024
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Right to repurchase convertible bonds issued	\$ 88	\$ 475	\$ 26

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

	From January 1 to March 31, 2025	From January 1 to March 31, 2024
Financial assets mandatorily measured at fair value through profit or loss		

Right to repurchase convertible bonds issued	(\$ 387)	\$ 26
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- B. The Company does not provide financial assets measured at fair value through profit or loss as collateral.
- C. For information on the fair value of financial assets measured at fair value through profit or loss, please refer to Note 12(3).

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

Item	March 31, 2025	December 31, 2024	March 31, 2024
Non-current items:			
Equity instrument			
Non-listed stocks	\$ 52,515	\$ 52,515	\$ 52,515
Valuation adjustment	36,403	36,403	42,079
Total	<u>\$ 88,918</u>	<u>\$ 88,918</u>	<u>\$ 94,594</u>

- A. The Group chose to classify the equity investments that are strategic investments as financial assets measured at fair value through other comprehensive income.
- B. The breakdown of financial assets measured at fair value through other comprehensive income recognized in profit or loss and comprehensive income is as follows:

	From January 1 to March 31, 2025	From January 1 to March 31, 2024
<u>Equity instruments at fair value through other comprehensive income</u>		
Changes in fair value recognized in other comprehensive income	<u>\$ -</u>	<u>\$ -</u>
Dividend income recognized in profit or loss and still held at the end of the current period	<u>\$ -</u>	<u>\$ -</u>

- C. For relevant fair value information, please refer to Note 12(3).

(4) Financial assets measured at amortized cost

Item	March 31, 2025	December 31, 2024	March 31, 2024
Non-current items:			
Pledged time deposit	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>

- A. For the interest income recognized in profit or loss of financial assets measured at amortized cost from January 1 to March 31, 2025 and 2024, please refer to Note 6 (21).
- B. Please refer to Note 8 for the Group's financial assets measured at amortized cost as collaterals.
- C. The trading counterparties of the Group's certificates of deposit are all financial institutions with great credit quality, and the probability of default is expected to be low.

(5) Notes and accounts receivable

	March 31, 2025	December 31, 2024	March 31, 2024
Notes receivable	<u>\$ 397,895</u>	<u>\$ 399,639</u>	<u>\$ 238,298</u>
Accounts receivable	<u>\$ 801,971</u>	<u>\$ 769,573</u>	<u>\$ 675,612</u>
Less: Loss allowance	<u>(147,041)</u>	<u>(109,432)</u>	<u>(166,930)</u>
	<u>\$ 654,930</u>	<u>\$ 660,141</u>	<u>\$ 508,682</u>
Non-performing loans (stated as other non-current assets)	\$ 74,510	\$ 74,510	\$ 77,655
Less: Loss allowance	<u>(74,510)</u>	<u>(74,510)</u>	<u>(77,655)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Receivables under collection refer to the outstanding balance of receivables that have been outsourced for collection and are subject to debt litigation.

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

	March 31, 2025		December 31, 2024	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 254,863	\$ 397,895	\$ 351,576	\$ 399,639
Past due for less than				
30 days	106,976	-	134,583	-
31 to 90 days	254,978	-	99,475	-
91 to 180 days	38,113	-	74,507	-
More than 181 days	-	-	-	-
	<u>\$ 654,930</u>	<u>\$ 397,895</u>	<u>\$ 660,141</u>	<u>\$ 399,639</u>

	March 31, 2024	
	Accounts receivable	Notes receivable
Not past due	\$ 238,175	\$ 238,298
Past due for less than		
30 days	62,886	-
31 to 90 days	90,007	-
91 to 180 days	65,567	-
More than 181 days	52,047	-
	<u>\$ 508,682</u>	<u>\$ 238,298</u>

The above ageing analysis was based on past due date.

- B. The balance of accounts receivable and notes receivable on March 31, 2025, December 31, 2024, and March 31, 2024 were all arising from contracts with customers and the balance of accounts receivable on contracts with customers on January 1, 2024 was \$972,713.
- C. 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 March 31, 2025, December 31, 2024, and March 31, 2024, was \$397,895, \$399,639 and \$238,298, respectively; the maximum credit risk exposure amount on March 31, 2025, December 31, 2024, and March 31, 2024, representing the Group was \$654,930, \$660,141 and \$508,682, respectively.
- D. Please refer to Note 12(2) for the credit risk information of accounts receivable and notes receivable in detail.

(6) Inventory

	March 31, 2025		
	Cost	Allowance for devaluation losses	Carrying amount
Raw materials	\$ 304,480	(\$ 95,502)	\$ 208,978
Work in process	568,887	(78,619)	490,268
Finished goods	861,640	(214,839)	646,801
Total	<u>\$ 1,735,007</u>	<u>(\$ 388,960)</u>	<u>\$ 1,346,047</u>
	December 31, 2024		
	Cost	Allowance for devaluation losses	Carrying amount
Raw materials	\$ 296,659	(\$ 86,125)	\$ 210,534
Work in process	555,217	(71,392)	483,825
Finished goods	844,349	(217,919)	626,430
Total	<u>\$ 1,696,225</u>	<u>(\$ 375,436)</u>	<u>\$ 1,320,789</u>

	March 31, 2024		
	Cost	Allowance for devaluation losses	Carrying amount
Raw materials	\$ 365,419	(\$ 69,428)	\$ 295,991
Work in process	583,833	(61,793)	522,040
Finished goods	1,333,672	(213,193)	1,120,479
Total	<u>\$ 2,282,924</u>	<u>(\$ 344,414)</u>	<u>\$ 1,938,510</u>

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

	From January 1 to March 31, 2025	From January 1 to March 31, 2024
Cost of inventory sold	\$ 411,900	\$ 625,501
Inventory valuation losses	10,627	81,750
Revenue from sale of scraps	(826)	(133)
Assets retirement losses	6,916	7,511
	<u>\$ 428,617</u>	<u>\$ 714,629</u>

