

**NISHOKU TECHNOLOGY INC.  
AND ITS SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2023 and 2022**  
**(With Independent Auditors' Review Report Thereon)**

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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.

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## 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 June 30, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three months and six months ended June 30, 2023 and 2022. 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 2410, "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 \$114,446 thousand constituting 1% of the Group's consolidated total assets as of June 30, 2022, respectively; total liabilities of \$1,007 thousand constituting 0% of the Group's consolidated total liabilities as of June 30, 2022, respectively; comprehensive income of \$3,308 thousand and \$7,051 thousand constituting 2% and 2% of the Group's consolidated comprehensive income for the three months and six months ended June 30, 2022, 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 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

### 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.

Supervisory Commission of the Republic of China.

The engagement partners on the review resulting in this independent auditor's report are Yong-Hua Huang and Sheng-Ho Yu.

KPMG

Taipei, Taiwan (Republic of China)

August. 04, 2023

#### **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 June 30, 2023 and 2022**  
**NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES**

**Consolidated Balance Sheets**  
**June 30, 2023, December 31, 2022 and June 30, 2022**  
**(Expressed in Thousands of New Taiwan Dollars)**

		June 30, 2023		December 31, 2022		June 30, 2022				June 30, 2023		December 31, 2022		June 30, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Assets</b>															
<b>Current assets:</b>															
1100	Cash and cash equivalents (note 6(a))	\$ 3,799,767	45	3,865,998	43	3,912,196	43	2100	Short-term borrowings (note 6(h))	\$ 1,080,260	13	1,157,100	13	1,578,320	18
1110	Financial assets at fair value through profit or loss (note 6(b))	38,964	-	37,039	-	391,483	4	2170	Notes and Accounts payable	350,291	4	515,027	6	491,124	5
1170	Accounts notes and receivable, net (note 6(c))	1,037,902	12	1,183,964	14	998,417	11	2216	Dividend payable	630,242	7	-	-	564,086	6
130X	Inventories (note 6(d))	347,926	4	451,819	5	529,924	6	2280	Current lease liabilities (note 6(j))	24,286	-	24,703	-	17,959	-
1470	Other current assets	30,113	-	23,225	-	29,717	-	2300	Other current liabilities	393,645	5	426,627	5	381,235	4
1476	Other current financial assets (note 8)	22,904	-	7,246	-	2,461	-	2322	Long-term borrowings, current portion (note 6(i))	450,000	5	50,000	1	-	-
		<u>5,277,576</u>	<u>61</u>	<u>5,569,291</u>	<u>62</u>	<u>5,864,198</u>	<u>64</u>			<u>2,928,724</u>	<u>34</u>	<u>2,173,457</u>	<u>25</u>	<u>3,032,724</u>	<u>33</u>
<b>Non-current assets:</b>															
1511	Non-current financial assets at fair value through profit or loss (note 6(b))	198,245	2	189,543	2	185,112	2	2540	Long-term borrowings (note 6(i))	700,000	8	1,300,000	15	1,050,000	12
1535	Non-current financial assets at amortized cost (note 6(e))	1,531,561	18	1,471,919	17	1,407,048	15	2570	Deferred tax liabilities and others	735,276	8	747,744	7	716,441	8
1600	Property, plant and equipment (note 6(f))	1,427,427	17	1,479,566	17	1,422,143	17	2580	Non-current lease liabilities (note 6(j))	32,889	-	46,313	1	4,719	-
1755	Right-of-use assets(note 6(g))	56,744	1	70,976	1	22,442	-			<u>1,468,165</u>	<u>16</u>	<u>2,094,057</u>	<u>23</u>	<u>1,771,160</u>	<u>20</u>
1840	Deferred tax assets	32,856	-	41,735	-	32,062	-			<u>4,396,889</u>	<u>50</u>	<u>4,267,514</u>	<u>48</u>	<u>4,803,884</u>	<u>53</u>
1915	Prepayments for equipment	8,570	-	7,327	-	73,988	1	<b>Total liabilities</b>							
1985	Long-term prepaid rents	64,511	1	65,693	1	65,597	1	<b>Equity attributable to owners of parent (note 6(m)):</b>							
1990	Other non-current assets	19,035	-	17,841	-	16,989	-	3100	Ordinary share	630,242	8	630,482	7	626,762	7
		<u>3,338,949</u>	<u>39</u>	<u>3,344,600</u>	<u>38</u>	<u>3,225,381</u>	<u>36</u>	3200	Capital surplus	972,258	11	973,766	11	950,405	11
								<b>Retained earnings:</b>							
								3310	Legal reserve	741,898	9	670,934	8	670,934	7
								3320	Special reserve	264,595	3	344,942	3	344,942	4
								3350	Unappropriated retained earnings	1,982,879	23	2,313,463	26	1,932,192	21
										<u>2,989,372</u>	<u>35</u>	<u>3,329,339</u>	<u>37</u>	<u>2,948,068</u>	<u>32</u>
								3400	Other equity interest	(372,236)	(4)	(287,210)	(3)	(239,540)	(3)
										<u>4,219,636</u>	<u>50</u>	<u>4,646,377</u>	<u>52</u>	<u>4,285,695</u>	<u>47</u>
								<b>Total equity</b>							
								<b>Total liabilities and equity</b>		<u>\$ 8,616,525</u>	<u>100</u>	<u>8,913,891</u>	<u>100</u>	<u>9,089,579</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**

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**For the three months and six months ended June 30, 2023 and 2022**

