Stock Code:3679

NISHOKU TECHNOLOGY INC.
AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

Address: No.36, Ln.11 ,Huacheng Rd., Xinzhuang Dist., New Taipei City, Taiwan
Telephone: 886-2-29983578

Table of contents

Representation Letter

The entities that are required to be included in the combined financial statements of NISHOKU TECHNOLOGY INC. as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, NISHOKU TECHNOLOGY INC. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: NISHOKU TECHNOLOGY INC.
Chairman: B. F. Chen
Date: February 24, 2023

安侯建業聯合會計師事務所
KPMG
台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)
電 話 Tel + 886 2 8101 6666
傳 真 Fax + 886 2 8101 6667
網 址 Web kpmg.com/tw

Independent Auditors' Report

To the Board of Directors of Nishoku Technology Inc.:

Opinion

We have audited the consolidated financial statements of Nishoku Technology Inc. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the Group's financial statements are stated as follows:

1. Impairment of accounts receivable

   Please refer to Note 4(g) " Financial instruments" Note 5(a) " Significant accounting assumptions and judgments, and major sources of estimation uncertainty" of the consolidated financial statements.

Description of key audit matter:

The Group engages in business primarily with clients which are involved in the manufacture of mold and electronic parts with credit term, which make the Group vulnerable to credit risk. The default of the client may lead to impairment loss of the receivables. The assessment of impairment loss involves subjective judgments of the management, which is the major source of estimation uncertainty. Therefore, this whole matter needed to be taken into serious consideration.

How the matter was addressed in our audit:

Our principal audit procedures included: assessing whether the Group's impairment of accounts receivable has been set aside in accordance with the Group's policy, including inquiring from the management if they had identified the debtors who have financial difficulties ; selecting a moderate number of samples from the account aging statements to ensure the accuracy of the statements, and understanding the reason on overdue accounts; assessing the uncollectable accounts receivable for the approriateness of impairment assessment of accounts receivable; assessing the appropriateness and adequacy for doubtful accounts made by the management based on the subsequent collection of accounts receivable.

2. Impairment of inventory

Please refer to Note 4(h) "Inventory", Note 5(b) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" of the consolidated financial statements.

Description of key audit matter:

Evaluation of inventory is one of the key judgmental areas for our audit, the Group is primarily involved in the design, manufacture, and sale of mold and electronic parts. As different series or models of electronic products are rapidly being replaced by new ones, it may impact the inventory of the older ones to be slow-moving, or worse yet, stagnant; thus, may result the cost of inventory to be higher than the net realized value. The assessment of impairment loss requires subjective judgments of the management, which is the major source of estimation uncertainty. Therefore, this whole matter needed to be taken into serious consideration.

How the matter was addressed in our audit:

Our principal audit procedures included: understanding the inventories valuation policies of the Group; inspecting whether those policies are applied; examine the accuracy of the aging of inventories by sampling and analyse the changes of the aging of inventories by comparison; retroactively inspecting the reasonability for allowance provided on inventory valuation in the past and compare it to the current year to ensure that the measurements and assumptions are reasonable; sampling the inventories sold in the subsequent period to assess whether the allowance for inventories are reasonable.

Other Matter

The Nishoku Technology Inc. has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yung-Hua Huang and Sheng-Ho Yu.

KPMG

Taipei, Taiwan (Republic of China)
February 24, 2023

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 3,865,998	43	3,999,433	44
1110	Current financial assets at fair value through profit or loss (note 6(b))	37,039	-	104,006	1
1170	Notes and accounts receivables, net (note 6(c))	1,183,964	14	1,352,595	15
130X	Inventories (note 6(d))	451,819	5	519,871	7
1470	Other current assets	23,225	-	38,966	-
1476	Other current financial assets (note 8)	7,246	-	56,383	1
		5,569,291	62	6,071,254	68
	Non-current assets:				
1511	Non-current financial assets designated at fair value through profit or loss (note 6(b))	189,543	2	197,419	2
1535	Non-current financial assets at amortised cost (note 6(e))	1,471,919	17	1,264,067	14
1600	Property, plant and equipment (note 6(f))	1,479,566	17	1,386,444	15
1755	Right-of-use assets (note 6(g))	70,976	1	37,608	-
1840	Deferred income tax assets (note 6(m))	25,659	-	22,267	-
1915	Prepayments for equipment	7,327	-	36,570	-
1985	Long-term prepaid rents	65,693	1	63,270	1
1990	Other non-current assets	17,841	-	18,193	-
		3,328,524	38	3,025,838	32
	Total assets	**$ 8,897,815**	**100**	**9,097,092**	**100**