(7) Property, plant and equipment

	Land for self-use	Buildings for self-use	Machinery and equipment for self-use	Transportation equipment for self-use	Other assets for self-use	Construction in progress for self-use	Total
January 1, 2025							
Cost	\$ 894,994	\$ 1,624,004	\$ 1,618,793	\$ 5,397	\$ 403,236	\$ 77,070	\$ 4,623,494
Accumulated depreciation	-	(474,481)	(1,203,896)	(3,653)	(303,687)	-	(1,985,717)
Accumulated impairment	-	-	(1,887)	(71)	(842)	-	(2,800)
	<u>\$ 894,994</u>	<u>\$ 1,149,523</u>	<u>\$ 413,010</u>	<u>\$ 1,673</u>	<u>\$ 98,707</u>	<u>\$ 77,070</u>	<u>\$ 2,634,977</u>
2025							
January 1	\$ 894,994	\$ 1,149,523	\$ 413,010	\$ 1,673	\$ 98,707	\$ 77,070	\$ 2,634,977
Addition	-	-	1,458	-	3,295	7,174	11,927
Disposal - cost	-	-	(5,256)	-	(751)	-	(6,007)
Disposal - Accumulated depreciation	-	-	5,256	-	751	-	6,007
Transfer	-	-	17	-	1,999	(333)	1,683
Depreciation expenses	-	(12,984)	(28,965)	(138)	(10,010)	-	(52,097)
Net exchange difference	-	-	872	29	344	-	1,245
March 31	<u>\$ 894,994</u>	<u>\$ 1,136,539</u>	<u>\$ 386,392</u>	<u>\$ 1,564</u>	<u>\$ 94,335</u>	<u>\$ 83,911</u>	<u>\$ 2,597,735</u>
March 31, 2025							
Cost	\$ 894,994	\$ 1,624,004	\$ 1,616,044	\$ 5,438	\$ 408,387	\$ 83,911	\$ 4,632,778
Accumulated depreciation	-	(487,465)	(1,227,725)	(3,802)	(313,193)	-	(2,032,185)
Accumulated impairment	-	-	(1,927)	(72)	(859)	-	(2,858)
	<u>\$ 894,994</u>	<u>\$ 1,136,539</u>	<u>\$ 386,392</u>	<u>\$ 1,564</u>	<u>\$ 94,335</u>	<u>\$ 83,911</u>	<u>\$ 2,597,735</u>

	Land for self-use	Buildings for self-use	Machinery and equipment for self-use	Transportation equipment for self-use	Other assets for self-use	Construction in progress for self-use	Total
January 1, 2024							
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>
<u>2024</u>							
January 1	\$ 894,994	\$ 1,204,469	\$ 435,037	\$ 2,117	\$ 109,795	\$ 124,076	\$ 2,770,488
Addition	-	-	1,101	-	4,400	7,949	13,450
Disposal - cost	-	-	-	(1,930)	-	-	(1,930)
Disposal - Accumulated depreciation	-	-	-	606	-	-	606
Reclassification	-	-	2,242	-	728	(2,314)	656
Depreciation expenses	-	(14,427)	(28,814)	(168)	(9,967)	-	(53,376)
Net exchange difference	-	-	319	20	404	-	743
March 31	<u>\$ 894,994</u>	<u>\$ 1,190,042</u>	<u>\$ 409,885</u>	<u>\$ 645</u>	<u>\$ 105,360</u>	<u>\$ 129,711</u>	<u>\$ 2,730,637</u>
March 31, 2024							
Cost	\$ 894,994	\$ 1,624,004	\$ 1,528,478	\$ 3,983	\$ 400,840	\$ 129,711	\$ 4,582,010
Accumulated depreciation	-	(433,962)	(1,118,593)	(3,338)	(295,480)	-	(1,851,373)
	<u>\$ 894,994</u>	<u>\$ 1,190,042</u>	<u>\$ 409,885</u>	<u>\$ 645</u>	<u>\$ 105,360</u>	<u>\$ 129,711</u>	<u>\$ 2,730,637</u>

- A. For information on property, plant and equipment as collateral, please refer to the descriptions in Note 8.
- B. On November 11, 2024, the Group's Board of Directors resolved to sell real estate located on Xinyi Road, Daxi District, Taoyuan City. The Group is actively seeking a buyer, and the transaction is not certain to be completed within one year.

(8) Lease transaction - Lessee

- A. The assets leased by the Group included land, buildings, official vehicles and telephone systems over lease terms of usually 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.
- B. The lease term for some of the warehouses leased by the Group does not exceed 12 months. In addition, as of March 31, 2025, December 31, 2024, and March 31, 2024, the Group's lease payments for short-term lease commitments were \$843, \$5,536, and \$1,261, respectively.
- C. The carrying amount of the right-of-use assets and the information of depreciation expense recognized are as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 686,434	\$ 691,072	\$ 704,986
Buildings	43,243	47,684	10,124
Transportation equipment (office vehicles)	5,769	4,046	5,441
Other equipment	2,258	-	4,709
	<u>\$ 737,704</u>	<u>\$ 742,802</u>	<u>\$ 725,260</u>

	From January 1 to March 31, 2025	From January 1 to March 31, 2024
	Depreciation expenses	Depreciation expenses
Land	(\$ 4,637)	(\$ 4,638)
Buildings	(4,920)	(4,122)
Transportation equipment (office vehicles)	(997)	(1,270)
Other equipment	(248)	(2,230)
	<u>(\$ 10,802)</u>	<u>(\$ 12,260)</u>

- D. The additions of the Group's right-of-use assets from January 1 to March 31, 2025 and 2024 were \$5,436 and \$99,551, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	From January 1 to March 31, 2025	From January 1 to March 31, 2024
<u>Items affecting current profit or loss</u>		
Interest expense on lease liabilities	\$ 3,297	\$ 3,067

Expense on short-term lease contracts	843	1,261
Gains from lease modification	4	-

F. The Group's total lease cash outflow from January 1 to March 31, 2025 and 2024 was \$13,808 and \$17,181, respectively.

(9) Intangible assets

	Patent right	Computer software	Total
January 1, 2025			
Cost	\$ 12,000	\$ 50,826	\$ 62,826
Accumulated amortization	(11,899)	(26,984)	(38,883)
	<u>\$ 101</u>	<u>\$ 23,842</u>	<u>\$ 23,943</u>
<u>2025</u>			
January 1	\$ 101	\$ 23,842	\$ 23,943
Addition	-	9,642	9,642
Transfer	-	1,700	1,700
Amortization expenses	(6)	(6,253)	(6,259)
Net exchange difference	-	20	20
March 31	<u>\$ 95</u>	<u>\$ 28,951</u>	<u>\$ 29,046</u>
March 31, 2025			
Cost	\$ 12,000	\$ 62,168	\$ 74,168
Accumulated amortization	(11,905)	(33,217)	(45,122)
	<u>\$ 95</u>	<u>\$ 28,951</u>	<u>\$ 29,046</u>
	Patent right	Computer software	Total
January 1, 2024			
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>
<u>2024</u>			
January 1	\$ 127	\$ 27,686	\$ 27,813
Addition	-	9,656	9,656
Transfer	-	1,648	1,648
Amortization expenses	(7)	(7,486)	(7,493)
Net exchange difference	-	4	4
March 31	<u>\$ 120</u>	<u>\$ 31,508</u>	<u>\$ 31,628</u>
March 31, 2024			
Cost	\$ 12,000	\$ 121,610	\$ 133,610
Accumulated amortization	(11,880)	(90,102)	(101,982)
	<u>\$ 120</u>	<u>\$ 31,508</u>	<u>\$ 31,628</u>

The details of amortization of intangible assets are as follows:

	From January 1 to March 31, 2025	From January 1 to March 31, 2024
Operating costs	\$ 432	\$ 1,621
Selling expenses	18	39
General and administrative expenses	4,876	5,313
Research and development expenses	933	520
	<u>\$ 6,259</u>	<u>\$ 7,493</u>

(10) Other non-current assets

	March 31, 2025	December 31, 2024	March 31, 2024
Prepayment for equipment	\$ 8,245	\$ 7,678	\$ 13,556
Refundable deposits	12,111	12,815	14,001
Other non-current assets	107	43	36
	<u>\$ 20,463</u>	<u>\$ 20,536</u>	<u>\$ 27,593</u>

(11) 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.

