

**REXON INDUSTRIAL CORP., LTD. AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2024 and 2023**

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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors Rexon Industrial Corp., Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Rexon Industrial Corp., Ltd. and its subsidiaries as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024 and 2023, and notes to the consolidated financial statements, including a 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 of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the 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 conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$207,361 thousand and \$192,189 thousand, constituting 2% and 3% of consolidated total assets as of March 31, 2024 and 2023, respectively, total liabilities amounting to \$62,393 thousand and \$38,612 thousand, both constituting 1% of consolidated total liabilities as of March 31, 2024 and 2023, respectively, and total comprehensive income(loss) amounting to \$(42,833) thousand and \$(12,981) thousand, constituting 16% and 17% of consolidated total comprehensive income (loss) for the three months ended March 31, 2024 and 2023, respectively.

Furthermore, as stated in Note 6(e), the other equity accounted investments of Rexon Industrial Corp., Ltd. and its subsidiaries in its investee companies of \$16,165 thousand and \$16,439 thousand as of March 31, 2024 and 2023, respectively, and its equity in net earnings on these investee companies of \$2 thousand and \$19 thousand for the three months ended March 31, 2024 and 2023, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

**Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Rexon Industrial Corp., Ltd. and its subsidiaries as of March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Chen, Cheng-Hsueh and Chang, Tzu-Hsin.

KPMG

Taipei, Taiwan (Republic of China)

May 8, 2024

(English Translation of Originally Issued in Chinese)
REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2024, December 31, 2023, and March 31, 2023

(Expressed in thousands of New Taiwan Dollar)

Assets		March 31, 2024		December 31, 2023		March 31, 2023		Liabilities and Equity		March 31, 2024		December 31, 2023		March 31, 2023	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 3,666,800	40	3,283,001	36	1,729,060	24	2100	Short-term borrowings (note 6(j) and 8)	\$ 663,143	7	560,703	6	762,037	11
1110	Current financial assets at fair value through profit or loss	96	-	96	-	96	-	2130	Current contract liabilities (note 6(s))	347,608	4	57,838	1	36,350	-
1150	Notes receivable, net (note 6(b))	688	-	84	-	672	-	2150	Notes payable	396,729	5	618,709	7	274,481	4
1160	Notes receivable due from related parties, net (note 6(b) and 7)	21,631	-	11,013	-	21,080	-	2160	Notes payable to related parties (note 7)	630	-	61	-	34	-
1170	Accounts receivable, net (note 6(b))	842,997	9	1,010,074	11	410,303	6	2170	Accounts payable	1,511,099	17	1,846,944	20	517,538	7
1180	Accounts receivable due from related parties, net (note 6(b) and 7)	3	-	5,934	-	2,731	-	2200	Other payables	752,377	8	749,246	8	542,331	8
1200	Other receivables, net (note 6(c))	8,435	-	2,662	-	3,046	-	2216	Dividends payable (note 6(q))	217,768	2	-	-	-	-
1220	Current tax assets	3,427	-	3,004	-	22,403	-	2220	Other payables to related parties (note 7)	91	-	116	-	19	-
130X	Inventories (note 6(d))	596,563	7	740,957	8	571,852	8	2230	Current tax liabilities	123,795	1	64,476	1	-	-
1479	Other current assets (note 6(i))	108,842	1	105,276	1	98,991	2	2365	Current refund liabilities (note 6(n))	200,217	2	246,173	3	161,974	2
		<u>5,249,482</u>	<u>57</u>	<u>5,162,101</u>	<u>56</u>	<u>2,860,234</u>	<u>40</u>	2280	Current lease liabilities (note 6(m))	6,870	-	6,482	-	8,731	-
								2320	Long-term borrowing, current portion (note 6(l) and 8)	479,954	5	504,255	5	485,431	7
								2399	Other current liabilities, others (note 6(k))	<u>520,842</u>	<u>6</u>	<u>508,012</u>	<u>5</u>	<u>340,341</u>	<u>5</u>
										<u>5,221,123</u>	<u>57</u>	<u>5,163,015</u>	<u>56</u>	<u>3,129,267</u>	<u>44</u>
Non-current assets:								Non-Current liabilities:							
1550	Investments accounted for using equity method, net (note 6(e))	16,165	-	16,163	-	16,439	-	2540	Long-term borrowings (note 6(l) and 8)	116,757	1	207,925	3	555,458	8
1600	Property, plant and equipment (note 6(f) and 8)	3,433,646	37	3,494,030	38	3,467,492	48	2580	Non-current lease liabilities (note 6(m))	<u>20,784</u>	<u>-</u>	<u>19,704</u>	<u>-</u>	<u>22,875</u>	<u>-</u>
1755	Right-of-use assets (note 6(g))	80,706	1	77,518	1	85,127	1		Total liabilities	<u>137,541</u>	<u>1</u>	<u>227,629</u>	<u>3</u>	<u>578,333</u>	<u>8</u>
1780	Intangible assets (note 6(h))	60,349	1	62,235	1	68,937	1		Equity attributable to owners of parent: (note 6(q))	<u>5,358,664</u>	<u>58</u>	<u>5,390,644</u>	<u>59</u>	<u>3,707,600</u>	<u>52</u>
1840	Deferred tax assets	124,474	1	132,861	1	166,014	3	3100	Ordinary shares	1,814,735	20	1,814,735	20	1,814,735	25
1920	Guarantee deposits paid	2,680	-	2,680	-	3,526	-	3200	Capital surplus	586	-	586	-	586	-
1975	Net defined benefit asset, non-current	219,531	3	220,140	3	205,422	3	3300	Retained earnings	2,156,839	23	2,131,282	23	1,736,139	24
1990	Other non-current assets (note 6(i))	44,802	-	45,157	-	269,199	4	3400	Other equity	<u>(127,787)</u>	<u>(1)</u>	<u>(152,298)</u>	<u>(2)</u>	<u>(142,173)</u>	<u>(1)</u>
		<u>3,982,353</u>	<u>43</u>	<u>4,050,784</u>	<u>44</u>	<u>4,282,156</u>	<u>60</u>		Total equity attributable to owners of parent:	<u>3,844,373</u>	<u>42</u>	<u>3,794,305</u>	<u>41</u>	<u>3,409,287</u>	<u>48</u>
								36XX	Non-controlling interests	<u>28,798</u>	<u>-</u>	<u>27,936</u>	<u>-</u>	<u>25,503</u>	<u>-</u>
									Total equity	<u>3,873,171</u>	<u>42</u>	<u>3,822,241</u>	<u>41</u>	<u>3,434,790</u>	<u>48</u>
Total assets		<u>\$ 9,231,835</u>	<u>100</u>	<u>9,212,885</u>	<u>100</u>	<u>7,142,390</u>	<u>100</u>	Total liabilities and equity		<u>\$ 9,231,835</u>	<u>100</u>	<u>9,212,885</u>	<u>100</u>	<u>7,142,390</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Originally Issued in Chinese)
REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the three months ended March 31, 2024 and 2023
(Expressed in thousands of New Taiwan Dollar , except earnings per share)