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

	Three months ended June 30,				Six months ended June 30,			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
4110 <b>Operation Revenues</b> (notes 6(p))	\$ 899,352	102	853,764	102	1,589,607	102	1,809,882	102
4170 Less: Sales returns and allowance	13,574	2	14,072	2	24,485	2	31,198	2
<b>Net Operating revenues</b>	885,778	100	839,692	100	1,565,122	100	1,778,684	100
5000 Operating costs (notes 6(d), (f),(g) ,(k),12 )	581,886	66	690,637	82	1,137,438	73	1,404,393	79
<b>Gross profit from operations</b>	303,892	34	149,055	18	427,684	27	374,291	21
6000 <b>Operating expenses</b> (notes 6(c), (f), (g) , (k) , (n),(q) and 12)								
6100 Selling expenses	17,515	2	12,125	1	31,985	2	26,894	2
6200 Administrative expenses	72,135	8	74,897	9	144,002	9	147,425	8
6300 Research and development expenses	19,000	2	22,514	3	39,076	2	44,981	3
6450 Expected credit loss (gain)	(30)	-	7	-	65	-	(117)	-
	108,620	12	109,543	13	215,128	13	219,183	13
<b>Net operating income</b>	195,272	22	39,512	5	212,556	14	155,108	8
<b>Non-operating income and expenses:</b>								
7010 Other income (notes 6(r) )	40,829	5	20,878	2	98,204	6	26,225	1
7020 Other gains and losses, net (notes 6(s))	160,863	18	188,266	22	118,727	8	264,945	15
7050 Finance costs, net(notes 6(j))	(13,068)	(1)	(7,352)	(1)	(26,686)	(2)	(13,682)	(1)
<b>Total non-operating income and expenses</b>	188,624	22	201,792	23	190,245	12	277,488	15
7900 <b>Profit from continuing operations before tax</b>	383,896	44	241,304	28	402,801	26	432,596	23
7950 Less: Tax expense (note 6(l))	110,887	13	55,880	7	112,526	7	104,224	6
<b>Profit</b>	273,009	31	185,424	21	290,275	19	328,372	17
8300 <b>Other comprehensive income:</b>								
8360 <b>Components of other comprehensive income that will be reclassified to profit or loss</b>								
8361 Exchange differences on translation	(131,544)	(15)	(45,568)	(5)	(114,375)	(7)	131,752	7
8399 Income tax related to	26,309	3	9,114	1	22,875	1	(26,350)	1

See accompanying notes to consolidated financial statements.

		Three months ended June 30,				Six months ended June 30,			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
	components of other comprehensive income that will be reclassified to profit or loss (note 6(l))								
8300	<b>Other comprehensive income, net</b>	(105,235)	(12)	(36,454)	(4)	(91,500)	(6)	105,402	6
8500	<b>Total comprehensive income</b>	<b>\$ 167,774</b>	<b>19</b>	<b>148,970</b>	<b>17</b>	<b>198,775</b>	<b>13</b>	<b>433,774</b>	<b>23</b>
	<b>Profit, attributable to:</b>								
8610	Profit, attributable to owners of parent	<b>\$ 273,009</b>	<b>31</b>	<b>185,424</b>	<b>21</b>	<b>290,275</b>	<b>19</b>	<b>328,372</b>	<b>17</b>
	<b>Comprehensive income attributable to:</b>								
8710	Comprehensive income, attributable to owners of parent	<b>\$ 167,774</b>	<b>19</b>	<b>148,970</b>	<b>17</b>	<b>198,775</b>	<b>13</b>	<b>433,774</b>	<b>23</b>
	<b>Basic earnings per share</b>								
9750	Basic earnings per share (NT dollars) (note 6(o))	<b>\$ 4.35</b>		<b>2.96</b>		<b>4.63</b>		<b>5.24</b>	
9850	Diluted earnings per share (NT dollars) (note 6(o))	<b>\$ 4.33</b>		<b>2.94</b>		<b>4.60</b>		<b>5.21</b>	

See accompanying notes to consolidated financial statements.

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

**Consolidated Statements of Changes in Equity**  
**For the six months ended June 30, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent									
						Other equity interest			Total equity	
						Exchange differences on translation of	Unearned Stock-Based Employee Compensation	Total equity attributable to owners of parent		
Share capital	Retained earnings				Unappropriated retained earnings	foreign financial statements	Total equity attributable to owners of parent	Total equity		
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	foreign financial statements	Unearned Stock-Based Employee Compensation	Total equity attributable to owners of parent	Total equity	
<b>Balance at January 1, 2022</b>	\$ 626,712	981,485	610,265	310,459	2,231,720	(344,942)	-	4,415,699	4,415,699	
Profit for the six months ended June 30, 2022	-	-	-	-	328,372	-	-	328,372	328,372	
Other comprehensive income for the six months ended June 30, 2022	-	-	-	-	-	105,402	-	105,402	105,402	
Total comprehensive income for the six months ended June 30, 2022	-	-	-	-	328,372	105,402	-	433,774	433,774	
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	60,669	-	(60,669)	-	-	-	-	
Special reserve appropriated	-	-	-	34,483	(34,483)	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(532,748)	-	-	(532,748)	(532,748)	
Capital surplus at cash dividends	-	(31,338)	-	-	-	-	-	(31,338)	(31,338)	
Issuance of shares exercise of employee stock option	50	258	-	-	-	-	-	308	308	
<b>Balance at June 30, 2022</b>	<b>\$ 626,762</b>	<b>950,405</b>	<b>670,934</b>	<b>344,942</b>	<b>1,932,192</b>	<b>(239,540)</b>	<b>-</b>	<b>4,285,695</b>	<b>4,285,695</b>	
<b>Balance at January 1, 2023</b>	\$ 630,482	973,766	670,934	344,942	2,313,463	(264,595)	(22,615)	4,646,377	4,646,377	
Profit for the six months ended June 30, 2023	-	-	-	-	290,275	-	-	290,275	290,275	
Other comprehensive income for the six months ended June 30, 2023	-	-	-	-	-	(91,500)	-	(91,500)	(91,500)	
Total comprehensive income for the six months ended June 30, 2023	-	-	-	-	290,275	(91,500)	-	198,775	198,775	
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	70,964	-	(70,964)	-	-	-	-	
Special reserve appropriated	-	-	-	(80,347)	80,347	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(630,242)	-	-	(630,242)	(630,242)	
Employee restricted shares retired	(240)	(1,508)	-	-	-	-	1,748	-	-	
Restricted employee stock	-	-	-	-	-	-	4,726	4,726	4,726	
<b>Balance at June 30, 2023</b>	<b>\$ 630,242</b>	<b>972,258</b>	<b>741,898</b>	<b>264,595</b>	<b>1,982,879</b>	<b>(356,095)</b>	<b>(16,141)</b>	<b>4,219,636</b>	<b>4,219,636</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