	Liabilities and Equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(h))	$ 1,157,100	13	1,737,760	19
2111	Short-term notes and bills payable (note 6(i))	-	-	99,971	1
2170	Notes and Accounts payable	515,027	6	588,508	6
2280	Current lease liabilities (note 6(k))	24,703	-	31,228	-
2300	Other current liabilities	426,627	5	399,998	5
2322	Long-term borrowings, current portion (note 6(j))	50,000	1	-	-
		2,173,457	25	2,857,465	31
	Non-Current liabilities:				
2540	Long-term borrowings (note 6(j))	1,300,000	15	1,150,000	13
2570	Deferred tax liabilities and other (note 6(m))	731,668	7	667,215	7
2580	Non-current lease liabilities (note 6(k))	46,313	1	6,713	-
		2,077,981	23	1,823,928	20
	Total liabilities	4,251,438	48	4,681,393	51
	Equity attributable to owners of parent (notes 6(n) and (o)):				
3110	Ordinary share	630,482	7	626,712	7
3200	Capital surplus	973,766	11	981,485	11
	Retained earnings:				
3310	Legal reserve	670,934	8	610,265	7
3320	Special reserve	344,942	3	310,459	3
3350	Unappropriated retained earnings	2,313,463	26	2,231,720	25
		3,329,339	37	3,152,444	35
3400	Other equity	(287,210)	(3)	(344,942)	(4)
	Total equity	4,646,377	52	4,415,699	49
	Total liabilities and equity	**$ 8,897,815**	**100**	**9,097,092**	**100**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

		2022		2021	
		Amount	%	Amount	%
4110	**Operating revenues (note 6(q))**	$ 3,997,848	102	4,914,583	102
4170	Less: Sales returns and allowances	69,919	2	85,473	2
	Net Operating revenues	3,927,929	100	4,829,110	100
5000	Operating costs (notes 6(d), (f), (g), (l) and 12)	2,996,260	76	3,464,092	72
	Gross profit from operations	931,669	24	1,365,018	28
6000	**Operating expenses: (notes 6(c), (f), (g), (l), (o), (r) and 12)**				
6100	Selling expenses	60,633	2	69,505	1
6200	Administrative expenses	316,602	8	310,111	7
6300	Research and development expenses	98,013	2	95,753	2
6450	Expected credit loss (gain)	(97)	-	67	-
		475,151	12	475,436	10
	Net operating income	456,518	12	889,582	18
	Non-operating income and expenses:				
7010	Other income (note 6(s))	89,824	2	74,087	2
7020	Other gains and losses, net (note 6(t))	449,426	11	(116,480)	(2)
7050	Finance costs, net (note 6(k))	(35,566)	(1)	(22,395)	-
	Total non-operating income and expenses	503,684	12	(64,788)	-
7900	**Profit before tax**	960,202	24	824,794	18
7950	**Less: Income tax expenses (note 6(m))**	250,559	6	218,106	5
	Profit	709,643	18	606,688	13
8300	**Other comprehensive income (loss):**				
8360	**Item that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign operations	100,434	3	(43,104)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(m))	(20,087)	(1)	8,621	-
8300	**Other comprehensive income (after tax)**	80,347	2	(34,483)	(1)
8500	**Total comprehensive income**	**$ 789,990**	**20**	**572,205**	**12**
	Profit, attributable to:				
8610	Profit, attributable to owners of parent	**$ 709,643**	**18**	**606,688**	**13**
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	**$ 789,990**	**20**	**572,205**	**12**
9750	Basic earnings per share (NT dollars) (note 6(p))	**$**	**11.32**		**9.70**
9850	Diluted earnings per share (NT dollars) (note 6(p))	**$**	**11.24**		**9.64**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
	Share capital			Retained earnings			Total other equity			
	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unearned Stock-Based Employee compensation	Total equity attributable to owners of parent	Total equity
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 year ended December 31, 2021	-	-	-	-	-	606,688	-	-	606,688	606,688
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	-	-	(34,483)	-	(34,483)	(34,483)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	-	606,688	(34,483)	-	572,205	572,205
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	-	72,136	-	(72,136)	-	-	-	-
Reversal of special reserve	-	-	-	-	(27,358)	27,358	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(625,612)	-	-	(625,612)	(625,612)
Stock option compensation cost	-	-	429	-	-	-	-	-	429	429
Issuance of shares exercise of employee stock option	2,250	(2,993)	12,174	-	-	-	-	-	11,431	11,431
Balance at December 31, 2021	626,712	-	981,485	610,265	310,459	2,231,720	(344,942)	-	4,415,699	4,415,699
Profit for the year ended December 31, 2022	-	-	-	-	-	709,643	-	-	709,643	709,643
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	-	80,347	-	80,347	80,347
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	709,643	80,347	-	789,990	789,990
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)
Cash dividends distributed by capital surplus	-	-	(31,338)	-	-	-	-	-	(31,338)	(31,338)
Issuance of shares exercise of employee stock option	50	-	258	-	-	-	-	-	308	308
Restricted employee stock	3,720	-	23,361	-	-	-	-	(22,615)	4,466	4,466
Balance at December 31, 2022	**$ 630,482**	**-**	**973,766**	**670,934**	**344,942**	**2,313,463**	**(264,595)**	**(22,615)**	**4,646,377**	**4,646,377**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		2022	2021
Cash flows from (used in) operating activities:			
Profit before tax	$	960,202	824,794
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation and amortization expense		234,522	243,881
Expected credit loss (gain)		(97)	67
Interest expense		35,566	22,395
Interest income		(84,882)	(54,712)
Remuneration cost of restricted employee stock		-	429
Compensation cost of restricted stock awards for employees		4,466	-
Net loss on financial assets at fair value through profit or loss		23,519	3,281
Loss (Gain) on disposal of property, plant and equipment		643	(7,514)
Recognition losses on (reversal of) inventory valuation and obsolescence		5,249	(22,114)
Others		-	403
Total adjustments to reconcile profit		218,986	186,116
Changes in operating assets and liabilities:			
Changes in operating assets:			
Financial assets at fair value through profit and loss-current		65,144	562,590
Notes and accounts receivables		168,728	464,590
Inventories		62,803	25,317
Other current assets and financial assets		16,659	8,509
		313,334	1,061,006
Changes in operating liabilities:			
Notes and accounts payables		(73,481)	(211,920)
Other current liabilities		(6,495)	(63,897)
		(79,976)	(275,817)
Total adjustments		452,344	971,305
Cash inflow generated from operations		1,412,546	1,796,099
Interest received		80,110	54,609
Interest paid		(34,457)	(21,770)
Income taxes paid		(184,247)	(176,997)
Net cash flows from operating activities		1,273,952	1,651,941
Cash flows from (used in) investing activities:			
Acquisition of financial assets at amortised cost		(152,492)	(137,506)
Acquisition of financial assets at fair value through profit or loss-non current		(13,820)	(79,436)
Proceeds from disposal of financial assets at fair value through profit or loss-non current		-	4,321
Acquisition of property, plant and equipment		(237,053)	(215,378)
Proceeds from disposal of property, plant and equipment		10,299	23,927
Decrease in refundable deposits		2,681	2,724
Increase in other financial assets		(4,653)	(7,562)
Net cash flows used in investing activities		(395,038)	(408,910)
Cash flows from (used in) financing activities:			
Increase (decrease) in short-term borrowings		(580,660)	748,840
Increase (decrease) in short-term notes and bills payable		(100,000)	100,000
Proceeds from (repayments of) long-term borrowings		200,000	(50,000)
Increase (decrease) in guarantee deposits received		(1,608)	2,490
Payments of lease liabilities		(31,992)	(39,697)
Cash dividends paid		(564,086)	(625,612)
Exercise of employee share options		308	11,431
Net cash flows from (used in) financing activities		(1,078,038)	147,452
Effect of exchange rate changes on cash and cash equivalents		65,689	(17,700)
Net increase (decrease) in cash and cash equivalents		(133,435)	1,372,783
Cash and cash equivalents at beginning of period		3,999,433	2,626,650
Cash and cash equivalents at end of period	$	**3,865,998**	**3,999,433**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(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 financial statements were authorized for issue by the board of directors on February 24, 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, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- 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”