	For the three months ended March 31			
	2024		2023	
	Amount	%	Amount	%
4000 Operating revenue (note 6(s) and 7)	\$ 2,186,961	100	588,693	100
5000 Operating costs (note 6(d) 、(o))	<u>1,796,854</u>	<u>82</u>	<u>550,574</u>	<u>94</u>
Gross profit from operations	<u>390,107</u>	<u>18</u>	<u>38,119</u>	<u>6</u>
6000 Operating expenses (note 6(o) and (t)):				
6100 Selling expenses	82,235	4	42,260	7
6200 Administrative expenses	58,501	3	41,228	7
6300 Research and development expenses	<u>51,163</u>	<u>2</u>	<u>32,367</u>	<u>5</u>
	<u>191,899</u>	<u>9</u>	<u>115,855</u>	<u>19</u>
Net operating income (loss)	<u>198,208</u>	<u>9</u>	<u>(77,736)</u>	<u>(13)</u>
7000 Non-operating income and expenses:				
7100 Interest income (note 6(u))	13,984	1	538	-
7010 Other income (note 6(u))	10,750	-	13,870	2
7020 Other gains and losses, net (note 6(u))	89,172	4	(21,804)	(4)
7050 Finance costs, net (note 6(m) and (u))	(6,594)	-	(7,356)	(1)
7060 Share of profit of associates accounted for using equity method (note 6(e))	<u>2</u>	<u>-</u>	<u>19</u>	<u>-</u>
	<u>107,314</u>	<u>5</u>	<u>(14,733)</u>	<u>(3)</u>
7900 Profit (loss) before income tax	305,522	14	(92,469)	(16)
7950 Income tax expense (benefit) (note 6(p))	<u>61,578</u>	<u>3</u>	<u>(16,229)</u>	<u>(3)</u>
8200 Profit (loss)	<u>243,944</u>	<u>11</u>	<u>(76,240)</u>	<u>(13)</u>
8300 Other comprehensive income (loss):				
8360 Items that may be reclassified subsequently to profit or loss:				
8361 Exchange differences on translation (note 6(q))	30,882	1	2,140	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss(note 6(p))	<u>(6,128)</u>	<u>-</u>	<u>(437)</u>	<u>-</u>
8300 Other comprehensive income (after tax)	<u>24,754</u>	<u>1</u>	<u>1,703</u>	<u>-</u>
8500 Comprehensive income	<u>\$ 268,698</u>	<u>12</u>	<u>(74,537)</u>	<u>(13)</u>
Profit (loss) attributable to:				
8610 Owners of parent	\$ 243,325	11	(76,120)	(13)
8620 Non-controlling interests	<u>619</u>	<u>-</u>	<u>(120)</u>	<u>-</u>
	<u>\$ 243,944</u>	<u>11</u>	<u>(76,240)</u>	<u>(13)</u>
Comprehensive income attributable to:				
8710 Owners of parent	\$ 267,836	12	(74,370)	(13)
8720 Non-controlling interests	<u>862</u>	<u>-</u>	<u>(167)</u>	<u>-</u>
	<u>\$ 268,698</u>	<u>12</u>	<u>(74,537)</u>	<u>(13)</u>
Earnings (loss) per share (NT dollars) (note 6 (r))				
9750 Basic earnings (loss) per share	<u>\$ 1.34</u>		<u>(0.42)</u>	
9850 Diluted earnings (loss) per share	<u>\$ 1.33</u>		<u>(0.42)</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Originally Issued in Chinese)
REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the three months ended March 31, 2024 and 2023
(expressed in thousands of New Taiwan Dollar)

Equity attributable to owners of parent

	Share capital		Retained earnings				Other equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements			
Balance on January 1, 2023	\$ 1,814,735	586	475,923	163,182	1,173,154	1,812,259	(143,923)	3,483,657	25,670	3,509,327
Loss for the period	-	-	-	-	(76,120)	(76,120)	-	(76,120)	(120)	(76,240)
Other comprehensive income for the period	-	-	-	-	-	-	1,750	1,750	(47)	1,703
Total comprehensive income	-	-	-	-	(76,120)	(76,120)	1,750	(74,370)	(167)	(74,537)
Balance on March 31, 2023	<u>\$ 1,814,735</u>	<u>586</u>	<u>475,923</u>	<u>163,182</u>	<u>1,097,034</u>	<u>1,736,139</u>	<u>(142,173)</u>	<u>3,409,287</u>	<u>25,503</u>	<u>3,434,790</u>
Balance on January 1, 2024	\$ 1,814,735	586	475,923	143,923	1,511,436	2,131,282	(152,298)	3,794,305	27,936	3,822,241
Appropriation and distribution of retained earnings:										
Cash dividends of ordinary share	-	-	-	-	(217,768)	(217,768)	-	(217,768)	-	(217,768)
Profit for the period	-	-	-	-	243,325	243,325	-	243,325	619	243,944
Other comprehensive income for the period	-	-	-	-	-	-	24,511	24,511	243	24,754
Total comprehensive income	-	-	-	-	243,325	243,325	24,511	267,836	862	268,698
Balance on March 31, 2024	<u>\$ 1,814,735</u>	<u>586</u>	<u>475,923</u>	<u>143,923</u>	<u>1,536,993</u>	<u>2,156,839</u>	<u>(127,787)</u>	<u>3,844,373</u>	<u>28,798</u>	<u>3,873,171</u>

See accompanying notes to consolidated financial statements.

(English Translation of Originally Issued in Chinese)
REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2024 and 2023

(Expressed in thousands of New Taiwan Dollar)

	For the three months ended March 31	
	2024	2023
Cash flows from operating activities:		
Profit (loss) before tax	\$ 305,522	(92,469)
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expenses	83,086	87,820
Amortization expenses	4,867	5,045
Interest expenses	6,594	7,356
Interest income	(13,984)	(538)
Shares of profit of associates accounted for using equity method	(2)	(19)
Losses on disposal of property, plant and equipment	10,682	950
Total adjustments to reconcile profit	91,243	100,614
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in notes receivable	(604)	(385)
(Increase) decrease in notes receivable due from related parties	(10,618)	10,642
Decrease in accounts receivable	167,077	327,411
Decrease in accounts receivable due from related parties	5,931	6,063
Increase in other receivables	(11,479)	(2,769)
Decrease in inventories	144,394	10,964
Increase in other current assets	(3,566)	(10,528)
Decrease in net defined benefit assets	609	583
Decrease in other operating assets	413	470
Total changes in operating assets	292,157	342,451
Changes in operating liabilities:		
Increase (decrease) in contract liabilities	289,770	(2,363)
Decrease in notes payable	(221,980)	(161,627)
Increase (decrease) in notes payable to related parties	569	(60)
Decrease in accounts payable	(335,845)	(90,417)
Increase (decrease) in other payable	11,263	(52,976)
(Decrease) increase in other payable to related parties	(25)	13
Decrease in other current liabilities	(33,126)	(176,706)
Total changes in operating liabilities	(289,374)	(484,136)
Total changes in operating assets and liabilities	2,783	(141,685)
Total adjustments	94,026	(41,071)
Cash inflow (outflow) generated from operations	399,548	(133,540)
Interest received	19,690	538
Interest paid	(6,576)	(7,323)
Income taxes refund (paid)	(423)	13,677
Net cash flows from (used in) operating activities	412,239	(126,648)
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(15,325)	(31,664)
Proceeds from disposal of property, plant and equipment	603	1,030
(Increase) decrease in refundable deposits	-	(1,600)
Acquisition of intangible assets	(2,925)	(7,069)
Increase in prepayments for business facilities	(1,322)	(22,198)
Net cash flows used in investing activities	(18,969)	(61,501)
Cash flows from financing activities:		
Increase in short-term borrowings	408,864	600,000
Decrease in short-term borrowings	(308,864)	(639,774)
Increase from long-term borrowings	-	53,175
Repayments of long-term borrowings	(120,127)	(64,167)
Payment of lease liabilities	(2,049)	(3,586)
Net cash flows used in financing activities	(22,176)	(54,352)
Effect of exchange rate changes on cash and cash equivalents	12,705	802
Net increase (decrease) in cash and cash equivalents	383,799	(241,699)
Cash and cash equivalents at beginning of period	3,283,001	1,970,759
Cash and cash equivalents at end of period	\$ 3,666,800	1,729,060

See accompanying notes to consolidated financial statements.

