

**NISHOKU TECHNOLOGY INC.
AND ITS SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

September 30, 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	8
7. Consolidated Statements of Cash Flows	9
8. Notes to the Consolidated Financial Statements	
(1) Company history	11
(2) Approval date and procedures of the consolidated financial statements	11
(3) New standards, amendments and interpretations adopted	11~12
(4) Summary of significant accounting policies	12~13
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	13
(6) Explanation of significant accounts	13~31
(7) Related-party transactions	31
(8) Pledged assets	32
(9) Significant Commitments and contingencies	32
(10) Losses Due to Major Disasters	32
(11) Subsequent Events	32
(12) Other	33
(13) Other disclosures	
(a) Information on significant transactions	33~37
(b) Information on investees	37
(c) Information on investment in mainland China	38
(d) Major shareholders	38
(14) Segment information	39

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 September 30, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three months and nine months ended September 30, 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 \$153,727 thousand and \$740,515 thousand constituting 2% and 9 % of the Group's consolidated total assets as of September 30, 2021 and 2020, respectively; total liabilities of \$46,647 thousand and \$256,978 thousand constituting 1% and 7% of the Group's consolidated total liabilities as of September 30, 2021 and 2020, respectively; comprehensive income of \$56 thousand and \$19,194 thousand and \$2,383 thousand and \$21,144 thousand constituting 0% and 10% and 0.45% and 5% of the Group's consolidated comprehensive income for the three months and nine months ended September 30, 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

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.

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 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)

Oct. 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 September 30, 2021 and 2020
NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2021, December 31, 2020 and September 30, 2020

(Expressed in Thousands of New Taiwan Dollars)

	September 30, 2021		December 31, 2020		September 30, 2020			September 30, 2021		December 31, 2020		September 30, 2020	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Assets							Liabilities and Equity						
Current assets:							Current liabilities:						
1100 Cash and cash equivalents (note 6(a))	\$ 3,248,120	37	2,626,650	30	2,373,278	29	2100 Short-term borrowings (note 6(h))	\$ 1,718,800	20	988,920	12	901,400	12
1110 Financial assets at fair value through profit or loss (note 6(b))	644,724	7	665,743	8	615,530	8	2111 Short term notes and bills payable (note 6(i))	-	-	-	-	39,990	-
1170 Accounts notes and receivable, net (note 6(c))	1,244,095	14	1,817,252	21	1,637,156	20	2170 Notes and Accounts payable	490,584	6	800,428	9	713,712	9
130X Inventories (note 6(d))	496,699	6	523,074	6	449,760	6	2280 Current lease liabilities (note 6(k))	31,409	-	39,224	-	37,008	-
1470 Other current assets	57,644	1	54,105	1	54,351	1	2300 Other current liabilities(note 6(q))	393,440	4	447,836	5	374,079	5
1476 Other current financial assets (note 8)	56,850	1	57,520	1	60,143	1		<u>2,634,233</u>	<u>30</u>	<u>2,276,408</u>	<u>26</u>	<u>2,066,189</u>	<u>26</u>
	<u>5,748,132</u>	<u>66</u>	<u>5,744,344</u>	<u>67</u>	<u>5,190,218</u>	<u>65</u>	Non-Current liabilities:						
Non-current assets:							2540 Long-term borrowings (note 6(j))	1,250,000	14	1,200,000	14	1,200,000	15
1511 Non-current financial assets at fair value through profit or loss (note 6(b))	173,065	2	126,439	1	-	-	2570 Deferred tax liabilities and others	638,120	7	652,948	8	579,307	7
1535 Non-current financial assets at amortized cost (note 6(e))	1,294,686	15	1,124,961	13	1,271,670	16	2580 Non-current lease liabilities (note 6(k))	11,892	-	30,891	-	37,602	-
1600 Property, plant and equipment (note 6(f))	1,366,017	16	1,444,529	17	1,400,160	17		<u>1,900,012</u>	<u>21</u>	<u>1,883,839</u>	<u>22</u>	<u>1,816,909</u>	<u>22</u>
1755 Right-of-use assets(note 6(g))	42,945	-	69,737	1	74,238	1	Total liabilities	<u>4,534,245</u>	<u>51</u>	<u>4,160,247</u>	<u>48</u>	<u>3,883,098</u>	<u>48</u>
1840 Deferred tax assets	20,765	-	21,792	-	14,966	-	Equity attributable to owners of parent (note 6(n)):						
1915 Prepayments for equipment	24,683	-	8,503	-	22,379	-	3110 Ordinary share	625,612	7	624,462	7	622,962	8
1985 Long-term prepaid rents	63,758	1	66,518	1	67,209	1	3140 Advance receipts for share capital	6,776	-	2,993	-	9,975	-
1990 Other non-current assets	14,462	-	10,670	-	11,978	-	3200 Capital surplus	975,809	11	968,882	11	960,213	12
	<u>3,000,381</u>	<u>34</u>	<u>2,873,149</u>	<u>33</u>	<u>2,862,600</u>	<u>35</u>	Retained earnings:						
							3310 Legal reserve	610,265	7	538,129	7	538,129	7
							3320 Special reserve	310,459	4	337,817	4	337,817	4
							3350 Unappropriated retained earnings	2,059,167	24	2,295,422	27	2,089,521	26
								<u>2,979,891</u>	<u>35</u>	<u>3,171,368</u>	<u>38</u>	<u>2,965,467</u>	<u>37</u>
							3400 Other equity interest	(373,820)	(4)	(310,459)	(4)	(388,897)	(5)
							Total equity	<u>4,214,268</u>	<u>49</u>	<u>4,457,246</u>	<u>52</u>	<u>4,169,720</u>	<u>52</u>
Total Assets	\$ 8,748,513	100	8,617,493	100	8,052,818	100	Total liabilities and equity	\$ 8,748,513	100	8,617,493	100	8,052,818	100