	March 31, 2025	December 31, 2024	March 31, 2024
Property, plant and equipment	<u>\$ 230,564</u>	<u>\$ 230,564</u>	<u>\$ 230,564</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 8 for the guarantee information.

On September 25, 2024, the Group signed a contract with the buyer for \$230,564 of real estate in Yingge District. The price of \$600,000 was determined with reference to the report of Tian-Yi Real Estate Appraiser & Associates. On December 16, 2024, a new sales contract with the same sale price was re-signed, and the first installment of \$60,000 (tax inclusive) was collected (accounted for under other current liabilities - others).

(12) Short-term borrowings

Category of borrowings	March 31, 2025	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 500,000</u>	1.95%	None
Category of borrowings	December 31, 2024	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 450,000</u>	1.78-1.95%	None

Category of borrowings	March 31, 2024	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 640,000</u>	1.7-1.87%	None

Please refer to Note 6, (24) for the interest expense recognized in profit or loss from January 1 to March 31, 2025 and 2024.

(13) Other payables

	March 31, 2025	December 31, 2024	March 31, 2024
Salaries and bonuses payable	\$ 100,524	\$ 119,448	\$ 102,552
Labor health insurance premium and pension payable	16,166	15,326	17,494
Equipment payable	10,277	10,440	6,369
Payables for packaging	9,903	10,396	3,098
Research and experimentation expenses payable	2,098	1,224	6,645
Other payable expenses	<u>69,120</u>	<u>82,497</u>	<u>67,370</u>
	<u>\$ 208,088</u>	<u>\$ 239,331</u>	<u>\$ 203,528</u>

(14) Long-term borrowings

Category of borrowings	Borrowing period and repayment method	Interest rate range	Collateral	March 31, 2025
Long-term bank borrowings				
Secured borrowings	From March 23, 2016 to January 26, 2042, interest is paid monthly, and principal is repaid in installments.	2.15%-2.33%	Land and buildings	\$ 1,247,230
Unsecured borrowings	From December 1, 2016 to October 15, 2031, interest is paid monthly, and principal is repaid in installments.	1.43%-2.35%	None	<u>504,621</u>
				1,751,851
Less: Long-term borrowings due within one year or one operating cycle				(320,281)
				<u>\$ 1,431,570</u>
				December 31, 2024
Long-term bank borrowings				
Secured borrowings	From March 23, 2016, to January 26, 2042, interest is paid monthly, and principal is repaid in installments.	2.15%-2.33%	Land and buildings	\$ 1,275,840
Unsecured borrowings	From December 1, 2016 to October 15, 2031, interest is paid monthly, and principal is repaid in installments.	1.43%-2.35%	None	<u>552,515</u>
				1,828,355
Less: Long-term borrowings due within one year or one operating cycle				(316,573)

				\$ 1,511,782
Category of borrowings	Borrowing period and repayment method	Interest rate range	Collateral	March 31, 2024
Long-term bank borrowings				
Secured borrowings	Repayment will be made in accordance with the agreed terms from March 23, 2016 to January 26, 2042.	2.03%-2.33%	Land and buildings	
				\$ 1,341,220
Unsecured borrowings	Repayment will be made in accordance with the agreed terms from December 1, 2016 to October 15, 2031.	1.3%-2.35%	None	
				586,491
				1,927,711
Less: Long-term borrowings due within one year or one operating cycle				(251,576)
				<u>\$ 1,676,135</u>

- A. Please refer to Note 6, (24) for the interest expense recognized in profit or loss from January 1 to March 31, 2025 and 2024.
- B. 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.

(15) Corporate bonds payable

	March 31, 2025	December 31, 2024	March 31, 2024
Corporate bonds payable	\$ 125,400	\$ 241,100	\$ 763,700
Less: Discount of corporate bond payable	(1,378)	(3,690)	(22,413)
	124,022	237,410	741,287
Less: Due within one year or one operating cycle	(124,022)	(237,410)	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 741,287</u>

A. Domestic convertible bonds issued by the Company

- (A) The conditions for the Company's issuance of the first domestic secured convertible bonds are as follows:
- The first domestic secured convertible bonds are approved by the competent authority. The total amount to be issued is \$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 first domestic secured convertible bonds were listed for trading on the Taipei Exchange on October 24, 2022.
 - 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 common shares at any time. The rights and obligations of the common shares after conversion are the same as the common 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 \$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 \$40.5 per share to \$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 40 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 March 31, 2025, the face value of \$405,600 of the convertible corporate bond has been converted into 10,426,466 common shares, of which 2,681,162 shares were resolved by the Board of Directors on May 7, 2025, with a record date of May 7, 2025, and the change registration has not yet been completed.

(B) The conditions for the Company's issuance of the second domestic unsecured convertible bonds are as follows:

- a. The second domestic unsecured convertible bonds are approved by the competent authority. The total amount to be issued is \$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 second domestic secured convertible bonds were 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 common shares at any time. The rights and obligations of the common shares after conversion are the same as the common 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 \$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 \$37 per share to \$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 40 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 March 31, 2025, the face value of \$269,000 of the convertible corporate bond has been converted into 7,535,991 common shares, of which 321,111 shares were resolved by the Board of Directors on May 7, 2025, with a record date of May 7, 2025, and the change registration has not yet been completed.
- B. When the Company 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 \$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 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%.

(16) Pension

- A. 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.
- B. The pension costs under the defined contribution pension plan of the Group from January 1 to March 31, 2025 and 2024 amounted to \$5,278 and \$5,157, respectively.

(17) Share capital

- A. On March 31, 2025, the Company's authorized capital was \$3,000,000 divided into 300,000 thousand shares; the paid-in capital was \$1,091,382 with a face value of \$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)

	2025	2024
January 1	109,138,184	95,158,828
Corporate bond conversion	3,002,273	-
March 31	<u>112,140,457</u>	<u>95,158,828</u>

B. Corporate bond conversion

As of March 31, 2025, the Company had 17,962,457 common 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 the change of registration for 3,002,273 shares has not yet been completed.

