

**NISHOKU TECHNOLOGY INC.  
AND ITS SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2021 and 2020**  
**(With Independent Auditors' Review Report Thereon)**

Address: No. 36, Ln. 11, Huacheng Rd., Xinzhuang Dist., New Taipei  
City, Taiwan.

Telephone: 886-2-29983578

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

## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Report	3
4. Consolidated Balance Sheets	5
5. Consolidated Statements of Comprehensive Income	6
6. Consolidated Statements of Changes in Equity	7
7. Consolidated Statements of Cash Flows	8
8. Notes to the Consolidated Financial Statements	
(1) Company history	9
(2) Approval date and procedures of the consolidated financial statements	9
(3) New standards, amendments and interpretations adopted	9
(4) Summary of significant accounting policies	10
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	10~11
(6) Explanation of significant accounts	11~28
(7) Related-party transactions	28
(8) Pledged assets	29
(9) Significant Commitments and contingencies	29
(10) Losses Due to Major Disasters	29
(11) Subsequent Events	29
(12) Other	29~30
(13) Other disclosures	
(a) Information on significant transactions	30~33
(b) Information on investees	33~34
(c) Information on investment in mainland China	34
(d) Major shareholders	34
(14) Segment information	35

## Independent Auditors' Review Report

To the Board of Directors of Nishoku Technology Inc.:

### Introduction

We have reviewed the consolidated financial statements of Nishoku Technology Inc. and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of March 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2021 and 2020. Management are 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 the International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued by the Financial Supervisory Commission of the Republic of China. Our responsibility is to issue a report on these consolidated interim financial statements based on our review.

### Scope of Review

Except as described in basis of opinion, we conducted our reviews in accordance with Statement on Auditing Standard 65, "Engagements to Review Financial Statements". A review consists principally of inquiries of the Group's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with the generally accepted auditing standards, the objective of which is the expression of an opinion regarding the consolidated interim financial statements taken as a whole. Accordingly, we do not express such an opinion.

### Basis of opinion

Included in the accompanying consolidated interim financial statements are the financial statements of certain consolidated subsidiaries, which were not reviewed by independent accountants. These consolidated subsidiaries had total assets of \$176,891 thousand and \$887,387 thousand both constituting 2% and 12% of the Group's consolidated total assets as of March 31, 2021 and 2020, respectively; total liabilities of \$67,446 thousand and \$380,760 thousand both constituting 2% and 11% of the Group's consolidated total liabilities as of March 31, 2021 and 2020, respectively; comprehensive income of \$19 thousand and \$28,788 thousand constituting 0% and 36% of the Group's consolidated comprehensive income for the three months ended March 31, 2021 and 2020, respectively.

### Conclusion

Based on our reviews, except for the effects of the adjustments, if any, as might have been determined to be necessary had the financial statements of some equity method investees as described in basis of opinion above been reviewed by independent accountants, we are not aware of any material modifications that should be made

### Notes to Readers

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

to the consolidated interim financial statements referred to in the first paragraph in order for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 “ Interim Financial Reporting” endorsed by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the review resulting in this independent auditor’s report are Cheng-Chien Chen and Sheng-Ho Yu

KPMG

Taipei, Taiwan (Republic of China)

Apr.28, 2021

#### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its 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 auditors’ review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors’ review report and consolidated financial statements, the Chinese version shall prevail.

**Reviewed only, not audited in accordance with generally accepted auditing standards as of March 31, 2021 and 2020**  
**NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES**

**Consolidated Balance Sheets**

**March 31, 2021, December 31, 2020 and March 31, 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

Assets		March 31, 2021		December 31, 2020		March 31, 2020		Liabilities and Equity		March 31, 2021		December 31, 2020		March 31, 2020	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents (note 6(a))	\$ 3,050,461	35	2,626,650	30	3,736,613	50	2100	Short-term borrowings (note 6(h))	\$ 779,140	9	988,920	12	977,363	12
1110	Financial assets at fair value through profit or loss (note 6(b))	656,573	7	665,743	8	484,454	6	2111	Short term notes and bills payable (note 6(i))	149,990	2	-	-	-	-
1170	Notes and accounts receivable, net (note 6(c))	1,579,278	18	1,817,252	21	976,131	14	2170	Notes and Accounts payable	775,264	9	800,428	9	410,901	5
130X	Inventories (note 6(d))	530,742	6	523,074	6	487,877	6	2280	Current lease liabilities (note 6(k))	36,383	-	39,224	-	54,152	1
1470	Other current assets	56,576	1	54,105	1	36,324	-	2300	Other current liabilities	416,975	5	447,836	5	277,566	4
1476	Other current financial assets (note 6(h))	57,930	1	57,520	1	8,587	-			<u>2,157,752</u>	<u>25</u>	<u>2,276,408</u>	<u>26</u>	<u>1,719,982</u>	<u>22</u>
		<u>5,931,560</u>	<u>68</u>	<u>5,744,344</u>	<u>67</u>	<u>5,729,986</u>	<u>76</u>	<b>Non-Current liabilities:</b>							
<b>Non-current assets:</b>								2540	Long-term borrowings (note 6(j))	1,250,000	14	1,200,000	14	1,000,000	13
1511	Non-current financial assets at fair value through profit or loss (note 6(b))	124,335	1	126,439	1	-	-	2570	Deferred tax liabilities and others	687,085	8	652,948	8	797,182	11
1535	Non-current financial assets at amortised cost (note 6(e))	1,129,322	13	1,124,961	13	-	-	2580	Non-current lease liabilities (note 6(k))	23,020	-	30,891	-	64,813	1
1600	Property, plant and equipment (note 6(f))	1,415,832	16	1,444,529	17	1,487,172	20			<u>1,960,105</u>	<u>22</u>	<u>1,883,839</u>	<u>22</u>	<u>1,861,995</u>	<u>25</u>
1755	Right-of-use assets(note 6(g))	58,998	1	69,737	1	118,680	2		<b>Total liabilities</b>	<u>4,117,857</u>	<u>47</u>	<u>4,160,247</u>	<u>48</u>	<u>3,581,977</u>	<u>47</u>
1840	Deferred tax assets	20,455	-	21,792	-	101,401	1	<b>Equity attributable to owners of parent (note 6(n)):</b>							
1915	Prepayments for equipment	12,735	-	8,503	-	9,396	-	3100	Ordinary share	624,912	7	624,462	7	622,962	9
1985	Long-term prepaid rents	65,895	1	66,518	1	69,710	1	3140	Advance receipts for share capital	4,655	-	2,993	-	-	-
1990	Other non-current assets	11,268	-	10,670	-	23,955	-	3200	Capital surplus	971,608	11	968,882	11	959,535	13
		<u>2,838,840</u>	<u>32</u>	<u>2,873,149</u>	<u>33</u>	<u>1,810,314</u>	<u>24</u>	<b>Retained earnings:</b>							
								3310	Legal reserve	538,129	6	538,129	7	504,367	7
								3320	Special reserve	337,817	4	337,817	4	199,839	3
								3350	Unappropriated retained earnings	2,513,301	29	2,295,422	27	2,033,811	27
										<u>3,389,247</u>	<u>39</u>	<u>3,171,368</u>	<u>38</u>	<u>2,738,017</u>	<u>37</u>
								3400	Other equity interest	(337,879)	(4)	(310,459)	(4)	(362,191)	(5)
									<b>Total equity</b>	<u>4,652,543</u>	<u>53</u>	<u>4,457,246</u>	<u>52</u>	<u>3,958,323</u>	<u>53</u>
<b>Total assets</b>		<u>\$ 8,770,400</u>	<u>100</u>	<u>8,617,493</u>	<u>100</u>	<u>7,540,300</u>	<u>100</u>	<b>Total liabilities and equity</b>		<u>\$ 8,770,400</u>	<u>100</u>	<u>8,617,493</u>	<u>100</u>	<u>7,540,300</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