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
For the three months and nine months ended September 30, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	Three months ended September 30,				Nine months ended September 30,			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
4110 Operation Revenues (notes 6(q))	\$ 1,080,037	102	\$ 1,507,560	101	3,730,533	102	3,271,314	102
4170 Less: Sales returns and allowance	18,047	2	17,970	1	68,734	2	49,771	2
Net Operating revenues	1,061,990	100	1,489,590	100	3,640,799	100	3,221,543	100
5000 Operating costs (notes 6(d), (f), (g) ,(l) and 13)	774,809	73	982,712	66	2,612,142	72	2,250,667	70
Gross profit from operations	287,181	27	506,878	34	1,028,657	28	970,876	30
6000 Operating expenses: (notes 6(c), (f), (g) ,(l),(o),(r) and 12)								
6100 Selling expenses	15,269	1	13,352	1	48,765	1	37,855	1
6200 Administrative expenses	76,560	7	76,153	5	233,717	6	223,892	7
6300 Research and development expenses	22,270	2	23,115	2	71,068	2	62,714	2
6450 Expected credit loss	64	-	1,675	-	38	-	2,919	-
	114,163	10	114,295	8	355,588	9	329,380	10
Net operating income	173,018	17	392,583	26	675,069	19	641,496	20
Non-operating income and expenses:								
7010 Other income (notes 6(s))	9,209	1	9,769	1	44,282	1	58,281	1
7020 Other gains and losses, net (notes 6(t))	(3,468)	-	(106,641)	(7)	(67,484)	(2)	(106,559)	(3)
7050 Finance costs, net(notes 6(k))	(5,954)	(1)	(5,091)	-	(15,856)	-	(16,153)	-
Total non-operating income and expenses	(213)	-	(101,963)	(6)	(39,058)	(1)	(64,431)	(2)
7900 Profit from continuing operations before tax	172,805	17	290,620	20	636,011	18	577,065	18
7950 Less: Tax expense (note 6(m))	31,457	3	48,939	3	201,876	6	61,604	2
Profit	141,348	14	241,681	17	434,135	12	515,461	16
8300 Other comprehensive income:								
8360 Components of other comprehensive income that will be reclassified to profit or loss								
8361 Exchange differences on translation	(1,020)	-	58,561	4	(79,201)	(2)	(63,850)	(2)

See accompanying notes to consolidated financial statements.

7

Reviewed only, not audited in accordance with generally accepted auditing standards
NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and nine months ended September 30, 2021 and 2020

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

	<u>Three months ended September 30,</u>				<u>Nine months ended September 30,</u>			
	<u>2021</u>		<u>2020</u>		<u>2021</u>		<u>2020</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(m))	204	-	(11,712)	1	15,840	-	12,770	-
8300 Other comprehensive income, net	(816)	-	46,849	3	(63,361)	(2)	(51,080)	(2)
8500 Total comprehensive income	\$ 140,532	14	288,530	20	370,774	10	464,381	14
Profit, attributable to:								
8610 Profit, attributable to owners of parent	\$ 141,348	14	241,681	17	434,135	12	515,461	16
Comprehensive income attributable to:								
8710 Comprehensive income, attributable to owners of parent	\$ 140,532	14	288,530	20	370,774	10	464,381	14
Basic earnings per share								
9750 Basic earnings per share (NT dollars) (note 6(p))	\$ 2.26		3.88		6.94		8.27	
9850 Diluted earnings per share (NT dollars) (note 6(p))	\$ 2.25		3.87		6.91		8.24	

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 nine months ended September 30, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent								Total equity
	Share capital		Retained earnings				Total other equity interest	Total equity attributable to owners of parent	
	Ordinary shares	Advance receipts for ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements		
Balance at January 1, 2020	\$ 622,962	-	959,124	504,367	199,839	1,994,985	(337,817)	3,943,460	3,943,460
Profit for the period	-	-	-	-	-	515,461	-	515,461	515,461
Other comprehensive loss	-	-	-	-	-	-	(51,080)	(51,080)	(51,080)
Total comprehensive income (loss)	-	-	-	-	-	515,461	(51,080)	464,381	464,381
Appropriation and distribution of retained earnings									
Legal Reserve Appropriated	-	-	-	33,762	-	(33,762)	-	-	-
Special Reserve Appropriated	-	-	-	-	137,978	(137,978)	-	-	-
Cash Dividends of Common Stock	-	-	-	-	-	(249,185)	-	(249,185)	(249,185)
Stock Option Compensation Cost	-	-	1,089	-	-	-	-	1,089	1,089
Issuance of shares exercise of employee stock options	-	9,975	-	-	-	-	-	9,975	9,975
Balance at September 30, 2020	\$ 622,962	9,975	960,213	538,129	337,817	2,089,521	(388,897)	4,169,720	4,169,720
Balance at January 1, 2021	\$ 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	-	-	-	-	-	434,135	-	434,135	434,135
Other comprehensive loss	-	-	-	-	-	-	(63,361)	(63,361)	(63,361)
Total comprehensive income (loss)	-	-	-	-	-	434,135	(63,361)	370,774	370,774
Appropriation and distribution of retained earnings									
Legal Reserve Appropriated	-	-	-	72,136	-	(72,136)	-	-	-
Cash Dividends of Common Stock	-	-	-	-	-	(625,612)	-	(625,612)	(625,612)
Special Reserve Appropriated	-	-	-	-	(27,358)	27,358	-	-	-
Stock Option Compensation Cost	-	-	429	-	-	-	-	429	429
Issuance of stock exercise of employee stock options	1,150	3,783	6,498	-	-	-	-	11,431	11,431
Balance at September 30, 2021	\$ 625,612	6,776	975,809	610,265	310,459	2,059,167	(373,820)	4,214,268	4,214,268