(18) Capital surplus

- A. According to the Company Act, the capital surplus, including the income derived from issuing shares in excess of par and endowments, in addition to being used to offset a deficit, where the Company has no cumulative deficit, may be used to issue new shares or pay out cash in proportion to the shareholders' shareholdings. In addition, as per the Securities and Exchange Act, where the capital surplus above is used for capitalization, the total amount should not exceed 10% of the paid-in capital each year. 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.
- B. The changes in the capital reserves of the Company from January 1 to March 31, 2025 and 2024 are as follows:

	2025			
	Issuance premium	Stock options	Others	Total
January 1	\$ 2,056,507	\$ 15,724	\$ 25,244	\$ 2,097,475
Exercise of the right to convert convertible corporate bonds into stock	91,781	(7,690)	-	84,091
March 31	<u>\$ 2,148,288</u>	<u>\$ 8,034</u>	<u>\$ 25,244</u>	<u>\$ 2,181,566</u>
	2024			
	Issuance premium	Stock options	Others	Total
January 1 (i.e. March 31)	<u>\$ 1,651,944</u>	<u>\$ 47,712</u>	<u>\$ 25,244</u>	<u>\$ 1,724,900</u>

(19) Accumulated deficit to be offset/Undistributed earnings

- A. 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 precious 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.

- B. 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 10% of the total dividends distributed in the current year.
- C. 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.
- D. 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.
- E. On March 11, 2025, the Group's Board of Directors approved by resolution to offset 2024 losses by appropriating \$125,767 from the legal reserve.

(20) Operating revenue

	From January 1 to March 31, 2025	From January 1 to March 31, 2024
Revenue from contracts with customers	<u>\$ 471,680</u>	<u>\$ 589,741</u>

A. 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:

From January 1 to March 31, 2025	Ball screw	Linear guide	Ball spline	Others	Total
Revenue from contracts with customers	<u>\$ 266,996</u>	<u>\$ 170,838</u>	<u>\$ 30,322</u>	<u>\$ 3,524</u>	<u>\$ 471,680</u>
From January 1 to March 31, 2024	Ball screw	Linear guide	Ball spline	Others	Total
Revenue from contracts with customers	<u>\$ 380,871</u>	<u>\$ 183,646</u>	<u>\$ 21,151</u>	<u>\$ 4,073</u>	<u>\$ 589,741</u>

B. Contract liabilities

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

	March 31, 2025	December 31, 2024	March 31, 2024	January 1, 2024
Contract liabilities - receipts in advance	<u>\$ 2,803</u>	<u>\$ 3,118</u>	<u>\$ 2,035</u>	<u>\$ 3,681</u>

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

	From January 1 to March 31, 2025	From January 1 to March 31, 2024
Beginning balance of contract liabilities recognized as revenue in the current period		
Receipts in advance	<u>\$ 384</u>	<u>\$ 2,911</u>

(21) Interest income

	From January 1 to March 31, 2025	From January 1 to March 31, 2024
Interest on bank deposits	\$ 356	\$ 461
Interest income with repurchase of bonds	475	398
Interest income from financial assets measured at amortized cost	60	237
Other interest income	6	2
	<u>\$ 897</u>	<u>\$ 1,098</u>

(22) Other income

	From January 1 to March 31, 2025	From January 1 to March 31, 2024
Grant income	\$ 734	\$ -
Rental income	117	37
Other income - others	5,102	438
	<u>\$ 5,953</u>	<u>\$ 475</u>

(23) Other gains and losses

	From January 1 to March 31, 2025	From January 1 to March 31, 2024
Foreign exchange gain	\$ 51,759	\$ 58,822
Gains from the disposal of property, plant and equipment	-	280
Net gain (loss) on financial assets measured at fair value through profit or loss	(387)	26
Gains from lease modification	4	-
Losses from disasters	(572)	-
Other losses	(7)	(22)
	<u>\$ 50,797</u>	<u>\$ 59,106</u>

(24) Finance costs

	From January 1 to March 31, 2025	From January 1 to March 31, 2024
Bank borrowing interest expense	\$ 11,273	\$ 12,231
Interest expense on lease liabilities	3,297	3,067
Corporate bond interest expense	726	3,432
	<u>\$ 15,296</u>	<u>\$ 18,730</u>

(25) Additional information on the nature of the expense

	From January 1 to March 31, 2025	From January 1 to March 31, 2024
Employee benefit expense	\$ 176,602	\$ 146,499
Depreciation expenses of property, plant and equipment	52,097	53,376
Right-of-use assets depreciation expense	10,802	12,260
Amortization expense of intangible assets	6,259	7,493
Operating lease rental expense	843	1,261
Expected credit impairment loss	34,852	84,729
	<u>\$ 281,455</u>	<u>\$ 305,618</u>

(26) Employee benefit expense

	From January 1 to March 31, 2025	From January 1 to March 31, 2024
Salary expense	\$ 148,239	\$ 121,950
Labor and national health insurance expense	16,661	15,009
Pension expense	5,278	5,157
Other personnel expense	6,424	4,383
	<u>\$ 176,602</u>	<u>\$ 146,499</u>

- A. 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 no more than 5% of the amount of the above-mentioned profit, shall be set aside by resolution of the board of directors. Among the aforementioned employee compensation, no less than five percent should be allocated as compensation for entry-level employees. The proposal for the distribution of remuneration to employees and directors 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 remuneration proportionally from the remaining amount based on the ratio indicated in the preceding paragraph.
- B. There was a loss from January 1 to March 31, 2025 and 2024, so no employees' remuneration and directors' remuneration were estimated and recognized.
- C. Information on employees' and directors' remuneration approved by the Company's board of directors is available on the MOPS.

(27) Income tax

- A. Components of income tax (benefit) expense:

(A) Components of income tax (benefit) expense:

	From January 1 to March 31, 2025	From January 1 to March 31, 2024
Current income tax:		
Income tax arising from current income	\$ 1,494	\$ 2,448
Income tax underestimates for prior years	10	104
Total income tax for the current period	<u>1,504</u>	<u>2,552</u>
Deferred income tax:		

The origin and reversal of the temporary difference	5,853	(122,326)
Total deferred income tax	5,853	(122,326)
Income tax expense (benefit)	<u>\$ 7,357</u>	<u>(\$ 119,774)</u>

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

	From January 1 to March 31, 2025	From January 1 to March 31, 2024
Difference on translation of foreign operations	<u>\$ 1,075</u>	<u>\$ 328</u>

B. The profit-seeking enterprise income tax of the Company and of TBI Motion has been approved by the tax authorities up to 2023 and 2022.