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For the six months ended June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30,	
	2023	2022
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 402,801	432,596
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation and amortization	117,072	115,295
Expected credit loss recognized (reversal)	65	(117)
Recognition loss (gain) on inventory valuation and obsolescence	(17,293)	23,666
Interest expense	26,686	13,682
Interest income	(94,530)	(23,359)
Remuneration cost of restricted employee stock	4,726	-
(Gain) Loss on financial assets at fair value through profit or loss	(10,627)	28,720
(Gain) Loss on disposal of property, plant and equipment	(9,590)	280
<b>Total adjustments to reconcile profit :</b>	<u>16,509</u>	<u>158,167</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Financial assets at fair value through profit or loss	-	(290,069)
Notes and accounts receivable	145,997	354,295
Inventories	121,186	(33,719)
Other current assets and other financial assets	(4,665)	7,796
<b>Total changes in operating assets</b>	<u>262,518</u>	<u>38,303</u>
<b>Changes in operating liabilities:</b>		
Notes and accounts payable	(164,736)	(97,384)
Other current liabilities	(27,865)	(5,964)
<b>Total changes in operating liabilities</b>	<u>(192,601)</u>	<u>(103,348)</u>
<b>Total adjustments</b>	<u>86,426</u>	<u>93,122</u>
Cash inflow generated from operations	489,227	525,718
Interest received	83,779	23,489
Interest paid	(25,408)	(13,226)
Income taxes paid	(101,474)	(103,006)
<b>Net cash flows from operating activities</b>	<u>446,124</u>	<u>432,975</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of non-current financial assets at fair value through profit or loss	-	(13,820)
Acquisition of financial assets at amortized cost	(59,642)	(87,621)
Acquisition of property, plant and equipment	(100,512)	(142,156)
Proceeds from disposal of property, plant and equipment	42,205	5,544
Increase refundable deposits	1,332	776
Decrease in other Non-current assets	(6,419)	(737)
<b>Net cash flows used in investing activities</b>	<u>(123,036)</u>	<u>(238,014)</u>
<b>Cash flows from (used in) financing activities:</b>		
Decrease in short-term loans	(76,840)	(159,440)
Decrease in short-term notes and bills payable	-	(100,000)
Repayments of long-term borrowings	(200,000)	(100,000)
Increase in guarantee deposits received and others	1,130	78
Payment of lease liabilities	(12,790)	(16,007)
Exercise of employee share options	-	308
<b>Net cash flows used in financing activities</b>	<u>(288,500)</u>	<u>(375,061)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(100,819)	92,863
<b>Net decrease in cash and cash equivalents</b>	(66,231)	(87,237)
<b>Cash and cash equivalents at beginning of period</b>	3,865,998	3,999,433
<b>Cash and cash equivalents at end of period</b>	<u>\$ 3,799,767</u>	<u>3,912,196</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**

**June 30, 2023 and 2022**

**(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.

**(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 August 04, 2023.

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

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

The Group has initially adopted the following new amendments from January 1, 2023.,the impact on its consolidated financial statements were as following:

- i) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendment narrow the scope of recognition exemption. The initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group shall recognize equal deferred tax asset and deferred tax liability. This accounting principle change results in an increase of NT\$6,737 thousand in deferred income tax assets and NT\$6,737 thousand in deferred income tax liabilities as of January 1, 2022, and deferred income tax assets and deferred income tax liabilities increase by NT\$ 6,888 thousand each as of June30, 2023. Additionally, deferred income tax assets and deferred income tax liabilities increase by NT\$16,076 thousand each as of December 31, 2022. However, there are no significant impacts on the statements of comprehensive income and the statements of cash flows.

- ii) Other

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimated

**NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

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

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under exiting IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at latest 12 months after the reporting date. The amendments has removed the requirements for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.  The amendments clarify how a company classifies a liability that can be settled in its own shares- e.g. convertible debt.	January 1,2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendment 1, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.  Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date, However when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1,2024

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

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

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### Notes to the 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 Contract
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9-Comparative Information”
- Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”

#### (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, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

##### 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, 2022. For the related information, please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2022. The financial statements of insignificant consolidated subsidiaries, NISHOKU BOUEKI was not reviewed by independent accountants for the six months ended June 30, 2022, but the financial statements were reviewed by independent accountants for the six months ended June 30, 2023.

##### 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

## NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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, 2022.

**(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, 2022. For the related information, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2022.

(a) Cash and cash Equivalents

	June 30, 2023	December 31, 2022	June 30, 2021
Cash, and demand deposits	\$ 1,320,799	1,814,806	1,658,288
Time deposits	2,348,968	2,020,482	2,194,468
Bond acquired under repurchase agreement	130,000	30,710	59,440
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 3,799,767</u>	<u>3,865,998</u>	<u>3,912,196</u>

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

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets at fair value through profit or loss			
Fund investments-current	\$ 38,964	37,039	36,270
Fixed income financial product	-	-	355,213
Total	<u>\$ 38,964</u>	<u>37,039</u>	<u>391,483</u>
Fund investments non-current	<u>\$ 198,245</u>	<u>189,543</u>	<u>185,112</u>

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

## NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(ii) Please refer to note 6(t) for credit risk and market risk.

(iii) As of June 30, 2023, and December 31, 2022, and June 30, 2022, the Group did not provide any financial assets as collateral for its loans.

(c) Notes and accounts receivable

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable	\$ 3,854	9,555	3,814
Accounts receivable	1,034,140	1,174,436	994,610
Less : allowance for impairment	(92)	(27)	(7)
	<b>\$ 1,037,902</b>	<b>1,183,964</b>	<b>998,417</b>

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:

	June 30, 2023		
	Carrying amount of accounts receivable	Weighted-average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 1,010,340	-%	-
Past due less than 120 days	23,711	0%~1%	92
Past due 121~270 days	89	0%~30%	-
Total	<b>\$ 1,034,140</b>		<b>92</b>

	December 31, 2022		
	Carrying amount of accounts receivable	Weighted-average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 1,170,644	-%	-
Past due less than 120 days	3,792	0%~1%	27
Total	<b>\$ 1,174,436</b>		<b>27</b>

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**Notes to the Consolidated Financial Statements**

	<b>June 30, 2022</b>		<b>Loss allowance for lifetime expected credit losses</b>
	<b>Carrying amount of accounts receivable</b>	<b>Weighted-average loss rate</b>	
Not past due	\$ 958,169	-%	-
Past due less than 120 days	36,418	0%~1%	2
Past due 121~270 days	23	0%~30%	5
Total	<b>\$ 994,610</b>		<b>7</b>

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

	<b>Six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
Beginning balance	\$ 27	124
Impairment loss	65	(117)
Ending balance	<b>\$ 92</b>	<b>7</b>

(d) Inventories

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Raw materials	\$ 95,502	132,186	180,440
Work in process	176,172	218,975	209,755
Finished goods	76,252	100,658	139,729
	<b>\$ 347,926</b>	<b>451,819</b>	<b>529,924</b>

For the three months ended June 30, 2023 and June 30, 2022, and for the six months ended June 30, 2023 and June 30, 2022, raw material, consumables, and changes in the finished goods and work in progress recognized as cost of sale amounted to \$581,886 thousand and \$690,637 thousand, and \$1,137,438 thousand, and \$\$1,404,393 thousand, respectively. For the three months ended June 30, 2023 and June 30, 2022, and for the six months ended June 30, 2023 and June 30, 2022 the Group recognized the losses (reversal) on inventory valuation and obsolescence as cost of goods sold amounting to \$(22,858) thousand and \$19,757 thousand, and \$(17,293) thousand and 23,666 thousand, respectively.