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 nine months ended September 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30,	
	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	\$ 636,011	577,065
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	184,578	210,711
Expected credit loss	38	2,919
Interest expense	15,856	16,153
Interest income	(28,308)	(43,684)
Stock option compensation cost	429	1,089
Net loss on financial assets at fair value through profit or loss	2,940	498
Gain on disposal of property, plant and equipment	(7,332)	(3,531)
Recognition losses (reversal of provision) on inventory valuation and obsolescence	(14,222)	5,463
Other	402	623
Total adjustments to reconcile profit :	<u>154,381</u>	<u>190,241</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	21,538	(166,599)
Notes and accounts receivable	573,119	(244,135)
Inventories	40,597	20,405
Other current assets and other financial assets	(10,624)	(9,706)
Total changes in operating assets	<u>624,630</u>	<u>(400,035)</u>
Changes in operating liabilities:		
Notes and accounts payable	(309,844)	109,334
Other current liabilities	(133,491)	11,930
Total changes in operating liabilities	<u>(443,335)</u>	<u>121,264</u>
Total adjustments	<u>335,676</u>	<u>(88,530)</u>
Cash inflow generated from operations	971,687	488,535
Interest received	28,260	45,695
Interest paid	(15,330)	(16,350)
Income taxes paid	(115,886)	(148,057)
Net cash flows from operating activities	<u>868,731</u>	<u>369,823</u>
Cash flows from (used in) investing activities:		
Acquisition of Non-current financial assets at fair value through profit or loss	(54,406)	-
Proceeds from disposal of Non-current financial assets at fair value through profit or loss	4,320	-
Acquisition of Non-current financial assets at amortized cost	(168,465)	(1,329,870)
Acquisition of property, plant and equipment	(141,522)	(55,073)
Proceeds from disposal of property, plant and equipment	22,823	7,439
Decrease in Refundable deposits	4,415	9,458
Increase in other non-current assets	(4,565)	(2,198)
Net cash flows used in investing activities	<u>(337,400)</u>	<u>(1,370,244)</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	729,880	76,610
Decrease in short-term notes and bills payable	-	(110,000)
Proceeds of long-term borrowings	50,000	200,000
Increase (decrease) in guarantee deposits received	2,460	(306)
Payment of lease liabilities	(30,063)	(43,456)
Cash dividends paid	(625,612)	(249,185)
Proceeds from exercise of employee stock options	11,431	9,975
Net cash flows from (used in) financing activities	<u>138,096</u>	<u>(116,362)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(47,957)</u>	<u>(49,738)</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 Cash Flows

For the nine months ended September 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30,	
	2021	2020
Net Increase (decrease)in cash and cash equivalents	621,470	(1,166,521)
Cash and cash equivalents at beginning of period	2,626,650	3,539,799
Cash and cash equivalents at end of period	\$ 3,248,120	2,373,278

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

NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 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 October 28, 2021.

(3) New standards, amendments and interpretations adopted:

- a. Impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already taken effect.

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 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, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

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

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC

.

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

12

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(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 nine months ended September 30, 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

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

13

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.

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

	September 30, 2021	December 31, 2020	September 30, 2020
Cash, and demand deposits	\$ 2,042,541	1,827,075	1,285,872
Time deposits	676,429	429,335	694,556
Bond acquired under repurchase agreement	529,150	370,240	392,850
Cash and cash equivalents in the consolidated statement of cash flows	\$ 3,248,120	2,626,650	2,373,278

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

	September 30, 2021	December 31, 2020	September 30, 2020
Financial assets at fair value through profit or loss:			
Fund investments-current	\$ 41,938	46,663	11,750
Fixed income financial instruments	602,786	612,833	597,656
Bond of oversea	-	6,247	6,124
Total	\$ 644,724	665,743	615,530

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

14

	September 30, 2021	December 31, 2020	September 30, 2020
Fund investments non-current	\$ 173,065	126,439	-

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

As of September 30, 2021 and 2020, and December 31, 2020, the Group did not provide any financial assets as collateral.

(c) Notes and accounts receivable

	September 30, 2021	December 31, 2020	September 30, 2020
Notes receivable	\$ 3,246	6,083	8,414
Accounts receivable	1,241,416	1,811,698	1,632,067
Less : allowance for impairment	(567)	(529)	(3,325)
	\$ 1,244,095	1,817,252	1,637,156

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 was as follows:

September 30, 2021			
	Carrying amount of accounts receivable	Weighted- average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 1,209,983	-%	-
Past due less than 120 days	30,943	0%~1%	77
Past due over 1 year	490	100%	490
Total	\$ 1,241,416		567

December 31, 2020			
	Carrying amount of accounts receivable	Weighted- average loss rate	Loss allowance for lifetime expected credit losses
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	\$ 1,811,698		529

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

15

	September 30, 2020		
	Carrying amount of accounts receivable	Weighted- average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 1,603,807	-%	-
Past due less than 120 days	27,695	0%~1%	2,782
Past due 121~270 days	53	0%~30%	31
Past due 271~365 days	21	0%~100%	21
Past due over 1 year	491	100%	491
Total	\$ 1,632,067		3,325

The movement of the loss allowance for notes and accounts receivable was as follows:

	Nine months ended September 30,	
	2021	2020
Beginning balance (IAS 39)	\$ 529	19,099
Impairment loss	38	2,919
Amounts written off	-	(18,693)
Ending balance	\$ 567	3,325

(d) Inventories

	September 30, 2021	December 31, 2020	September 30, 2020
Raw materials	\$ 187,498	194,769	177,570
Work in process	230,854	203,355	203,429
Finished goods	78,347	124,950	68,761
	\$ 496,699	523,074	449,760

For the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, raw material, consumables, and changes in the finished goods and work in progress recognized as cost of sale amounted to \$774,809 thousand and \$982,712 thousand, and \$2,612,142 thousand, and \$2,250,667 thousand, respectively. For the three months ended September 30, 2021 and 2020, and for the nine months ended September 30, 2021 and 2020 the Group recognized the losses (reversal) on inventory valuation and obsolescence as cost of goods sold amounting to (\$15,265) thousand and (\$6,594) thousand and \$(14,222) thousand, and \$5,463 thousand, respectively.