(English Translation of Originally Issued in Chinese)
REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2024 and 2023

(expressed in thousands of New Taiwan Dollar unless otherwise specified)

(1) Company history

Rexon Industrial Corp., Ltd. (the “Company”). was incorporated on April 30, 1973 and registered under the Ministry of Economic Affairs, R.O.C. The address of the company’ s registered office is No.261, Renhua Rd., Dali Dist., Taichung City 412, and Taiwan (R.O.C.). The Company’ s common shares were listed on the Taiwan Stock Exchange (TWSE) on February 4, 1995. The company’ s and its subsidiaries (together referred to as the “Group”) is in the business of manufacturing and selling drills, woodworking tools and fitness equipments.

(2) Approval date and procedures of the consolidated financial statements

The consolidated financial statements for the three Months ended March 31, 2024 and 2023 were authorized for issuance by the board of directors on May 8, 2024.

(3) New standards, amendments and interpretations adopted

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

- (b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.	January 1, 2027

(Continued)

REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(Continued)

REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(4) Summary of material accounting policies

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS Accounting Standards endorsed by the FSC) for a complete set of the annual consolidated financial statements.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	Power Tool Specialists Inc. (P.T.S.)	Merchandise trading	96 %	96 %	96 %	Note 1
The Company	Gold Item Group Ltd.(Gold Item)	Investing and holding	100 %	100 %	100 %	
The Company	Rexon Technology Corp., Ltd. (Rexon Tech)	Manufacture and sale of electric components	82.87 %	82.87 %	82.87 %	Note 1
Gold Item	Gold Tech Group Ltd.	Investing and holding	100 %	100 %	100 %	
Gold Tech Group Ltd.	Tongxiang Rexon Industrial Co.,Ltd.(Tongxiang Rexon)	Manufacture of drills, woodworking tools and fitness equipment	100 %	100 %	100 %	

Note 1: Which is non-significant subsidiaries, its financial statements have not been reviewed.

(ii) List of subsidiaries which are not included in the consolidated financial statements: None.

(c) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(d) Classification of current and non-current assets and liabilities

The Group classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset within twelve months after the reporting period; or

(Continued)

REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES
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- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading;
- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(e) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period and allocated to current and deferred taxes based on its proportionate size.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and IFRS Accounting Standards (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Except for the following, the preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2023. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2023.

The accounting policies involved significant judgments and the information that have significant effect on the amounts recognized in the consolidated financial statements are as follows:

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REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES
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- (a) Judgment of whether the Group has substantive control over its investees

The Group holds 16% of the outstanding voting shares of Fine Clear Corp., Ltd. and is the single largest shareholder of the investee. Although the remaining 84% of Fine Clear Corp., Ltd.'s shares are not concentrated within specific shareholders, the Group still cannot obtain more than half of the total number of Fine Clear Corp., Ltd.'s directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Group has significant influence on Fine Clear Corp., Ltd.

(6) Explanation of significant accounts

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2023 consolidated financial statements. Please refer to Note 6 of the 2023 annual consolidated financial statements.

- (a) **Cash and cash equivalents**

	March 31, 2024	December 31, 2023	March 31, 2023
Petty cash and cash on hand	\$ 2,150	1,413	1,523
Checking and demand deposits	2,592,650	2,348,006	1,724,492
Time deposits	<u>1,072,000</u>	<u>933,582</u>	<u>3,045</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 3,666,800</u>	<u>3,283,001</u>	<u>1,729,060</u>

- (b) **Notes and accounts receivables (include related party)**

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable from operating activities	\$ 688	84	672
Notes receivable from operating activities -related parties	21,631	11,013	21,080
Less: Loss allowance	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 22,319</u>	<u>11,097</u>	<u>21,752</u>
Accounts receivable-measured at amortized cost	\$ 844,600	1,011,677	411,906
Accounts receivable from related parties-measured at amortized cost	3	5,934	2,731
Less: Loss allowance	<u>(1,603)</u>	<u>(1,603)</u>	<u>(1,603)</u>
	<u>\$ 843,000</u>	<u>1,016,008</u>	<u>413,034</u>

(Continued)

REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (i) The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provisions were determined as follows:

	March 31, 2024		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 816,677	0.05%	436
1 to 90 days past due	50,242	2.32%	1,166
91 to 180 days past due	3	50.61%	1
181 to 360 days past due	-	-	-
Over 360 days past due	-	-	-
Total	\$ 866,922		1,603
	December 31, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 932,443	0.06%	588
1 to 90 days past due	96,265	1.05%	1,015
91 to 180 days past due	-	-	-
181 to 360 days past due	-	-	-
Over 360 days past due	-	-	-
Total	\$ 1,028,708		1,603
	March 31, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 360,535	0.04%	139
1 to 90 days past due	75,847	1.92%	1,460
91 to 180 days past due	7	63.73%	4
181 to 360 days past due	-	-	-
Over 360 days past due	-	-	-
Total	\$ 436,389		1,603

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REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES
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(ii) The movement in the allowance for notes and accounts receivables were as follows:

	2024	2023
Balance at January 1	<u>\$ 1,603</u>	<u>1,603</u>
(which is balance at March 31)		

(iii) None of the receivables was pledged as collateral as of March 31, 2024, December 31, 2023 and March 31, 2023.

(c) **Other receivables**

	March 31, 2024	December 31, 2023	March 31, 2023
Other receivables	\$ 19,682	13,909	14,293
Less: Loss allowance	<u>(11,247)</u>	<u>(11,247)</u>	<u>(11,247)</u>
	<u>\$ 8,435</u>	<u>2,662</u>	<u>3,046</u>

(i) As of March 31, 2024, December 31, 2023 and March 31, 2023, there are no other receivables which are past due but not impaired.

(ii) The movement in the allowance for other receivables was as follows:

	2024	2023
Balance on January 1	<u>\$ 11,247</u>	<u>11,247</u>
(which is balance at March 31)		

(d) **Inventories**

	March 31, 2024	December 31, 2023	March 31, 2023
Finished goods	\$ 213,744	292,924	196,777
Work in progress	141,231	97,753	46,188
Materials	96,806	111,889	164,965
Parts	139,293	232,764	158,636
Merchandise	<u>5,489</u>	<u>5,627</u>	<u>5,286</u>
	<u>\$ 596,563</u>	<u>740,957</u>	<u>571,852</u>

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REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES
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Details of inventory related losses (profit) were as follows:

	For the three months ended March 31,	
	2024	2023
Inventory scrap loss	\$ 2,555	140
Revenue from sale of scraps	(1,780)	(1,578)
	\$ 775	(1,438)

As of March 31, 2024, December 31, 2023 and March 31, 2023, inventories were not pledged as collateral.

(e) Investments accounted for using equity method

A summary of the Group's financial information for investments accounted for using equity method at the reporting date is as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Associates	\$ 16,165	16,163	16,439

(i) Associates

Affiliated company's information:

Name of Associates	Nature of relationship with the Group	Main operating location/ Registered Country of the Company	Proportion of shareholding and voting rights		
			March 31, 2024	December 31, 2023	March 31, 2023
Fine Clear Corp., Ltd.	Sale of pneumatic nail gun and accessories, which is the Group's investment	Taiwan	16 %	16 %	16 %

The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amount of individually insignificant associates' equity	\$ 16,165	16,163	16,439

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REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES
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	For the three months ended March 31,	
	2024	2023
Attributable to the Group:		
Profit from continuing operations	\$ 2	19
Other comprehensive income	-	-
Comprehensive income	\$ 2	19

(ii) Investments pledge

As of March 31, 2024, December 31, 2023 and March 31, 2023 the Group did not provide any investments accounted for using the equity method as collateral for its loans.

