

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

**Consolidated Financial Statements**

**With Independent Auditors' Report  
For the Years Ended December 31, 2024 and 2023**

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The independent auditors' 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' report and consolidated financial statements, the Chinese version shall prevail.

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## Representation Letter

The entities that are required to be included in the combined financial statements of Rexion Industrial Corp., Ltd. as of and for the year ended December 31, 2024 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Rexion Industrial Corp., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Rexion Industrial Corp., Ltd.

Chairman: Wang, Guan-Xiang

Date: February 26, 2025



安侯建業聯合會計師事務所

KPMG

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## Independent Auditors' Report

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

### Opinion

We have audited the consolidated financial statements of Rexion Industrial Corp., Ltd. and its subsidiaries (“the Group”), which comprise the consolidated balance sheet as of December 31, 2024 and 2023, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### 1. Revenue recognition

Please refer to Note 4(o) and Note 6(t) of the consolidated financial statements for accounting policies on revenue recognition and revenue recognition, respectively.

Description of key audit matter:

The Group recognizes revenue when the control over a product has been transferred to the customer as specified on the various sales terms in each individual contract with customers. Revenue is recognized in each individual contract with customers. The improper timing in recognition of revenue before and after the financial reporting date may materially impact financial statements. Therefore, revenue recognition is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures include testing the effectiveness of internal control on recognition of revenue; ensuring the transaction conditions and revenue of the sale contracts have been properly recorded; random sampling of sales transactions within a certain period before and after the financial reporting date; analyzing the client contract of the sample; and evaluating the transaction conditions contained in the sales contract to confirm that revenue recognition has been recorded in an appropriate period.

## 2. Valuation of Inventories

The accounting principle of inventory, refer to consolidated financial statements Note 4 (h), the assessment of accounting estimate and assumption uncertainty, refer to consolidated financial statements Note 5 (b); the explanation of inventory assessment refers to consolidated financial statements Note 6 (d).

Description of key audit matter:

Due to the introduction of new products such as machine tools or fitness machines may cause significant changes in consumer demand, the original product outdated may no longer meet the market demand, or by the electric tool market recession and competitors' low-cost strategy and other factors so that the sale of related products may be volatile, it easily leads to the cost of inventory may exceed its net realizable value of the risk; therefore, inventory valuation is considered as one of a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, includes the allowance for uncollectible inventory valuation losses of the Group and the rationale of calculation method, implementation of the sampling procedures to check the inventory and the net realized value to compare with the past period situation and analyze whether the loss of the value of the deposit in the current period is disclosure appropriately.

## Other Matter

Rexon Industrial Corp., Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2024 and 2023, on which we have issued an unmodified opinion.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)  
February 26, 2025

#### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China.

The independent auditors' 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' report and consolidated financial statements, the Chinese version shall prevail.

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

**Consolidated Balance Sheets**

**December 31, 2024 and 2023**

(Expressed in thousands of New Taiwan Dollar)

		<u>December 31, 2024</u>		<u>December 31, 2023</u>				<u>December 31, 2024</u>		<u>December 31, 2023</u>	
		Amount	%	Amount	%			Amount	%		
<b>Assets</b>						<b>Liabilities and Equity</b>					
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note 6(a))	\$ 2,372,119	32	3,283,001	36	2100	Short-term borrowings (note 6(k) and 8)	\$ 536,845	7	560,703	6
1110	Current financial assets at fair value through profit or loss	96	-	96	-	2130	Current contract liabilities (note 6(u))	49,673	1	57,838	1
1150	Notes receivable, net (note 6(b))	1,904	-	84	-	2150	Notes payable(note 6(j))	143,986	2	618,709	7
1160	Notes receivable due from related parties, net (note 6(b) and 7)	9,966	-	11,013	-	2160	Notes payable to related parties (note 6(j) and 7)	170	-	61	-
1170	Accounts receivable, net (note 6(b))	649,993	9	1,010,074	11	2170	Accounts payable(note 6(j))	719,432	11	1,846,944	20
1180	Accounts receivable due from related parties, net (note 6(b) and 7)	5,239	-	5,934	-	2200	Other payables(note 6(n))	836,807	12	749,246	8
1200	Other receivables, net (note 6(c))	2,928	-	2,662	-	2220	Other payables to related parties(note 7)	24	-	116	-
1220	Current tax assets	2,750	-	3,004	-	2230	Current tax liabilities	36,152	-	64,476	1
130X	Inventories (note 6(d))	484,616	7	740,957	8	2365	Current refund liabilities(note 6(p))	198,353	3	246,173	3
1479	Other current assets (note 6(i))	<u>73,006</u>	<u>1</u>	<u>105,276</u>	<u>1</u>	2280	Current lease liabilities (note 6(o))	8,090	-	6,482	-
		<u>3,602,617</u>	<u>49</u>	<u>5,162,101</u>	<u>56</u>	2320	Long-term borrowing, current portion(note 6(m) and 8)	233,418	3	504,255	5
						2399	Other current liabilities, others (note 6(k))	<u>537,619</u>	<u>7</u>	<u>508,012</u>	<u>5</u>
								<u>3,300,569</u>	<u>46</u>	<u>5,163,015</u>	<u>56</u>
<b>Non-current assets:</b>						<b>Non-Current liabilities:</b>					
1550	Investments accounted for using equity method, net (note 6(e))	16,305	-	16,163	-	2540	Long-term borrowings (note 6(m) and 8)	87,500	1	207,925	3
1600	Property, plant and equipment (note 6(f) and 8)	3,222,305	43	3,494,030	38	2570	Deferred tax liabilities	219	-	-	-
1755	Right-of-use assets (note 6(g))	81,537	1	77,518	1	2580	Non-current lease liabilities (note 6(o))	<u>20,898</u>	<u>-</u>	<u>19,704</u>	<u>-</u>
1780	Intangible assets (note 6(h))	60,476	1	62,235	1			<u>108,617</u>	<u>1</u>	<u>227,629</u>	<u>3</u>
1840	Deferred tax assets	115,955	2	132,861	1		<b>Total liabilities</b>	<u>3,409,186</u>	<u>47</u>	<u>5,390,644</u>	<u>59</u>
1920	Guarantee deposits paid	1,698	-	2,680	-	<b>Equity attributable to owners of parent: (note 6(s))</b>					
1975	Net defined benefit asset, non-current	240,780	3	220,140	3	3100	Ordinary shares	1,814,735	25	1,814,735	20
1990	Other non-current assets (note 6(i))	<u>41,078</u>	<u>1</u>	<u>45,157</u>	<u>-</u>	3200	Capital surplus	586	-	586	-
		3,780,134	51	4,050,784	44	3300	Retained earnings	2,248,871	30	2,131,282	23
						3400	Other equity	<u>(119,135)</u>	<u>(2)</u>	<u>(152,298)</u>	<u>(2)</u>
							<b>Total equity attributable to owners of parent</b>	<u>3,945,057</u>	<u>53</u>	<u>3,794,305</u>	<u>41</u>
						36XX	<b>Non-controlling interests</b>	<u>28,508</u>	<u>-</u>	<u>27,936</u>	<u>-</u>
							<b>Total equity</b>	<u>3,973,565</u>	<u>53</u>	<u>3,822,241</u>	<u>41</u>
							<b>Total liabilities and equity</b>	<u>\$ 7,382,751</u>	<u>100</u>	<u>9,212,885</u>	<u>100</u>
	<b>Total assets</b>	<u>\$ 7,382,751</u>	<u>100</u>	<u>9,212,885</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 nine months ended September 30, 2024 and 2023**  
(Expressed in thousands of New Taiwan Dollar , except earnings per share)