As of June 30, 2023, December 31, 2022, and June 30, 2022, the Group did not provide any inventories as collateral.

**NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES**  
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(e) Non-current financial assets at amortized cost

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Restricted bank deposit-non current	\$ 1,469,877	1,411,086	1,347,998
Bonds	61,684	60,833	59,050
	<b>\$ 1,531,561</b>	<b>1,471,919</b>	<b>1,407,048</b>

In June 2021, May and July 2020, the Group applied to the IRS for the application of “ The Management, Utilization, and Taxation of Repatriated Offshore Funds Act” (hereinafter referred to as the “Act”), which was approved; and thereafter, its overseas funds had been remitted to Taiwan within one month based on the Act. According to the Act, the funds need to be deposited in a special purpose account for five years, in which 5% of the funds can be used without restriction, 25% can be used on financial investment, and a minimum of 70% can be used for substantive investment. In the 6th year, the funds can only be redeemed within 3 consecutive years. For funds used on financial investment, please refer to note 6(b) “ Fund investments noncurrent”

The Group assessed that these corporate bonds held until maturity to collect contractual cash flows, which are solely for the payment of the principal and interest of the outstanding principal, shall be presented as financial assets at amortized cost.

As of June 30, 2023, December 31, 2022, and June 30, 2022, the Group did not provide any financial assets as collateral for its loans.

(f) Property, plant and equipment

The cost, depreciation and impairment loss of the property, plant and equipment of the Group for the years ended June 30, 2023 and 2022, were as follows.

	<b>Land</b>	<b>Building</b>	<b>Machinery and equipment</b>	<b>Office and other equipment</b>	<b>Construction in progress and testing equipment</b>	<b>Total</b>
<b>Cost or deemed cost:</b>						
Balance on January 1, 2023	\$ 179,672	1,127,269	2,074,519	466,770	116,015	3,964,245
Additions	-	1,134	51,339	15,215	27,546	95,234
Reclassifications	-	2,106	7,346	5,242	(14,694)	-
Disposals	-	-	(137,729)	(46,907)	-	(184,636)
Effect of movements in exchange rates	-	(16,472)	(37,056)	(9,523)	1,366	(61,685)
Balance on June 30, 2023	<b>\$ 179,672</b>	<b>1,114,037</b>	<b>1,958,419</b>	<b>430,797</b>	<b>130,233</b>	<b>3,813,158</b>
Balance on January 1, 2022	\$ 179,672	1,065,232	1,846,008	464,528	114,685	3,670,125
Additions	-	4,521	65,160	3,748	29,492	102,921
Reclassifications	-	2,813	3,908	859	(7,580)	-
Disposals	-	-	(20,065)	(1,916)	-	(21,981)

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	<b>Land</b>	<b>Building</b>	<b>Machinery and equipment</b>	<b>Office and other equipment</b>	<b>Construction in progress and testing equipment</b>	<b>Total</b>
Effect of movements in exchange rates	-	27,834	53,128	12,507	7,760	101,229
Balance on June 30, 2022	<b>\$ 179,672</b>	<b>1,100,400</b>	<b>1,948,139</b>	<b>479,726</b>	<b>144,357</b>	<b>3,852,294</b>
<b>Depreciation and impairments loss:</b>						
Balance on January 1, 2023	\$	542,273	1,528,555	413,851	-	2,484,679
Depreciation for the period	-	22,084	64,722	14,481	-	101,287
Disposals	-	-	(106,574)	(45,447)	-	(152,021)
Effect of movements in exchange rates	-	(9,064)	(30,093)	(9,057)	-	(48,214)
Balance on June 30, 2023	<b>\$ -</b>	<b>555,293</b>	<b>1,456,610</b>	<b>373,828</b>	<b>-</b>	<b>2,385,731</b>
Balance on January 1, 2022	\$	488,757	1,398,990	395,934	-	2,283,681
Depreciation for the period	-	20,093	60,634	15,838	-	96,565
Disposals	-	-	(14,628)	(1,529)	-	(16,157)
Effect of movements in exchange rates	-	12,226	43,419	10,417	-	66,062
Balance on June 30, 2022	<b>\$ -</b>	<b>521,076</b>	<b>1,488,415</b>	<b>420,660</b>	<b>-</b>	<b>2,430,151</b>
<b>Carrying amounts:</b>						
Balance on June 30, 2023	<b>\$ 179,672</b>	<b>558,744</b>	<b>501,809</b>	<b>56,969</b>	<b>130,233</b>	<b>1,427,427</b>
Balance on January 1, 2022	<b>\$ 179,672</b>	<b>584,996</b>	<b>545,964</b>	<b>52,919</b>	<b>116,015</b>	<b>1,479,566</b>
Balance on June 30, 2022	<b>\$ 179,672</b>	<b>579,324</b>	<b>459,724</b>	<b>59,066</b>	<b>144,357</b>	<b>1,422,143</b>

As of June 30, 2023, December 31, 2022 and June 30, 2022, 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

	<b>Buildings</b>	<b>Vehicles</b>	<b>Total</b>
<b>Carrying amount:</b>			
Balance on June 30, 2023	<b>\$ 52,064</b>	<b>4,680</b>	<b>56,744</b>
Balance on December 31 2022	<b>\$ 64,304</b>	<b>6,672</b>	<b>70,976</b>
Balance on June 30, 2022	<b>\$ 13,776</b>	<b>8,666</b>	<b>22,442</b>

The amounts of depreciation expense for the six months ended June 30, 2023 and 2022 were \$12,713 thousand and \$15,727 thousand, respectively.