(28) Losses per share

	From January 1 to March 31, 2025		
	Amount after tax	Weighted average number of outstanding shares (thousand shares)	Earnings (losses) per share (NT\$)
<u>Basic (loss) per share</u>			
Net income (loss) for the period attributable to the common shareholders of the parent company	<u>(\$ 77,162)</u>	<u>111,215</u>	<u>(\$ 0.69)</u>
<u>Diluted (loss) per share</u>			
Net income (loss) for the period attributable to the common shareholders of the parent company	<u>(\$ 77,162)</u>	<u>111,215</u>	
Net loss attributable to the common shareholders of the parent company for the period plus the effect of potential common shares	<u>(\$ 77,162)</u>	<u>111,215</u>	<u>(\$ 0.69)</u>

From January 1 to March 31, 2024			
	Amount after	Weighted average number of outstanding shares (thousand shares)	Earnings (losses) per share (NT\$)
<u>Basic (loss) per share</u>			
Net income (loss) for the period attributable to the common shareholders of the parent company	(\$ 162,729)	95,159	(\$ 1.71)
<u>Diluted (loss) per share</u>			
Net income (loss) for the period attributable to the common shareholders of the parent company	(162,729)	95,159	
Net loss attributable to the common shareholders of the parent company for the period plus the effect of potential common shares	(\$ 162,729)	95,159	(\$ 1.71)

(29) Supplementary information on cash flow

A. Investment activities with only partial cash payment:

	From January 1 to March 31, 2025	From January 1 to March 31, 2024
Additions of property, plant and equipment	\$ 11,927	\$ 13,450
Add: Equipment payable at the beginning of the period	10,440	4,200
Less: Equipment payable at the end of the period	(10,277)	(6,369)
Cash paid in current period	<u>\$ 12,090</u>	<u>\$ 11,281</u>

B. Financing activities with no cash flow effects:

	From January 1 to March 31, 2025	From January 1 to March 31, 2024
Conversion of convertible bonds into share capital	<u>\$ 114,114</u>	<u>\$ -</u>

(30) Changes in liabilities from financing activities

	January 1, 2025	Changes in cash flow	Non-cash changes	March 31, 2025
Short-term borrowings	\$ 450,000	\$ 50,000	\$ -	\$ 500,000
Long-term borrowings	1,828,355	(76,504)	-	1,751,851
Corporate bonds payable	237,410	-	(113,388)	124,022
Lease liabilities	767,566	(9,668)	5,773	763,671
Guarantee deposits received	200	-	-	200
Total liabilities from financing activities	<u>\$ 3,283,531</u>	<u>(\$ 36,172)</u>	<u>(\$ 107,615)</u>	<u>\$ 3,139,744</u>

	January 1, 2024	Changes in cash flow	Non-cash changes	March 31, 2024
Short-term borrowings	\$ 670,000	(\$ 30,000)	\$ -	\$ 640,000
Long-term borrowings	1,982,623	(54,912)	-	1,927,711
Corporate bonds payable	737,855	-	3,432	741,287
Lease liabilities	656,227	(12,853)	99,590	742,964
Guarantee deposits received	4,526	(4,326)	-	200
Total liabilities from financing activities	<u>\$ 4,051,231</u>	<u>(\$ 102,091)</u>	<u>\$ 103,022</u>	<u>\$ 4,052,162</u>

7. Related party transactions

(1) Name of related parties and relationship

Name of related party	Relationship with the Group
Ching-Kun Lee	Chairman of the Group
Ching-Sheng Lee	General manager of the Group

(2) Remuneration of key management personnel

	From January 1 to March 31, 2025	From January 1 to March 31, 2024
Short-term employee benefits	\$ 3,279	\$ 3,095
Post-employment benefits	27	27
Total	<u>\$ 3,306</u>	<u>\$ 3,122</u>

(3) Others

The Group borrowed from financial institutions on March 31, 2025, December 31, 2024, and March 31, 2024, with Ching-Kun Lee and Ching-Sheng Lee serving as the joint guarantors. The financing amounts were a joint guarantee for \$372,948, \$387,049, and \$2,567,711, respectively, and Ching-Kun Lee's sole guarantee for \$1,878,904, \$1,891,306 and \$0, respectively.

8. Pledged assets

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

<u>Assets</u>	Book value			Purpose of guarantee
	March 31, 2025	December 31, 2024	March 31, 2024	
Financial assets measured at amortized cost				
Pledged time deposit	\$ 30,000	\$ 30,000	\$ 30,000	Note 1
Property, plant and equipment				
Land	894,994	894,994	894,994	Note 2
Buildings	908,921	915,655	935,860	Note 2
Non-current assets held for sale	230,564	230,564	230,564	Note 2
	<u>\$ 2,064,479</u>	<u>\$ 2,071,213</u>	<u>\$ 2,091,418</u>	

Note 1: Performance bond for the Shulin Plant.

Note 2: Long-term borrowings.

9. Significant contingent liabilities and unrecognized contractual commitments

(1) Contingencies

TBI Motion Technology (Suzhou) Co., Ltd. received a lawsuit regarding a trademark infringement dispute on February 11, 2025. The company has currently engaged Beijing Yingke (Suzhou) Law Firm to handle the matter and protect the company's rights. All the company's relevant operational activities are proceeding as usual, and there is no significant impact on its financial or business condition. As of the date of issuance of these financial statements, based on legal opinions, any significant liabilities from this lawsuit are deemed unlikely; therefore, no liability provisions have been recognized in the financial statements regarding this lawsuit as of the reporting date.

(2) Commitments

A. Capital expenditures signed but not yet incurred

	March 31, 2025	December 31, 2024	March 31, 2024
Property, plant and equipment	<u>\$ 34,603</u>	<u>\$ 19,792</u>	<u>\$ 13,185</u>

B. The Group has opened an unused letter of credit for the purchase of materials

	March 31, 2025	December 31, 2024	March 31, 2024
Letter of credit issued but not used	<u>\$ 6,696</u>	<u>\$ 6,122</u>	<u>\$ 24,180</u>

10. Losses from major disasters

None.

11. Material events after the reporting period

The Group completed the transfer of property ownership for the real estate in Yingge District on April 10, 2025.

12. Others

(1) 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.

The Group's strategy in 2025 remains the same as that in 2024. Please refer to the consolidated balance sheet and the Group's debt ratio as of March 31, 2025 and 2024.

(2) Financial instruments

A. Types of financial instruments

The Group's financial assets (cash and cash equivalents, financial assets measured at fair value through profit or loss, financial assets measured at amortized cost, net notes receivable, net accounts receivable, other receivables, financial assets measured at fair value through other comprehensive income - non-current, refundable deposits) and financial liabilities (short-term borrowings, notes payable, accounts payable, other payable, lease liabilities (current/non-current), long-term borrowings (including those due

within one year), corporate bonds payable, and guarantee deposits received), please refer to the Consolidated Balance Sheet and Note 6 for details.