	<u>2024</u>		<u>2023</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000 Operating revenue (note 6(u) and 7)	\$ 6,099,286	100	6,708,461	100
5000 Operating costs (note 6(d) 、(q))	<u>5,159,907</u>	<u>85</u>	<u>5,592,241</u>	<u>83</u>
<b>Gross profit from operations</b>	<u>939,379</u>	<u>15</u>	<u>1,116,220</u>	<u>17</u>
6000 <b>Operating expenses</b> (note 6(q) and (v)):				
6100 Selling expenses	303,170	5	262,258	4
6200 Administrative expenses	234,871	4	200,424	3
6300 Research and development expenses	<u>179,471</u>	<u>3</u>	<u>173,687</u>	<u>3</u>
	<u>717,512</u>	<u>12</u>	<u>636,369</u>	<u>10</u>
<b>Net operating income</b>	<u>221,867</u>	<u>3</u>	<u>479,851</u>	<u>7</u>
7000 <b>Non-operating income and expenses:</b>				
7100 Interest income (note 6(w))	74,214	1	25,913	-
7010 Other income (note 6(w))	42,474	1	38,522	-
7020 Other gains and losses, net (note 6(w))	85,538	1	(93,986)	(1)
7050 Finance costs, net (note 6(m) and (w))	(22,069)	-	(32,702)	-
7060 Share of profit of associates accounted for using equity method (note 6(e))	<u>142</u>	<u>-</u>	<u>143</u>	<u>-</u>
	<u>180,299</u>	<u>3</u>	<u>(62,110)</u>	<u>(1)</u>
7900 <b>Profit before income tax</b>	402,166	6	417,741	6
7950 <b>Income tax expense</b> (note 6(r))	<u>83,154</u>	<u>1</u>	<u>106,702</u>	<u>1</u>
8200 <b>Profit</b>	<u>319,012</u>	<u>5</u>	<u>311,039</u>	<u>5</u>
8300 <b>Other comprehensive income (loss):</b>				
8310 <b>Items that may not be reclassified subsequently to profit or loss</b>				
8311 Gains on remeasurements of defined benefit plans (note 6(o))	<u>16,525</u>	<u>-</u>	<u>10,255</u>	<u>-</u>
8360 <b>Items that may be reclassified subsequently to profit or loss:</b>				
8361 Exchange differences on translation (note 6(q))	41,846	1	(10,474)	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss(note 6(r))	<u>(8,291)</u>	<u>-</u>	<u>2,094</u>	<u>-</u>
	<u>33,555</u>	<u>1</u>	<u>(8,380)</u>	<u>-</u>
8300 <b>Other comprehensive income (after tax)</b>	<u>50,080</u>	<u>1</u>	<u>1,875</u>	<u>-</u>
8500 <b>Comprehensive income</b>	<u>\$ 369,092</u>	<u>6</u>	<u>312,914</u>	<u>5</u>
<b>Profit attributable to:</b>				
8610 Owners of parent	\$ 318,832	5	308,768	5
8620 Non-controlling interests	<u>180</u>	<u>-</u>	<u>2,271</u>	<u>-</u>
	<u>\$ 319,012</u>	<u>5</u>	<u>311,039</u>	<u>5</u>
<b>Comprehensive income attributable to:</b>				
8710 Owners of parent	\$ 368,520	6	310,648	5
8720 Non-controlling interests	<u>572</u>	<u>-</u>	<u>2,266</u>	<u>-</u>
	<u>\$ 369,092</u>	<u>6</u>	<u>312,914</u>	<u>5</u>
<b>Earnings per share (NT dollars)</b> (note 6 (t))				
9750 <b>Basic earnings per share</b>	<u>\$ 1.76</u>		<u>1.70</u>	
9850 <b>Diluted earnings per share</b>	<u>\$ 1.74</u>		<u>1.69</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 years ended December 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			
<b>Balance on January 1, 2023</b>	\$ 1,814,735	586	475,923	163,182	1,173,154	1,812,259	(143,923)	3,483,657	25,670	3,509,327
Appropriation and distribution of retained earnings:										
Reversal of special reserve	-	-	-	(19,259)	19,259	-	-	-	-	-
Profit for the period for the year months ended December 31, 2023	-	-	-	-	308,768	308,768	-	308,768	2,271	311,039
Other comprehensive income for the period for the year months ended December 31, 2023	-	-	-	-	10,255	10,255	(8,375)	1,880	(5)	1,875
Comprehensive income	-	-	-	-	319,023	319,023	(8,375)	310,648	2,266	312,914
<b>Balance on December 31, 2023</b>	\$ 1,814,735	586	475,923	143,923	1,511,436	2,131,282	(152,298)	3,794,305	27,936	3,822,241
<b>Balance on January 1, 2024</b>	\$ 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:										
Legal reserve	-	-	31,065	-	(31,065)	-	-	-	-	-
Special reserve	-	-	-	8,375	(8,375)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(217,768)	(217,768)	-	(217,768)	-	(217,768)
	-	-	31,065	8,375	(257,208)	(217,768)	-	(217,768)	-	(217,768)
Profit for the period	-	-	-	-	318,832	318,832	-	318,832	180	319,012
Other comprehensive income for the period	-	-	-	-	16,525	16,525	33,163	49,688	392	50,080
	-	-	-	-	335,357	335,357	33,163	368,520	572	369,092
<b>Balance on December 31, 2024</b>	\$ 1,814,735	586	506,988	152,298	1,589,585	2,248,871	(119,135)	3,945,057	28,508	3,973,565

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 nine months ended September 30, 2024 and 2023**

**(Expressed in thousands of New Taiwan Dollar)**

	2024	2023
<b>Cash flows from operating activities:</b>		
<b>Profit (loss) before tax</b>	\$ 402,166	417,741
<b>Adjustments:</b>		
Adjustments to reconcile profit:		
Depreciation expenses	317,345	353,209
Amortization expenses	20,022	21,156
Interest expenses	22,069	32,702
Interest income	(74,214)	(25,913)
Shares of profit of associates accounted for using equity method	(142)	(143)
Losses on disposal of property, plant and equipment	12,980	7,737
Impairment loss of property, plant and equipment	43,735	24,574
Total adjustments to reconcile profit	341,795	413,322
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
(Increase) decrease in notes receivable	(1,820)	203
(Increase) decrease in notes receivable due from related parties	1,047	20,709
Decrease (increase) in accounts receivable	360,081	(272,360)
Decrease in accounts receivable due from related parties	695	2,860
Increase in other receivables	(2,191)	16
Decrease (increase) in inventories	256,341	(158,141)
Decrease (increase) in other current assets	32,270	(16,813)
(Increase) in net defined benefit assets	(4,115)	-
Decrease in other operating assets	1,512	1,788
Total changes in operating assets	643,820	(421,738)
<b>Changes in operating liabilities:</b>		
(Decrease) increase in contract liabilities	(8,165)	19,125
(Decrease) increase in notes payable	(474,723)	182,601
Increase (decrease) in notes payable to related parties	109	(33)
(Decrease) increase in accounts payable	(1,127,512)	1,238,989
Increase in other payable	77,504	146,808
(Decrease) increase in other payable to related parties	(92)	110
(Decrease) increase in other current liabilities	(18,213)	75,164
Decrease in net defined benefit liabilities	-	(3,880)
Total changes in operating liabilities	(1,551,092)	1,658,884
Total changes in operating assets and liabilities	(907,272)	1,237,146
Total adjustments	(565,477)	1,650,468
Cash outflow generated from operations	(163,311)	2,068,209
Interest received	76,139	23,512
Dividends received	-	400
Interest paid	(22,463)	(32,869)
Income taxes (paid) refund	(102,389)	10,305
<b>Net cash flows used in operating activities</b>	(212,024)	2,069,557
<b>Cash flows from investing activities:</b>		
Acquisition of property, plant and equipment	(28,916)	(137,206)
Proceeds from disposal of property, plant and equipment	830	23,269
Increase in refundable deposits	982	(754)
Acquisition of intangible assets	(18,193)	(16,510)
Increase in prepayments for business facilities	(20,954)	(35,971)
<b>Net cash flows used in investing activities</b>	(66,251)	(167,172)
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	1,571,610	2,076,794
Decrease in short-term borrowings	(1,599,353)	(2,316,616)
Increase from long-term borrowings	168,423	52,031
Repayments of long-term borrowings	(565,715)	(390,438)
Payment of lease liabilities	(8,705)	(10,697)
Cash dividends paid	(217,768)	-
<b>Net cash flows used in financing activities</b>	(651,508)	(588,926)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	18,901	(1,217)
<b>Net (decrease) increase in cash and cash equivalents</b>	(910,882)	1,312,242
<b>Cash and cash equivalents at beginning of period</b>	3,283,001	1,970,759
<b>Cash and cash equivalents at end of period</b>	\$ 2,372,119	3,283,001

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**  
**For the years ended December 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**

These consolidated financial statements were authorized for issue by the Board of Directors on February 26, 2025.