**Reviewed only, not audited in accordance with generally accepted auditing standards**  
**NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**

6

**For the three months ended March 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

		<b>For the three months ended March 31</b>			
		<b>2021</b>		<b>2020</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4110	<b>Operation Revenues (note 6(q))</b>	\$ 1,427,349	102	645,359	103
4170	Less: Sales returns and allowance	23,058	2	20,341	3
	<b>Net Operating revenues</b>	<b>1,404,291</b>	<b>100</b>	<b>625,018</b>	<b>100</b>
5000	Operating costs (notes 6(d), (f),(g),(l) and 12)	973,193	69	512,467	82
	<b>Gross profit from operations</b>	<b>431,098</b>	<b>31</b>	<b>112,551</b>	<b>18</b>
6000	<b>Operating expenses:</b> (notes 6(c), (f), (g), (l) ,(o) ,(r) and 12)				
6100	Selling expenses	18,464	1	15,445	2
6200	Administrative expenses	77,967	6	73,009	12
6300	Research and development expenses	25,106	2	18,343	3
6450	Expected Credit Loss	(14)	-	270	-
		<b>121,523</b>	<b>9</b>	<b>107,067</b>	<b>17</b>
	<b>Net operating income (loss)</b>	<b>309,575</b>	<b>22</b>	<b>5,484</b>	<b>1</b>
	<b>Non-operating income and expenses:</b>				
7010	Other income (notes 6(s))	12,780	1	24,469	4
7020	Other gains and losses, net (notes 6(t) )	26,534	2	29,082	4
7050	Finance costs, net (notes 6(k) )	(5,078)	-	(6,177)	(1)
	<b>Total non-operating income and expenses</b>	<b>34,236</b>	<b>3</b>	<b>47,374</b>	<b>7</b>
7900	<b>Profit from continuing operations before tax</b>	<b>343,811</b>	<b>25</b>	<b>52,858</b>	<b>8</b>
7950	Less: Tax expense (note 6(m))	125,932	9	14,032	2
	<b>Profit (loss)</b>	<b>217,879</b>	<b>16</b>	<b>38,826</b>	<b>6</b>
8300	<b>Other comprehensive income (loss):</b>				
8360	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation	(34,275)	(2)	(30,467)	(5)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(m))	6,855	-	6,093	(1)
8300	<b>Other comprehensive income, net</b>	<b>(27,420)</b>	<b>(2)</b>	<b>(24,374)</b>	<b>(4)</b>
8500	<b>Total comprehensive income</b>	<b>\$ 190,459</b>	<b>14</b>	<b>14,452</b>	<b>2</b>
	<b>Profit, attributable to:</b>				
8610	Profit (loss), attributable to owners of parent	<b>\$ 217,879</b>	<b>16</b>	<b>38,826</b>	<b>6</b>
	<b>Comprehensive income attributable to:</b>				
8710	Comprehensive income, attributable to owners of parent	<b>\$ 190,459</b>	<b>14</b>	<b>14,452</b>	<b>2</b>
	<b>Basic earnings per share</b>				
9750	Basic earnings(loss) per share (NT dollars) (note 6(p))	<b>\$ 3.49</b>		<b>0.62</b>	
9850	Diluted earnings per share (NT dollars) (note 6(p))	<b>\$ 3.48</b>		<b>0.62</b>	

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards  
**NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity**  
**For the three months ended March 31, 2021 and 2020**  
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent							Total equity attributable to owners of parent	Total equity
	Share capital		Retained earnings			Total other equity interest			
	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements		
<b>Balance at January 1, 2020</b>	\$ 622,962	-	959,124	504,367	199,839	1,994,985	(337,817)	3,943,460	3,943,460
Profit for the period	-	-	-	-	-	38,826	-	38,826	38,826
Other comprehensive income	-	-	-	-	-	-	(24,374)	(24,374)	(24,374)
Total comprehensive income (loss)	-	-	-	-	-	38,826	(24,374)	14,452	14,452
Appropriation and distribution of retained earnings:									
Stock option compensation cost	-	-	411	-	-	-	-	411	411
<b>Balance at March 31, 2020</b>	<b>\$ 622,962</b>	<b>-</b>	<b>959,535</b>	<b>504,367</b>	<b>199,839</b>	<b>2,033,811</b>	<b>(362,191)</b>	<b>3,958,323</b>	<b>3,958,323</b>
<b>Balance at January 1, 2021</b>	\$ 624,462	2,993	968,882	538,129	337,817	2,295,422	(310,459)	4,457,246	4,457,246
Profit for the period	-	-	-	-	-	217,879	-	217,879	217,879
Other comprehensive income	-	-	-	-	-	-	(27,420)	(27,420)	(27,420)
Total comprehensive income (loss)	-	-	-	-	-	217,879	(27,420)	190,459	190,459
Appropriation and distribution of retained earnings:									
Stock option compensation cost	-	-	183	-	-	-	-	183	183
Issuance of shares exercise of employee stock option	450	1,662	2,543	-	-	-	-	4,655	4,655
<b>Balance at March 31, 2021</b>	<b>\$ 624,912</b>	<b>4,655</b>	<b>971,608</b>	<b>538,129</b>	<b>337,817</b>	<b>2,513,301</b>	<b>(337,879)</b>	<b>4,652,543</b>	<b>4,652,543</b>

See accompanying notes to consolidated financial statements.

**Reviewed only, not audited in accordance with generally accepted auditing standards**  
**NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**

**For the three months ended March 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 343,811	52,858
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation and amortization	63,082	73,690
Expected credit loss(gain)	(14)	270
Interest expense	5,078	6,177
Interest income	(6,022)	(19,911)
Stock option compensation cost	183	411
Net loss on financial assets at fair value through profit or loss	1,939	2,730
Gain on disposal of property, plant and equipment	(4,966)	(686)
Recognition losses on inventory valuation and obsolescence	15,731	4,086
	<u>75,011</u>	<u>66,767</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Financial assets at fair value through profit or loss	9,334	(37,755)
Notes and accounts receivable	237,988	419,539
Inventories	(23,399)	(16,335)
Other current assets and other financial assets	(2,490)	(14)
<b>Total changes in operating assets</b>	<u>221,433</u>	<u>365,435</u>
<b>Changes in operating liabilities:</b>		
Notes and accounts payable	(25,164)	(193,477)
Other current liabilities	(61,530)	(22,001)
<b>Total changes in operating liabilities</b>	<u>(86,694)</u>	<u>(215,478)</u>
<b>Total adjustments</b>	<u>209,750</u>	<u>216,724</u>
Cash inflow generated from operations	553,561	269,582
Interest received	5,983	21,272
Interest paid	(4,913)	(6,655)
Income taxes paid	(46,550)	(10,756)
<b>Net cash flows from operating activities</b>	<u>508,081</u>	<u>273,443</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at amortized cost	(4,471)	-
Acquisition of property, plant and equipment	(57,868)	(16,023)
Proceeds from disposal of property, plant and equipment	14,850	711
Increase Refundable deposits	(1,756)	(335)
Increase in other non-current assets	(23)	(837)
<b>Net cash flows used in investing activities</b>	<u>(49,268)</u>	<u>(16,484)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term loans	(209,780)	152,573
Increase (decrease) in short-term notes and bills payable	150,000	(150,000)
Increase in long-term debt	50,000	-
Increase (decrease) in guarantee deposits received	(116)	(222)
Payment of lease liabilities	(10,439)	(15,212)
Exercise of employee share options	4,655	-
<b>Net cash flows used in financing activities</b>	<u>(15,680)</u>	<u>(12,861)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(19,322)	(47,284)
<b>Net Increase (decrease) in cash and cash equivalents</b>	423,811	196,814
<b>Cash and cash equivalents at beginning of period</b>	2,626,650	3,539,799
<b>Cash and cash equivalents at end of period</b>	<u>\$ 3,050,461</u>	<u>3,736,613</u>

See accompanying notes to consolidated financial statements.