(iii) The unreviewed financial statements of investment accounted for using equity method

Investments were accounted for by using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

(f) **Property, plant and equipment**

The cost, depreciation, and impairment loss of the property, plant and equipment of the Group for the three months ended March 31, 2024, December 31, 2023 and March 31, 2023, were as follows:

	Land	Buildings	Machinery and equipment	Mold and tooling equipment	Office equipment and other facilities	Total
Cost or deemed cost:						
Balance on January 1, 2024	\$ 1,178,255	2,855,488	867,518	844,702	167,287	5,913,250
Additions	-	2,621	160	3,190	1,204	7,175
Disposal	-	-	(2,038)	(41,020)	(11,841)	(54,899)
Reclassification	-	-	837	427	-	1,264
Effect of movements in exchange rates	206	29,676	5,678	4,559	983	41,102
Balance on March 31, 2024	\$ 1,178,461	2,887,785	872,155	811,858	157,633	5,907,892
Balance on January 1, 2023	\$ 1,141,147	2,236,235	845,703	857,009	166,666	5,246,760
Additions	-	21,161	931	9,218	91	31,401
Disposal	-	-	(2,008)	(2,996)	(1,151)	(6,155)
Reclassification	-	394,660	2,083	3,335	-	400,078
Effect of movements in exchange rates	(25)	3,193	695	495	15	4,373
Balance on March 31, 2023	\$ 1,141,122	2,655,249	847,404	867,061	165,621	5,676,457

(Continued)

REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Mold and tooling equipment</u>	<u>Office equipment and other facilities</u>	<u>Total</u>
Depreciation and impairment loss:						
Balance on January 1, 2024	\$ -	1,095,568	496,648	698,145	128,859	2,419,220
Depreciation	-	29,947	25,916	21,778	3,045	80,686
Disposal	-	-	(1,840)	(31,936)	(9,838)	(43,614)
Impairment loss	-	-	-	-	-	-
Effect of movements in exchange rates	-	10,393	3,795	2,904	862	17,954
Balance on March 31, 2024	<u>\$ -</u>	<u>1,135,908</u>	<u>524,519</u>	<u>690,891</u>	<u>122,928</u>	<u>2,474,246</u>
Balance on January 1, 2023	\$ -	980,446	400,913	626,023	120,251	2,127,633
Depreciation	-	31,537	25,385	23,412	3,552	83,886
Disposal	-	-	(849)	(2,274)	(1,052)	(4,175)
Effect of movements in exchange rates	-	936	396	291	(2)	1,621
Balance on March 31, 2023	<u>\$ -</u>	<u>1,012,919</u>	<u>425,845</u>	<u>647,452</u>	<u>122,749</u>	<u>2,208,965</u>
Carrying amounts :						
Balance on January 1, 2024	<u>\$ 1,178,255</u>	<u>1,759,920</u>	<u>370,870</u>	<u>146,557</u>	<u>38,428</u>	<u>3,494,030</u>
Balance on March 31, 2024	<u>\$ 1,178,461</u>	<u>1,751,877</u>	<u>347,636</u>	<u>120,967</u>	<u>34,705</u>	<u>3,433,646</u>
Balance on January 1, 2023	<u>\$ 1,141,147</u>	<u>1,255,789</u>	<u>444,790</u>	<u>230,986</u>	<u>46,415</u>	<u>3,119,127</u>
Balance on March 31, 2023	<u>\$ 1,141,122</u>	<u>1,642,330</u>	<u>421,559</u>	<u>219,609</u>	<u>42,872</u>	<u>3,467,492</u>

- (i) In response to the need for expansion in the future, the Group bought the farmland near to its factory, costing \$316,060 thousand, but the ownership of the land is temporarily not allowed to be transferred to the Group because the farmland is legally for agricultural purpose. Therefore, the farmland now is registered in the name of a shareholder who has the identity of natural person and has pledged to the Group for security concerns.
- (ii) Gain or losses of disposal, please refer to Note 6(u).
- (iii) As of March 31, 2024, December 31, 2023 and March 31, 2023, property, plant and equipment of the Group was pledged as collateral for long-term loans; please refer to note 8.

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REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES
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(g) Right-of-use assets

The Group leases many assets including land, buildings and vehicles. Information about leases for which the Group as a lessee was presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
Cost:				
Balance on January 1, 2024	\$ 86,255	-	20,393	106,648
Additions	-	-	3,517	3,517
Reductions	-	-	(7,818)	(7,818)
Effect of movement in exchange rates	2,343	-	-	2,343
Balance on March 31, 2024	<u>\$ 88,598</u>	<u>-</u>	<u>16,092</u>	<u>104,690</u>
Balance on January 1, 2023	\$ 87,243	14,799	20,078	122,120
Reductions	-	(14,799)	(382)	(15,181)
Effect of movement in exchange rates	293	-	-	293
Balance on March 31, 2023	<u>\$ 87,536</u>	<u>-</u>	<u>19,696</u>	<u>107,232</u>
Accumulated depreciation and impairment losses:				
Balance on January 1, 2024	\$ 14,084	-	15,046	29,130
Depreciation	1,038	-	1,362	2,400
Reductions	-	-	(7,818)	(7,818)
Effect of movement in exchange rates	272	-	-	272
Balance on March 31, 2024	<u>\$ 15,394</u>	<u>-</u>	<u>8,590</u>	<u>23,984</u>
Balance on January 1, 2023	\$ 10,284	13,566	9,474	33,324
Depreciation	1,037	1,233	1,664	3,934
Reductions	-	(14,799)	(382)	(15,181)
Effect of movement in exchange rates	28	-	-	28
Balance on March 31, 2023	<u>\$ 11,349</u>	<u>-</u>	<u>10,756</u>	<u>22,105</u>
Carrying amount:				
Balance on January 1, 2024	<u>\$ 72,171</u>	<u>-</u>	<u>5,347</u>	<u>77,518</u>
Balance on March 31, 2024	<u>\$ 73,204</u>	<u>-</u>	<u>7,502</u>	<u>80,706</u>
Balance on January 1, 2023	<u>\$ 76,959</u>	<u>1,233</u>	<u>10,604</u>	<u>88,796</u>
Balance on March 31, 2023	<u>\$ 76,187</u>	<u>-</u>	<u>8,940</u>	<u>85,127</u>

As of March 31, 2024, December 31, 2023 and March 31, 2023, the right-of-use assets of the Group were not pledged as collateral.

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REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES
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(h) **Intangible assets**

The costs, amortization and impairment loss of the intangible assets of the Group for the three months ended March 31, 2024 and 2023, were as follows:

	<u>Goodwill</u>	<u>Computer Software</u>	<u>Total</u>
Costs:			
Balance at January 1, 2024	\$ 43,293	176,565	219,858
Additions	-	2,925	2,925
Reductions	-	(1,539)	(1,539)
Effect of movement in exchange rates	-	335	335
Balance at March 31, 2024	<u>\$ 43,293</u>	<u>178,286</u>	<u>221,579</u>
Balance at January 1, 2023	\$ 43,293	162,276	205,569
Additions	-	7,069	7,069
Reductions	-	(2,077)	(2,077)
Effect of movement in exchange rates	-	38	38
Balance at March 31, 2023	<u>\$ 43,293</u>	<u>167,306</u>	<u>210,599</u>
Amortization:			
Balance at January 1, 2024	\$ -	157,623	157,623
Amortization	-	4,867	4,867
Reductions	-	(1,539)	(1,539)
Effect of movement in exchange rates	-	279	279
Balance at March 31, 2024	<u>\$ -</u>	<u>161,230</u>	<u>161,230</u>
Balance at January 1, 2023	\$ -	138,665	138,665
Amortization	-	5,045	5,045
Reductions	-	(2,077)	(2,077)
Effect of movement in exchange rates	-	29	29
Balance at March 31, 2023	<u>\$ -</u>	<u>141,662</u>	<u>141,662</u>
Carrying value:			
Balance at January 1, 2024	<u>\$ 43,293</u>	<u>18,942</u>	<u>62,235</u>
Balance at March 31, 2024	<u>\$ 43,293</u>	<u>17,056</u>	<u>60,349</u>
Balance at January 1, 2023	<u>\$ 43,293</u>	<u>23,611</u>	<u>66,904</u>
Balance at March 31, 2023	<u>\$ 43,293</u>	<u>25,644</u>	<u>68,937</u>

As of March 31, 2024, December 31, 2023 and March 31, 2023, the intangible assets of the Group were not pledged as collateral.