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## (h) Short-term borrowings

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Credit loans, no pledge	1,080,260	1,157,100	1,578,320
Interest rate range	<u>1.735%~5.93%</u>	<u>1.505%~5.58%</u>	<u>0.855%~1.91%</u>

## (i) Long-term borrowings

The details were as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Unsecured loans	\$ 1,150,000	1,350,000	1,050,000
Less: current portion	(450,000)	(50,000)	-
Total	<u>\$ 700,000</u>	<u>1,300,000</u>	<u>1,050,000</u>
Interest rate range	<u>1.65%~2.155%</u>	<u>1.505%~1.975%</u>	<u>1.151987%~1.275%</u>
Interest rate range- current portion	<u>1.65%~1.958181%</u>	<u>1.571289%</u>	<u>-%</u>

## (j) Lease liabilities

The details were as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Lease liabilities - Current	<u>\$ 24,286</u>	<u>24,703</u>	<u>17,959</u>
Lease liabilities -Non-current	<u>\$ 32,889</u>	<u>46,313</u>	<u>4,719</u>

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

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

	<u>Three months ended June 30,2023</u>	<u>Three months ended June 30,2022</u>	<u>Six months ended June 30,2023</u>	<u>Six months ended June 30,2022</u>
Interests of lease liabilities	<u>\$ 226</u>	<u>78</u>	<u>478</u>	<u>177</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 92</u>	<u>133</u>	<u>185</u>	<u>327</u>

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

	<b>Six months ended June 30, 2023</b>	<b>Six months ended June 30, 2022</b>
Total cash out flow of lease	<b>\$ 12,975</b>	<b>16,334</b>

(l) Employee benefits

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

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Operating Costs	\$ 8,189	9,713	16,956	18,964
Operating Expenses	2,266	2,394	4,650	4,719
Total	<b>\$ 10,455</b>	<b>12,107</b>	<b>21,606</b>	<b>23,683</b>

(1) Income tax

- (i) The amounts of income tax expense for the three months and six months ended June 30, 2023 and 2022 were \$110,887 thousand, \$55,880 thousand, \$112,526 thousand and \$104,224 thousand respectively.
- (ii) The amounts of income tax expense (profit) under other comprehensive income or loss for the three months and six months ended June 30, 2023 and 2022 were as follows:

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Foreign currency translation differences for foreign operations	<b>\$ (26,309)</b>	<b>(9,114)</b>	<b>(22,875)</b>	<b>26,350</b>

- (iii) The Company and NISHOKU BOUEKI income tax returns have been examined by the tax authority through the years up to 2021, respectively.

(m) Capital and other equity

In addition to the following, there is no material change in capital and other equity of the Group for

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the six months ended June 30, 2023 and 2022. For the related information, please refer to Note 6(n) of the consolidated financial statements for the year ended December 31, 2022.

(i) Issuance of capital stock

The Company issued 5 thousand shares, issued at par with par value per share for the exercise of employee stock options were completed the legal registration procedures for the six months ended June 30, 2022.

(ii) Capital surplus

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Additional paid-capital	\$ 939,513	939,513	939,513
Employee share options	10,892	10,892	10,892
Restricted employee stock	21,853	23,361	-
Total	<b>\$ 972,258</b>	<b>973,766</b>	<b>950,405</b>

The Company distributed capital surplus allocated to common stock owners according to the distribution plan via the special resolution meeting of shareholders held on April 28, 2022.

	<b>2021</b>	
	<b>Payout per share</b>	<b>Amount</b>
Distribute cash from additional paid-in capital	\$ 0.5	<b>31,338</b>

(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

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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%.

Dividend distribution for 2022 and 2021 were decided via board of directors' meeting held on April 28, 2023, and April 28, 2022. The relevant dividend distributions to shareholders were as follows:

	2022		2021	
	Payout per share	Amount	Payout per share	Amount
Dividend to shareholders:				
Cash	\$ 10	<b>630,242</b>	8.5	<b>532,748</b>

(n) Share-based payment

For the six months ended June 30, 2023 and 2022, 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, 2022 for other related information).

(i). Restricted stock

As of June 30, 2023, the restricted stock plans of the Company were as follows:

	<b>Restricted stock for Employees</b>
	<b>2022</b>
Grant date	August 3, 2022
Fair value (per share)(in dollars)	72.8
Exercise price (in dollars)	0
Granted units (thousand shares)	372
Vesting period	2-4 years

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The related information on restricted stock of the Group was as follows:

	(Thousand shares) For the six months ended June 30,2023
Outstanding on January 1,2023	372
Granted during the period	-
Vesting during the period	-
Expired during the period	(24)
Outstanding on June 30,2023	348

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

	Weighted-average Exercise Price(NT\$)	Number of Stock Options
Outstanding at beginning of the period	61.60(note)	5
Options granted	-	-
Options forfeited	-	-
Options exercised	61.60(note)	(5)
Outstanding at end of the period	-	-
Exercisable at end of the period		-
The weighted average price of the stock options		18.15

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

- (iv) Expenses attributable to share based payment were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Restricted stock for employees	\$ 2,046	-	4,726	-

- (o) Earnings per share

The calculation of basic earnings per share for the three months and six months ended June 30, 2023 and 2022 were calculated as follows:

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	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
<b>Basic earnings per share:</b>				
Profit attributable to ordinary shareholders of the Company	\$ 273,009	185,424	290,275	328,372
Weighted-average number of ordinary shares (thousand shares)	62,676	62,675	62,676	62,673
Basic earnings per share (NTD)	\$ 4.35	2.96	4.63	5.24
<b>Diluted earnings per share:</b>				
Profit attributable to ordinary shareholders of the Company	\$ 273,009	185,424	290,275	328,372
Weighted average number of ordinary shares (basic, thousand shares)	62,676	62,675	62,676	62,673
Effect of employee stock bonuses	132	292	217	403
Restricted stock for employees	179	-	179	-
Weighted-average number of ordinary shares (diluted, thousand shares)	62,987	62,967	63,072	63,076
Diluted earnings per share (NTD)	\$ 4.33	2.94	4.60	5.21

(p) Revenue from contracts with customers

(i) Details of revenue

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
<u>Primary geographical markets</u>				
United States	\$ 471,388	389,230	761,000	818,839
Asia	119,210	132,906	225,284	234,608
Europe	295,180	317,556	578,838	725,237
	\$ 885,778	839,692	1,565,122	1,778,684

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	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
<u>Primary productions</u>				
Plastic injection mold	\$ 820,993	760,435	1,454,595	1,636,217
Tooling mold	64,382	78,874	109,557	141,597
Others	403	383	970	870
	<b>\$ 885,778</b>	<b>839,692</b>	<b>1,565,122</b>	<b>1,778,684</b>

(ii) Contract balances

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

	June 30,	December 31,	June 30
	2023	2022	2022
Contract liabilities	<b>\$ 20,329</b>	<b>20,213</b>	<b>28,442</b>

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 six months ended June 30, 2023 and 2022, which was included in the contract liability balance at the beginning of the period, was \$16,636 thousand and \$13,330 thousand, respectively.