**Reviewed only, not audited in accordance with generally accepted auditing standards**

**NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**March 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

**(1) Company history**

NISHOKU TECHNOLOGY INC. (the “Company”) was incorporated in year 1980, as a company limited by shares and registered under the Ministry of Economic Affairs, ROC. The Company conducted an IPO on the Taiwan Stock Exchange (TWSE) on October 5, 2011. The Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) primarily are involved in the manufacture and sale of plastic injection mold, tooling manufacturing and general import and export trade, please refer to note 14.

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

These consolidated interim financial statements were authorized for issuance by the board of directors on April 28, 2021.

**(3) New standards, amendments and interpretations adopted:**

a. The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2”

b. The impact of IFRS issued by IASB but not yet endorsed by the FSC

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- Amendments to IFRS 16 “COVID 19 Related Rent Concessions” extends the practical expedient in paragraph 46A of IFRS 16 for one year.
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(Continued)

## NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (4) Summary of significant accounting policies:

##### a. Statement of compliance

The consolidated interim 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 consolidated interim financial statements, the Chinese version shall prevail.

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

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated interim financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2020. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2020.

##### b. Basis of consolidation

Principles of preparation of the consolidated interim financial statements are the same as those of the consolidated financial statements for the year ended December 31, 2020. For the related information, please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2020. The financial statements of insignificant consolidated subsidiaries, NISHOKU BOUEKI and NISHOKU VIETNAM, were not reviewed by independent accountants, and the financial statements of insignificant consolidated subsidiaries, SAME SRART (Anguilla), were reviewed by independent accountants. NISHOKU VIETNAM’s financial statements were reviewed by independent accountants for the three months ended March 31, 2021.

##### c. Income Tax

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

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

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

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

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

## NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

11

In preparing the consolidated financial statements, critical accounting judgments and key sources of estimation uncertainty used by management in the application of accounting policies are consistent with those described in note 5 of the consolidated financial statements for the year ended December 31, 2020.

#### (6) Explanation of significant accounts:

In addition to the following, there is no significant difference between the notes on the significant accounting items of the consolidated interim financial statements and the consolidated financial statements for the year ended December 31, 2020. For the related information, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2020.

##### (a) Cash and cash Equivalents

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Cash, and demand deposits	\$ 1,930,738	1,827,075	1,688,189
Time deposits	777,303	429,335	1,494,486
Bond acquired under repurchase agreement	342,420	370,240	553,938
Cash and cash equivalents in the consolidated statement of cash flows	<b>\$ 3,050,461</b>	<b>2,626,650</b>	<b>3,736,613</b>

##### (b) Financial assets at fair value through profit or loss

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Financial assets at fair value through profit or loss			
Fund investments	\$ 48,549	46,663	10,713
Fixed income financial product	608,024	612,833	468,125
Overseas corporate bonds	-	6,247	5,616
Total	<b>\$ 656,573</b>	<b>665,743</b>	<b>484,454</b>
 Fund investments non current	<b>\$ 124,335</b>	<b>126,439</b>	<b>-</b>

Please refer to note 6(e) for fund investments-non-current.

As of March 31, 2021, and December 31, 2020, and March 31, 2020, the Group did not provide any financial assets as collateral for its loans.

##### (c) Notes and accounts receivable

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Notes receivable	\$ 1,247	6,083	12,660
Accounts receivable	1,578,546	1,811,698	982,840
Less : allowance for impairment	(515)	(529)	(19,369)
	<b>\$ 1,579,278</b>	<b>1,817,252</b>	<b>976,131</b>

## NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

12

The Group measures the loss allowance for notes and accounts receivable using the simplified approach with the lifetime expected credit losses. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporate forward-looking information.

Analysis of expected credit losses were as follows:

	<b>March 31, 2021</b>		
	<b>Carrying amount of accounts receivable</b>	<b>Weighted-avera ge loss rate</b>	<b>Loss allowance for lifetime expected credit losses</b>
Not past due	\$ 1,558,836	-%	-
Past due less than 120 days	19,192	0%~1%	-
Past due 121~270 days	9	0%~30%	6
Past due 271~365 days	6	0%~100%	6
Past due over 1 year	503	100%	503
Total	<b>\$ 1,578,546</b>		<b>515</b>

	<b>December 31, 2020</b>		
	<b>Carrying amount of accounts receivable</b>	<b>Weighted-avera ge loss rate</b>	<b>Loss allowance for lifetime expected credit losses</b>
Not past due	\$ 1,804,736	-%	-
Past due less than 120 days	6,423	0%~1%	2
Past due 121~270 days	37	0%~30%	25
Past due over 1 year	502	100%	502
Total	<b>\$ 1,811,698</b>		<b>529</b>

	<b>March 31, 2020</b>		
	<b>Carrying amount of accounts receivable</b>	<b>Weighted-avera ge loss rate</b>	<b>Loss allowance for lifetime expected credit losses</b>
Not past due	\$ 880,585	-%	-
Past due less than 120 days	80,593	0%~1%	22
Past due 121~270 days	3,027	0%~30%	712
Past due over 1 year	18,635	100%	18,635
Total	<b>\$ 982,840</b>		<b>19,369</b>

The movement in the allowance for notes and accounts receivables were as follows:

## NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

13

	<b>Three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Beginning balance	\$ 529	19,099
Impairment loss (reversal)	(14)	270
Ending balance	<b>\$ 515</b>	<b>19,369</b>

(d) Inventories

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Raw materials	\$ 197,320	194,769	150,384
Work in process	261,098	203,355	217,793
Finished goods	72,324	124,950	119,700
	<b>\$ 530,742</b>	<b>523,074</b>	<b>487,877</b>

For the three months ended March 31, 2021 and 2020, raw material, consumables, and changes in the finished goods and work in progress recognized as cost of sale amounted to \$973,193 thousand and \$512,467 thousand, respectively. For the three months ended March 31, 2021 and 2020, the Group recognized the losses on inventory valuation and obsolescence as cost of goods sold amounting to \$15,731 thousand and \$4,086 thousand, respectively.

As of March 31, 2021, December 31, 2020, and March 31, 2020, the Group did not provide any inventories as collateral.

(e) Non current financial assets at amortized cost

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Restricted bank deposit	<b>\$ 1,129,322</b>	<b>1,124,961</b>	<b>-</b>

In May and July, 2020, the Group applied to IRS for the application of “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act” (hereinafter referred to as the “Act”), and the remittance was approved within one month. According to the Act, the funds need to be deposited in a special-purpose account for five years, and 5% of the funds can be used without restriction, 25% can be used on financial investment, and 70%, at least, can be used for substantive investment; Otherwise, the funds can only be redeemed within 3 consecutive years on average after the five years maturity. Please refer to note 6(b) for financial assets.