**(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 endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

- (c) 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:

(Continued)

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

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>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.</p> <ul style="list-style-type: none"> <li>● 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.</li> <li>● 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.</li> <li>● 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.</li> </ul>	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.

(Continued)

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

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”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

**(4) Summary of material accounting policies**

The accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

**(a) Statement of compliance**

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations” ) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C.

**(b) Basis of preparation**

**(i) Basis of measurement**

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation.

**(ii) Functional and presentation currency**

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(Continued)

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

(c) **Basis of consolidation**

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

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

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

(d) **Foreign currencies**

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

(Continued)

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

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) **Classification of current and non-current assets and liabilities**

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

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (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.

(Continued)

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

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

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group 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.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(Continued)

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

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes receivable and account receivables, other receivables, and guarantee deposit paid) and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

(Continued)

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;  
or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

(Continued)

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

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

4) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

(Continued)

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

4) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) **Inventories**

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) **Investment in associates**

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(Continued)

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

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

**(i) Recognition and measurement**

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

**(ii) Subsequent expenditure**

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

**(iii) Depreciation**

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straightline basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- 1) buildings 2~60 years
- 2) machinery and equipment 2~10 years
- 3) mold and tooling equipment 2~10 years
- 4) office equipment and other facilities 2~10 years
- 5) The significant portion of building consists of its main building, miscellaneous parts, machinery and equipment, and the estimated useful lives are as following:

<u>Compose item</u>	<u>Useful Lives</u>	<u>Compose item</u>	<u>Useful Lives</u>
Buildings:		Machinery and equipment:	
Main building	41~60 years	Welding machine and circular saw	10 years
Fire engineering	43 years	Conveyer	10 years
Electrical and mechanical in construction	38 years	Other	2 years
Other	2 years		

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(Continued)

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

**(k) Leases**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**(i) As a lessee**

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

(Continued)

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

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including photocopying equipment, dormitory and sporadic leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(l) **Intangible assets**

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

(Continued)

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

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

Computer software	1~10 years
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Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) **Impairment of non-financial assets**

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(Continued)

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

**(n) Provisions**

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

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

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

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

**1) Sale of goods**

The Group manufactures and sells woodworking tools and fitness equipment to retail stores, fitness club, and fitness equipment specialty chain stores around the world. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group's obligation to provide a refund for faulty drilling machine under the standard warranty terms is recognized as a provision for warranty; please refer to note 4(n).

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

**2) Financing components**

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

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**REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES**  
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**(p) Employee benefits**

**(i) Defined contribution plans**

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

**(ii) Defined benefit plans**

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of plan assets

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs

**(iii) Short-term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(q) Income taxes**

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax

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**REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES**  
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rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - 1) the same taxable entity; or
  - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**(r) Earnings per share**

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee compensation.

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**REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES**  
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(s) **Operating segments**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

In preparing these consolidated financial statements, management has made 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.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(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.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows.

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(d) for further description of the valuation of inventories.

(c) Recognition and measurement of provisions

Provision for warranty is estimated when product revenue is recognized. The estimate has been made based on the historical defective rate of the products. The Group regularly reviews the basis of the estimate and, if necessary, amends it as appropriate. There could be a significant impact on provision for warranty for any change in the basis of the estimate.

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**REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES**  
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The Group's accounting policies and disclosures include the use of fair value to measure its financial and non-financial assets and liabilities. The Group has established relevant internal control system for the fair value. This includes establishing an evaluation team responsible for reviewing all significant fair value (including Level 3 fair value) and reporting directly to the financial executive. The evaluation team regularly reviews the significant unobservable input values and adjustments. If the input values used for measuring the fair values of financial and non-financial instruments come from external third party (such as a broker or a pricing service agency), the evaluation team will evaluate the supporting evidence provided by the third party to ensure the evaluation and the level of fair values conform to IFRS requirements.

The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- a. Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- b. Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- c. Level 3: inputs for the assets or liability that are not based on observable market data (unobservable parameters).

**(6) Explanation of significant accounts**

**(a) Cash and cash equivalents**

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Petty cash and cash on hand	\$ 1,889	1,413
Checking and demand deposits	1,334,069	2,348,006
Time deposits	<u>1,036,161</u>	<u>933,582</u>
Cash and cash equivalents in the consolidated statement of cash flows	<b><u>\$ 2,372,119</u></b>	<b><u>3,283,001</u></b>

Please refer to note(v) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Group.

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

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Notes receivable from operating activities	\$ 1,904	84
Notes receivable from operating activities-related parties	9,966	11,013
Less: Loss allowance	<u>-</u>	<u>-</u>
	<b><u>\$ 11,870</u></b>	<b><u>11,097</u></b>
Accounts receivable-measured at amortized cost	\$ 651,596	1,011,677
Accounts receivable from related parties-measured at amortized cost	5,239	5,934
Less: Loss allowance	<u>(1,603)</u>	<u>(1,603)</u>
	<b><u>\$ 655,232</u></b>	<b><u>1,016,008</u></b>

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**REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES**  
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- (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:

	<b>December 31, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 474,763	0.02%	74
1 to 90 days past due	193,942	0.79%	1,529
91 to 180 days past due	-		-
181 to 360 days past due	-		-
Over 360 days past due	-		-
<b>Total</b>	<b>\$ 668,705</b>		<b>1,603</b>

	<b>December 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
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	-	-	-
<b>Total</b>	<b>\$ 1,028,708</b>		<b>1,603</b>

- (ii) The movement in the allowance for notes and accounts receivables were as follows:

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

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

(c) **Other receivables**

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Other receivables	\$ 14,175	13,909
Less: Loss allowance	(11,247)	(11,247)
	<b>\$ 2,928</b>	<b>2,662</b>

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

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

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

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

(d) **Inventories**

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Finished goods	\$ 209,806	292,924
Work in progress	44,577	97,753
Materials	72,439	111,889
Parts	152,602	232,764
Merchandise	<u>5,192</u>	<u>5,627</u>
	<u>\$ 484,616</u>	<u>740,957</u>

Details of inventory related losses (profit) were as follows:

	<u>2024</u>	<u>2023</u>
Write-down of inventories	\$ -	8,554
Inventory scrap loss	5,750	9,047
Inventory shortage	(621)	217
Revenue from sale of scraps	<u>(4,093)</u>	<u>(19,098)</u>
	<u>1,036</u>	<u>(1,280)</u>

As of December 31, 2024 and 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:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Associates	\$ <u>16,305</u>	<u>16,163</u>

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**REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES**  
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## (i) Associates

Affiliated company's information:

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

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amount of individually insignificant associates' equity	<u>\$ 16,305</u>	<u>16,163</u>
	<u>2024</u>	<u>2023</u>
Attributable to the Group:		
Profit from continuing operations	\$ 142	143
Other comprehensive income	-	-
Comprehensive income	<u>\$ 142</u>	<u>143</u>

## (ii) Investments pledge

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

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

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

	<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>
<b>Cost or deemed cost:</b>						
Balance on January 1, 2024	\$ 1,178,255	2,855,488	867,518	844,702	167,287	5,913,250
Additions	-	11,561	5,786	15,934	6,087	39,368
Disposal	-	-	(2,340)	(50,027)	(19,176)	(71,543)
Reclassification	-	-	16,204	7,047	270	23,521
Effect of movements in exchange rates	332	38,904	7,367	5,890	1,376	53,869
Balance on December 31, 2024	<u>\$ 1,178,587</u>	<u>2,905,953</u>	<u>894,535</u>	<u>823,546</u>	<u>155,844</u>	<u>5,958,465</u>

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**REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES**  
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	<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>
Balance on January 1, 2023	\$ 1,141,147	2,236,235	845,703	857,009	166,666	5,246,760
Additions	52,498	47,104	6,678	31,875	6,121	144,276
Disposal	(15,360)	(13,028)	(6,314)	(57,871)	(5,292)	(97,865)
Reclassification	-	597,027	23,822	15,656	70	636,575
Effect of movements in exchange rates	(30)	(11,850)	(2,371)	(1,967)	(278)	(16,496)
Balance on December 31, 2023	<u>\$ 1,178,255</u>	<u>2,855,488</u>	<u>867,518</u>	<u>844,702</u>	<u>167,287</u>	<u>5,913,250</u>
<b>Depreciation :</b>						
Balance on January 1, 2024	\$ -	1,095,568	496,648	698,145	128,859	2,419,220
Depreciation for the year	-	117,722	100,846	77,236	11,271	307,075
Disposal	-	-	(2,104)	(39,361)	(16,269)	(57,734)
Impairment loss	-	-	43,735	-	-	43,735
Effect of movements in exchange rates	-	13,826	4,987	3,830	1,221	23,864
Balance on December 31, 2024	<u>\$ -</u>	<u>1,227,116</u>	<u>644,112</u>	<u>739,850</u>	<u>125,082</u>	<u>2,736,160</u>
Balance on January 1, 2023	\$ -	980,446	400,913	626,023	120,251	2,127,633
Depreciation for the year	-	131,699	101,865	94,024	13,524	341,112
Disposal	-	(12,407)	(4,532)	(45,230)	(4,690)	(66,859)
Impairment loss	-	-	-	24,574	-	24,574
Effect of movements in exchange rates	-	(4,170)	(1,598)	(1,246)	(226)	(7,240)
Balance on December 31, 2023	<u>\$ -</u>	<u>1,095,568</u>	<u>496,648</u>	<u>698,145</u>	<u>128,859</u>	<u>2,419,220</u>
<b>Carrying amounts :</b>						
Balance on December 31, 2024	<u>\$ 1,178,587</u>	<u>1,678,837</u>	<u>250,423</u>	<u>83,696</u>	<u>30,762</u>	<u>3,222,305</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 December 31, 2023	<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>

- (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) As of December 31, 2024 and 2023, the Group recognized an impairment loss of \$43,735 thousand and \$24,574 thousand on the book value of machinery and mold equipment that are over the useful life and are expected to scrap.
- (iii) Gain or losses of disposal, please refer to Note 6(v).
- (iv) As of December 31, 2024 and 2023, property, plant and equipment of the Group were pledged as collateral for long-term loans; please refer to note 8.

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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 were presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
<b>Cost:</b>				
Balance on January 1, 2024	\$ 86,255	-	20,393	106,648
Additions	-	-	11,616	11,616
Reductions	-	-	(14,474)	(14,474)
Effect of movement in exchange rates	3,032	-	-	3,032
Balance on December 31, 2024	<u>\$ 89,287</u>	<u>-</u>	<u>17,535</u>	<u>106,822</u>
Balance on January 1, 2023	\$ 87,243	14,799	20,078	122,120
Additions	-	-	1,691	1,691
Reductions	-	(14,799)	(1,376)	(16,175)
Effect of movement in exchange rates	(988)	-	-	(988)
Balance on December 31, 2023	<u>\$ 86,255</u>	<u>-</u>	<u>20,393</u>	<u>106,648</u>
<b>Accumulated depreciation :</b>				
Balance on January 1, 2024	\$ 14,084	-	15,046	29,130
Depreciation for the year	4,177	-	6,093	10,270
Reductions	-	-	(14,474)	(14,474)
Effect of movement in exchange rates	359	-	-	359
Balance on December 31, 2024	<u>\$ 18,620</u>	<u>-</u>	<u>6,665</u>	<u>25,285</u>
Balance on January 1, 2023	\$ 10,284	13,566	9,474	33,324
Depreciation for the year	3,916	1,233	6,948	12,097
Reductions	-	(14,799)	(1,376)	(16,175)
Effect of movement in exchange rates	(116)	-	-	(116)
Balance on December 31, 2023	<u>\$ 14,084</u>	<u>-</u>	<u>15,046</u>	<u>29,130</u>
<b>Carrying amount:</b>				
Balance on December 31, 2024	<u>\$ 70,667</u>	<u>-</u>	<u>10,870</u>	<u>81,537</u>
Balance on January 1, 2023	<u>\$ 76,959</u>	<u>1,233</u>	<u>10,604</u>	<u>88,796</u>
Balance on December 31, 2023	<u>\$ 72,171</u>	<u>-</u>	<u>5,347</u>	<u>77,518</u>

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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 years ended December 31, 2024 and 2023 , were as follows:

	<u>Goodwill</u>	<u>Computer Software</u>	<u>Total</u>
<b>Costs:</b>			
Balance at January 1, 2024	\$ 43,293	176,565	219,858
Additions	-	18,193	18,193
Reductions	-	(1,539)	(1,539)
Effect of movement in exchange rates	-	436	436
Balance at December 31, 2024	<u>\$ 43,293</u>	<u>193,655</u>	<u>236,948</u>
Balance at January 1, 2023	\$ 43,293	162,276	205,569
Additions	-	16,510	16,510
Reductions	-	(2,077)	(2,077)
Effect of movement in exchange rates	-	(144)	(144)
Balance at December 31, 2023	<u>\$ 43,293</u>	<u>176,565</u>	<u>219,858</u>
<b>Amortization:</b>			
Balance at January 1, 2024	\$ -	157,623	157,623
Amortization for the year	-	20,022	20,022
Reductions	-	(1,539)	(1,539)
Effect of movement in exchange rates	-	366	366
Balance at December 31, 2024	<u>\$ -</u>	<u>176,472</u>	<u>176,472</u>
Balance at January 1, 2023	\$ -	138,665	138,665
Amortization for the year	-	21,156	21,156
Reductions	-	(2,077)	(2,077)
Effect of movement in exchange rates	-	(121)	(121)
Balance at December 31, 2023	<u>\$ -</u>	<u>157,623</u>	<u>157,623</u>
<b>Carrying value:</b>			
Balance at December 31, 2024	<u>\$ 43,293</u>	<u>17,183</u>	<u>60,476</u>
Balance at January 1, 2023	<u>\$ 43,293</u>	<u>23,611</u>	<u>66,904</u>
Balance at December 31, 2023	<u>\$ 43,293</u>	<u>18,942</u>	<u>62,235</u>

(i) **Amortization**

The amortization of intangible assets is included in the statement of comprehensive income:

	<u>2024</u>	<u>2023</u>
Operating cost	\$ 5,133	4,535
Operating expenses	14,889	16,621
	<u>\$ 20,022</u>	<u>21,156</u>