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(i) **Other current assets and other non-current assets**

The details of other current assets and other non-current assets were as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Other current assets:			
Prepayments	\$ 54,711	28,306	56,117
Bussiness tax receivables	41,484	64,623	28,946
Others	<u>12,647</u>	<u>12,347</u>	<u>13,928</u>
	<u>\$ 108,842</u>	<u>105,276</u>	<u>98,991</u>
	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Other non-current assets:			
Prepayments for equipment	\$ 42,364	42,306	265,030
Others	<u>2,438</u>	<u>2,851</u>	<u>4,169</u>
	<u>\$ 44,802</u>	<u>45,157</u>	<u>269,199</u>

(j) **Short-term borrowings**

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Unsecured bank loans	\$ 500,000	200,000	500,000
Secured bank loans	<u>163,143</u>	<u>360,703</u>	<u>262,037</u>
	<u>\$ 663,143</u>	<u>560,703</u>	<u>762,037</u>
Unused short-term credit lines	<u>\$ 3,371,296</u>	<u>3,360,703</u>	<u>3,251,046</u>
Range of interest rate	<u>1.66%~4.3%</u>	<u>1.725%~4.3%</u>	<u>1.55%~4.785%</u>

(i) **Additional short-term borrowings and repayments**

For the three months ended March 31, 2024 and 2023, the Group had the additional short-term borrowings amounting to \$408,864 thousand and \$600,000 thousand, with a range of interest rate 1.66%~3.5% and 1.675%~4.785%, maturing in a range from May, 2024 to June, 2024 and April, 2023 to September, 2023.

For the three months ended March 31, 2024 and 2023, the Group had the repayments were \$308,864 thousand and \$639,774 thousand, respectively.

(ii) **Collateral for short-term borrowings**

For the collateral for short-term borrowings, please refer to note 8.

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REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES
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(k) **Other current liabilities**

The details of other current liabilities were summarized as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Temporary receipt	\$ 511,037	498,452	331,616
Advance receipts	3,566	3,566	3,566
Others	6,239	5,994	5,159
	<u>\$ 520,842</u>	<u>508,012</u>	<u>340,341</u>

Temporary receipt is mainly received from cancellation payment and mold sharing payment.

(l) **Long-term borrowings**

The details of long-term borrowings were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Secured bank loans	\$ 432,378	529,927	819,842
Unsecured bank loans	164,333	182,253	221,047
Less : current portion	(479,954)	(504,255)	(485,431)
Total	<u>\$ 116,757</u>	<u>207,925</u>	<u>555,458</u>
Unused long-term credit lines	<u>\$ 1,408,000</u>	<u>190,780</u>	<u>405,000</u>
Range of interest rate	<u>1.075%~6.66%</u>	<u>1.7%~6.66%</u>	<u>1.07%~5.24%</u>

(i) Additional long-term borrowings and repayments

There was no such transaction for the three months ended March 31, 2024. For the three months ended March 31, 2023, the Group had the additional long-term borrowings amounting to \$53,175 thousand, with an interest rate of 4.35%, maturing in April, 2023 to March, 2026.

For the three months ended March 31, 2024 and 2023, the Group had the repayments were \$120,127 thousand and \$64,167 thousand, respectively.

(ii) Collateral for long-term borrowings

For the collateral for long-term borrowings, please refer to note 8.

(m) **Lease liabilities**

	March 31, 2024	December 31, 2023	March 31, 2023
Current	\$ <u>6,870</u>	<u>6,482</u>	<u>8,731</u>
Non-current	<u>\$ 20,784</u>	<u>19,704</u>	<u>22,875</u>

For the maturity analysis, please refer to note 6(v).

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The amounts recognized in profit or loss were as follows:

	For the three months ended	
	March 31	
	2024	2023
Interest expense on lease liabilities	<u>\$ 74</u>	<u>87</u>

The amounts recognized in the statement of cash flows for the Group were as follows:

	For the three months ended	
	March 31	
	2024	2023
Total cash outflow for leases	<u>\$ 2,123</u>	<u>3,673</u>

The lease period for the Group's lease of land, buildings and vehicles is two to ten years.

(n) **Current refund liabilities**

	March 31,	December 31,	March 31,
	2024	2023	2023
Current refund liabilities	<u>\$ 200,217</u>	<u>246,173</u>	<u>161,974</u>

Refund liabilities are the amount expected to be paid to the customer due to defective sales quality of automatic facilities and fitness equipment.

(o) **Employee benefits**

(i) **Defined benefit plans**

In prior fiscal year, there was no material volatility of the market, reimbursement and settlement or other material one-time events. As a result, pension cost in the accompanying interim financial statements is measured and disclosed as of December 31, 2023 and 2022.

The details of the Group's expenses were as follows:

	For the three months ended	
	March 31	
	2024	2023
Operating costs	\$ 553	537
Selling expenses	35	32
Administrative expenses	119	95
Research and development expenses	<u>130</u>	<u>143</u>
Total	<u>\$ 837</u>	<u>807</u>

(Continued)

REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Defined contribution plans

The Group's pension expenses under the pension plan cost to the Bureau of Labor Insurance were as follows:

	For the three months ended March 31	
	2024	2023
Operating costs	\$ 3,583	2,882
Selling expenses	287	247
Administrative expenses	826	626
Research and development expenses	786	823
Total	\$ 5,482	4,578

Except for the Company and Rexion Technology Corp., Ltd., other subsidiaries adopted the defined contribution method under their local law, and accordingly, the pension costs were \$1,702 thousand and \$1,282 thousand for the three months ended March 31, 2024 and 2023.

(p) **Income taxes**

The details of the Group's income tax expenses (benefit) were as follows:

	For the three months ended March 31	
	2024	2023
Current tax expense (benefit)		
Current period	\$ 59,319	(19,988)
Adjustment for prior periods	-	2,240
	59,319	(17,748)
Deferred tax expense		
Origination and reversal of temporary differences	2,259	1,519
Income tax expense (benefit)	\$ 61,578	(16,229)

The amounts of income tax recognized directly in other comprehensive income for the three months ended March 31, 2024 and 2023 were as follows:

	For the three months ended March 31	
	2024	2023
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	\$ (6,128)	(437)

The income tax returns of the Company and Rexion Tech. for the years through 2021 were assessed and approved by the tax authorities.

(Continued)

REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) **Capital and other equity**

Except for the following disclosure, there was no significant change in capital and other equity for the periods from January 1 to March 31, 2024 and 2023. For the related information, please refer to note 6 (q) of the consolidated financial statements for the year ended December 31, 2023.

(i) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The Company shall first take into consideration its current and future development plan, investment environment, capital requirement, the domestic and global competition, as well as the long-term interests of stockholders in determining the stock or cash dividends to be paid. The dividends appropriated for distribution shall not be less than 20% of the current and prior-period earnings that remain undistributed. The cash dividends shall not be less than 20% of total dividends.

1) Special reserve

In accordance with the requirement of Financial Supervisory Commission, a portion of earnings shall be allocated as special earnings reserve during earnings distribution. The special earnings reserve was distributed from the current undistributed earnings, which was income after income tax plus other items, and undistributed earnings of prior period. A portion of undistributed prior-period earnings shall be reclassified as special earnings reserve and does not qualify for earnings distribution to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

As of March 31, 2024, December 31, 2023 and March 31, 2023 the amounts of such special reserves were \$143,923 thousand, \$143,923 thousand and \$163,182 thousand, respectively.