(f) Property, plant and equipment

The cost, depreciation and impairment loss of the property, plant and equipment of the Group for the years ended March 31, 2021 and 2020, were as follows.

# NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

14

		Land	Building	Machinery and equipment	Office and other equipment	Construction in progress and testing equipment	Total
<b>Cost or deemed cost:</b>							
Balance on January 1, 2021	\$	179,672	1,048,926	1,955,334	479,442	56,056	3,719,430
Additions		-	247	20,806	3,748	22,377	47,178
Reclassifications		-	974	789	486	(2,249)	-
Disposals		-	-	(94,726)	(3,893)	-	(98,619)
Effect of movements in exchange rates		-	(5,054)	(5,272)	(3,307)	10,573	(3,060)
Balance on March 31, 2021		<u>\$ 179,672</u>	<u>1,045,093</u>	<u>1,876,931</u>	<u>476,476</u>	<u>86,757</u>	<u>3,664,929</u>
Balance on January 1, 2020	\$	179,672	920,762	2,016,688	476,633	101,928	3,695,683
Additions		-	-	1,694	2,103	15,810	19,607
Reclassifications		-	-	3,786	835	(4,849)	(228)
Disposals		-	-	(4,535)	(1,788)	-	(6,323)
Effect of movements in exchange rates		-	(4,989)	(15,557)	(4,753)	(1,251)	(26,550)
Balance on March 31, 2020		<u>\$ 179,672</u>	<u>915,773</u>	<u>2,002,076</u>	<u>473,030</u>	<u>111,638</u>	<u>3,682,189</u>
<b>Depreciation and impairments loss:</b>							
Balance on January 1, 2021	\$	-	453,394	1,435,367	386,140	-	2,274,901
Depreciation for the period		-	10,345	29,695	11,137	-	51,177
Disposals		-	-	(85,114)	(3,621)	-	(88,735)
Effect of movements in exchange rates		-	(2,193)	16,654	(2,707)	-	11,754
Balance on March 31, 2021		<u>\$ -</u>	<u>461,546</u>	<u>1,396,602</u>	<u>390,949</u>	<u>-</u>	<u>2,249,097</u>
Balance on January 1, 2020	\$	-	391,905	1,413,474	358,463	-	2,163,842
Depreciation for the period		-	12,079	32,574	12,087	-	56,740
Disposals		-	-	(4,535)	(1,763)	-	(6,298)
Effect of movements in exchange rates		-	(2,473)	(12,938)	(3,856)	-	(19,267)
Balance on March 31, 2020		<u>\$ -</u>	<u>401,511</u>	<u>1,428,575</u>	<u>364,931</u>	<u>-</u>	<u>2,195,017</u>
<b>Carrying amounts:</b>							
Balance on March 31, 2021		<u>\$ 179,672</u>	<u>583,547</u>	<u>480,329</u>	<u>85,527</u>	<u>86,757</u>	<u>1,415,832</u>
Balance on January 1, 2021		<u>\$ 179,672</u>	<u>595,532</u>	<u>519,967</u>	<u>93,302</u>	<u>56,056</u>	<u>1,444,529</u>
Balance on March 31, 2020		<u>\$ 179,672</u>	<u>514,262</u>	<u>573,501</u>	<u>108,099</u>	<u>111,638</u>	<u>1,487,172</u>

As of March 31, 2021, December 31, 2020 and March 31, 2020, the property, plant and equipment of the Group had not been pledged as collateral.

(g) Right-of-use assets

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

		Buildings and structures	Machinery and equipment	Transporta tion equipment	Total
<b>Carrying amount:</b>					
Balance on March 31, 2021	\$	54,808	3,518	672	58,998

## NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

15

	Buildings and structures	Machinery and equipment	Transporta tion equipment	Total
Balance on December 31 2020	\$ 63,480	4,728	1,529	69,737
Balance on March 31, 2020	\$ 103,046	11,528	4,106	118,680

The amounts of depreciation expense for the three months ended March 31, 2021 and 2020 were \$10,277 thousand and \$14,970 thousand, respectively.

(h) Short-term borrowings

The details were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Secured loan	\$ 45,000	45,000	-
Credit loans, no pledge	734,140	943,920	977,363
Total	\$ 779,140	988,920	977,363
Interest rate range	<b>0.4%~0.89%</b>	<b>0.4~0.83%</b>	<b>0.78%~1.70%</b>

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

(i) Short-term notes and bills payable

The details were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Commercial paper payable	\$ 150,000	-	-
Less: Discount on short-term notes and bills payable	(10)	-	-
Total	\$ 149,990	-	-
Interest rate range	<b>0.49%</b>	-	-

(j) Long-term borrowings

The details were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Unsecured loans	\$ 1,250,000	1,200,000	1,000,000
Interest rate range	<b>0.93%~0.96%</b>	<b>0.96%~0.98%</b>	<b>0.94%~1.18%</b>

## NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

16

(j) Lease liabilities

The details were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Lease liabilities - Current	\$ 36,383	39,224	54,152
Lease liabilities -Non-current	\$ 23,020	30,891	64,813

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

The amounts recognized in profit or loss were as follows:

	For the three months end March 31,	
	2021	2020
Interests of lease liabilities	\$ 193	385
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 185	155

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

	For the three months end March 31,	
	2021	2021
Total cash out flow of lease	\$ 10,817	15,752

(l) Employee benefits

The pension costs incurred from the contributions to the Labor Insurance were as follows:

	For the three months ended March 31,	
	2021	2020
Operating Costs	\$ 8,485	4,821
Operating Expenses	2,172	1,531
Total	\$ 10,657	6,352

(m) Income tax

- (i) The amounts of tax expense for the three months ended March 31, 2021 and 2020 were \$125,932 thousand and \$14,032 thousand, respectively.

## NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

17

- (ii) The amount of income tax expense under other comprehensive income for the three months ended March 31, 2021 and 2020 were as follows:

	<b>For the three months</b>	
	<b>ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Exchange differences on translation of foreign financial statements	<b>\$ (6,855)</b>	<b>(6,093)</b>

- (iii) The Company and NISHOKU BOUEKI income tax returns have been examined by the tax authority through the years up to 2019, respectively.

- (n) Capital and other equity

In addition to the following, there is no material change in capital and other equity of the Group for the three months ended March 31, 2021 and 2020. For the related information, please refer to Note 6(n) of the consolidated financial statements for the year ended December 31, 2020.

- (i) Issuance of capital stock

The Company issued 70 thousand shares with par value of \$10 per share for the exercise of employee stock options for the three months ended March 31, 2021, whose legal registration procedure are unfinished, the amount of advance receipts for ordinary share is \$ 4,655 thousand.

- (ii) Capital surplus

The balances of capital surplus as of March 31, 2021 and December 31, 2020, and March 31, 2020 were as follows:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Additional paid-capital	\$ 960,962	958,419	949,944
Employee share options	10,646	10,463	9,591
Total	<b>\$ 971,608</b>	<b>968,882</b>	<b>959,535</b>

- (ii) Retained earnings

The Group's article of incorporation stipulate that, when allocating the profit for each fiscal year, the Company shall first offset its losses in previous years. Of the remaining profit, 10% is to be appropriated as legal reserve, until the accumulated legal reserve equals the Company's paid in capital. Aside from the aforesaid legal reserve, the Company shall appropriate or reverse another sum as special earnings reserve in accordance with relevant laws or regulations or requested by the authorities in charge. The remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and

## NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

18

submitted to the stockholders' meeting for approval.