(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, 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 Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

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

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

The Group does not expect the following new and amended standards, which have 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 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “

(4) Summary of significant accounting policies:

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

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

Except for the financial instruments at fair value through profit or loss are measured at fair value, the consolidated financial statements have been prepared on a historical cost basis.

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries.

(Continued)

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

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

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

			Percentage of shareholding (%)	
Name of investor	**Name of subsidiary**	**Principal Activities**	**December 31, 2022**	**December 31, 2021**
The Company	NISHOKU BOUEKI CO., LTD. (NISHOKU BOUEKI)	Trading Company	100 %	100 %
〃	NISHOKU TECHNOLOGY VIETNAM CO., LTD. (NISHOKU VIETNAM)	Manufacture and Sale of tooling and plastic products	100 %	100 %
〃	SUN NICE LIMITED (SAMOA) (SUN NICE (SAMOA))	Holding Company	100 %	100 %
SUN NICE (SAMOA)	SAME START LIMITED (Anguilla) (SAME START Anguilla)	Trading Company	100 %	100 %
〃	NISHOKU HONG KONG HOLDING LIMITED (NISHOKU HK)	Holding Company	100 %	100 %
〃	SUN NICE LIMITED (BVI) (SUN NICE (BVI))	Holding Company	100 %	100 %
NISHOKU (HK)	NISHOKU PLASTIC MOLD (SHENZHEN) CO., LTD. (NISHOKU SHENZHEN)	Manufacture and Sale of mold and plastic products	100 %	100 %
〃	KUNSHAN NISHOKU PLASTIC ELECTRONIC CO., LTD. (KUNSHAN NISHOKU PLASTIC)	Manufacture and Sale of mold and plastic products	71.49 %	71.49 %
SUN NICE (BVI)	KUNSHAN NISHOKU PLASTIC ELECTRONIC CO., LTD. (KUNSHAN NISHOKU PLASTIC)	Manufacture and Sale of mold and plastic products	28.51 %	28.51 %