B. 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.

C. Nature and extent of significant financial risk

(A) 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 risk 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:

March 31, 2025			
(Foreign currency: Functional currency)	Foreign currency (NTD thousand)	Exchange rate	Carrying amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 8,893	33.1960	\$ 295,212
JPY: NTD	203,571	0.2225	45,295
EUR: NTD	654	35.9260	23,496
RMB: NTD	8,981	4.5716	41,058
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	233	33.1960	7,735
JPY: NTD	2,333	0.2225	519

December 31, 2024			
(Foreign currency: Functional currency)	Foreign currency (NTD thousand)	Exchange rate	Carrying amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 3,538	32.7930	\$ 116,022
JPY: NTD	152,224	0.2099	31,952
EUR: NTD	985	34.1520	33,640
RMB: NTD	21,137	4.4775	94,641
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	18	32.7930	590
JPY: NTD	2,827	0.2099	593
March 31, 2024			
(Foreign currency: Functional currency)	Foreign currency (NTD thousand)	Exchange rate	Carrying amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 6,059	30.0040	\$ 193,912
JPY: NTD	138,192	0.2114	29,214
EUR: NTD	609	34.4730	20,994
RMB: NTD	2,163	4.4093	9,537
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	34	32.0040	1,088
JPY: NTD	1,358	0.2114	287
EUR: NTD	139	34.4730	4,792
RMB: NTD	24	4.4093	106

- c. The aggregate amounts of (realized and unrealized) exchange gains or losses of the Group's monetary items recognized from January 1 to March 31, 2025 and 2024 due to the significant impact of exchange rate fluctuations were \$51,759 and \$58,822, respectively.
- d. The risk analysis of the Group's foreign currency market due to significant exchange rate fluctuations is as follows:

From January 1 to March 31, 2025				
Sensitivity analysis				
(Foreign currency: Functional currency)	Range of change	Effect on gains (losses)	Other comprehensive income (loss) affected	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD: NTD	1%	\$ 2,362	\$	-
JPY: NTD	1%	362		-
EUR: NTD	1%	188		-
RMB: NTD	1%	328		-
<u>Financial liabilities</u>				

<u>Monetary items</u>				
USD: NTD	1%	(62)	-
JPY: NTD	1%	(4)	-
From January 1 to March 31, 2024				
<u>Sensitivity analysis</u>				
(Foreign currency: Functional currency) Financial assets	Range of change	Effect on gains (losses)	Other comprehensive income (loss) affected	
<u>Monetary items</u>				
USD: NTD	1%	\$	1,551	\$ -
JPY: NTD	1%		234	-
EUR: NTD	1%		168	-
RMB: NTD	1%		76	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD: NTD	1%	(9)	-
JPY: NTD	1%	(2)	-
EUR: NTD	1%	(38)	-
RMB: NTD	1%	(1)	-

Price risk

- 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.
- 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 rose or fell by 1%, and all other factors remain unchanged, the profit or loss arising from the equity instruments measured at fair value through other comprehensive income from January 1 to March 31, 2025, and 2024, would decrease or increase by \$711 and \$757, respectively.

Cash flow and fair value interest rate risk

- The Group's interest rate risk mainly comes from the long-term and short-term borrowings issued at floating interest rates, which expose the Group to cash flow interest rate risk. From January 1 to March 31, 2025 and 2024, the Group's borrowings with floating interest rates were mainly denominated in NTD.
- When the borrowing rate increases or decreases by 1%, and all other factors remain unchanged, the net income after tax from January 1 to March 31, 2025 and 2024 will decrease or increase by \$4,504 and \$5,135, respectively, due to changes.

(B) 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 counterparties. 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 March 31, 2025, December 31, 2024, and March 31, 2024, and loss ratio method are as follows:

	Expected loss rate	Accounts receivable	Non-performing loans	Total book value	Loss allowance
March 31, 2025					
Not past due	0.03%~2.39%	\$ 259,540	\$ -	\$ 259,540	(\$ 4,677)
Within 30 days	0.03%~2.91%	109,996	-	109,996	(3,020)
31 to 90 days	0.03%~22.10%	284,685	-	284,685	(29,707)
91 to 180 days	32.08%~67.77%	87,152	-	87,152	(49,039)
More than 181 days	100%	60,598	-	60,598	(60,598)
Individual assessment	100%	-	74,510	74,510	(74,510)
Total				<u>\$ 876,481</u>	<u>(\$ 221,551)</u>
December 31, 2024					
Not past due	0.03%~2.84%	\$ 359,938	\$ -	\$ 359,938	(\$ 8,362)
Within 30 days	0.03%~3.38%	138,754	-	138,754	(4,171)
31 to 90 days	0.03%~22.42%	114,941	-	114,941	(15,466)
91 to 180 days	32.49%~70.82%	136,678	-	136,678	(62,171)
More than 181 days	100%	19,262	-	19,262	(19,262)
Individual assessment	100%	-	74,510	74,510	(74,510)
Total				<u>\$ 844,083</u>	<u>(\$ 183,942)</u>
March 31, 2024					
Not past due	0.03%~2.1%	\$ 241,537	\$ -	\$ 241,537	(\$ 3,362)
Within 30 days	0.03%~2.23%	64,089	-	64,089	(1,203)
31 to 90 days	0.03%~4.07%	93,648	-	93,648	(3,641)
91 to 180 days	32.49%~41.26%	110,601	-	110,601	(45,034)
More than 181 days	63.38%~100%	165,737	-	165,737	(113,690)
Individual assessment	100.00%	-	77,655	77,655	(77,655)
Total				<u>\$ 753,267</u>	<u>(\$ 244,585)</u>

- h. The table of the changes in the Group's allowance for losses on account receivable with a simplified approach is as follows:

	2025		
	Accounts receivable	Non-performing loans	Total
January 1	\$ 109,432	\$ 74,510	\$ 183,942
Provision for impairment loss	34,852	-	34,852
Exchange rate effect	2,757	-	2,757
March 31	<u>\$ 147,041</u>	<u>\$ 74,510</u>	<u>\$ 221,551</u>
	2024		
	Accounts receivable	Non-performing loans	Total
January 1	\$ 83,081	\$ 74,510	\$ 157,591
Provision for impairment loss	84,729	-	84,729
Exchange rate effect	(880)	3,145	2,265
March 31	<u>\$ 166,930</u>	<u>\$ 77,655</u>	<u>\$ 244,585</u>

(C) 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 March 31, 2025, December 31, 2024, and March 31, 2024, the Group held cash and cash equivalents of \$644,514, \$732,570, and \$685,546, respectively. Undrawn borrowing facilities were \$529,230, \$579,804, and \$1,404,928, respectively, which are expected to generate cash flows to manage liquidity risk.
- c. The Group's derivative financial liabilities and non-derivative financial liabilities are equivalent to the amounts listed in the consolidated balance sheet based on the remainder of the period from the balance sheet date to the contractual maturity date, except for those listed in the following table, which are all due within one year. The contractual cash flow disclosed is the undiscounted amount as follows:

Non-derivative financial liabilities:

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
March 31, 2025					
Lease liabilities	\$ 50,767	\$ 36,916	\$ 83,209	\$ 830,201	\$ 1,001,093
Long-term borrowings (including those due within one year)	354,496	333,963	587,318	664,624	1,940,401

Non-derivative financial liabilities:

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
December 31, 2024					
Lease liabilities	\$ 49,215	\$ 40,250	\$ 81,653	\$ 836,930	\$ 1,008,048
Long-term borrowings (including those due within one year)	351,755	339,836	628,949	705,542	2,026,082

Non-derivative financial liabilities:

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
March 31, 2024					
Lease liabilities	\$ 41,155	\$ 28,771	\$ 77,598	\$ 843,121	\$ 990,645
Long-term borrowings (including those due within one year)	288,769	329,831	703,966	825,025	2,147,591

(3) Fair value information

- A. 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. This includes the fair value of the embedded call options in the Group's convertible corporate bonds payable.