According to the amendment of the of Article 240 and Article 241 of the ROC Company Act, the Company authorized the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Before the distribution of dividends, the Company shall first take into consideration its operating environment, industry developments, and the long term interests of stockholders, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. The dividend to be distributed shall be no less than 10% of the current year retained earnings available for distribution only if the current year retained earnings available for distribution does not reach \$0.5 per share, the Company may decide not to distribute dividend. The dividend to be distributed may be in the form of cash and stock, and cash dividend in the distribution should not be less than 30%.

Earnings distribution for 2020 and 2019 were decided via board of directors held on April 28, 2021, and June 16, 2020, respectively, and the approval of shareholders' meeting. The relevant dividend distributions to shareholders were as follow:

	2020		2019	
	Payout per share	Amount	Payout per share	Amount
Dividend to shareholders:				
Cash	\$ 10.0	625,612	\$ 4.0	249,185

(o) Share-based payment

For the three months ended March 31, 2021 and 2020, there were no significant changes in share-based payment except for the following: (Please refer to note 6(o) of the consolidated financial statements for the year ended December 31, 2020 for other related information).

(i) Information about the Company's outstanding employee stock options were described as follows:

	Three months ended March 31, 2021		Three months ended March 31, 2020	
	Weighted- average Exercise Price(NT\$)	Number of Stock Options	Weighted- average Exercise Price(NT\$)	Number of Stock Options
Outstanding at beginning of the period	\$ 66.50(note)	235	70.80(note)	440
Options granted	-	-	-	-
Options forfeited	-	(50)	-	-
Options exercised	66.50	(70)	-	-
Outstanding at end of the period	66.50(note)	115	70.80(note)	440
Exercisable at end of the period		35		220

## NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

19

Three months ended March 31, 2021		Three months ended March 31, 2020	
Weighted- average Exercise Price(NT\$)	Number of Stock Options	Weighted- average Exercise Price(NT\$)	Number of Stock Options

The weighted average price of

the stock options \$ 18.15 18.15

(Note) The Company adjusted the exercise price of stock options according to its requirements for issuance stock options.

The details of the stock options of the Group were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Weighted average of remaining contractual period (years)	1.32	1.57	2.32

(ii) The fair value of stock options granted is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

	2017 employee stock option
Exercise price (in dollars)	81.80
Stock price of grant date (in dollars)	81.80
Expected dividends	-%
Expected price volatility	26.78%~27.89%
Risk-free interest rate	0.67%~0.73%
Exercise option life	5 years

(iii) For the years ended March 31, 2021 and 2020, the expenses attributable to share based payment amounted to \$183 thousand and \$411 thousand, respectively.

(p) Earnings per share

The calculation of basic earnings per share for the three months ended March 31, 2021 and 2020 were calculated as follows:

	For the three months ended March 31,	
Basic earnings (loss) per share:	2021	2020
Profit attributable to ordinary shareholders of the Company	<u>\$ 217,879</u>	<u>\$ 38,826</u>
Weighted-average number of ordinary shares	<u>62,460</u>	<u>62,296</u>

## NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

20

Basic earnings (loss) per share: (thousand shares)	For the three months ended March 31,	
	2021	2020
	Basic earnings per share (NTD)	\$ 3.49

Diluted earnings per share:	For the three months ended March 31,	
	2021	2020
	Profit attributable to ordinary shareholders of the Company	\$ 217,879
Weighted-average number of ordinary shares (thousand shares)	62,460	62,296
Effect of employee stock bonus	233	442
Weighted average number of ordinary shares (diluted) (thousand shares)	62,693	62,738
Diluted earnings per share (NTD)	\$ 3.48	\$ 0.62

(q) Revenue from contracts with customers

(i) Details of revenue

	For the three months ended March 31,	
	2021	2020
	<u>Primary geographical markets</u>	
United States	\$ 349,729	\$ 292,066
Asia	98,559	125,642
Euro	956,003	207,310
	\$ 1,404,291	625,018
<u>Primary productions</u>		
Plastic injection mold	\$ 1,293,110	\$ 574,745
Tooling mold	111,064	49,736
Others	117	537
	\$ 1,404,291	625,018

(ii) Contract balances

For details on accounts receivable, please refer to note 6 (c).

	2021.3.31	2020.12.31	2020.3.31
Contract liabilities	\$ 56,698	51,775	35,392

## NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

21

The major change in the balance of contract liabilities is the advance consideration received from customers for the contracts, in which revenue is recognized when products are delivered to customers. The amount of revenue recognized for the months ended March 31, 2021 and 2020, which was included in the contract liability balance at the beginning of the period, was \$51,775 thousand and \$17,844 thousand, respectively.

(r) Employee, board of directors', and supervisors' compensation

In accordance with the Articles of incorporation the Company should contribute no less than 1% of the profit as employee compensation and not exceed 5% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the months ended March 31, 2021 and 2020, the Company estimated its employee remuneration amounting to \$6,750 thousand and \$6,188 thousand, and directors' remuneration amounting to \$2,550 thousand and \$2,000 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors of each period, multiplied by the percentage of remuneration to employees, directors as specified in the Company's articles. These remunerations were recognized as operating costs or operating expense. If the actual amount of the annual distribution and the estimated amount of differences, according to the changes in accounting estimates, and the difference recognized as the next year annual profit (loss). Such as the resolution of the board of directors to take the stock of employee compensation, the numbers of shares to be distributed would be calculated based on the closing price of the Company's ordinary shares one day before the date of the meeting of Board of Directors, please refer to Market Observation Post System for further information.

For the year ended December 31, 2020 and 2019, the Company estimated its employee remuneration amounting to \$30,000 thousand and \$22,100 thousand, respectively, and directors' and supervisors' remuneration amounting to \$11,705 thousand and \$7,925 thousand respectively. There is no difference in the actual distribution situation, please refer to Market Observation Post System for further information.

(s) Other revenue

The other revenue for the three months ended March 31, 2021 and 2020 were as follows:

	For the three-months ended March 31,	
	2021	2020
Interest income	\$ 6,022	\$ 19,911
Others	6,758	4,558
Total other income	<u>\$ 12,780</u>	<u>24,469</u>

(t) Other gains and losses

The other gains and losses for the three months ended March 31, 2021 and 2020 were as follows:

## NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

22

	For the three months	
	ended March 31,	
	2021	2020
Foreign currency exchange gains , net	\$ 23,671	31,603
Losses on valuation of financial assets	(1,939)	(2,730)
Gains on disposal of property, plant and equipment	4,966	686
Others	(164)	(477)
Net gains and losses	<b>\$ 26,534</b>	<b>(29,082)</b>

(u) Financial Instruments

In addition to the following, there is no material change in financial instruments of the Group. For the related information, please refer to note 6(u) of the consolidated financial statements for the year ended December 31, 2020.

(i) Credit risk

1) Credit risk exposure

As of March 31, 2021 and 2020, the Group's maximum exposure to credit risk was mainly from the carrying amount of financial assets recognized in the consolidated statements of financial position and amounted to \$6,597,899 thousand and \$5,205,785 thousand, respectively. The Groups had deposited these bank deposits in different financial institutions, and the Group believes that there is no significant credit risk from the above mentioned financial institutions.