2) Earnings distribution

The amount of cash dividends on appropriations of earnings for 2023 and 2022 had been approved during the board meeting on February 27, 2024 and February 23, 2023, as follows:

	2023		2022	
	Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to ordinary shareholders				
Cash	\$ 1.2	217,768	\$	-

(Continued)

REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) OCI accumulated in reserves, net of tax

	Exchange differences on translation of foreign financial statements
Balance at January 1, 2024	\$ (152,298)
Exchange differences on foreign operations	24,511
Balance at March 31, 2024	\$ (127,787)
Balance at January 1, 2023	\$ (143,923)
Exchange differences on foreign operations	1,750
Balance at March 31, 2023	\$ (142,173)

(r) **Earnings (loss) per share**

	For the three months ended March 31	
	2024	2023
Basic earnings (loss) per share		
Net profit (loss) attributable to ordinary shareholders of the Company	\$ 243,325	(76,120)
Weighted-average number of ordinary shares	181,473	181,473
	\$ 1.34	(0.42)
Diluted earnings (loss) per share		
Net profit (loss) attributable to ordinary shareholders of the Company	\$ 243,325	(76,120)
Weighted-average number of ordinary shares	181,473	181,473
Effect of employee share bonus	1,008	-
Weighted average number of ordinary shares (diluted)	182,481	181,473
	\$ 1.33	(0.42)

There were net losses incurred for the period from January 1 to March 31 in 2023, and no dilutive effect occurred.

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REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) **Revenue from contracts with customers**

(i) Details of revenue

	For the three months ended March 31	
	2024	2023
<u>Primary geographical markets</u>		
America	\$ 2,021,424	516,934
Europe	113,847	24,390
Asia	51,690	22,875
Other	-	24,494
	\$ 2,186,961	588,693
<u>Major products</u>		
Woodworking tools	\$ 153,963	111,987
Fitness equipment	1,861,331	426,814
Other	171,667	49,892
	\$ 2,186,961	588,693

(ii) Contract balances

	March 31, 2024	December 31, 2023	March 31, 2023
Contract liabilities	\$ 347,608	57,838	36,350

For details on trade receivables and allowance for impairment, please refer to note 6(b).

The amount of revenue recognized for the three months March 31, 2024 and 2023, that were included in the contract liability balance at the beginning of the period were \$6,574 thousand and \$3,333 thousand, respectively.

(t) **Remunerations to employees, directors and supervisors**

According to the Articles of Association, once the Company has annual profit, it should at least appropriate 5% of the profit to its employees and 5% or less to its directors and supervisors as remuneration. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The pervading target given via cash or shares includes those dependent employees of the Company's subsidiaries under certain requirements.

For the three months ended March 31, 2024 the Company estimated its employee remuneration amounting to \$26,798 thousand, and directors' remuneration amounting to \$4,020 thousand. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration of employees. If there are any subsequent adjustments to the actual remuneration amounts, the adjustments will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

(Continued)

REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES
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Due to the losses before tax on March 31 in 2023, the remunerations to employees, directors and supervisors aren't estimated.

For the years ended December 31, 2023 and 2022, the remunerations to employees amounted to \$36,189 thousand and \$0 and the remunerations to directors and supervisors amounted to \$6,400 thousand and \$0, respectively. There were no differences between the estimated amounts and the actual remuneration paid, and the information is available on the Market Observation Post System website.

(u) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the three months ended	
	March 31	
	2024	2023
Interest income—bank deposits	<u>\$ 13,984</u>	<u>538</u>

(ii) Other income

The details of other income were as follows:

	For the three months ended	
	March 31	
	2024	2023
Rent income	\$ 1,397	1,397
Other	<u>9,353</u>	<u>12,473</u>
	<u>\$ 10,750</u>	<u>13,870</u>

(iii) Other income and losses

The details of other income and losses were as follows:

	For the three months ended	
	March 31	
	2024	2023
Net foreign exchange (losses) gains	\$ 99,884	(20,825)
Net losses on disposal of property, plant and equipment	(10,682)	(950)
Other	<u>(30)</u>	<u>(29)</u>
Net other income and losses	<u>\$ 89,172</u>	<u>(21,804)</u>

(Continued)

REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Finance expenses

The details of finance expenses were as follows:

	For the three months ended March 31	
	2024	2023
Interest expenses	\$ (6,594)	(8,576)
Less: capitalization of interest	-	1,220
	\$ (6,594)	(7,356)

(v) **Financial Instruments**

(i) Credit risk

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to note 6(v) of the consolidated financial statements for the year ended December 31, 2023.

1) Concentration of credit risk

As of March 31, 2024, December 31, 2023 and March 31, 2023 the Group reviewed the concentrations of credit risk arising from major customer at percentages below 60%、77% and 23%, respectively, of the total trade receivables. The other top three clients contributed no more than 23%, 89% and 44%, respectively, of the total receivables.

2) Receivables

For credit risk exposure of notes and accounts receivable, please refer to note 6(b). Other financial assets at amortized cost includes other receivables. For the details and loss allowance, please refer to note 6(c).

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REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>1-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>more than 5 years</u>
March 31, 2024						
Non-derivative financial liabilities						
Secured bank loans	\$ 595,521	712,122	619,996	83,779	8,347	-
Unsecured loans	664,333	554,843	529,586	25,257	-	-
Leased liabilities (current and non-current)	27,654	28,508	7,149	5,325	10,154	5,880
Payables	<u>2,878,694</u>	<u>2,878,694</u>	<u>2,878,694</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,166,202</u>	<u>4,174,167</u>	<u>4,035,425</u>	<u>114,361</u>	<u>18,501</u>	<u>5,880</u>
December 31, 2023						
Non-derivative financial liabilities						
Secured bank loans	\$ 890,630	1,008,449	820,940	166,595	20,914	-
Unsecured loans	382,253	254,025	228,814	1,113	24,098	-
Lease liabilities (current and non-current)	26,186	27,013	6,726	4,479	9,193	6,615
Payables	<u>3,215,076</u>	<u>3,215,076</u>	<u>3,215,076</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,514,145</u>	<u>4,504,563</u>	<u>4,271,556</u>	<u>172,187</u>	<u>54,205</u>	<u>6,615</u>
March 31, 2023						
Non-derivative financial liabilities						
Secured bank loans	\$ 1,081,879	1,098,952	715,092	373,558	10,302	-
Unsecured loans	721,047	682,077	566,645	54,691	60,741	-
Lease liabilities (current and non-current)	31,606	32,617	9,013	5,364	9,420	8,820
Payables	<u>1,334,403</u>	<u>1,334,403</u>	<u>1,334,403</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,168,935</u>	<u>3,148,049</u>	<u>2,625,153</u>	<u>433,613</u>	<u>80,463</u>	<u>8,820</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk of financial assets and liabilities were as follows:

	<u>March 31, 2024</u>			<u>December 31, 2023</u>			<u>March 31, 2023</u>		
	<u>Foreign Currency</u>	<u>Exchange Rates</u>	<u>NTD</u>	<u>Foreign Currency</u>	<u>Exchange Rates</u>	<u>NTD</u>	<u>Foreign Currency</u>	<u>Exchange Rates</u>	<u>NTD</u>
<u>Financial Assets</u>									
<u>Monetary items</u>									
USD	\$ 72,558	32.00	2,321,856	131,928	30.71	4,051,509	48,104	30.45	1,464,767
EUR	28	34.46	965	26	33.98	883	22	33.15	729
JPY	214,809	0.21	45,432	210,412	0.2172	45,701	209,510	0.2288	47,936
GBP	5	40.39	202	5	39.15	196	5	37.67	188
<u>Financial Liabilities</u>									
<u>Monetary items</u>									
USD	3,578	32.00	114,496	10,463	30.71	321,319	5,799	30.45	176,580
EUR	232	34.46	7,995	224	33.98	7,612	224	33.15	7,426

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REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES
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The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables, borrowings, and accounts and other payables that are denominated in foreign currency. A strengthening (weakening) of 1% of the TWD against the USD, EUR, JPY, and GBP as of March 31, 2024 and 2023 would have increased (decreased) the net profit after tax by \$17,968 thousand and \$10,637 thousand, respectively. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for prior year.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months ended March 31, 2024 and 2023, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$99,884 thousand and \$(20,825) thousand, respectively.