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.

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

March 31, 2025	Level 1	Level 2	Level 3	Total
Assets				
<u>Fair value on a</u>				
<u>recurring basis</u>				
Financial assets				
measured at fair				
value through profit				
or loss - current				
Derivatives	\$ -	\$ 88	\$ -	\$ 88
Financial assets				
measured at fair				
value through other				
comprehensive				
income				
Equity securities	-	-	88,918	88,918
Total	<u>\$ -</u>	<u>\$ 88</u>	<u>\$ 88,918</u>	<u>\$ 89,006</u>
December 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
<u>Fair value on a</u>				
<u>recurring basis</u>				
Financial assets				
measured at fair				
value through profit				
or loss - current				
Derivatives	\$ -	\$ 475	\$ -	\$ 475
Financial assets				
measured at fair				
value through other				
comprehensive				
income				
Equity securities	-	-	88,918	88,918
Total	<u>\$ -</u>	<u>\$ 475</u>	<u>\$ 88,918</u>	<u>\$ 89,393</u>
March 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
<u>Fair value on a</u>				
<u>recurring basis</u>				
Financial assets				
measured at fair				
value through profit				
or loss - current				
Derivatives	\$ -	\$ 26	\$ -	\$ 26
Financial assets				
measured at fair				
value through other				
comprehensive				
income				
Equity securities	-	-	94,594	94,594
Total	<u>\$ -</u>	<u>\$ 26</u>	<u>\$ 94,594</u>	<u>\$ 94,620</u>

(B) 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.

- D. There was no transfer between Levels 1 and 2 from January 1 to March 31, 2025 and 2024.
- E. There was no transfer into or out of Level 3 from January 1 to March 31, 2025 and 2024.
- F. In the Group's valuation process for fair values classified as at Level 3, the finance department is responsible for independent fair value verification for financial instruments, uses data from independent sources to make the valuation results close to the market level, and confirms that the source of the data is independent, reliable, consistent with other resources, and representative of the executable price, while regularly calibrating the valuation model, updating the inputs and data required by the valuation model, and making any other necessary fair value adjustments to ensure that the valuation results are reasonable.
- G. 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 March 31, 2025	Valuation technique	Unobservable significant input	Range (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Non-listed stocks	\$ 88,918	Comparable Public Company Act	Discount for lack of market liquidity	21.89%	The higher the lack of market liquidity discount, the lower the fair value.
	Fair value on December 31, 2024	Valuation technique	Unobservable significant input	Range (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Non-listed stocks	\$ 88,918	Comparable Public Company Act	Discount for lack of market liquidity	21.89%	The higher the lack of market liquidity discount, the lower the fair value.
	Fair value on March 31, 2024	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.

- H. The Group has selected a valuation model and valuation parameters after prudent evaluation, but different valuation results may occur due to the use of different valuation models or valuation parameters. 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:

			March 31, 2025			
			Recognized in (losses) profit		Recognized in other comprehensive income (loss)	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets	Input value	Change				
Equity instrument	Discount for lack of market liquidity	±1%	\$ -	\$ -	\$ 889	(\$ 889)
			December 31, 2024			
			Recognized in (losses) profit		Recognized in other comprehensive income (loss)	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets	Input value	Change				
Equity instrument	Discount for lack of market liquidity	±1%	\$ -	\$ -	\$ 889	(\$ 889)
			March 31, 2024			
			Recognized in (losses) profit		Recognized in other comprehensive income (loss)	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets	Input value	Change				
Equity instrument	Discount for lack of market liquidity	±1%	\$ -	\$ -	\$ 946	(\$ 946)

13. Disclosures in notes

(1) Information on significant transactions

- A. Loaning of funds to others: None.
- B. Provisions of endorsements and guarantees to others: None.

- C. Holding of significant securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture): Please refer to Table 1.
- D. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to Table 2.
- E. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to Table 3.
- F. The business relationship between the parent company and subsidiaries, and the circumstances of any significant transactions between them: Please refer to Table 4.

(2) 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.

(3) Information on investments in mainland China

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

14. Information of operating segments

(1) 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.

(2) 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.

(3) 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:

From January 1 to March 31, 2025	Single operating department	Reconciliation and write-off	Total
External revenue	\$ 471,680	\$ -	\$ 471,680
Internal department revenue	299,595	(299,595)	-
Segment revenue	<u>\$ 771,275</u>	<u>(\$ 299,595)</u>	<u>\$ 471,680</u>
Segment profit or loss	<u>(\$ 77,162)</u>	<u>\$ -</u>	<u>(\$ 77,162)</u>

From January 1 to March 31, 2024	Single operating department	Reconciliation and write-off	Total
External revenue	\$ 589,741	\$ -	\$ 589,741
Internal department revenue	206,142	(206,142)	-
Segment revenue	<u>\$ 795,883</u>	<u>(\$ 206,142)</u>	<u>\$ 589,741</u>
Segment profit or loss	<u>(\$ 162,729)</u>	<u>\$ -</u>	<u>(\$ 162,729)</u>

(4) Reconciliation of segment profit and loss

- A. 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 loss after tax, no adjustment is required.
- B. 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.

TBI MOTION TECHNOLOGY CO., LTD. and Subsidiaries

Holding of significant securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture)

March 31, 2025

Table 1

Unit: NT\$ thousand (unless otherwise specified)

Holding company	Type and name of marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	Presentation account	End of period				
				Shares	Carrying amount (Note 3)	Percentage of shareholdings (%)	Fair value	Note
TBI Motion Technology Co., Ltd.	Chuan Da Technology Co., Ltd.	None	Financial assets measured at fair value through other comprehensive income - non-current	3,860,000	\$ 88,918	19.30	\$ 88,918	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.

Note 5: This table lists securities that the Company deems material based on the materiality principle.