2) Concentration of credit risk

The credit risk exposure of the Group comes from the credit of individual customers, and the industry of the customer also have effect on credit risk. For the years ended March 31, 2021 and 2020, sales to the individual customers whose revenue constituting over 10% of net revenue are 49% and 23% of total revenues respectively. As of March 31, 2021 and 2020, 43% and 16%, respectively, of accounts receivable were for those customers.

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	within 1 year	1-2 years
<b>March 31, 2021</b>				
Non-derivative financial liabilities				
Short-term borrowings	\$ 779,140	780,021	780,021	-
Short-term notes and bills payable	149,990	150,000	150,000	-
Long-term borrowings	1,250,000	1,269,429	11,930	1,257,499
Notes and accounts payable	775,264	775,264	775,264	-
Lease liabilities	59,403	59,403	36,383	23,020

# NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

23

Other financial liabilities	53,620	53,620	53,620	-
	<u>\$ 3,067,417</u>	<u>3,087,737</u>	<u>1,807,218</u>	<u>1,028,519</u>

### December 31, 2020

#### Non-derivative financial liabilities

Short-term borrowings	\$ 988,920	989,735	989,735	-
Long-term borrowings	1,200,000	1,220,867	11,492	1,209,735
Notes and accounts payable	800,428	800,428	800,428	-
Lease liabilities	70,115	70,115	39,224	30,891
Other financial liabilities	55,202	55,202	55,202	-
	<u>\$ 3,114,665</u>	<u>3,136,347</u>	<u>1,896,081</u>	<u>1,240,266</u>

### March 31, 2020

#### Non-derivative financial liabilities

Short-term borrowings	\$ 997,363	980,511	980,511	-
Long-term borrowings	1,000,000	1,015,591	10,483	1,005,108
Notes and accounts payable	410,901	410,901	410,901	-
Lease liability	118,965	118,965	54,152	64,813
Other financial liabilities	43,976	43,976	43,976	-
	<u>\$ 2,551,205</u>	<u>2,569,944</u>	<u>1,500,023</u>	<u>1,069,921</u>

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

### (iii) Market risk

#### 1) Exchange rate risk

The Group significant exposure to foreign currency risk on financial assets and liabilities was as follows:

	March 31, 2021			December 31, 2020			March 31, 2020		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<b><u>Financial assets</u></b>									
<b><u>Monetary Items</u></b>									
USD	\$ 157,822	28.535	4,503,441	153,339	28.480	4,367,099	68,419	30.225	2,067,960
CNY	1,552	4.344	6,742	199	4.377	870	9,904	4.255	42,142
<b><u>Financial liabilities</u></b>									
<b><u>Monetary Items</u></b>									
USD	7,562	28.535	215,771	8,170	28.480	232,674	1,235	30.225	37,342

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 receivables,

## NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

24

financial assets carried at amortized cost, accounts payable and other payables that are denominated in foreign currency.

A weakening (strengthening) of 1% of the NTD against the USD and CNY at March 31, 2021 and 2020, would have increased or decreased the net profit before tax by \$42,944 thousand and \$20,728 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 both periods.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months ended March 31, 2021 and 2020, foreign exchange gain (including realized and unrealized portions) amounted to \$23,671 thousand and \$31,603 thousand, respectively.

#### 2) Interest rate analysis

The interest risk exposure from financial assets and liabilities has been disclosed in the note of liquidity risk management.

The following sensitivity analysis is based on the exposure to interest rate risk of the derivative and non-derivative financial instruments on the reporting date. If the interest rate had increased or decreased by 0.25%, the net profit before tax would have decreased or increased by \$613 thousand and \$354 thousand for the three months ended March 31, 2021 and 2020, respectively, assuming all other variable factors were constant. This mainly resulted from borrowings and bank deposits at variable interest rates.

#### (iv) Fair value of financial instruments

##### 1) Fair value of financial instruments

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 for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	Carrying amounts	March 31, 2021			
		Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non derivative financial assets at fair value through profit or loss-current	\$ 656,573	48,549	-	608,024	656,573
Non derivative financial assets at fair value through profit or loss-non-current	\$ 124,335	124,335	-	-	124,335
Financial assets carried at amortized cost					
Cash and cash equivalents	\$ 3,050,461				
Notes and accounts receivable, net	1,579,278				
Other financial assets-current	860				
Refundable deposits	16,855				

# NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

25

		March 31, 2021			
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
current financial assets measured at amortized cost	57,070				
Non-current financial assets measured at amortized cost	<u>1,129,322</u>				
	<b><u>\$ 5,833,846</u></b>				
Financial liabilities carried at amortized cost					
Long and short term borrowings	\$ 2,029,140				
Short-term notes and bills payable	149,990				
Notes and accounts payable	775,264				
Lease liability	59,403				
Other payable	<u>53,620</u>				
	<b><u>\$ 3,067,417</u></b>				
		December 31, 2020			
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	<b><u>\$ 665,743</u></b>	<b><u>46,663</u></b>	<b><u>6,247</u></b>	<b><u>612,833</u></b>	<b><u>665,743</u></b>
Non derivative financial assets at fair value through profit or loss-non-current	<b><u>\$ 126,439</u></b>	<b><u>126,439</u></b>	-	-	<b><u>126,439</u></b>
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 2,626,650				
Notes and accounts receivable, net	1,817,252				
Other financial assets-current	560				
Refundable deposits	15,099				
current financial assets measured at amortized cost	56,960				
Non-current financial assets measured at amortized cost	<u>1,124,961</u>				
	<b><u>\$ 5,641,482</u></b>				
Financial liabilities carried at amortized cost					
Long and short term borrowings	\$ 2,188,920				
Notes and accounts payable	800,428				
Lease liability	70,115				
Other payable	<u>55,202</u>				
	<b><u>\$ 3,114,665</u></b>				

## NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

26

	Carrying amounts	March 31, 2020			
		Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets mandatorily measured at fair value through profit or loss	-	-	-	-	-
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>\$ 484,454</u>	<u>10,713</u>	<u>5,616</u>	<u>468,125</u>	<u>484,454</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 3,736,613				
Notes and accounts receivable, net	976,131				
Other financial assets-current	8,587				
Refundable deposits	<u>25,825</u>				
	<u>\$ 4,747,156</u>				
Financial liabilities carried at amortized cost					
Long and short term borrowings	\$ 1,977,363				
Notes and accounts payable	410,901				
Lease liability	118,965				
Other payable	<u>162,941</u>				
	<u>\$ 2,670,170</u>				

#### 2) Valuation techniques for financial instruments measured at fair value

##### a) Non-derivative financial instruments

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.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

##### b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants. Fair value of forward currency is usually determined by the forward currency exchange rate.

#### 3) Reconciliation of Level 3 fair values

The following table shows a reconciliation of the beginning balances to the ending balances for the fair value measurements in Level 3 of the fair value hierarchy:

## NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

27

	<b>At fair value through profit or loss</b>	
	<b>For the three months</b>	
	<b>ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Opening Balance	\$ 612,833	\$ 430,513
Recognized in profit or loss	2,723	5,267
Purchase	130,291	340,454
Disposal	(137,823)	(308,109)
Ending balance	<b>\$ 608,024</b>	<b>468,125</b>

The aforementioned total gains and losses were recognized in “other revenue”.

There have been no transfers from each level for the three months ended March 31, 2021 and 2020.