(Continued)

(d) Foreign currencies

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

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

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

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

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

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

(Continued)

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

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

(g) Financial instruments

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

(i) Financial assets

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

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

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

1) Financial assets measured at amortized cost

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

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

2) Fair value through profit or loss (FVTPL)

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

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

3) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial assets on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers：

· contingent events that would change the amount or timing of cash flows；

· terms that may adjust the contractual coupon rate, including variable rate features；

· prepayment and extension features；and

· terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).

(Continued)

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

4) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

(Continued)

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

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

5) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Other financial liabilities

Financial liabilities are classified as measured at amortized cost, which comprise loans and borrowings, and trade and other payables. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(Continued)

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation are discharged or cancelled, or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

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

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(h) Inventories

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

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

(i) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(Continued)

(ii) Subsequent cost

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

(iii) Depreciation

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

Land is not depreciated.

The estimated useful lives, for the current and comparative years, of significant items of property, plant and equipment are as follows:

1) Buildings: 20~50 years

2) Accessory equipment of buildings: 5~10 years

3) Machinery and equipment: 3~8 years

4) Office and other equipment: 2~8 years

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

(j) Lease

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

(i) As a leasee

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

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

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

(Continued)

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

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments for purchase or termination options that are reasonably certain to be exercised.

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

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

— there is a change of its assessment on whether it will exercise a extension or termination option; or

— there is any lease modifications

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

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

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

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

(k) Impairment of non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

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

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.Impairment losses are recognized in profit or loss. They are allocated to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

(l) Revenue from contracts with customers

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

(i) Sale of goods

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

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

(ii) Financing components

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

(m) Employee benefits

(i) Defined contribution plans

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

(ii) Short-term employee benefits

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

(n) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as employee expenses, with a corresponding increase in equity, over the vesting period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date which the board of directors authorized the price and number of a new award.

(o) Income taxes

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

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

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

(Continued)

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(p) Earnings per share

The Group discloses the basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is the profit attributable to ordinary shareholders of the Company dividend by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise employee remuneration, employee stock options, and restricted employee stock.

(q) Operating segments

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

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

The preparation of the consolidated financial statements in conformity with the IFRSs 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.

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

There are no critical judgment made in applying the accounting policies that have significant effects on amounts recognized in consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment with the following year is as follows:

(a) The loss allowance of accounts receivable

The Group has estimated the loss allowance of trade receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The recognition of impairment loss, please refer to note 6(c).

(b) Valuation of inventories

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

The Group's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Grouphas established an internal control framework with respect to the measurement of fair value and regularly reviews significant unobservable inputs and valuation adjustments. If third-party information, such as broker quotes or pricing services, is used to measure fair value, then the Group will assess the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRSs, including the level in the fair value hierarchy in which such valuations should be classified.

(Continued)

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

(a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(c) Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to note 6(u) for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

(a) Cash and cash Equivalents

		December 31, 2022	December 31, 2021
Cash and demand deposits	$	1,814,806	2,497,999
Time deposits		2,020,482	920,154
Bond acquired under repurchase agreement		30,710	581,280
Cash and cash equivalents in the consolidated statement of cash flows	**$**	**3,865,998**	**3,999,433**

Please refer to note 6(u) for the interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Group.

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

		December 31, 2022	December 31, 2021
Finalcial assets at fair value through profit or loss			
Fund investments-current	$	37,039	38,861
Fixed income financial instruments		-	65,145
Total	**$**	**37,039**	**104,006**
Fund investments-non-current	**$**	**189,543**	**197,419**

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

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

(iii) As of December 31, 2022 and 2021, the Group did not provide any financial assets as collateral for its loans.

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

(c) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	$ 9,555	2,823
Accounts receivable	1,174,436	1,349,896
Less：Loss allowance	(27)	(124)
	$ 1,183,964	1,352,595

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

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 1,170,644	-%	-
0 to 120 days past due	3,792	0%~1%	27
Total	$ 1,174,436		27

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 1,334,126	-%	-
0 to 120 days past due	15,657	0%~1%	11
121 to 270 days past due	113	0%~100%	113
Total	$ 1,349,896		124

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

	December 31, 2022	December 31, 2021
Blance at January 1	$ 124	529
Impairment losses recognized	(97)	67
Amounts written off	-	(472)
Balance on December 31, 2022 and 2021	$ 27	124

(Continued)

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

(d) Inventories

	December 31, 2022	December 31, 2021
Raw materials	$ 132,186	196,059
Work in process	218,975	197,865
Finished goods	100,658	125,947
	$ 451,819	**519,871**

For the years ended December 31, 2022 and 2021, raw material, consumables, and changes in the finished goods and work in progress recognized as cost of sale amounted to $2,996,260 thousand and $3,464,092 thousand, respectively. For the years ended December 31, 2022 and 2021, the Group recognized the losses (reversal gains) on inventory valuation and obsolescence as cost of goods sold amounting to $5,249 thousand and $(22,114) thousand, respectively.