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(ii) Disclosure on pledges

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

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

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

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Other current assets:		
Prepayments	\$ 39,063	28,306
Business tax receivables	20,195	64,623
Others	<u>13,748</u>	<u>12,347</u>
	<b><u>\$ 73,006</u></b>	<b><u>105,276</u></b>

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Other non-current assets:		
Prepayments for equipment	\$ 39,739	42,306
Others	<u>1,339</u>	<u>2,851</u>
	<b><u>\$ 41,078</u></b>	<b><u>45,157</u></b>

(j) Trade and notes payable

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Trade payable	\$ 719,432	1,846,944
Notes payable	<u>144,156</u>	<u>618,770</u>
	<b><u>\$ 863,588</u></b>	<b><u>2,465,714</u></b>

(k) **Short-term borrowings**

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Unsecured bank loans	\$ 400,000	200,000
Secured bank loans	<u>136,845</u>	<u>360,703</u>
	<b><u>\$ 536,845</u></b>	<b><u>560,703</u></b>
Unused short-term credit lines	<b><u>\$ 3,482,492</u></b>	<b><u>3,360,703</u></b>
Range of interest rate	<b><u>1.75%~4.3%</u></b>	<b><u>1.725%~4.3%</u></b>

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

(Continued)

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

(l) **Other current liabilities**

The details of other current liabilities were summarized as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Temporary receipt	\$ 528,301	498,452
Advance receipts	3,566	3,566
Others	<u>5,752</u>	<u>5,994</u>
	<b><u>\$ 537,619</u></b>	<b><u>508,012</u></b>

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

The cancellation payment of temporary receipts is because the customer has reached an agreement with the Group and had received it in November, 2022. The Group will then transfer the part of the payment to the supplier in the form of payment on behalf of others or receipts under custody with the agreement. As of December 31, 2024, the remaining balance of temporary receipts for the cancellation payment is \$204,767 thousand.

(m) **Long-term borrowings**

The details of long-term borrowings were as follows:

<b>December 31, 2024</b>				
	<b>Currency</b>	<b>Rate</b>	<b>Maturity year</b>	<b>Amount</b>
Secured bank loans	NTD	1.2%~2.04%	2024~2026	\$ 181,667
Secured bank loans	RMB	4%	2025	68,418
Unsecured bank loans	NTD	1.8%~1.925%	2026	<u>70,833</u>
				320,918
Less : current portion				<u>(233,418)</u>
Total				<b><u>\$ 87,500</u></b>
Unused long-term credit lines				<b><u>\$ 155,092</u></b>
<b>December 31, 2023</b>				
	<b>Currency</b>	<b>Rate</b>	<b>Maturity year</b>	<b>Amount</b>
Secured bank loans	NTD	1.7%~1.85%	2024~2025	\$ 478,334
Secured bank loans	RMB	4.35%	2024~2025	51,593
Unsecured bank loans	NTD	1.8%	2026	120,833
Unsecured bank loans	USD	6.66%	2025	<u>61,420</u>
				712,180
Less : current portion				<u>(504,255)</u>
Total				<b><u>\$ 207,925</u></b>
Unused long-term credit lines				<b><u>\$ 190,780</u></b>

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

(Continued)

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

(n) Other payables

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Advertising expenses	\$ 531,431	489,866
Year-end bonus, salary, and unused vacation bonus.	124,360	131,452
Employee compensation and supervisor compensation.	51,824	42,589
Others	129,192	85,339
	<u><u>\$ 836,807</u></u>	<u><u>749,246</u></u>

(o) Lease liabilities

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Current	\$ 8,090	6,482
Non-current	\$ 20,898	19,704

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

The amounts recognized in profit or loss were as follows:

	<b>2024</b>	<b>2023</b>
Interest expense on lease liabilities	\$ 355	317

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

	<b>2024</b>	<b>2023</b>
Total cash outflow for leases	\$ 9,060	11,014

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

(p) Current refund liabilities

	<b>Warranties</b>
Balance at January 1, 2024	\$ 246,173
Provisions made during the year	123,262
Provisions used during the year	<u>(171,082)</u>
Balance at March 31, 2024	<u><u>\$ 198,353</u></u>
Balance at January 1, 2023	\$ 201,389
Provisions made during the year	144,349
Provisions used during the year	<u>(99,565)</u>
Balance at March 31, 2023	<u><u>\$ 246,173</u></u>

(Continued)

**REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES**  
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The provision for warranties relates mainly to automatic facilities and fitness equipment sold during the year ended December 31, 2024 and 2023. The provision is based on estimates made from historical defect rate associated with similar products and services. The Group expects to settle the liability over the next two quarters.

(q) **Employee benefits**

(i) **Defined benefit plans**

Reconciliation of the defined benefit obligations at present value and plan asset at fair value were as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Present value of the defined benefit obligations	\$ 126,541	156,035
Fair value of plan assets	(367,321)	(376,175)
Net defined benefit asset	<u>\$ (240,780)</u>	<u>(220,140)</u>

The Group's employee benefit liabilities were as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Vacation liability	<u>\$ 16,692</u>	<u>16,692</u>

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) **Composition of plan assets**

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of the Labor Funds, Ministry of Labor. With regards to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$367,321 thousand as of December 31, 2024. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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

2) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations of the Group for the years ended December 31, 2024 and 2023, were as follows:

	<u>2024</u>	<u>2023</u>
Defined benefit obligations at January 1	\$ 156,035	167,923
Current service costs and interest cost	2,881	3,526
Remeasurements of the net defined benefit liability (asset)		
— Due to experience adjustments of actuarial (losses) gains	8,655	(10,453)
— Due to changes in financial assumption of actuarial (losses) gains	7,007	1,855
Benefits paid	<u>(48,037)</u>	<u>(6,816)</u>
Defined benefit obligations at December 31	<u>\$ 126,541</u>	<u>156,035</u>

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	<u>2024</u>	<u>2023</u>
Fair value of plan assets at January 1	\$ 376,175	373,928
Interest income	6,098	6,541
Remeasurement of the net defined benefit liability (asset)		
— Return on plan assets (excluding interest income)	32,187	1,657
Benefits paid	898	865
Expected return on plan assets	<u>(48,037)</u>	<u>(6,816)</u>
Fair value of plan assets at December 31	<u>\$ 367,321</u>	<u>376,175</u>

(Continued)

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

4) Expenses recognized in profit or loss

Expenses recognized in profits or losses for the Group were as follows:

	<u>2024</u>	<u>2023</u>
Current service costs	\$ 367	599
Net interest of net liabilities (asset) for defined benefit obligations	<u>(3,584)</u>	<u>(3,614)</u>
	<u>\$ (3,217)</u>	<u>(3,015)</u>

	<u>2024</u>	<u>2023</u>
Recognized pension expenses	<u>\$ (3,217)</u>	<u>(3,015)</u>

5) Remeasurement in net defined benefit liability (asset) recognized in other comprehensive income

The Group's remeasurement in the net defined benefit liability (asset) recognized in other comprehensive income for the years ended December 31, 2024 and 2023, were as follows:

	<u>2024</u>	<u>2023</u>
Cumulative amount at January 1	\$ 1,774	(8,481)
Recognized during the period	<u>16,525</u>	<u>10,255</u>
Accumulated amount at December 31	<u>\$ 18,299</u>	<u>1,774</u>

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	<u>2024.12.31</u>	<u>2023.12.31</u>
Discount rate	2.000 %	1.625 %
Future salary increase rate	3.000 %	2.000 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$891 thousand.

The weighted average lifetime of the defined benefit plans is 11.09 years.