(iv) Interest rate analysis

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date.

Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate which increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 1%, with all other variable factors remaining constant, the Group's net income would have increased/decreased by \$10,079 thousand and \$14,423 thousand for the three months ended March 31, 2024 and 2023, respectively. This is mainly due to the Group's borrowings in variable rates.

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REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES
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(v) Fair value of financial instruments

1) Categories and fair value of financial instruments

The fair value of financial assets at fair value through profit or loss and financial assets measured at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	Carrying amount	March 31, 2024			
		Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Mandatorily measured at fair value through profit or loss	\$ 96	-	-	96	96
Financial assets measured at amortized cost					
Cash and cash equivalents	3,666,800	-	-	-	-
Notes receivable, trade receivable, and other receivable (including related parties)	873,754	-	-	-	-
Guarantee deposits paid	2,680	-	-	-	-
	<u>\$ 4,543,330</u>	<u>-</u>	<u>-</u>	<u>96</u>	<u>96</u>
Financial liabilities at amortized cost					
Short-term borrowings	\$ 663,143	-	-	-	-
Notes payable, accounts receivable, and other payable (including related parties)	2,660,927	-	-	-	-
Dividends payable	217,768	-	-	-	-
Long-term borrowings, due in 1 year	479,954	-	-	-	-
Loan-term borrowings	116,757	-	-	-	-
Leases liabilities	27,654	-	-	-	-
	<u>\$ 4,166,203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		December 31, 2023				
		Carrying amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss						
	Mandatorily measured at fair value through profit or loss	\$ 96	-	-	96	96
Financial assets measured at amortized cost						
	Cash and cash equivalents	3,283,001	-	-	-	-
	Notes receivable, trade receivable, and other receivable (including related parties)	1,029,767	-	-	-	-
	Guarantee deposits paid	2,680	-	-	-	-
		<u>\$ 4,315,544</u>	<u>-</u>	<u>-</u>	<u>96</u>	<u>96</u>
Financial liabilities at amortized cost						
	Short-term borrowings	\$ 560,703	-	-	-	-
	Notes payable, accounts payable, and other payable (including related parties)	3,215,076	-	-	-	-
	Long-term borrowings, due in 1 year	504,255	-	-	-	-
	Loan-term borrowings	207,925	-	-	-	-
	Leases liabilities	26,186	-	-	-	-
		<u>\$ 4,514,145</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		March 31, 2023				
		Carrying amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss						
	Mandatorily measured at fair value through profit or loss	\$ 96	-	-	96	96
Financial assets measured at amortized cost						
	Cash and cash equivalents	1,729,060	-	-	-	-
	Notes receivable, trade receivable, and other receivable (including related parties)	437,832	-	-	-	-
	Guarantee deposits paid	3,526	-	-	-	-
		<u>\$ 2,170,514</u>	<u>-</u>	<u>-</u>	<u>96</u>	<u>96</u>
Financial liabilities at amortized cost						
	Short-term borrowings	\$ 762,037	-	-	-	-
	Notes payable, accounts payable, and other payable (including related parties)	1,334,403	-	-	-	-
	Long-term borrowings, due in 1 year	485,431	-	-	-	-
	Loan-term borrowings	555,458	-	-	-	-
	Lease liabilities	31,606	-	-	-	-
		<u>\$ 3,168,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumption used for financial instruments not measured at fair value are as follows:

For financial liabilities measured at amortized cost, if there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value

The fair value of financial instruments is quoted prices if quoted prices are from an active market. Published prices from the main exchange and central government bonds regarded as usually-traded securities are both basis of fair values of listed equity instruments and debt instruments with quoted prices from an active market.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

4) Transfer between Level 1 and Level 2

There were no transfers in the three months ended March 31, 2024 and 2023.

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement.

The Group's financial instruments that use Level 3 inputs to measure fair value include "financial assets measured at fair value through profit or loss – equity investments".

Most of the Group's fair values are Level 3 "only with single significant unobservable inputs", and only equity instruments without active market have plural significant unobservable inputs. Since significant unobservable inputs of equity instruments without an active market are independent, they are not correlated.

(w) Financial risk management

There were no significant changes in the Group's financial risk management and policies as those disclosed in Note 6(w) of the consolidated financial statements for the year ended December 31, 2023.

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REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES
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(x) **Capital management**

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2023. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2023. Please refer to note 6 (x) to the consolidated financial statements for the year ended December 31, 2023 for further details.

(y) **Investing and financing activities not affecting current cash flow**

The Group's investing and financing activities, which did not affect the current cash flow in the three months ended March 31, 2024 and 2023, were as follows:

(i) For acquisition of right-of-use assets through lease, please refer to note 6(g).

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2024	Cash flows	Non-cash changes		March 31, 2024
			Acquisition	Foreign exchange movement	
Long-term borrowings (including due within 1 year)	\$ 712,180	(120,127)	-	4,658	596,711
Short-term borrowings	560,703	100,000	-	2,440	663,143
Lease liabilities	26,186	(2,049)	3,517	-	27,654
Total liabilities from financing	<u>\$ 1,299,069</u>	<u>(22,176)</u>	<u>3,517</u>	<u>7,098</u>	<u>1,287,508</u>

	January 1, 2023	Cash flows	Non-cash changes		March 31, 2023
			Acquisition	Foreign exchange movement	
Long-term borrowings (including due within 1 year)	\$ 1,050,587	(10,992)	-	1,294	1,040,889
Short-term borrowings	801,417	(39,774)	-	394	762,037
Lease liabilities	35,192	(3,586)	-	-	31,606
Total liabilities from financing	<u>\$ 1,887,196</u>	<u>(54,352)</u>	<u>-</u>	<u>1,688</u>	<u>1,834,532</u>

(7) **Related-party transactions**

(a) Names and relationship with the Group

The followings is the entities that have had transactions with the Group during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Fine Clear Co., Ltd	An associate

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REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES
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(b) Significant transactions with related parties

(i) Sales of goods to related parties

The amounts of significant sales by the Group to related parties were as follows:

	For the three months ended	
	March 31	
	2024	2023
Associates – Fine Clear Co., Ltd	\$ 14,132	10,809

The price charged to related party is incomparable to normal price because there were no similar items sold to both related and non-related parties. The credit term was 150 days, while the credit term for routine sales transactions was ranged from 30 days to 120 days. Amounts receivable from related parties were uncollateralized, and no expected credit loss were required after the assessment by the management.

(ii) Receivables from related parties

Account	Related-party type	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable	Associates – Fine Clear Co., Ltd	\$ 21,631	11,013	21,080
Accounts receivable	Associates – Fine Clear Co., Ltd	3	5,934	2,731

(iii) Payables to related parties

Account	Related-party type	March 31, 2024	December 31, 2023	March 31, 2023
Notes payable	Associates – Fine Clear Co., Ltd	\$ 630	61	34
Other payables	Associates – Fine Clear Co., Ltd	91	116	19

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended	
	March 31	
	2024	2023
Short-term employee benefits	\$ 6,341	4,875
Post-employment benefits	278	220
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	\$ 6,619	5,095

(Continued)

REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Land	Guarantee for bank loans	\$ 296,916	296,916	296,916
Buildings	Guarantee for bank loans	967,428	952,398	830,295
		<u>\$ 1,264,344</u>	<u>1,249,314</u>	<u>1,127,211</u>

(9) Significant commitments and contingencies:

(i) The Group's unrecognized contractual commitments were as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Acquisition of property, plant and equipment	<u>\$ 16,697</u>	<u>15,371</u>	<u>114,342</u>

(ii) The Group received civil complaint of trade price and notice trial which Yi-Zong Hardware Co., Ltd. claim that the Group should pay \$37,154 thousands for purchase. The complaint is on trial in Taiwan Taichung District Court, therefore, the Group does not expect material impact in the Group's operation and business.