As of December 31, 2022 and 2021, the Group did not provide any inventories as collateral for its loans.

(e) Non-current financial assets at amortized cost

	December 31, 2022	December 31, 2021
Restricted bank deposit	$ 1,411,086	1,264,067
Corporate Bonds	60,833	-
	$ 1,471,919	**1,264,067**

3. 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 December 31, 2022 and 2021, the Group did not provide any financial assets measured at amortized costs as collateral for its loans.

(Continued)

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

(f) Property, plant and equipment

The cost, depreciation and impairment loss of the property, plant and equipment of the Group for the years ended December 31, 2022 and 2021, 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, 2022	$ 179,672	1,065,232	1,846,008	464,528	114,685	3,670,125
Additions	-	9,430	216,652	13,008	32,347	271,437
Reclassifications	-	23,188	17,278	865	(41,331)	-
Disposals	-	-	(47,612)	(22,528)	-	(70,140)
Effect of changes in foreign exchange rates	-	29,419	42,193	10,897	10,314	92,823
Balance on December 31, 2022	**$ 179,672**	**1,127,269**	**2,074,519**	**466,770**	**116,015**	**3,964,245**
Balance on January 1, 2021	$ 179,672	1,048,926	1,955,334	479,442	56,056	3,719,430
Additions	-	11,477	90,729	17,989	61,097	181,292
Reclassifications	-	14,749	6,225	986	(21,210)	750
Disposals	-	(470)	(179,414)	(32,770)	-	(212,654)
Effect of changes in foreign exchange rates	-	(9,450)	(26,866)	(1,119)	18,742	(18,693)
Balance on December 31, 2021	**$ 179,672**	**1,065,232**	**1,846,008**	**464,528**	**114,685**	**3,670,125**
Depreciation and impairments loss:						
Balance on January 1, 2022	$ -	488,757	1,398,990	395,934	-	2,283,681
Depreciation	-	41,299	125,795	29,988	-	197,082
Disposals	-	-	(38,429)	(20,769)	-	(59,198)
Effect of changes in foreign exchange rates	-	12,217	42,199	8,698	-	63,114
Balance on January 1, 2022	**$ -**	**542,273**	**1,528,555**	**413,851**	**-**	**2,484,679**
Balance on January 1, 2021	$ -	453,394	1,435,367	386,140	-	2,274,901
Depreciation	-	39,557	118,920	40,514	-	198,991
Reclassifications	-	-	246	504	-	750
Disposals	-	(470)	(164,717)	(31,055)	-	(196,242)
Effect of changes in foreign exchange rates	-	(3,724)	9,174	(169)	-	5,281
Balance on December 31, 2021	**$ -**	**488,757**	**1,398,990**	**395,934**	**-**	**2,283,681**
Carrying amounts:						
Balance on December 31, 2022	**$ 179,672**	**584,996**	**545,964**	**52,919**	**116,015**	**1,479,566**
Balance on December 31, 2021	**$ 179,672**	**576,475**	**447,018**	**68,594**	**114,685**	**1,386,444**

As of December 31, 2022 and 2021, the property, plant and equipment of the Group had not been pledged as collateral.

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

(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:

		Buildings and structures	Machinery and equipment	Transportation equipment	Total
Cost:					
Balance at January 1, 2022	$	80,848	-	11,958	92,806
Additions		64,303	-	-	64,303
Disposals/ write-off		(82,037)	-	-	(82,037)
Effect of changes in foreign exchange rates		1,190	-	-	1,190
Balance at December 31, 2022	**$**	**64,304**	**-**	**11,958**	**76,262**
Balance at January 1, 2021	$	94,009	4,728	8,399	107,136
Disposals/ write-off		(12,423)	(4,691)	(8,399)	(25,513)
Effect of changes in foreign exchange rates		(738)	(37)	-	(775)
Balance at December 31, 2021	**$**	**80,848**	**-**	**11,958**	**92,806**
Accumulated depreciation and impairment losses:					
Balance at January 1, 2022	$	53,898	-	1,300	55,198
Depreciation for the year		27,445	-	3,986	31,431
Disposals/ write-off		(82,037)	-	-	(82,037)
Depreciation for the year		694	-	-	694
Balance at December 31, 2022	**$**	**-**	**-**	**5,286**	**5,286**
Balance at January 1, 2021	$	30,529	-	6,870	37,399
Depreciation for the year		31,565	4,689	2,829	39,083
Disposals/ write		(7,968)	(4,691)	(8,399)	(21,058)
Effect of changes in foreign exchange rates		(228)	2	-	(226)
Balance at December 31, 2021	**$**	**53,898**	**-**	**1,300**	**55,198**
Carrying amount:					
Balance at December 31, 2022	**$**	**64,304**	**-**	**6,672**	**70,976**
Balance at December 31, 2021	**$**	**26,950**	**-**	**10,658**	**37,608**