TBI MOTION TECHNOLOGY CO., LTD. and Subsidiaries

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

From January 1 to March 31, 2025

Table 2

Unit: NT\$ thousand (unless otherwise specified)

			Transaction details				Circumstances and reasons for the difference between the transaction conditions and general transactions			Notes/accounts receivable (payable)		
Purchase (sale) company	Counterparty	Relationship	Purchases/ sales	Amount	Percentage to total purchase (sales)	Credit term	Unit price	Credit term		Balance	Percentage of total notes/accounts receivable (payable)	Note
TBI Motion Technology Co., Ltd.	TBI Motion Technology (Suzhou) Co., Ltd.	Subsidiary	Sales	(\$ 195,478)	(65.04%)	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		\$ 2,000,932	94.78%	
TBI Motion Technology Co., Ltd.	TBI Motion Intelligence Co., Ltd.	Subsidiary	Sales	(103,402)	(34.40%)	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		108,533	5.14%	

Note: Regarding the calculation of the ratio of transaction amounts to individual revenue or assets, for balance sheet items, it is calculated as the proportion of the ending balance to the individual's total notes and accounts receivable (payable); for income statement items, it is calculated as the cumulative amount as a proportion of the individual's total purchases (sales).

TBI MOTION TECHNOLOGY CO., LTD. and Subsidiaries

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

March 31, 2025

Table 3

Unit: NT\$ thousand (unless otherwise specified)

Company with receivables booked	Counterparty	Relationship	Balance of receivables from related parties	Turnover rate (times)	Overdue receivables from related parties		Subsequent recovery amount of receivables from related parties	Amount of loss allowance
					Amount	Handling method		
TBI Motion Technology Co., Ltd.	TBI Motion Technology (Suzhou) Co., Ltd.	Subsidiary	\$ 2,000,932	0.39	\$ 1,684,527	Active collection	\$ 85,708	
TBI Motion Technology Co., Ltd.	TBI Motion Intelligence Co., Ltd.	Subsidiary	108,533	3.50	-	-	32,056	

TBI MOTION TECHNOLOGY CO., LTD. and Subsidiaries

The business relationship between the parent company and subsidiaries, and the circumstances of any significant transactions between them

From January 1 to March 31, 2025

Table 4

Unit: NT\$ thousand (unless otherwise specified)

No. (Note 1)	Counterparty	Trading counterpart	Relationship with the counterparty (Note 2)	Transaction details				As a percentage of the total consolidated revenue or total assets (Note 3)
				General ledger account	Amount	Transaction terms		
0	TBI Motion Technology Co., Ltd.	TBI Motion Technology (Suzhou) Co., Ltd.	1	Sales revenue	\$ 195,478	Based on general sales price and terms and conditions		41.44%
0	TBI Motion Technology Co., Ltd.	TBI Motion Technology (Suzhou) Co., Ltd.	1	Accounts receivable	2,000,932	"		28.48%
0	TBI Motion Technology Co., Ltd.	TBI Motion Intelligence Co., Ltd.	1	Sales revenue	103,402	"		21.92%
0	TBI Motion Technology Co., Ltd.	TBI Motion Intelligence Co., Ltd.	1	Accounts receivable	108,533	"		1.54%

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, as for a transaction between the parent company and a subsidiary of its, if the parent company has disclosed it, the subsidiary does not need to disclose it again; as for a transaction between its subsidiaries, if one subsidiary has disclosed it, the other one does not need to disclose it again):

- (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.

Note 4: The Company may decide whether the significant transactions in this table need to be listed based on the principle of materiality.

TBI MOTION TECHNOLOGY CO., LTD. and Subsidiaries

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

From January 1 to March 31, 2025

Table 5

Unit: NT\$ thousand (unless otherwise specified)

Name of investor	Name of investee (Note 1)	Location	Main business activities	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	\$ 63,431	\$ 63,431	20,000	100%	\$ 24,173	(\$ 2,668)	(\$ 2,668)	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%	(362,512)	(9,729)	(9,729)	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%	93,381	8,457	8,457	Note 4
								<u>\$ (244,958)</u>	<u>\$ (3,940)</u>	<u>\$ (3,940)</u>	

Note 1: Invested companies recognized under the equity method.

Note 2: The investment gains and losses recognized in the current period exclude the unrealized gain on sales of downstream transactions of \$76.

Note 3: Investment gains and losses recognized in the current period exclude unrealized sales losses from downstream transactions of \$26,321 and unrealized gains on disposal of fixed assets of \$4,780.

Note 4: The investment gains and losses recognized in the current period exclude the unrealized gain on sales of downstream transactions of \$1,404.

TBI MOTION TECHNOLOGY CO., LTD. and Subsidiaries
Information on investments in mainland China - Basic Information
From January 1 to March 31, 2025

Table 6

Unit: NT\$ thousand (unless otherwise specified)

Name of investee	Main business activities	Paid-up capital	Investment method	Accumulated investment amount remitted from Taiwan at the beginning of current period	Investment amount remitted or recovered in the current period		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
					Outflow	Inflow							
TBI Motion Technology (Suzhou) Co., Ltd.	Sale of precision transmission components for the automated industry	\$ 164,428	Note 1	\$ 164,428	\$ -	-	\$ 164,428	(\$ 9,729)	100%	(\$ 9,729)	(\$ 369,131)	\$ -	Notes 2, 6

Name of company	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	\$ 1,987,341	Note 4

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

Note 2: Gains and losses recognized in the financial statements reviewed 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 4.5716; USD is calculated as NTD 1: NTD 33.1960. Profit and loss account: RMB is calculated as NTD 1: NTD 4.5151; USD is USD 1: NTD 32.9027.

Note 6: Investment gains and losses recognized in the current period exclude unrealized sales losses from downstream transactions of \$26,321 and unrealized gains on disposal of fixed assets of \$4,780.

TBI MOTION TECHNOLOGY CO., LTD. and Subsidiaries

Information on investments in mainland China - significant transactions with investee companies in mainland China directly or indirectly through enterprises in a third region

From January 1 to March 31, 2025

Table 7

Unit: NT\$ thousand (unless otherwise specified)

Name of investee	Sales (purchase)		Property transactions		Accounts receivable (payable)		Notes receivable endorsements/guarantees or collateral provided		Capital financing					Technical service income
	Amount	%	Amount	%	Balance	%	Ending balance	Purpose	Maximum balance	Ending balance	Interest rate range	Current interest		
TBI Motion Technology (Suzhou) Co., Ltd.	\$ 195,478	65.04%	\$ 5,900	0.17%	\$ 2,000,932	94.78%	\$ -	-	\$ -	\$ -	-	\$ -	\$ -	

Note: Regarding the calculation of the ratio of transaction amounts to individual revenue or assets, for balance sheet items, it is calculated as the proportion of the ending balance to the individual's total notes and accounts receivable (payable); for income statement items, it is calculated as the cumulative amount as a proportion of the individual's total purchases (sales).