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

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<b>Influences of defined benefit obligations</b>	
	<b>Increased 0.25%</b>	<b>Decreased 0.25%</b>
December 31, 2024		
Discount rate	\$ (2,984)	3,084
Future salary increases	2,983	(2,903)
December 31, 2023		
Discount rate	\$ (3,680)	3,803
Future salary increases	3,700	(3,599)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2024 and 2023.

(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$20,733 thousand and \$19,569 thousand for the years ended December 31, 2024 and 2023, respectively.

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 \$6,301 thousand and \$5,028 thousand.

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

(r) **Income taxes**

(i) The components of income tax in the years 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Current tax expense (benefit)		
Current period	\$ 74,327	66,758
Adjustment for prior periods	<u>(7)</u>	<u>2,741</u>
	<u>74,320</u>	<u>69,499</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>8,834</u>	<u>37,203</u>
Income tax expense	<u>\$ 83,154</u>	<u>106,702</u>

The amounts of income tax recognized directly in other comprehensive income for the years ended 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	<u>\$ 8,291</u>	<u>(2,094)</u>

Reconciliation of income tax and profit before tax for 2024 and 2023 was as follows:

	<u>2024</u>	<u>2023</u>
Profit excluding income tax	<u>\$ 402,166</u>	<u>417,741</u>
Income tax using the Company's domestic tax rate	\$ 80,455	87,163
Other tax effect generated from adjustment of tax rule	(9,121)	(1,181)
Non-deductible expenses	-	1,162
Tax effect of investment loss generated from investment accounted for using equity method	(10)	(1,929)
Change in unrecognized temporary differences	8,747	18,654
Recognition of previously unrecognized tax losses (gains)	(7)	2,741
Additional tax on undistributed earnings	3,090	-
Others	<u>-</u>	<u>92</u>
Income tax expense (benefit)	<u>\$ 83,154</u>	<u>106,702</u>

(Continued)

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

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Tax effect of deductible temporary differences	<b>\$ 32,512</b>	<b>23,765</b>

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2024 and 2023 were as follows:

	Unrealized inventory valuation loss	Provision	Unrealized investment loss	Loss deductions	Exchange on translation of foreign financial statement	Other	Total
<b>Deferred tax assets:</b>							
<b>Balance at January 1, 2024</b>	\$ 15,606	49,235	16,199	-	23,301	28,520	132,861
Recognized in profit or loss	-	(9,564)	6,935	-	-	(5,986)	(8,615)
Recognized in other comprehensive income	-	-	-	-	(8,291)	-	(8,291)
<b>Balance at December 31, 2024</b>	<b>\$ 15,606</b>	<b>39,671</b>	<b>23,134</b>	<b>-</b>	<b>15,010</b>	<b>22,534</b>	<b>115,955</b>
<b>Balance at January 1, 2023</b>	\$ 15,606	40,278	7,608	61,388	21,207	21,883	167,970
Recognized in profit or loss	-	8,957	8,591	(61,388)	-	6,637	(37,203)
Recognized in other comprehensive income	-	-	-	-	2,094	-	2,094
<b>Balance at December 31, 2023</b>	<b>\$ 15,606</b>	<b>49,235</b>	<b>16,199</b>	<b>-</b>	<b>23,301</b>	<b>28,520</b>	<b>132,861</b>

**Unrealized  
exchange gains**

**Deferred tax liabilities:**

**Balance at January 1, 2024**

\$ -

Recognized in profit or loss

219

**Balance at December 31, 2024**

**\$ 219**

**Balance at January 1, 2023**

\$ -

Recognized in profit or loss

-

**Balance at December 31, 2023**

**\$ -**

3) Assessment of tax

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

(s) **Capital and other equity**

As of December 31, 2024 and 2023, the authorized capital totaled \$3,800,000 thousand, and the total paid-in capital amounted to \$1,814,735 thousand with a par value of NT\$10 per share on common stock.

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

Reconciliation of shares outstanding for the years ended December 31, 2024 and 2023 were as follows:

(In thousands of shares)	<b>Ordinary shares</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1 (which is balance at December 31)	<b>181,473</b>	<b>181,473</b>

(i) Capital Surplus

Balance of capital surplus was as following:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Treasury share transactions	\$ 433	433
Changes in the net equity value of subsidiaries recognized using the equity method	153	153
	<b>\$ 586</b>	<b>586</b>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(ii) 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) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(Continued)

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

2) 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 December 31, 2024, 2023 and 2023 the amounts of such special reserves were \$152,298 thousand and \$143,923 thousand, respectively.

3) Earnings distribution

The amount of cash dividends on appropriations of earnings for 2023 and 2022 had been approved during the board meeting on February 26, 2024 and February 27, 2023, as follows:

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

The amount of cash dividends on the appropriation of earning for 2024 had been approved during the board meeting on February 26 2025, as follows:

	2024	
	Amount per share	Total amount
Dividends distributed to ordinary shareholders		
Cash	\$ <u>1.00</u>	<u>181,473</u>

(iii) OCI accumulated in reserves, net of tax

	<b>Exchange differences on translation of foreign financial statements</b>
Balance at January 1, 2024	\$ (152,298)
Exchange differences on foreign operations	<u>33,163</u>
Balance at December 31, 2024	<u>\$ (119,135)</u>
Balance at January 1, 2023	\$ (143,923)
Exchange differences on foreign operations	<u>(8,375)</u>
Balance at December 31, 2023	<u>\$ (152,298)</u>

(Continued)

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

(t) **Earnings per share**

The details on the calculation of basic earnings per share and diluted earnings per share for years 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
<b>Basic earnings per share</b>		
Net profit attributable to ordinary shareholders of the Company	\$ <u>318,832</u>	<u>308,768</u>
Weighted-average number of ordinary shares	<u>181,473</u>	<u>181,473</u>
	<u>\$ 1.76</u>	<u>1.70</u>
<b>Diluted earnings per share</b>		
Net profit attributable to ordinary shareholders of the Company	\$ <u>318,832</u>	<u>308,768</u>
Weighted-average number of ordinary shares	181,473	181,473
Effect of employee share bonus	1,497	701
Weighted average number of ordinary shares (diluted)	<u>182,970</u>	<u>182,174</u>
	<u>\$ 1.74</u>	<u>1.69</u>

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

(i) Details of revenue

	<u>2024</u>	<u>2023</u>
<u>Primary geographical markets</u>		
America	\$ 5,601,756	5,949,273
Europe	258,202	609,258
Asia	241,537	95,031
Other	(2,209)	54,899
	<u>\$ 6,099,286</u>	<u>6,708,461</u>
<u>Major products</u>		
Woodworking tools	\$ 950,644	723,385
Fitness equipment	4,648,244	5,039,521
Other	500,398	945,555
	<u>\$ 6,099,286</u>	<u>6,708,461</u>

(ii) Contract balances

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Contract liabilities	\$ <u>49,673</u>	<u>57,838</u>	<u>38,713</u>

(Continued)

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

The amount of revenue recognized for the years ended December 31, 2024 and 2023 that was included in the contract liability balance at the beginning of the period were \$\$28,715 thousand and \$12,434 thousand, respectively.

Contract liabilities mainly arise from the deferred revenue from sales contract of woodworking tools and fitness equipment. The Group will recognize revenue when the goods are transferred to customers.

The opening balance of contract liabilities on January 1, 2022 was adjusted due to contract modification for 2022, the adjustment was \$491,831 thousand, which has been transferred to other current liabilities account. Please refer to note 6 (l) for details.

**(v) Remunerations to employees and directors**

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 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 years ended 2024 and 2023, the Company estimated its employee remuneration amounting to \$45,297 thousand and \$36,189 thousand, and directors' and supervisors' remuneration both amounting to \$6,400 thousand and \$0, respectively. 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 to employees, directors and supervisors as specified in the Company's articles. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2024 and 2023.