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

(h) Short-term borrowings

The Short-term borrowings were summarizes as follows:

	December 31, 2022	December 31, 2021
Secured loans	$ -	44,000
Credit loans, no pledge	1,157,100	1,693,760
Total	**$ 1,157,100**	**1,737,760**
Interest rate range	**1.505%~5.58%**	**0.4%~0.83%**

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

(i) Short-term notes and bills payable

The short-term notes and bills payable were summarized as follows:

	December 31, 2021		
	Guarantee or acceptance institution	**Range of interest rates (%)**	**Amount**
Commercial paper payable	Mega Bills	0.59%	$ 100,000
Less: Discount on short-term notes and bills payable			(29)
Total			**$ 99,971**

(j) Long-term borrowings

The detail were as follows:

	December 31, 2022			
	Currency	**Interest rate range**	**Maturity year**	**Amount**
Unsecured bank loans	NTD	1.505%~1.975%	2024	$ 1,350,000
Less: current portion	NTD	1.571289%	2023	50,000
Total				**$ 1,300,000**

	December 31, 2021			
	Currency	**Interest rate range**	**Maturity year**	**Amount**
Unsecured bank loans	NTD	0.92%~0.96%	2023	**$ 1,150,000**

Please refer to note 6(u) for the exchange rate risk, the interest rate risk, and the sensitivity analysis of the financial assets and liabilities of the Group.

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

(k) Lease liabilities

	December 31, 2022	December 31, 2021
Current	$ 24,703	31,228
Non-current financial assets	$ 46,313	6,713

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

The amounts recognized in profit or loss was as follows:

	For the years ended December 31, 2022	For the years ended December 31, 2021
Interest expenses on lease liabilities	$ 262	616
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 502	735

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

	For the years ended December 31, 2022	For the years ended December 31, 2021
Total cash outflow for leases	$ 32,494	41,048

(l) Employee benefits

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

The consolidated entities set up overseas have defined contribution plans. These plans are funded in accordance with the regulations of their respective countries, and recognized as the contribution in the current period.

The pension costs incurred from the contributions to the Labor Insurance amounted to $47,171 thousand and $42,946 thousand for the years ended December 31, 2022 and 2021, respectively.

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

(m) Income tax

(i) The components of income tax in the years 2022 and 2021 were as follows:

	2022	2021
Current tax expense	$ 207,978	198,184
Deferred tax expense	42,581	19,922
	$ 250,559	**218,106**

(ii) The amounts of income tax expense (profit) recognized in other comprehensive income or loss for 2022 and 2021 was as follows:

	2022	2021
Foreign currency translation differences for foreign operations	**$ 20,087**	**(8,621)**

(iii) Reconciliation of income tax and profit before tax for 2022 and 2021 was as follows:

	2022	2021
Profit excluding income tax	$ 960,202	824,794
Income tax using the Company's domestic tax rate	281,553	278,170
Effect of tax rates in foreign jurisdiction	(22,711)	(32,192)
Undistributed earnings additional tax	-	2,549
Tax incentive-Repatriated offshore funds	-	(27,948)
Prior year's income tax adjustment and other	(8,283)	(2,473)
	$ 250,559	**218,106**

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

The Group's unrecognized deferred tax assets were all temporary differences.

	December 31, 2022	December 31, 2021
Deductible temporary differences	**$ 213,637**	**186,667**

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

2) Recognized deferred tax liabilities

Changes in the amount of deferred tax liabilities for 2022 and 2021 were as follows:

	Investment income recognized under the equity method	Foreign currency translation differences for foreign operations	Others	Total
Deferred tax liabilities				
Balance on January 1, 2022	$ 748,011	(84,278)	8	663,741
Recognized in profit or loss	45,772	-	201	45,973
Foreign currency translation differences for foreign operations	-	20,087	-	20,087
Balance on December 31, 2022	**$ 793,783**	**(64,191)**	**209**	**729,801**
Balance on January 1, 2021	$ 725,246	(73,877)	596	651,965
Recognized in profit or loss	22,765	-	(588)	22,177
Foreign currency translation differences for foreign operations	-	(10,401)	-	(10,401)
Balance on December 31, 2021	**$ 748,011**	**(84,278)**	**8**	**663,741**

3) Recognized deferred tax assets

Changes in the amounts of deferred tax assets for 2022 and 2021 was as follows:

	Loss on inventory valuation	Foreign currency translation differences for foreign operations	Unused tax losses carry forwards	Others	Total
Deferred tax assets					
Balance on January 1, 2022	$ (459)	-	(5,485)	(16,323)	(22,267)
Recognized in profit or loss	(650)	-	766	(3,508)	(3,392)
Balance on December 31, 2022	**$ (1,109)**	**-**	**(4,719)**	**(19,831)**	**(25,659)**
Balance on January 1, 2021	$ (560)	(1,780)	(4,688)	(14,764)	(21,792)
Recognized in profit or loss	101	-	(797)	(1,559)	(2,255)
Recognized in other comprehensive income or loss	-	1,780	-	-	1,780
Balance on December 31, 2021	**$ (459)**	**-**	**(5,485)**	**(16,323)**	**(22,267)**

(v) The Company and NISHOKU BOUEKI income tax returns have been examined by the tax authority through the years up to 2020.

(n) Capital and other equity

As of December 31, 2022 and 2021, the total value of authorized ordinary shares were amounted to $1,500,000 thousand, of which $20,000 thousand were reserved for the exercising of employee stock options, with par value of $10 per share represents 150,000 thousands of ordinary shares. As of that date, both 63,048 thousands and 62,671 thousands of shares were issued and the related registration procedures were completed. All issued shares were paid up upon issuance.

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

The balances of capital surplus were issued and the related registration procedures were completed as of December 31, 2022 and 2021, were as follows:

	Ordinary shares	
	2022	**2021**
Balance on January 1	62,671	62,446
Exercise of employee stock option	5	225
Restricted employee stock	372	-
Balance on December 31	**63,048**	**62,671**

(i) Issuance of capital stock

The Company issued 5 and 180 new shares of common stock, with par value of $10 per share, for employee stock options in 2022 and 2021, respectively. All related registration procedures had been completed as of the reporting date.

The issuance of restricted employee stock had been approved by shareholders' meeting held on June 15, 2022. The board of directors approved to issue 372 thousand shares on August 3 2022, with the issued price of NT$0 per share. The rights and obligations of the issuance of ordinary shares are the same as the other issued ordinary shares except for the right to transfer the shares that are restricted before the employees achieve the vesting conditions.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2022 and 2021, were as follows:

	December 31, 2022	**December 31, 2021**
Share capital	$ 939,513	970,593
Employee share options	10,892	10,892
Restricted employee stock	23,361	-
	$ 973,766	**981,485**

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

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.

	2021	
	Per share (dollars)	**Amount**
Capital surplus allocated to common stock owners	**$ 0.5**	**31,338**

(Continued)

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

(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 form of cash and stock, and cash portion of the dividend, should not be less than 30% of the total distributed dividend.

1) Legal reserve

According to the amendment of the ROC Company Act, the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of total capital. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be set aside as special earnings reserve during earnings distribution. Similarly, a portion of undistributed prior-period earnings shall be set aside as special earnings reserve (and can not be distributed) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2022, the total amount of special reserve amounted to $344,942 thousand.

3) Earnings distribution

Earnings distribution for 2021 and 2020 were decided via the general meeting of shareholders held on April 28, 2022, and April 28, 2021, respectively. The relevant dividend distributions to shareholders were as follow:

	2021		2020	
	Payout per share	Amount	Payout per share	Amount
Dividend to shareholders				
Cash	$ 8.5	532,748	10.0	625,612

(o) Share-based payment

(i) The Company issued 600 units of employee stock options, at 1,000 shares per unit, to its employees and its subsidiaries' who met certain requirements on July 28, 2017. The duration of the employee stock options is five year. 50%, 75%, and 100% of the stock options are exercisable 2 years, 3 years, and 4 years, respectively, after the grant date. Those qualified employees are entitled to purchase the shares at the closing price of ordinary shares of the Company on the same day. After the grant of the stock options, any changes in the ordinary shares of the Company, the exercise price of the share options will be adjusted according to the prescribed formula.

(ii) Details of the employee stock options are as follows:

	2022		2021	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at January 1	$ 61.60 (note 1)	5	66.50 (note 1)	235
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	(50)
Exercised during the year	61.60	(5)	61.60	(180)
Outstanding at December 31	-	-	61.60 (note 1)	5
Exercisable at December 31		-		-
The weighted average price of the stock options		$ 18.15		18.15

(Note 1) The Company adjusted the exercise price of stock options according to its requirements for issuance stock options.

The details of the stock options of the Group as of December 31, 2022 and 2021 were as follows:

	December 31, 2022	December 31, 2021
Weighted average of remaining contractual period (years)	0 year	0.57 year

(Continued)

(iii) The Company used the Black-Scholes pricing model in measuring the fair value of the share-based payment at the grant date. The measurement inputs were as follows:

	2017
Exercise price (NT dollars)	81.80
Share price at grant date (NT dollars)	81.80
Expected dividend	- %
Expected volatility (%)	26.78%~27.89%
Risk-free interest rate (%)	0.67%~0.73%
Expected life (years)	5

(iv) Restricted stock

A resolution had been decided during the shareholders' meeting held on June 15, 2022 for the Company to issue a maximum of 400 thousand restricted stocks for its qualified full-time employees, with the approval of the Financial Supervisory Commission. On August 3 2022, the board of directors approved to issue 372 thousand shares.