- 4) 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 are “ financial assets measured at fair value through profit or loss – principal guaranteed financial instrument” and derivative financial assets. The financial assets’ fair value are using the prior transaction price before adjustments or third-party pricing information. The unobservable inputs are not set up as the Group measures fair value, so the quantified information of significant unobservable inputs are not disclosed.

- (v) Financial risk management

The Group’s risk management policies are no material change in financial instruments of the Group for the three months ended March 31, 2021 and 2020. For the related information, please refer to note 6(v) of the consolidated financial statements for the year ended December 31, 2020.

- (w) Capital management

As of March 31, 2021, there were no changes in the Group’s approach to capital management. For the related information, please refer to Note 6(w) of the consolidated financial statements for the year ended December 31, 2020.

- (x) Investing and financing activities not affecting current cash flow

The Group’s investing and financing activities which did not affect the current cash flow in the three months ended March 31, 2021 and 2020, were as follows:

- (i) For acquisition of right-of-use assets, please refer to note 6(g).
- (ii) Reconciliation of liabilities arising from financing activities were as follows:

**NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

28

	<b>January 1,2021</b>	<b>Cash flows</b>	<b>Foreign exchange movement and others</b>	<b>March 31,2021</b>
Short term borrowings	\$ 988,920	(209,780)	-	779,140
Short-term notes and bills payable	-	150,000	(10)	149,990
Long term borrowings	1,200,000	50,000	-	1,250,000
Lease liability	70,115	(10,439)	(273)	59,403
Total liabilities from financing activities	<b><u>\$ 2,259,035</u></b>	<b><u>(20,219)</u></b>	<b><u>(283)</u></b>	<b><u>2,238,533</u></b>

	<b>January 1,2020</b>	<b>Cash flows</b>	<b>Foreign exchange movement and others</b>	<b>March 31,2020</b>
Short term borrowings	\$ 824,790	152,573	-	977,363
Short-term notes and bills payable	149,994	(150,000)	6	-
Long term borrowings	1,000,000	-	-	1,000,000
Lease liability	135,117	(15,212)	(940)	118,965
Total liabilities from financing activities	<b><u>\$ 2,109,901</u></b>	<b><u>(12,639)</u></b>	<b><u>(934)</u></b>	<b><u>2,096,328</u></b>

**(7) Related-party transactions:**

(a) Key management personnel compensation

Key management personnel compensation comprised:

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Short-term employee benefits	\$ 10,874	11,094
Termination benefits	81	54
	<b><u>\$ 10,955</u></b>	<b><u>11,148</u></b>

## NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

29

**(8) Pledged assets:**

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Demand deposits (classified under other current financial assets)	Guarantee for customs	\$ 57,070	56,960	-
//	Guarantee for Carbon emission	25	25	24
//	Guarantee for litigation	-	-	4,649
		<u>\$ 57,095</u>	<u>56,985</u>	<u>4,673</u>

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

- (a) The aggregate unpaid amounts of contracts pertaining to the purchase of plant and equipment were as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Acquisition of property, plant and equipment	<u>\$ 48,365</u>	<u>42,920</u>	<u>75,135</u>

- (b) For the necessary to bank loan and operating capital, the Company and its subsidiaries provide guarantee and endorsement for other parties were as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Outstanding guarantee notes	\$ 1,090,190	1,398,688	1,257,843
Purchase guarantee	-	-	15,113
	<u>\$ 1,090,190</u>	<u>1,398,688</u>	<u>1,272,956</u>
Actual usage amount	<u>\$ 134,140</u>	<u>153,920</u>	<u>332,476</u>

**(10) Losses Due to Major Disasters: None.**

**(11) Subsequent Events: None.**

**(12) Other:**

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

# NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

30

By item	By function	Three months ended March 31,					
		2021			2020		
		Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expenses							
Salaries		224,961	49,411	274,372	126,654	48,469	175,123
Labor and health insurance		5,936	2,866	8,802	4,541	2,354	6,895
Pension		8,485	2,172	10,657	4,821	1,531	6,352
Others		5,575	9,887	15,462	5,301	6,694	11,995
Depreciation		48,034	13,420	61,454	57,964	13,746	71,710
Amortization		834	794	1,628	942	1,038	1,980

### (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:

#### (i) Loans to other parties:

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 3)	Ending balance (Note 3)	Actual usage amount during the period	Interest rate	Nature of financing	Transaction amounts	Reason for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company	Maximum financing limit for the lender
													Item	Value		
1	The Company	NISHOKU VIETNAM	Other accounts receivable	Yes	285,350	285,350	228,280	0.95%	Necessary to loan other parties	-	Operating capital	-	-	-	465,254 (Note 1)	1,861,017 (Note 1)

Note 1: The individual amount and the total amount for lending to a company shall not exceed 10% and 40% of the lending company’s net worth in the latest financial statement, respectively. The Company for lending to the Company directly or indirectly holds 100% of their shares, with the loan amount not limited and the total amounts not exceeding the lending company’s net worth in the last financial statement.

Note 2: Related transaction have been eliminated during the preparation of the consolidated financial statements.

Note 3: Amount actually draw in foreign currencies were translated based on the exchange rate at the reporting date.

#### (ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date (Note 3)	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	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 (Note 2)										
0	The Company	SAME START (Anguilla)	3	4,652,543	113,560	-	-	-	-	4,652,543	Y	N	N
"	"	NISHOKU VIETNAM	2	4,652,543	1,182,104	970,190	114,140	-	20.85%	4,652,543	"	"	"

# NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

31

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise(Note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date (Note 3)	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 (Note 2)										
"	"	NISHOKU BOUEKI	2	4,652,543	176,560	120,000	20,000	-	% 2.58	4,652,543	"	"	"

Note 1: The amount and the total amount of the guarantee to a company shall not exceed 30% and 100%, respectively, of the Company net worth in the latest financial statements. The total amount of the guarantee that the Company and its subsidiaries to a company shall not exceed 100%, of the Company's net worth in the latest financial statement. The Company directly or indirectly holds 100% of their shares, the guarantee amounts not limited by the Company's net worth in the latest financial statement.

Note 2: The relationship of guarantor and endorsements to related parties were as follows:

- 1) Business relationship between the Company
- 2) The Company directly or indirectly holds over 50% of subsidiaries' shares;
- 3) The parent company and its subsidiaries hold over 50% of investees' shares;
- 4) A subsidiary jointed owned over 50% by the Company and the Company's directly-owned subsidiary.

Note 3: Amount actually draw in foreign currencies were translated based on the exchange rate at the reporting date.