(q) 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 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 six months ended June 30, 2023 and 2022, the Company estimated its employee remuneration amounting to \$5,526 thousand, \$6,750 thousand, \$11,052 thousand and \$13,500 thousand, directors' and supervisors' remuneration amounting to \$1,981 thousand, \$2,295 thousand, \$3,962 thousand and \$4,590 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

## NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

meeting of Board of Directors.

For the year ended December 31, 2022 and 2021, the Company estimated its employee remuneration amounting to \$27,000 thousand and \$27,000 thousand, respectively, and directors' and supervisors' remuneration amounting to \$10,200 thousand and \$10,200 thousand respectively. There is no difference in the actual distribution situation, please refer to Market Observation Post System for further information.

(r) Other revenue

The other revenue for the three months ended and six months ends June 30, 2023 and 2022 were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Interest income	\$ 38,503	18,561	94,530	23,359
Others	2,326	2,317	3,674	2,866
Total other income	<b>\$ 40,829</b>	<b>20,878</b>	<b>98,204</b>	<b>26,225</b>

(s) Other gains and losses

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Foreign exchange gains, net	\$ 144,425	207,939	99,202	293,975
Gains (Losses) on financial assets at fair value through profit or loss	7,584	(19,416)	10,627	(28,720)
Gains (Losses) on disposal of property, plant and equipment	9,524	(237)	9,590	(280)
Others	(670)	(20)	(692)	(30)
Net gains	<b>\$ 160,863</b>	<b>188,266</b>	<b>118,727</b>	<b>264,945</b>

(t) Financial Instruments

In addition to the following, there is no material change in financial instruments of the Group for the six months ended June 30, 2023 and 2022. For the related information, please refer to note 6(u) of the consolidated financial statements for the year ended December 31, 2022.

(i) Credit risk

1) Credit risk exposure

As of June 30, 2023 and 2022, the Group's maximum exposure to credit risk was mainly from the carrying amount of financial assets recognized in the consolidated statements of

## NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

financial position and amounted to \$6,629,343 thousand and \$6,896,717 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 six months ended June 30, 2023 and 2022, sales to the individual customers whose revenue constituting over 10% of net revenue are 43% and 39% of total revenues respectively. As of June 30, 2023 and 2022, 43% and 38%, 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 1year	1-2 years
<b>June 30, 2023</b>				
Non-derivative financial liabilities				
Short-term borrowings	\$ 1,080,260	1,088,105	1,088,105	-
Long-term borrowings	700,000	724,363	14,565	709,798
Long term borrowings, current portion	450,000	456,098	456,098	-
Notes and accounts payable	350,291	350,291	350,291	-
Lease liabilities	57,175	57,175	24,286	32,889
Other financial liabilities	681,139	681,139	681,139	-
	<b>\$ 3,318,865</b>	<b>3,357,171</b>	<b>2,614,484</b>	<b>742,687</b>
<b>December 31, 2022</b>				
Non-derivative financial liabilities				
Short-term borrowings	\$ 1,157,100	1,165,086	1,165,086	-
Long-term borrowings	1,300,000	1,337,050	22,283	1,314,767
Long term borrowings, current portion	50,000	50,637	50,637	-
Notes and accounts payable	515,027	515,027	515,027	-
Lease liabilities	71,016	71,016	24,703	46,313
Other financial liabilities	58,162	58,162	58,162	-
	<b>\$ 3,151,305</b>	<b>3,196,978</b>	<b>1,835,898</b>	<b>1,361,080</b>
<b>June 30, 2022</b>				
Non-derivative financial liabilities				
Short-term borrowings	\$ 1,578,320	1,580,009	1,580,009	-
Long-term borrowings	1,050,000	1,068,620	12,120	1,056,500
Notes and accounts payable	491,124	491,124	491,124	-

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	Carrying amount	Contractual cash flows	within 1year	1-2 years
Lease liabilities	22,678	22,678	17,959	4,719
Other financial liabilities	609,562	609,562	609,562	-
	<b>\$ 3,751,684</b>	<b>3,771,993</b>	<b>2,710,774</b>	<b>1,061,219</b>

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

a) Exposure to foreign currency risk

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

	June 30, 2023			December 31, 2022			June 30, 2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>									
<u>Monetary Items</u>									
USD	\$ 123,792	31.140	3,854,871	134,982	30.710	4,145,312	151,333	29.720	4,497,622
CNY	-	-	-	-	-	-	33	4.439	146
EUR	850	33.810	28,723	690	32.720	22,589	573	31.050	17,799
<u>Financial liabilities</u>									
<u>Monetary Items</u>									
USD	2,491	31.140	77,559	4,146	30.710	127,339	3,520	29.720	104,606

b) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, 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 EUR and CNY at June 30, 2023 and 2022, would have increased or decreased the net profit before tax by \$38,060 thousand and \$44,110 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.

c) Exchange gains and losses on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the six months ended June

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### Notes to the Consolidated Financial Statements

30, 2023 and 2022, foreign exchange gain (including realized and unrealized portions) amounted to \$99,202 thousand and \$293,975 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 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 \$380 thousand and \$801 thousand for the six months ended June 30, 2023 and 2022, 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 Group's management considers its financial assets and financial liabilities measured at amortized cost to be the approximation of the fair value.

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	June 30, 2023			Total
		Fair Value			
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Financial assets at fair value through profit or loss-current	<u>\$ 38,964</u>	<u>38,964</u>	<u>-</u>	<u>-</u>	<u>38,964</u>
Financial assets at fair value through profit or loss-non-current	<u>\$ 198,245</u>	<u>198,245</u>	<u>-</u>	<u>-</u>	<u>198,245</u>
Financial assets carried at amortized cost					
Cash and cash equivalents	\$ 3,799,767				
Notes and accounts receivable, net	1,037,902				
Other financial assets-current	22,904				
Refundable deposits	8,362				
Non-current financial assets measured at amortized cost	<u>1,531,561</u>				
	<u>\$ 6,400,496</u>				
Financial liabilities carried at amortized cost					
Long and short term borrowings	\$ 2,230,260				
Notes and accounts payable	350,291				
Lease liability	57,175				
Other payables	<u>681,139</u>				

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### Notes to the Consolidated Financial Statements