**(w) Non-operating income and expenses**

**(i) Interest income**

The details of interest income for years 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Interest income—bank deposits	\$ <u>74,214</u>	<u>25,913</u>

**(ii) Other income**

The details of other income for years 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Rent income	\$ 5,589	5,589
Other	<u>36,885</u>	<u>32,933</u>
	\$ <u>42,474</u>	<u>38,522</u>

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

(iii) Other income and losses

The details of other income and losses for years 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Net foreign exchange (losses) gains	\$ 151,979	(58,816)
Net losses on disposal of property, plant and equipment	(12,980)	(7,737)
Impairment loss on property, plant and equipment	(43,735)	(24,574)
Other	<u>(9,726)</u>	<u>(2,859)</u>
Net other income and losses	<u>\$ 85,538</u>	<u>(93,986)</u>

(iv) Finance expenses

The details of finance expenses for years 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Interest expenses	\$ (22,069)	(34,462)
Less: capitalization of interest	<u>-</u>	<u>1,760</u>
	<u>\$ (22,069)</u>	<u>(32,702)</u>

(x) **Financial Instruments**

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

Major clients of the Group are concentrated in automatic facilities and fitness machines market. Sales to the major clients in 2024 and 2023 are accounted for 59% and 77% of consolidated revenue, respectively. To minimize credit risk, the Group periodically evaluates their financial positions and requests collateral if deemed necessary. As of December 31, 2024 and 2023, three customers accounted for 79% and 89% respectively of notes receivable and accounts receivable, which resulted in significant concentration of credit risk.

3) 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>
<b>December 31, 2024</b>						
<b>Non-derivative financial liabilities</b>						
Secured bank loans	\$ 386,930	466,432	377,718	63,473	25,241	-
Unsecured loans	470,833	401,748	401,748	-	-	-
Leased liabilities (current and non-current)	28,988	29,799	8,377	7,249	10,498	3,675
Payables	<u>1,700,419</u>	<u>1,700,419</u>	<u>1,700,419</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,587,170</u>	<u>2,598,398</u>	<u>2,488,262</u>	<u>70,722</u>	<u>35,739</u>	<u>3,675</u>
<b>December 31, 2023</b>						
<b>Non-derivative financial liabilities</b>						
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>

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>December 31, 2024</u>			<u>December 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>
<b>Financial Assets</b>						
<u>Monetary items</u>						
USD	\$ 79,260	32.79	2,598,936	131,928	30.71	4,051,509
EUR	24	34.14	819	26	33.98	883
JPY	10,752	0.2099	2,257	210,412	0.2172	45,701
GBP	5	41.19	206	5	39.15	196
<b>Financial Liabilities</b>						
<u>Monetary items</u>						
USD	2,988	32.79	97,981	10,463	30.71	321,319
EUR	227	34.14	7,750	224	33.98	7,612

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**REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES**  
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2) Sensitivity analysis

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 December 31, 2024 and 2023 would have increased (decreased) the net profit after tax by \$19,970 thousand and \$30,155 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.

3) Foreign exchange gain and loss on monetary items

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 years ended 2024 and 2023, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$151,979 thousand and \$(58,816) 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 \$6,862 thousand and \$10,183 thousand for the years ended December 31, 2024 and 2023, respectively. This is mainly due to the Group's borrowings in variable rates.

(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:

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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.

The Group holds the financial instruments with the active market, the categories and characteristics of fair value are listed as follow: Fair values of listed stocks are based on market quoted prices.

4) Transfer between Level 1 and Level 2

There were no transfers one level to another in 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.

**(y) Financial risk management**

**(i) Overview**

The Group has exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

(Continued)

**REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES**  
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In this note expressed the information on risk exposure and objectives, policies and procedures of risk measurement and management. For detailed information, please refer to the related notes of each risk.

(ii) Structure of risk management

The Group's finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations. The Group minimizes the risk exposure through derivative financial instruments. The board of directors regulated the use of derivative financial instruments in accordance with the Group's policy on risks arising from financial instruments such as credit risk, currency risk, and interest rate risk, the use of derivative and non-derivative financial instruments, and the investments of excess liquidity. The internal auditors of the Group continue to review the amount of the risk exposure in accordance with the Group's policies and the risk management's policies and procedures. The Group has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

1) Accounts receivable and other receivables

The Group established a credit policy to obtain the necessary collateral to mitigate risks arising from financial loss due to default risk. The Group will transact with corporations having credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Group will assess the ratings based on other publicly available financial information and records of transactions with its major customers. The Group continuously monitors the exposure to credit risk and counterparty credit ratings, and establish sales limits based on credit rating for each of its approved customer. The credit limits for each counterparty are approved and reviewed annually by the Risk Management Committee.

The Group did not have any collateral or other credit enhancement to avoid credit risk of the financial assets.

2) Investments

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

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**REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES**  
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3) Guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. As of December 31, 2024 and 2023, the Group provided financial guarantee to its subsidiaries amounted to \$0 and \$61,420 thousand, respectively.

(iv) Liquidity risk

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities to ensure they are in compliance with the terms of the loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Group. The Group has unused long-term and short-term credit line of \$3,637,584 thousand and \$4,711,943 thousand as of December 31, 2024 and 2023, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollar (NTD). The currencies used in these transactions are the NTD, RMB, EUR, USD, GBP and JPY.

2) Interest rate risk

The Group maintains an appropriate proportion of the fixed and variable interest rate instruments and using interest rate swap contracts to mitigate the floating interest rate risk. The Group will assess the hedging activities for consistent interest rates within its risk preferences and use the most cost-effective hedging strategy on a regular basis.

(z) **Capital management**

The Group meets its objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, and issue new shares or sell assets to settle any liabilities.

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**REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES**  
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The Group and other entities in the similar industry use the debt-to-equity ratio to manage capital. This ratio uses the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities, less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, other equity, and non-controlling interest, plus, net debt.

As of March 31, 2024, the Group's capital management strategy is consistent with the prior year as of December 31, 2023 and prior period as of March 31, 2023. The Group's debt to equity ratio as of March 31, 2024, December 31, 2023 and March 31, 2023, were as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Total liabilities	\$ 3,409,186	5,390,644
Less: cash and cash equivalents	<u>(2,372,119)</u>	<u>(3,283,001)</u>
Net debt	1,037,067	2,107,643
Total equity	<u>3,973,565</u>	<u>3,822,241</u>
Adjusted equity	<b><u>\$ 5,010,632</u></b>	<b><u>5,929,884</u></b>
Debt to equity ratio	<b><u>21 %</u></b>	<b><u>36 %</u></b>

(aa) **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 years ended December 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:

	<b>January 1, 2024</b>	<b>Cash flows</b>	<b>Non-cash changes</b>		<b>December 31, 2024</b>
			<b>Acquisition</b>	<b>Foreign exchange movement</b>	
Long-term borrowings (including due within 1 year)	\$ 712,180	(397,292)	-	6,030	320,918
Short-term borrowings	560,703	(27,743)	-	3,885	536,845
Lease liabilities	26,186	<u>(8,705)</u>	11,616	<u>(109)</u>	<u>28,988</u>
Total liabilities from financing	<b><u>\$ 1,299,069</u></b>	<b><u>(433,740)</u></b>	<b><u>11,616</u></b>	<b><u>9,806</u></b>	<b><u>886,751</u></b>
			<b>Non-cash changes</b>		
	<b>January 1, 2023</b>	<b>Cash flows</b>	<b>Acquisition</b>	<b>Foreign exchange movement</b>	<b>December 31, 2023</b>
Long-term borrowings (including due within 1 year)	\$ 1,050,587	(338,407)	-	-	712,180
Short-term borrowings	801,417	(239,822)	-	(892)	560,703
Lease liabilities	35,192	<u>(10,697)</u>	1,691	-	<u>26,186</u>
Total liabilities from financing	<b><u>\$ 1,887,196</u></b>	<b><u>(588,926)</u></b>	<b><u>1,691</u></b>	<b><u>(892)</u></b>	<b><u>1,299,069</u></b>