(10) Losses due to major disasters:None

(11) Subsequent events:None

(12) Other:

(a) A summary of employee benefits, depreciation, and amortization by function, is as follows:

By item	For the three months ended March 31					
	2024			2023		
	Operating Cost	Operating expenses	Total	Operating Cost	Operating expenses	Total
Employee benefits						
Salary	104,466	77,392	181,858	74,828	44,114	118,942
Labor and health insurance	11,444	5,471	16,915	8,977	5,144	14,121
Pension	5,598	2,423	8,021	4,501	2,167	6,667
Others	2,403	773	3,176	1,506	534	2,040
Depreciation	72,278	10,808	83,086	75,920	11,901	87,820
Amortization	1,107	3,760	4,867	1,142	3,903	5,045

(b) Seasonality of operation

The Group's operations were not affected by seasonality or cyclicality factor.

(Continued)

REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES
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(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the three months ended March 31, 2024:

- (i) Lending other parties: None
(ii) Guarantees and endorsements for other parties:

(Amounts in Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	REXON INDUSTRIAL CORP., LTD	Tongxiang Rexion	2	1,537,749	(USD2,000) 64,000	(USD2,000) 64,000	(USD2,000) 64,000	-	1.66 %	1,537,749	Y	N	Y

Note1 : The total amount and the limited amount of the guarantee provided by the company to any individual subsidiary shall not exceed forty percent (40%) of the Company’s net worth.

Note2 : No.0 represents the parent company.

Note3 : The relationship between guarantee provider and guarantee party were as follows :

- 1) Companies which were in business relationship.
- 2) Subsidiaries which the company directly or indirectly held more than fifty percent (50%).
- 3) Companies with substantial control.

(iii) Securities held as of March 31, 2024 (excluding investment in subsidiaries, associates and joint ventures):

(Amounts in Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
REXON INDUSTRIAL CORP., LTD	Stock-Hwa Chung Venture Capital Corp	-	Financial assets at fair value though profit or loss-current	10	96	-	96	

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(Amounts in Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
REXON INDUSTRIAL CORP., LTD.	Tongxiang Rexion	The subsidiary	Purchase	101,718	7 %	90~150Days	(Note1)	(Note2)	(168,189)	(9) %	

Note1 : The price charged to related party is incomparable to normal price because there were no similar items purchased from both related and non-related parties.

Note2 : The payment term for the related party is 90-150 days. Apart from according to the established payment policy, the related working capital, industry characteristics, and industrial prosperity are also considered.

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REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES
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(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(Amounts in Thousands of New Taiwan Dollars)

Name of company	Name of Counter-party	Name of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Tongxiang Rexon	REXON INDUSTRIAL CORP., LTD.	Parent company	Account receivable 168,189	2.02 %	-	-	The recovery amount as of April 23, 2024 : 49,727	-

(ix) Trading in derivative instruments:None.

(x) Business relationships and significant intercompany transactions:

(Amounts in Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship (Note2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	REXON INDUSTRIAL CORP., LTD.	Tongxiang Rexon	1	Purchases	101,718	The prices were agreed upon by the two parties to the transaction.	4.65 %
0	REXON INDUSTRIAL CORP., LTD.	Tongxiang Rexon	1	Account payable	168,189	The payment terms were agreed upon by the two parties to the transaction.	1.82 %
0	REXON INDUSTRIAL CORP., LTD.	Rexon Technology	1	Purchases	36,639	The prices were agreed upon by the two parties to the transaction	1.68 %
0	REXON INDUSTRIAL CORP., LTD.	Rexon Technology	1	Account payable	23,276	The payment terms were agreed upon by the two parties to the transaction.	0.25 %
0	REXON INDUSTRIAL CORP., LTD.	P.T.S.	1	Service fee	11,859	The prices were agreed upon by the two parties to the transaction.	0.54 %
0	REXON INDUSTRIAL CORP., LTD.	P.T.S.	1	Other payable	127,352	The payment terms were agreed upon by the two parties to the transaction..	1.38 %

Note1 : Representations of No. were as follows:

- 1) No.0 represents the parent company.
- 2) Subsidiaries were numbered in sequence from No.1.

Note2 : Type of intra-group transactions were as follows:

- 1) represents the transactions form parent company to subsidiary.
- 2) represents the transactions from subsidiary to parent company.
- 3) represents the transactions between subsidiaries.

(b) Information on investees (excluding information on investees in Mainland China):

The following is the information on investees for the three months ended March 31, 2024 (excluding information on investees in Mainland China):

(Amounts in Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2024	December 31, 2023	Shares (thousands)	Percentage of wnership	Carrying value			
REXON INDUSTRIAL CORP., LTD.	Fine Clear Co.,Ltd	R.O.C	Buying and selling accessories	14,197	14,197	1,600	16 %	16,165	17	2	Investment Using Equity Method
REXON INDUSTRIAL CORP., LTD.	Rexon Technology Corp., Ltd. (Rexon Tech)	R.O.C	Manufacture and sale of electric components	293,741	293,741	7,851	82.87 %	109,851	2,988	2,476	Direct subsidiaries of the Company
REXON INDUSTRIAL CORP., LTD.	Power Tool Specialists Inc.	U.S.A	Merchandise trading	196,465	196,465	0.1	96 %	170,556	2,677	2,570	Direct subsidiaries of the Company
REXON INDUSTRIAL CORP., LTD.	Gold Item Group Ltd.	British Virgin Islands	Investing and holding	747,858	747,858	US\$25,000 (Note 1)	100 %	653,180	(13,464)	(13,464)	Direct subsidiaries of the Company
Gold Item	Gold Tech Group Ltd.	Hong Kong	Investing and holding	US\$25,000	US\$25,000	US\$25,000 (Note 1)	100 %	632,586	(13,464)	(13,464)	Direct subsidiaries of Gold Item

Note1 : Company Limited without issuing Shares. The amount of capital invested is disclosed.

(Continued)

REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(Amounts in Thousands of New Taiwan Dollars)

Investee company	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2024	Net income (losses) of the investee	Percentage of ownership	Net income (losses) recognized	Carrying value as of March 31, 2024	Accumulated remittance of earnings as of March 31, 2024
					Outflow	Inflow						
Tongxiang Rexion	Manufacture of drills, woodworking tools and fitness equipment	CNY154,465 (USD 25,000)	(Note 1)	USD 25,000 (NTD 745,565)	-	-	USD 25,000 (NTD 745,565)	(13,464)	100 %	(13,464)	632,586	-

Note 1 : The Group invested companies in Mainland China through investees in Third Region, and investees in Third Region invested companies in Mainland China through their investees in Hong Kong.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of March 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
US\$ 25,000 (NT\$745,565)	US\$ 25,000 (NT\$745,565)	2,306,624

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Kun-Ju Co., Ltd.		26,369,472	14.53 %
Trust Account entrusted by Shu-Qi Chen in Li-Tai Investing Corp., Ltd.		12,275,599	6.76 %

Note: (1) The information of major shareholders in this table is calculated by Taiwan Depository & Clearing Corporation based on the last business day at the end of each quarter, disclosing shareholders with more than 5% of the Company's ordinary shares and preferred shares that have been delivered without physical registration (including treasury shares). As for the share capital reported in the Company's financial statements and the Company's actual number of shares delivered without physical registration, there may be differences due to different calculation bases.

(2) In a situation where a shareholder entrusted the holdings, the individual account of the settlor opened by the trustee was disclosed. As for the shareholder's declaration of insider's equity holding more than 10% of the shares in accordance with the Securities and Exchange Act, his shareholding includes his own shareholding plus the shares delivered to the trust and the right to use the trust property, etc. For information on insider equity declaration, please refer to Market Observation Post System.

(14) Segment information

The reportable information of segment's profit and assets is in accordance with the consolidated financial statements. Please refer to Consolidated Statements of Financial Position and Consolidated Statements of Comprehensive Income.

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