As of September 30, 2021, December 31, 2020, and September 30, 2020, the Group did not provide any inventories as collateral.

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

16

(e) Non-current financial assets at amortized cost

	September 30, 2021	December 31, 2020	September 30, 2020
Restricted bank deposit	\$ 1,294,686	1,124,961	1,271,670

In June, 2021 and 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 September 30, 2021 and 2020, were as follows.

	Land	Building	Machinery and equipment	Office and other equipment	Construction in progress and testing equipment	Total
Cost or deemed cost:						
Balance on January 1, 2021	\$179,672	1,048,926	1,955,334	479,442	56,056	3,719,430
Additions	-	4,483	60,447	14,296	38,260	117,486
Reclassifications	-	5,810	6,218	986	(12,264)	750
Disposals	-	(470)	(158,427)	(30,064)	-	(188,961)
Effect of movements in exchange rates	-	(14,157)	(38,451)	(4,680)	19,168	(38,120)
Balance on September 30, 2021	\$ 179,672	1,044,592	1,825,121	459,980	101,220	3,610,585
Balance on January 1, 2020	\$179,672	920,762	2,016,688	476,633	101,928	3,695,683
Additions	-	586	17,384	13,359	16,507	47,836
Reclassifications	-	122,866	(21)	1,061	(124,578)	(672)
Disposals	-	-	(68,476)	(23,578)	-	(92,054)
Effect of movements in exchange rates	-	(8,936)	(31,561)	(4,769)	22,091	(23,175)
Balance on September 30, 2020	\$ 179,672	1,035,278	1,934,014	462,706	15,948	3,627,618
Depreciation and impairments loss:						
Balance on January 1, 2021	\$ -	453,394	1,435,367	386,140	-	2,274,901
Depreciation for the period	-	29,737	89,440	31,487	-	150,664
Reclassifications	-	-	246	504	-	750

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

17

	Land	Building	Machinery and equipment	Office and other equipment	Construction in progress and testing equipment	Total
Disposals	-	(470)	(144,470)	(28,530)	-	(173,470)
Effect of movements in exchange rates	-	(5,940)	898	(3,235)	-	(8,277)
Balance on September 30, 2021	\$ -	476,721	1,381,481	386,366	-	2,244,568
Balance on January 1, 2020	\$ -	391,905	1,413,474	358,463	-	2,163,842
Depreciation for the period	-	35,494	92,516	34,415	-	162,425
Disposals	-	-	(66,367)	(21,779)	-	(88,146)
Effect of movements in exchange rates	-	8,769	(17,053)	(2,379)	-	(10,663)
Balance on September 30, 2020	\$ -	436,168	1,422,570	368,720	-	2,227,458
Carrying amounts:						
Balance on September 30, 2021	\$179,672	567,871	443,640	73,614	101,220	1,366,017
Balance on January 1, 2021	\$179,672	595,532	519,967	93,302	56,056	1,444,529
Balance on September 30, 2020	\$179,672	599,110	511,444	93,986	15,948	1,400,160

As of September 30, 2021, December 31, 2020 and September 30, 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 was presented below

Carrying amount:	Buildings and structures	Machinery and equipment	Transportat ion equipment	Total
Balance on September 30, 2021	\$ 33,991	1,163	7,791	42,945
Balance on December 31, 2020	\$ 63,480	4,728	1,529	69,737
Balance on September 30, 2020	\$ 67,995	3,855	2,388	74,238

The amounts of depreciation expense for the nine months ended September 30, 2021 and 2020 were \$29,597 thousand and \$42,766 thousand, respectively.

(h) Short-term borrowings

The details were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Secured loans	\$ 44,000	45,000	45,000
Credit loans, no pledge	1,674,800	943,920	856,400

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

18

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30 , 2020</u>
Total	\$ 1,718,800	988,920	901,400
Interest rate range	<u>0.4%~0.83%</u>	<u>0.40%~0.83%</u>	<u>0.40%~0.83%</u>

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

(i) Short-term notes and bills payable

The details were as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Commercial paper payable	\$ -	-	40,000
Less: Discount on short-term notes and bills payable	-	-	(10)
Total	<u>\$ -</u>	<u>-</u>	<u>39,990</u>
Interest rate range	<u>-</u>	<u>-</u>	<u>0.602%</u>

(j) Long-term borrowings

The details were as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Unsecured loans	<u>\$ 1,250,000</u>	<u>1,200,000</u>	<u>1,200,000</u>
Interest rate range	<u>0.92%~0.96%</u>	<u>0.95%~0.98%</u>	<u>0.95%~1.04%</u>

(k) Lease liabilities

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Lease liabilities - Current	\$ 31,409	39,224	37,008
Lease liabilities -Non-current	<u>\$ 11,892</u>	<u>30,891</u>	<u>37,602</u>

The details were as follows:

The maturity information please refer to note 6(u).