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

**(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.

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

(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:

	<u>2024</u>	<u>2023</u>
Associates – Fine Clear Co., Ltd	<u>\$ 46,818</u>	<u>36,037</u>

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

<u>Account</u>	<u>Related-party type</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Notes receivable	Associates – Fine Clear Co., Ltd	<u>\$ 9,966</u>	<u>11,013</u>
Accounts receivable	Associates – Fine Clear Co., Ltd	<u>\$ 5,239</u>	<u>5,934</u>

(iii) Payables to related parties

<u>Account</u>	<u>Related-party type</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Notes payable	Associates – Fine Clear Co., Ltd	<u>\$ 170</u>	<u>61</u>
Other payables	Associates – Fine Clear Co., Ltd	<u>\$ 24</u>	<u>116</u>

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 25,473	24,425
Post-employment benefits	1,111	1,065
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	<u>\$ 26,584</u>	<u>25,490</u>

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**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>December 31, 2024</u>	<u>December 31, 2023</u>
Land	Guarantee for bank loans	\$ 296,916	296,916
Buildings	Guarantee for bank loans	905,842	952,398
		<u>\$ 1,202,758</u>	<u>1,249,314</u>

**(9) Significant commitments and contingencies:**

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Acquisition of property, plant and equipment	<u>\$ 35,618</u>	<u>15,371</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 and High 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:**

On January 21, 2025, the group's board of directors decided to invest in establishing a subsidiary in Vietnam, with a total expected investment amount of USD 20,000 thousands.

**(12) Other:**

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

By item	2024			2023		
	Operating Cost	Operating expenses	Total	Operating Cost	Operating expenses	Total
Employee benefits						
Salary	384,517	249,838	634,355	367,709	228,944	596,653
Labor and health insurance	41,829	21,907	63,736	39,555	20,690	60,245
Pension	20,734	3,084	23,818	19,182	2,400	21,582
Remuneration of director	-	6,414	6,414	-	6,400	6,400
Others	10,048	2,928	12,976	8,073	2,358	10,431
Depreciation	274,596	42,749	317,345	306,831	46,378	353,209
Amortization	5,133	14,889	20,022	4,535	16,621	21,156

(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 years ended December 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 Rexon	2	1,578,023	(USD2,000) 65,680	-	-	-	- %	1,578,023	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 December 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				Highest		Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	Shares/Units (thousands)	Percentage of ownership (%)	
REXON INDUSTRIAL CORP., LTD	Stock-Hwa Chung Venture Capital Corp	-	Financial assets at fair value though profit or loss-current	10	96	-	96	10	-	

- (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 Rexon	The subsidiary	Purchase	761,469	22 %	90~150Days	(Note1)	(Note2)	(268,895)	28 %	

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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**Notes to the Consolidated Financial Statements**

(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 271,409	3.01 %	-	-	The recovery amount as of February 26, 2025 : 158,327	-

(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	761,469	The prices were agreed upon by the two parties to the transaction.	12.48 %
0	REXON INDUSTRIAL CORP., LTD.	Tongxiang Rexon	1	Account payable	271,409	The payment terms were agreed upon by the two parties to the transaction.	3.68 %
0	REXON INDUSTRIAL CORP., LTD.	Rexon Technology	1	Purchases	87,644	The prices were agreed upon by the two parties to the transaction.	1.44 %
0	REXON INDUSTRIAL CORP., LTD.	Rexon Technology	1	Account payable	6,372	The payment terms were agreed upon by the two parties to the transaction.	0.09 %
0	REXON INDUSTRIAL CORP., LTD.	P.T.S.	1	Service fee	38,469	The prices were agreed upon by the two parties to the transaction.	0.63 %
0	REXON INDUSTRIAL CORP., LTD.	P.T.S.	1	Other payable	132,335	The payment terms were agreed upon by the two parties to the transaction.	1.79 %

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 from 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 years ended December 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 December 31, 2024			Net income (losses) of investee	Share of profits/losses of investee	Highest		Note
				December 31, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership	Carrying value			Shars/Units (thousands)	Percentage of ownership(%)	
REXON INDUSTRIAL CORP., LTD.	Fine Clear Co.,Ltd	R.O.C	Buying and selling accessories	14,197	14,197	1,600	16 %	16,305	888	142	1,600	16 %	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 %	107,614	290	239	7,851	82.87 %	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 %	174,707	3,283	3,152	0.1	96 %	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 %	636,065	(37,826)	(37,826)	US\$ 25,000 (Note 1)	100 %	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 %	615,409	(37,848)	(37,848)	US\$ 25,000 (Note 1)	100 %	Direct subsidiaries of Gold Item

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

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## (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 December 31, 2024	Net income (losses) of the investee	Percentage of ownership	Highest Percentage of ownership	Net income (losses) recognized	Carrying value as of December 31, 2024	Accumulated remittance of earnings as of December 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)	(37,848)	100 %	100 %	(37,848)	615,409	-

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 December 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)	2,367,034

## (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 %
Li-Tai Investing Corp., Ltd.		9,870,800	5.43 %

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.

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

**(14) Segment information**

(a) General information

The Group has only one reportable segment which is automatic facilities and fitness equipment segment. The automatic facilities and fitness equipment segment engages mainly in the manufacturing and selling of drills, woodworking tools, automatic facilities, and fitness equipment. The Group's operating segment revenue, the profit and loss of reportable segment and the assets of the reportable segment are in consistent with consolidated financial statements. Please refer to consolidated balance sheet and consolidated income statement.

(b) Product information

<u>Product</u>	<u>2024</u>	<u>2023</u>
Automatic facilities	\$ 950,644	723,385
Fitness equipment	4,648,244	5,039,521
Other	<u>500,398</u>	<u>945,555</u>
	<u><u>\$ 6,099,286</u></u>	<u><u>6,708,461</u></u>

(c) Geographical information

In presenting the information on the basis of geography, segment revenue is based on the geographical location of the customers and the segment non-current assets are based on the geographical location of the assets.

Revenue from the external customers of the Group was as follows:

<u>Region</u>	<u>2024</u>	<u>2023</u>
America	\$ 5,601,756	5,949,273
Europe	258,202	609,258
Asia	241,537	95,031
Other	<u>(2,209)</u>	<u>54,899</u>
	<u><u>\$ 6,099,286</u></u>	<u><u>6,708,461</u></u>

Non-current assets:

<u>Region</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Taiwan	\$ 2,754,894	3,000,322
Other	<u>650,502</u>	<u>678,618</u>
Total	<u><u>\$ 3,405,396</u></u>	<u><u>3,678,940</u></u>

(Continued)

**REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES**  
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Non-current assets include property, plant and equipment, right-of-use assets, intangible assets, and other assets, not including financial instruments, deferred tax assets and defined benefit assets.

(d) Major customers' information

Sale revenues from individual customers representing over 10% of the total revenue were summarized as follows:

<u>Customer</u>	<b>2024</b>	
	<u>Amount</u>	<u>Percentage</u>
D Company	\$ 3,598,165	59 %
B Company	540,425	9 %
A Company	479,549	8 %
	<u>\$ 4,618,139</u>	<u>76 %</u>

<u>Customer</u>	<b>2023</b>	
	<u>Amount</u>	<u>Percentage</u>
D Company	\$ 5,190,472	77 %
B Company	394,846	6 %
A Company	380,121	6 %
	<u>\$ 5,965,439</u>	<u>89 %</u>

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