		June 30, 2023			
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
	<u>\$ 3,318,865</u>				
		December 31, 2022			
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Financial assets at fair value through profit or loss-current	\$ 37,039	37,039	-	-	37,039
Financial assets at fair value through profit or loss-non-current	<u>\$ 189,543</u>	<u>189,543</u>	<u>-</u>	<u>-</u>	<u>189,543</u>
Financial assets carried at amortized cost					
Cash and cash equivalents	\$ 3,865,998				
Notes and accounts receivable, net	1,183,964				
Other financial assets-current	7,246				
Refundable deposits	9,694				
Non-current financial assets measured at amortized cost	<u>1,471,919</u>				
	<u>\$ 6,538,821</u>				
Financial liabilities carried at amortized cost					
Long and short term borrowings	\$ 2,507,100				
Notes and accounts payable	515,027				
Lease liability	71,016				
Other payables	<u>58,162</u>				
	<u>\$ 3,151,305</u>				
		June 30, 2022			
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Financial assets at fair value through profit or loss-current	\$ 391,483	36,270	-	355,213	391,483
Financial assets at fair value through profit or loss-non-current	<u>\$ 185,112</u>	<u>185,112</u>	<u>-</u>	<u>-</u>	<u>185,112</u>
Financial assets carried at amortized cost					
Cash and cash equivalents	\$ 3,912,196				
Notes and accounts receivable, net	998,417				
Other financial assets-current	2,461				

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	June 30, 2022				
	Carrying amounts	Fair Value			
		Level 1	Level 2	Level 3	Total
Refundable deposits	11,599				
Non-current financial assets measured at amortized cost	1,407,048				
	<b>\$ 6,331,721</b>				
Financial liabilities carried at amortized cost					
Long and short term borrowings	\$ 2,628,320				
Notes and accounts payable	491,124				
Lease liability	22,678				
Other payables	609,562				
	<b>\$ 3,751,684</b>				

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:

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	<b>Financial assets measured at fair value through profit or loss</b>	
	<b>Six months ended June 30,2023</b>	<b>Six months ended June 30,2022</b>
Balance in the beginning of the period	\$ -	\$ 65,145
Recognized in profit or loss	-	10,593
Purchase	-	710,426
Disposal	-	(430,951)
Balance in the ending of the period	<b>\$ -</b>	<b>\$ 355,213</b>

The aforementioned total gains and losses were recognized in “other income”. There were no transfers from each level for the six months ended June 30, 2023 and 2022.

- 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 –fixed income 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.

- (u) Financial risk management

The Group’s risk management policies are no material change in financial instruments of the Group for the six months ended June 30, 2023 and 2022. For the related information, please refer to note 6(v) of the consolidated financial statements for the year ended December 31, 2022.

- (v) Capital management

As of June 30, 2023, 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, 2022.

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

The Group’s investing and financing activities which did not affect the current cash flow for the six months ended June 30, 2023 and 2022, 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:

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**Notes to the Consolidated Financial Statements**

	<b>January 1,2023</b>	<b>Cash flows</b>	<b>Foreign exchange movement and others</b>	<b>June30,2023</b>
Short term borrowings	\$1,157,100	(76,840)	-	1,080,260
Long term borrowings (including current portion)	1,350,000	(200,000)	-	1,150,000
Lease liability	71,016	(12,790)	(1,051)	57,175
<b>Total liabilities from financing activities</b>	<b>\$2,578,116</b>	<b>(289,630)</b>	<b>(1,051)</b>	<b>2,287,435</b>

	<b>January 1,2022</b>	<b>Cash flows</b>	<b>Foreign exchange movement and others</b>	<b>June 30,2022</b>
Short term borrowings	\$ 1,737,760	(159,440)	-	1,578,320
Short term notes and bills payable	99,971	(100,000)	29	-
Long term borrowings	1,150,000	(100,000)	-	1,050,000
Lease liability	37,941	(16,007)	744	22,678
<b>Total liabilities from financing activities</b>	<b>\$ 3,025,672</b>	<b>(375,447)</b>	<b>773</b>	<b>2,650,998</b>

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

(a) Key management personnel compensation

Key management personnel compensation comprised:

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 9,594	12,456	19,252	24,768
Post-employment benefits	81	81	162	162
	<b>\$ 9,675</b>	<b>12,537</b>	<b>19,414</b>	<b>24,930</b>

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**(8) Pledged assets:**

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Demand deposits (classified under other current financial assets)	Guarantee for litigation	\$ 1,827	1,799	1,757
"	Guarantee for Carbon emission	25	26	26
		<u>\$ 1,852</u>	<u>1,825</u>	<u>1,783</u>

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

(a) Unrecognized contractual commitments:

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Acquisition of property, plant and equipment	<u>\$ 52,354</u>	<u>30,412</u>	<u>55,589</u>

(ii) For the necessary to bank loan, the Company provide guarantee and endorsement for its subsidiaries were as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Outstanding guarantee notes	<u>\$ 1,363,932</u>	<u>1,406,518</u>	<u>1,401,456</u>
Actual usage amount	<u>\$ 280,260</u>	<u>307,100</u>	<u>178,320</u>

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

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

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**(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 June 30					
	2023			2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expenses						
Salaries	169,247	50,208	219,455	177,233	49,722	226,955
Labor and health insurance	5,681	2,371	8,052	6,625	2,423	9,048
Pension	8,189	2,266	10,455	9,713	2,394	12,107
Others	6,235	6,578	12,813	6,641	7,327	13,968
Depreciation	43,925	11,796	55,721	42,917	13,451	56,368
Amortization	1,019	580	1,599	826	632	1,458

By function  By item	For the six-month periods ended June 30					
	2023			2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expenses						
Salaries	312,935	100,216	413,151	372,250	98,291	470,541
Labor and health insurance	11,852	5,286	17,138	12,902	5,248	18,150
Pension	16,956	4,650	21,606	18,964	4,719	23,683
Others	12,328	12,785	25,113	12,535	15,282	27,817
Depreciation	90,042	23,958	114,000	85,374	26,918	112,292
Amortization	1,936	1,136	3,072	1,619	1,384	3,003

**(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:

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

No.	Name of lender	Name of borrower	Account name	Related party	Ending balance (Note 2)	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	217,980	217,980	3.65%	Necessary to loan other parties	-	Operating capital	-	-	-	421,964 (Note 1)	1,687,854 (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: 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	NISHOKU VIETNAM	2	4,219,636	1,363,932	1,363,932	280,260	-	32.32%	4,219,636	Y	N	N
"	"	NISHOKU BOUEKI	2	4,219,636	60,070	-	-	-	-%	4,219,636	"	"	"

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 June 30, 2023 (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	
The Company	Nomura Global Financial Bond Fund Accumulate	None	Financial assets at fair value through profit or loss-current	-	8,042	- %	8,042
"	JPMorgan Investment Funds–Global High Yield Bond Fund	"	"	-	8,734	- %	8,734
"	ABITL Income Multi-asset Income Fund of Funds A2	"	"	-	5,613	- %	5,613