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

19

The amounts recognized in profit or loss during the lease term were as follows:

	Three months ended September 30, 2021	Three months ended September 30,2020	Nine months ended September 30,2021	Nine months ended September 30,2020
Interests of lease liabilities	\$ 139	246	494	965
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 182	153	550	460

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

	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Total cash out flow of lease	\$ 31,107	44,881

(l) Employee benefits

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

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Operating Costs	\$ 8,913	6,818	25,575	14,629
Operating Expenses	2,239	1,662	6,514	4,332
Total	\$ 11,152	8,480	32,089	18,961

(m) Income tax

(i) The amounts of income tax expense for the three months and nine months ended September 30, 2021 and 2020 were \$31,457 thousand, \$48,939 thousand, \$201,876 thousand and \$61,604 thousand respectively.

(ii) The amounts of income tax profit under other comprehensive income or loss for the three months and nine months ended September 30, 2021 and 2020 were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Foreign currency translation differences for foreign operations	\$ (204)	11,712	(15,840)	(12,770)

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

20

(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 nine months ended September 30, 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 180 thousand shares, with par value of \$10 per share for the exercise of employee stock options for the nine months ended September 30, 2021. Therein 70 thousand shares were completed the legal registration procedures. As of September 30, 2021, there were still 110 thousand shares whose legal registration procedure are unfinished. The amount of advance receipts for ordinary share were \$ 6,776 thousand.

(ii) Capital surplus

The balances of capital surplus as of September 30, 2021 and December 31, 2020 and September 30, 2020 were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Additional paid-capital	\$ 964,917	958,419	949,944
Employee share options	10,892	10,463	10,269
Total	<u>\$ 975,809</u>	<u>968,882</u>	<u>960,213</u>

(iii) 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 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

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

21

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 Aug 12, 2021 and Jun 16, 2020, respectively, and the approval of shareholders' meeting. The relevant dividend distributions to shareholders were as follows:

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

(o) Share-based payment

For the nine months ended September 30, 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 is described as follows:

	Nine months ended September 30, 2021		Nine months ended September 30, 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	-	<u>(180)</u>	66.50	<u>(150)</u>
Outstanding at end of the period	61.60(note)	<u><u>5</u></u>	66.50(note)	<u><u>290</u></u>
Exercisable at end of the period		<u><u>-</u></u>		<u><u>-</u></u>
The weighted average price of the stock options		<u><u>\$ 18.15</u></u>		<u><u>18.15</u></u>

(Note) The Company adjusted the exercise price of stock options in accordance with the plans.

The details of the stock options of the Group as of September 30, 2021, and December 31, 2020 and September 30, 2020 were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Weighted average of remaining contractual period (years)	0.82	1.57	1.82

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

22

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

	2017
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) Expenses incurred on share-based payment transactions for the three months and nine months ended September 30, 2021 and 2020 were \$62 thousand and \$267 thousand and \$429 thousand and \$1,089 thousand.

- (p) Earnings per share

The calculation of basic earnings per share for three months and nine months ended September 30, 2021 and 2020 were calculated as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Basic earnings per share:				
Profit attributable to ordinary shareholders of the Company	<u>\$ 141,348</u>	<u>241,681</u>	<u>434,135</u>	<u>515,461</u>
Weighted-average number of ordinary shares (thousand shares)	<u>62,561</u>	<u>62,296</u>	<u>62,521</u>	<u>62,296</u>
Basic earnings per share (NTD)	<u>\$ 2.26</u>	<u>3.88</u>	<u>6.94</u>	<u>8.27</u>
Diluted earnings per share:				
Profit attributable to ordinary shareholders of the Company	<u>\$ 141,348</u>	<u>241,681</u>	<u>434,135</u>	<u>515,461</u>
Weighted-average number of ordinary shares (basic, thousand shares)	62,561	62,296	62,521	62,296
Effect of employee stock bonuses	<u>248</u>	<u>188</u>	<u>345</u>	<u>293</u>
Weighted-average number of ordinary shares (diluted, thousand shares)	<u>62,809</u>	<u>62,484</u>	<u>62,866</u>	<u>62,589</u>

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

23

	Three months ended		Nine months ended	
	September 30,		September 30,	
Diluted earnings per share (NTD)	\$ 2.25	3.87	6.91	8.24

(q) Revenue from contracts with customers

(i) Details of revenue

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
<u>Primary geographical markets</u>				
United States	\$ 391,130	470,531	1,074,972	1,187,905
Asia	114,299	135,332	296,115	395,650
Euro	556,561	883,727	2,269,712	1,637,988
	\$ 1,061,990	1,489,590	3,640,799	3,221,543
<u>Primary productions</u>				
Plastic injection mold	\$ 998,698	1,381,601	3,368,048	2,906,983
Tooling mold	63,157	107,750	272,265	312,664
Others	135	239	486	1,896
	\$ 1,061,990	1,489,590	3,640,799	3,221,543

(ii) Contract balances

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

	September 30,	December 31,	September 30
	2021	2020	2021
Contract liabilities	\$ 28,634	51,775	53,948

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 years ended September 30, 2021 and 2020, which was included in the contract liability balance at the beginning of the period, was \$51,775 thousand and \$31,622 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' and supervisors' 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 amount of remuneration of each director and supervisor and of compensation for employees entitled to receive the abovementioned employee compensation is

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

24

approved by the board of directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the three months and nine months ended September 30, 2021 and 2020, the Company estimated its employee remuneration amounting to \$6,750 thousand, \$6,187 thousand, \$20,250 thousand and \$18,563 thousand, directors' and supervisors' remuneration amounting to \$2,550 thousand, \$2,001 thousand, \$7,650 thousand and \$6,001 thousand, 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. These remunerations were expensed under operating costs or operating. 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.