### (iii) Securities held as of March 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Nature and name of securities	Relationship with the securities issuer	Account name	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	JPMorgan Funds - Global Corporate Bond Fund - JPM	None	Financial assets at fair value		8,329	0%	8,329	
	Global Corporate Bond		through profit or loss-current					
"	Allianz Income and Growth - Class AT Acc	"	"		11,605	0%	11,605	
"	BlackRock Global Fund - Global Allocation Fund	"	"		8,802	0%	8,802	
"	PIMCO GIS Dynamic Multi-Asset Fund	"	"		14,021	0%	14,021	
NISHOKU BOUEKI	Allianz Income and Growth - Class AT Acc	"	"		5,792	0%	5,792	
NISHOKU	Fixed income financial product	"	"		390,873	0%	390,873	
SHENZHEN								
KUNSHAN	Fixed income financial product	"	"		217,151	0%	217,151	
NISHOKU PLASTIC								
The Company	Allianz Global Investors Income and Growth Fund	"	Financial assets at fair value		38,095	0%	38,095	
			through profit or loss-non current					
"	PineBridge Global ESG Quantitative Bond Fund	"	"		22,683	0%	22,683	
"	PineBridge Global Multi - Strategy High Yield Bond Fund	"	"		38,366	0%	38,366	
"	FSITC US Top 100 Bond Fund	"	"		12,399	0%	12,399	
"	Nomura Global Financial Bond Fund Accumulate	"	"		12,792	0%	12,792	
"	Nomura Global Financial Bond Fund Accumulate	"	"		12,792	0%	12,792	

## NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

32

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
NISHOKU SHENZHEN	Fixed income financial product	Financial assets at fair value through profit or loss-current	Wells Fargo Asset Management	None	-	393,964	-	130,291	-	136,105	133,382	2,723	-	390,873

- (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:

Company name	Related party	Nature of relationships	Transaction Details				Abnormal Transaction		Notes/ Trade (Payables) or Receivables		Note
			Purchase/Sale	Amount	Percentage of the purchases (sales) (%)	Payment terms	Unit price	Payment terms	Ending balance	% of total notes/accounts receivable (payable)	
The Company	KUNSHAN NISHOKU PLASTIC	Associate	Sales	(320,757)	(71)%	Net 90 days	(Note1)	(Note1)	322,339	83%	(Note2)
KUNSHAN NISHOKU PLASTIC	The Company	"	Purchase	320,757	54%	"	"	"	(322,339)	(37)%	"

Note 1: The subsidiaries did not purchase or sale same product from third parties, so the purchase (sale) price can not be compared. In addition, the receipt terms of related parties were not significant different to third parties.

Note 2: Transactions within the Group were eliminated in the consolidated financial statements.

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	KUNSHAN NISHOKU PLASTIC	Subsidiary	322,339	4.11	-	-	195,104	-

Note 1: Until April 22, 2021.

Note 2: Transactions within the Group were eliminated in the consolidated financial statements

- (ix) Trading in derivative instruments: None.
- (x) Business relationships and significant intercompany transactions:

The following is the information for the three months ended March 31, 2021.

# NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

33

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of Intercompany transactions, 2021				Percentage of the consolidated net revenue or total assets
			relationship (Note 2)	Account name	Amount	Trading terms	
0	The Company	SAME START (Anguilla)	1	Purchase	29,851	Note 3	2%
"	"	"	1	Account Payable	30,080	"	-%
"	"	KUNSHAN NISHOKU	1	Sales	320,757	"	22%
"	"	"	1	Account receivable	322,339	"	- 4%
"	"	NISHOKU VIETNAM	1	Sales	36,621	"	3%
"	"	"	1	Account receivable	36,837	"	-%
"	"	"	1	Other receivables	228,280	Loans	3%
2	SAME START (Anguilla)	NISHOKU SHENZHEN	3	Account Payable	15,437	Note 3	-%
"	"	KUNSHAN NISHOKU	3	Purchase	46,455	"	3%
"	"	"	3	Account Payable	50,482	"	1%
"	"	NISHOKU VIETNAM	3	Sales	19,558	"	1%
"	"	"	3	Account receivable	33,729	"	-%

Note 1: "0" represents the parent company, and the others represent the subsidiaries.

Note 2: "1" represents the transactions from parent company to subsidiary.

"2" represents the transactions from subsidiary to parent company.

"3" represents the transactions between subsidiaries.

Note 3: The trading price and product that purchase or sale from related parties that did not purchase or sale from third parties, so can't be compared. The payments terms were 90 days for related parties.

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2021 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	SUN NICE (SAMOA)	SAMOA	Holding	1,096,194	1,096,194	34,468	100%	4,658,602	208,864	208,893	
"	NISHOKU BOUEKI	Taiwan	Purchase and sales of plastic raws and parts	1,000	1,000	6,300	100%	109,445	(19)	1,381	
"	NISHOKU VIETNAM	Vietnam	Manufacture and sale of tooling and plastic products	508,434 (USD 16,500 thousands)	508,434 (USD 16,500 thousands)	-	100%	113,476	2,496	2,573	
SUN NICE (SAMOA)	SAME START (Anguilla)	Anguilla	Purchase and sale of mold and plastic products	-	-	-	100%	248,468	63,560	24,094	

# NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

34

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
"	NISHOKU HK	HK	Holding	1,800,361 (USD 57,915 thousands)	1,800,361 (USD 57,915 thousands)	62,298	100%	3,537,007	133,328	133,328	
"	SUNNICE (BVI)	BVI	"	585,292 (USD 17,948 thousands)	585,292 (USD 17,948 thousands)	15,697	100%	940,023	51,495	51,495	

(c) Information on investment in Mainland China:

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 1)	Book value (Note 1)	Accumulated remittance of earnings in current period
					Outflow	Inflow						
NISHOKU SHENZHEN	Manufacture and sale of mold and plastic products	USD23,288 thousands	Indirect investment through third area	703,870 (USD22,939 thousands)	-	-	703,870 (USD22,939 thousands)	4,166	100%	4,166	1,158,616	475,841
KUNSHAN NISHOKU PLASTIC	Manufacture and sale of mold and plastic products	USD53,310 thousands	"	1,674,270 (USD52,524 thousands)	-	-	1,674,270 (USD52,524 thousands)	180,619	100%	180,619	3,288,374	473,544

- (ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of March 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
2,378,140	2,378,140	(Note 2)

Note 1: The above investment income (loss) in mainland China was based on financial statements audited by the Company's auditors.

Note 2: The Company has received the certificate issue by the Industrial Development Bureau, Ministry of Economic Affairs, allowing it to start operating of its headquarters.

Note 3: Above investment amount within the Group were eliminated in the consolidated financial statements.

- (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" and "Business relationships and significant intercompany transactions".

(d) Major shareholders :

Shareholder's Name	Shareholding	Shares	Percentage
Ji Teng Investment Limited		4,500,000	7.19%
Yun Ding Investment Limited		4,050,000	7.19%
CTBC Bank Trusted Custody investment account _Gold Talent Co., Ltd.		3,897,856	6.23%
Hsieh Hsin I		3,883,968	6.20%
Jin Hong Investment Limited		3,600,000	5.75%

## NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

35

**(14) Segment information:**

The Group's identifies its operating segments based on decision of the chief operating decision marker (CODM). The Group's operating segments are in United States, Asia and Europe, etc. Those operating segments are reportable segments. The Revenue from manufacture and supply electronic parts to clients. Since the strategy of each segment is different, it is necessary to separate them for management.

The operating segment's profit or loss is measured by net operating income, and as the basis of performance evaluation. The operating segment accounting policies are similar to those described in note 4 "significant accounting policies". The Group regards sales and transfers between operating segments as transactions with third parties.

The Group's product revenues from geographical clients were as follows:

	Three months ended March 31, 2021				
	United States	Asia	Europe	Elimination	Total
Revenue from external customers	<u>\$ 349,729</u>	<u>98,559</u>	<u>956,003</u>	=	<u>1,404,291</u>
Reportable segment profit	<u>\$ 120,772</u>	<u>5,714</u>	<u>183,089</u>	=	<u>309,575</u>
	Three months ended March 31, 2020				
	United States	Asia	Europe	Elimination	Total
Revenue from external customers	<u>\$ 292,066</u>	<u>125,642</u>	<u>207,310</u>	=	<u>625,018</u>
Reportable segment profit (loss)	<u>\$ 38,534</u>	<u>(9,962)</u>	<u>(23,088)</u>	=	<u>5,484</u>