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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	
"	BGF ESG Multi-Asset Fund	"	"	-	11,407		11,407
NISHOKU BOUEKI	PineBridge Preferred Securities Income Fund	"	"	-	5,168	- %	5,168
The Company	Allianz Global Investors Income and Growth Fund	"	Financial assets at fair value through profit or loss-non current	-	39,668	- %	39,668
"	PineBridge Global ESG Quantitative Bond Fund	"	"	-	44,238	- %	44,238
"	PineBridge Global Multi-Strategy High Yield Bond Fund Bond Fund	"	"	-	37,746	- %	37,746
"	Nomura Global Financial Bond Fund	"	"	-	21,508	- %	21,508
"	FSITC GLOBAL HIGH YIELD BOND FUND	"	"	-	11,794	- %	11,794
"	ABITL Income Fund -Multi Asset Income Fund of Funds N	"	"	-	18,168	- %	18,168
"	Allianz Global Investors Income and Growth Fund	"	"	-	25,123	- %	25,123
"	FORMOSA GROUP 15/25	"	Non-current financial assets at amortized cost	-	15,578	- %	14,868
"	FOXCONN(FAR EAST)16/26MTN	"	"	-	15,302	- %	14,329
"	STAND. CHART. 15/25 REGS	"	"	-	7,738	- %	7,387
"	APPLE 16/26	"	"	-	15,276	- %	14,650
"	BARCLAYS 15/25	"	"	-	7,790	- %	7,500

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

## NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (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	(162,496)	(38)%	Note 1	Note 1	Note 1	92,166	40%	
KUNSHAN NISHOKU PLASTIC	The Company	"	Purchase	162,496	43%	"	"	"	(92,166)	(29)%	
The Company	NISHOKU VIETNAM	"	Sale	(125,120)	(29)%	"	"	"	86,628	38%	
NISHOKU VIETNAM	The Company	"	Purchase	125,120	91%	"	"	"	(86,628)	(70)%	

Note 1: The subsidiaries did not purchase or sale same product from third parties, so the purchase (sale) price cannot 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: None
- (ix) Trading in derivative instruments: None.
- (x) Business relationships and significant intercompany transactions:

The following is the information for the six months ended June 30, 2023, 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 Intercompany transactions, 2023				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	93,169	Note 3	5.9%
"	"	"	1	Account Payable	51,294	"	0.6%
"	"	KUNSHAN NISHOKU	1	Sales	162,496	"	10.2%
"	"	"	1	Account receivable	92,166	"	1.1%
"	"	"	1	Purchase	10,147	"	0.6%
"	"	"	1	Account Payable	12,021	"	0.1%
"	"	NISHOKU VIETNAM	1	Sales	125,120	"	7.9%
"	"	"	1	Account receivable	86,628	"	1%
"	"	"	1	Other receivables	217,980	Fund loan	2.5%
1	SAME START (Anguilla)	KUNSHAN NISHOKU	3	Purchase	88,635	Note 3	5.6%
"	"	"	3	Account Payable	46,721	"	0.5%

**NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

No. (Note 1)	Name of company	Name of counter-party	Nature of Intercompany transactions, 2023				Percentage of the consolidated net revenue or total assets
			relationship (Note 2)	Account name	Amount	Trading terms	
2	KUNSHAN NISHOKU	NISHOKU VIETNAM	3	Sales	30,726	//	1.9%
//	//	//	3	Account receivable	18,222	//	0.2%

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 not be compared. The payments terms were 90 days for related parties.

(b) Information on investees:

The following is the information on investees for the six months ended June 30, 2023 (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 June 30, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	SUN NICE (SAMOA)	SAMOA	Holding	427,214	738,714	12,468	100%	4,123,703	254,868	254,868	
"	NISHOKU BOUEKI	Taiwan	Purchase and sales of plastic raws and parts	1,000	1,000	2,800	100%	35,794	794	794	
"	NISHOKU VIETNAM	Vietnam	Manufacture and sale of tooling and plastic products	508,434 (USD 16,500 thousands)	508,434 (USD 16,500 thousands)	-	100%	135,504	(16,663)	(16,472)	
SUN NICE (SAMOA)	SAME START (Anguilla)	Anguilla	Purchase and sale of mold and plastic products	-	-	-	100%	(19,054)	149	4,954	
"	NISHOKU HK	HK	Holding	1,131,381 (USD 35,915 thousands)	1,442,881 (USD 45,915 thousands)	40,298	100%	3,143,895	178,158	178,158	
"	SUNNICE (BVI)	BVI	Holding	582,292 (USD 17,948 thousands)	582,292 (USD 17,948 thousands)	15,697	100%	1,031,109	70,335	70,335	

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

**NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Information on investment in Mainland China:

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

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, 2018	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2022	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	USD1,288 thousands	Indirect investment through third area	335,657 (USD10,939 thousands)	-	-	335,657 (USD10,939 thousands)	(4,522)	100.00%	(4,522)	527,622	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)	249,311	100.00%	246,936	3,607,765	1,103,406

- (ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of June 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
2,009,927	2,378,140	(Note)

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 :

Shareholder's Name	Shareholding	Shares	Percentage
Yi feng Investment Limited		4,736,000	7.51%
Ji Teng Investment Limited		4,500,000	7.14%
Yun Ding Investment Limited		4,050,000	6.42%
Jin Hong Investment Limited		3,600,000	5.71%

## NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (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 June 30, 2023				
		United States	Asia	Europe	Elimination	Total
Revenue from external customers		\$ 471,388	119,210	295,180	-	885,778
Reportable segment profit or loss		\$ 170,267	3,069	21,936	-	195,272

		Three months ended June 30, 2022				
		United States	Asia	Europe	Elimination	Total
Revenue from external customers		\$ 389,230	132,906	317,556	-	839,692
Reportable segment profit or loss		\$ 49,576	(1,773)	(8,291)	-	39,512

		Six months ended June 30, 2023				
		United States	Asia	Europe	Elimination	Total
Revenue from external customers		\$ 761,000	225,284	578,838	-	1,565,122
Reportable segment profit or loss		\$ 212,608	(7,384)	7,332	-	212,556

		Six months ended June 30, 2022				
		United States	Asia	Europe	Elimination	Total
Revenue from external customers		\$ 818,839	234,608	725,237	-	1,778,684
Reportable segment profit or loss		\$ 135,622	(1,665)	21,151	-	155,108