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 and nine months ends September 30, 2021 and 2020 were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Interest income	\$ 4,494	3,493	28,308	43,684
Others	4,715	6,276	15,974	14,597
	\$ 9,209	9,769	44,282	58,281

(t) Other gains and losses

The other gains and losses for the three months ended and nine months ended September 30, 2021 and 2020 were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Foreign currency exchange (loss) \$ gain, net	(3,336)	(106,864)	(71,713)	(108,263)
Gain (Losses) on financial assets at fair value through profit or loss	(2,277)	684	(2,940)	(498)

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

25

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Gain on disposal of property, plant and equipment	2,145	24	7,332	3,531
Others	-	(485)	(163)	(1,329)
	\$ (3,468)		(106,641)	
	(67,484)		(106,559)	

(u) Financial Instruments

In addition to the following, there is no material change in financial instruments of the Group for the nine months ended September 30, 2021 and 2020. 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 September 30, 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 \$6,661,540 thousand and \$5,957,777 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 September 30, 2021 and 2020, sales to the individual customers whose revenue constituting over 10% of net revenue are 40% and 36% of total revenues respectively. As of September 30, 2021 and 2020, 24% and 37%, 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	Contractual	within 1	
	amount	cash flows	year	1-2 years
September 30, 2021				
Non-derivative financial liabilities				
Short-term borrowings	\$1,718,800	1,719,993	1,719,993	-
Long-term borrowings	1,250,000	1,265,266	11,795	1,253,471
Notes and accounts payable	490,584	490,584	490,584	-
Lease liabilities	43,301	43,301	31,409	11,892
Other financial liabilities	53,902	53,902	53,902	-
	\$3,556,587		3,573,046	
	2,307,683		1,265,363	

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

26

	Carrying amount	Contractual cash flows	within 1 year	1-2 years
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	1,209,375
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	-
	\$ 3,114,665	3,136,347	1,896,081	1,240,266
September 30, 2020				
Non-derivative financial liabilities				
Short-term borrowings	\$ 901,400	902,281	902,281	-
Short-term notes and bills payable	39,990	40,000	40,000	-
Long-term borrowings	1,200,000	1,216,372	12,002	1,204,370
Notes and accounts payable	713,712	713,712	713,712	-
Lease liabilities	74,610	74,610	37,008	37,602
Other financial liabilities	48,863	48,863	48,863	-
	\$ 2,978,575	2,995,838	1,753,806	1,241,972

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:

	September 30, 2021			December 31, 2020			September 30, 2020		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>									
<u>Monetary Items</u>									
USD	\$ 155,275	27.85	4,324,411	153,339	28.480	4,367,099	137,263	29.100	3,994,342
CNY	84	4.305	360	199	4.377	870	952	4.269	4,064
<u>Financial liabilities</u>									
<u>Monetary Items</u>									
USD	3,820	27.85	106,382	8,170	28.480	232,674	7,340	29.100	213,597

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

27

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, trade and other receivables, and trade and other payables that are denominated in foreign currency.

A weakening (strengthening) of 1% of the NTD against the USD and CNY at September 30, 2021 and 2020, would have increased or decreased the net profit before tax by \$42,184 thousand and \$37,848 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 nine months ended September 30, 2021 and 2020, foreign exchange loss (including realized and unrealized portions) amounted to \$71,713 thousand and \$108,263 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 \$2,048 thousand and \$723 thousand for the nine months ended September 30, 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:

	September 30, 2021				
	Carrying amounts	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non derivative financial assets at fair value through profit or loss-current	\$ 644,724	41,938	-	602,786	644,724
Non derivative financial assets at fair value through profit or loss-non-current	\$ 173,065	173,065	-	-	173,065
Financial assets carried at amortized cost					
Cash and cash equivalents	\$ 3,248,120				
Notes and accounts receivable, net	1,244,095				
Other financial assets-current	1,150				
Refundable deposits	10,684				

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

28

		September 30, 2021			
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Current financial assets measured at amortized cost	55,700				
Non-current financial assets measured at amortized cost	<u>1,294,686</u>				
	<u>\$ 5,854,435</u>				
Financial liabilities carried at amortized cost					
Long and short term borrowings	\$ 2,968,800				
Notes and Accounts Payable	490,584				
Lease liability	43,301				
Other payables	<u>53,902</u>				
	<u>\$ 3,556,587</u>				
		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 at fair value through profit or loss-current	<u>\$ 665,743</u>	<u>46,663</u>	<u>6,247</u>	<u>612,833</u>	<u>665,743</u>
Non derivative financial assets at fair value through profit or loss-non-current	<u>\$ 126,439</u>	<u>126,439</u>	<u>-</u>	<u>-</u>	<u>126,439</u>
Financial assets carried 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>				
	<u>\$ 5,641,482</u>				
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 payables	<u>55,202</u>				
	<u>\$ 3,114,665</u>				

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

29

		September 30, 2021			
		Fair Value			
Carrying amounts		Level 1	Level 2	Level 3	Total
		September 30, 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 measured at fair value through profit or loss	\$	615,530	11,750	6,124	597,656
					615,530
Financial assets measured at amortized cost					
Cash and cash equivalents	\$		2,373,278		
Notes and accounts receivable, net			1,637,156		
Other financial assets-current			60,143		
Refundable deposits			16,032		
Current financial assets measured at amortized cost			<u>1,271,670</u>		
					<u>\$ 5,358,279</u>
Financial liabilities carried at amortized cost					
Long and short term borrowings	\$	2,101,400			
Short-term notes and bills payable			39,990		
Notes and Accounts Payable			713,712		
Lease liabilities			74,610		
Other payables			48,863		
					<u>\$ 2,978,575</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

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

30

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:

	Financial assets measured at fair value through profit or loss	
	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Balance in the beginning of the period	\$ 612,833	430,513
Recognized in profit or loss	15,515	18,145
Purchase	602,786	1,238,001
Disposal	(628,348)	(1,089,003)
Balance in the ending of the period	<u>\$ 602,786</u>	<u>597,656</u>

The aforementioned total gains and losses were recognized in “other income”. There have been no transfers from each level for the nine months ended September 30, 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 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, therefore 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 nine months ended September 30, 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 September 30, 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 nine months ended September 30, 2021 and 2020, were as follows

- (i) Obtain the right-of-use assets by lease, please refer to note 6 (g).
- (ii) The reconciliation of liabilities from financing activities were as follows:

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

31

	January 1, 2021	Cash flows	Foreign exchange movement and others	September 30, 2021
Short term borrowings	\$ 988,920	729,880	-	1,718,800
Long term borrowings	1,200,000	50,000	-	1,250,000
Lease liability	70,115	(30,063)	3,249	43,301
Total liabilities from financing activities	\$ 2,259,035	749,817	3,249	3,012,101

	January 1,2020	Cash flows	Foreign exchange movement and others	September 30,2020
Short term borrowings	\$ 824,790	76,610	-	901,400
Short-term notes and bills payable	149,994	(110,000)	(4)	39,990
Long term borrowings	1,000,000	200,000	-	1,200,000
Lease liability	135,117	(43,456)	(17,051)	74,610
Total liabilities from financing activities	\$ 2,109,901	123,154	(17,055)	2,216,000

(7) Related-party transactions:

(a) Key management personnel compensation

Key management personnel compensation comprised:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Short-term employee benefits	\$ 10,814	10,705	32,596	32,272
Post-employment benefits	81	54	243	162
Total	\$ 10,895	10,759	32,839	32,434

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

32

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Demand deposits (classified under other current financial assets)	Guarantee for loan line	\$ 55,700	56,960	58,200
	Guarantee for Carbon emission	25	25	25
		<u>\$ 55,725</u>	<u>56,985</u>	<u>58,225</u>

(9) Significant Commitments and contingencies:

(a) Unrecognized contractual commitments

(i) The Group's unrecognized contractual commitments to the purchase of plant and equipment are as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Acquisition of property, plant and equipment	<u>\$ 66,552</u>	<u>42,920</u>	<u>75,907</u>

(ii) 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>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Outstanding guarantee notes	\$ 1,367,680	1,398,688	1,330,930
Purchase guarantee	-	-	14,550
	<u>\$ 1,367,680</u>	<u>1,398,688</u>	<u>1,345,480</u>
Actual usage amount	<u>\$ 224,800</u>	<u>153,920</u>	<u>170,950</u>

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(12) Other:

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

By function By item	For the three month periods ended September 30					
	2021			2020		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expenses						
Salaries	213,404	51,007	264,411	231,428	52,424	283,852
Labor and health insurance	6,244	2,691	8,935	6,000	2,452	8,452
Pension	8,913	2,239	11,152	6,818	1,662	8,480
Others	6,615	8,879	15,494	5,473	7,547	13,020
Depreciation	45,905	12,473	58,378	52,142	12,382	64,524
Amortization	630	762	1,392	829	881	1,710

By function By item	For the nine month periods ended September 30					
	2021			2020		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expenses						
Salaries	658,252	150,541	808,793	529,333	152,212	681,545
Labor and health insurance	17,842	7,587	25,429	14,312	6,651	20,963
Pension	25,575	6,514	32,089	14,629	4,332	18,961
Others	17,579	27,483	45,062	15,020	21,039	36,059
Depreciation	140,807	39,454	180,261	165,851	39,340	205,191
Amortization	1,965	2,352	4,317	2,653	2,867	5,520

(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	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		
0	The Company	NISHOKU VIETNAM	Other accounts receivable	Yes	285,350	278,500	222,800	0.63%	Necessary to loan other parties	-	Operating capital	-	-	-	421,427 (Note 1)	1,685,707 (Note 1)

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

34

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 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)										
0	The Company	SAME START (Anguilla)	3	4,214,268	113,560	-	-	-	-%	4,214,268	Y	N	N
"	"	NISHOKU VIETNAM	2	4,214,268	1,196,688	1,191,980	222,800	-	28.28%	4,214,268	"	"	"
"	"	NISHOKU BOUEKI	2	4,214,268	176,560	175,700	2,000	-	4.17%	4,214,268	"	"	"

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 September 30, 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 Fair value	
The Company	JPMorgan Funds - Global Corporate Bond Fund	None	Financial assets at fair value through profit or loss- current	-	5,492	- %	5,492
"	BlackRock Global Funds	"	"	-	8,808	- %	8,808
"	PIMCO GIS Dynamic Multi-Asset Fund	"	"	-	13,737	- %	13,737
"	JPMorgan Investment Funds - Global High Yield Bond Fund	"	"	-	2,856	- %	2,856
"	ABITL Income Fund -Multi Asset Income Fund	"	"	-	5,539	- %	5,539
NISHOKU BOUEKI	PineBridge preferred securities income fund	"	"	-	5,506	- %	5,506
NISHOKU SHENZHEN	Fixed income financial product	"	"	-	387,505	- %	387,505
KUNSHAN NISHOKU PLASTIC	Fixed income financial product	"	"	-	215,281	- %	215,281
The Company	Allianz Global Investors Income and Growth Fund	"	Financial assets at fair value through profit or loss-non current	-	36,644	- %	36,644
"	PineBridge Global ESG Quantitative Bond Fund	"	"	-	46,603	- %	46,603
"	PineBridge Global Multi-Strategy High Yield Bond	"	"	-	38,175	- %	38,175

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

35

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	Fair value	
"	Nomura Global Financial Bond Fund	"	"	-	8,449	-	%	8,449
"	FSITC Global High Yield Bond Fund	"	"	-	12,256	-	%	12,256
"	ABITL Income Fund -Multi Asset Income Fund	"	"	-	21,694	-	%	21,694
"	Allianz Global Investors US Short Duration High Income Bond Fund	"	"	-	9,244	-	%	9,244

(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
KUNSHAN NISHOKU PLASTIC	Fixed income financial product	Financial assets at fair value through profit or loss-current	Wells Fargo Asset Management	None	-	218,869	-	215,281	-	225,202	218,869	6,333	-	215,281
NISHOKU SHENZHEN	Fixed income financial product	Financial assets at fair value through profit or loss-current	Wells Fargo Asset Management	None	-	393,964	-	387,505	-	403,146	393,964	9,182	-	387,505

(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:

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)	
The Company	KUNSHAN NISHOKU PLASTIC	Associate	(Sale)	(707,348)	(72)%	Net 90 days	(Note1)	(Note1)	175,786	76%	(Note2)
KUNSHAN NISHOKU PLASTIC	The Company	"	Purchase	707,348	52%	"	"	"	(175,786)	(33)%	"
SAME START (Anguilla)	KUNSHAN NISHOKU PLASTIC	"	Purchase	124,803	87%	"	"	"	(43,715)	(91)%	"
KUNSHAN NISHOKU PLASTIC	SAME START (Anguilla)	"	Sale	(124,803)	(4)%	"	"	"	43,715	4%	"

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

36

Note 1: The subsidiaries did not purchase or sell the same product from third parties, so the purchase (sale) price cannot be compared. In addition, the receipt terms of related parties were not significantly different from those of 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	Associate	175,786	3.95	-	-	90,501	-

Note 1: Until Oct 20, 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 nine months ended September 30, 2021, business relationships and significant intercompany transactions with the amounts exceeding NT\$ 10 million:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions, 2021			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	SAME START (Anguilla)	1	Purchase	82,254	Note 3	2%
"	"	"	1	Account Payable	34,232	"	-
"	"	KUNSHAN NISHOKU PLASTIC	1	Sales	707,348	"	19%
"	"	"	1	Account receivable	175,786	"	2%
"	"	NISHOKU VIETNAM	1	Sales	92,134	"	2%
"	"	"	1	Account receivable	19,083	"	-
"	"	"	1	Other receivables	222,800	Loans	3%
1	SAME START (Anguilla)	NISHOKU SHENZHEN	3	Purchase	16,450	Note 3	-
"	"	KUNSHAN NISHOKU PLASTIC	3	Purchase	124,803	"	3%
"	"	"	3	Account Payable	43,715	"	-
"	"	NISHOKU VIETNAM	3	Sales	54,035	"	1%

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

37

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions, 2021			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
"	"	"	3	Account receivable	12,633	"	-%

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

2" The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

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 cannot be compared, the receive (payment) term of related parties is net 90 days.

(b) Information on investees:

The following is the information on investees for the nine months ended September 30, 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 September 30, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	SUN NICE (SAMOA)	SAMOA	Holding	1,096,194	1,096,194	34,469	100%	4,504,318	372,135	372,135	
"	NISHOKU BOUEKI	Taiwan	Purchase and sales of plastic raws and parts	1,000	1,000	6,300	100%	107,081	(2,383)	(984)	
"	NISHOKU VIETNAM	Vietnam	Manufacture and sale of tooling and plastic products	508,434 (USD 16,500 thousands)	508,434 (USD 16,500 thousands)	-	100%	116,072	8,556	8,788	
SUN NICE (SAMOA)	SAME START (Anguilla)	Anguilla	Purchase and sale of mold and plastic products	-	-	-	100%	(31,810)	62,144	28,059	
"	NISHOKU HK	HK	Holding	1,800,361 (USD 57,915 thousands)	1,800,361 (USD 57,915 thousands)	62,298	100%	3,488,069	258,900	258,900	
"	SUNNICE (BVI)	BVI	"	585,292 (USD 17,948 thousands)	585,292 (USD 17,948 thousands)	15,697	100%	928,815	105,749	105,749	

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

38

(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, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2020	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)	(6,446)	100.00%	(6,446)	1,138,135	475,841
KUNSHAN NISHOKU PLASTIC	Manufacture and sale of mold and plastic products	USD53,310 thousands	"	1,674,270 (USD52,524 thousands)	-	-	1,674,290 (USD52,524 thousands)	373,483	100.00%	371,189	3,249,558	473,544

- (ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of September 30, 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"

(d) Major shareholders :

Shareholding Shareholder's Name	Shares	Percentage
Ji Teng Investment Limited	4,500,000	7.18%
Yun Ding Investment Limited	4,050,000	6.46%
CTBC Bank Trusted Custody investment account _Gold Talent Co., Ltd.	3,897,856	6.22%
Hsieh Hsin I	3,883,968	6.20%
Jin Hong Investment Limited	3,600,000	5.74%

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

39

(14) Segment information:

The Group identifies its operating segments based on decision of the chief operating decision maker (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 September 30, 2021				
	United States	Asia	Europe	Elimination	Total
Revenue from external customers	\$ 391,130	114,299	556,561	-	1,061,990
Reportable segment profit or loss	\$ 116,220	5,412	51,386	-	173,018

	Three months ended September 30, 2020				
	United States	Asia	Europe	Elimination	Total
Revenue from external customers	\$ 470,531	135,332	882,727	-	1,489,590
Reportable segment profit or loss	\$ 171,637	20,365	200,581	-	392,583

	Nine months ended September 30, 2021				
	United States	Asia	Europe	Elimination	Total
Revenue from external customers	\$ 1,074,972	296,115	2,269,712	-	3,640,799
Reportable segment profit or loss	\$ 342,290	14,391	318,388	-	675,069

	Nine months ended September 30, 2020				
	United States	Asia	Europe	Elimination	Total
Revenue from external customers	\$ 1,187,905	395,650	1,637,988	-	3,221,543
Reportable segment profit or loss	\$ 366,933	30,291	244,272	-	641,496