As of December 31, 2022, the information on restricted employee stock outstanding was as follows:

	Restricted stock for Employees
	2022
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 (Note 2)

(Note 2) After the employees were granted restricted stock, the employees will be vested in the stocks if they fulfill both service period and performance condition and the employees have not violate the Company's labor agreement or working rules. The vesting condition are as follows:

a. Upon service for two years. the shares vested in 50% to employees.

b. Upon service for three years. the shares vested in 25% to employees.

c. Upon service for four years. the shares vested in 25% to employees.

The restricted stock is kept by a trust, which is appointed by the Company, before it is vested. These shares shall not be sold, pledged, transferred, gifted, or by any other means, disposed of the third parties during the custodian period. The voting rights of these shares are executed by the custodian, and the custodian will act based on law and regulations. If the shares remain unvested after the vesting period, the Group will cancel the unvested shares thereafter.

(Continued)

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

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

(in thousands of shares)	2022
Outstanding at beginning of period	-
Granted during the period	372
Vested during the period	-
Forfeited during the period	-
Outstanding at end of period	**372**

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

	2022	2021
Employee stock options	$ -	429
Restricted stock for employees	4,466	-
Total	**$ 4,466**	**429**

(p) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share for the years ended December 31, 2022 and 2021, was based on the profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding, calculated as follows:

	2022	2021
Profit attributable to ordinary shareholders of the Company	**$ 709,643**	**606,688**
Weighted-average number of ordinary shares (thousand shares)	**62,675**	**62,550**
Basic earnings per share	**$ 11.32**	**9.70**

(ii) Diluted earnings per share

The calculation of diluted earnings per share for the years ended December 31, 2022 and 2021, were based on the profit attributable to the ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	2022	2021
Profit attributable to ordinary shareholders of the Company (diluted)	**$ 709,643**	**606,688**

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

Weighted-average number of ordinary shares (diluted) (thousand shares)

	2022	2021
Weighted-average number of ordinary shares (basic)	62,675	62,550
Effect of employee stock bonuses	400	367
Effect of restricted stock	51	-
Weighted-average number of ordinary shares (diluted)	**63,126**	**62,917**
Diluted earnings per share	**$ 11.24**	**9.64**

(q) Revenue from contracts with customers

(i) Details of revenue

	2022	2021
Primary geographical markets		
North America	$ 1,799,538	1,467,672
Asia	599,313	454,861
Europe	1,529,078	2,906,577
	$ 3,927,929	**4,829,110**
Major products/services lines		
Plastic injection	$ 3,628,386	4,499,262
Mold	298,290	328,797
Others	1,253	1,051
	$ 3,927,929	**4,829,110**

(ii) Contract balances

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

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities	**$ 20,213**	**27,586**	**51,775**

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 December 31, 2022 and 2021, which was included in the contract liability balance at the beginning of the period, was $25,904 thousand and $51,171 thousand, respectively.

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

(r) Employee, board of directors' compensation

In accordance with the Articles of incorporation the Company should contribute no less than 1% of the profit as employee compensation and not exceed 5% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director 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 years ended December 31, 2022 and 2021, the Company estimated its employee remuneration amounting to $27,000 thousand and $27,000 thousand, and directors' remuneration amounting to $10,200 thousand and $10,200 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors of each period, multiplied by the percentage of remuneration to employees, directors as specified in the Company' s articles. These remunerations were 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, please refer to Market Observation Post System for further information.

The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2022 and 2021. There is no difference in the actual distribution situation.

(s) Other revenue

The other revenue for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Interest income	$ 84,882	54,712
Others	4,942	19,375
	$ 89,824	**74,087**

(t) Other gains and losses

The other gains and losses for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Foreign exchange losses, net	$ 474,762	(120,332)
Losses on financial assets at fair value through profit or loss	(23,519)	(3,281)
Gains (losses) on disposals of property, plant and equipment	(643)	7,514
Others	(1,174)	(381)
	$ 449,426	**(116,480)**

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

(u) Financial Instruments

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, which arises from the Group's accounts receivable and investments.

1) Accounts receivable and others receivables

For credit risk exposure of note and accounts receivable, please refer to note 6(c).

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. These criterias are reviewed periodically.

2) Investment

The credit risk exposure in bank deposits, fixed-income investment, and other financial instruments is measured and monitored by the Group's finance department. As the Group deals with banks and other external parties with good credit standing and with financial institutions, corporate organizations, and government agencies which are graded above investment level, the management believes their counterparts do not have significant default risk, therefore, the credit risk is insignificant.

3) Credit risk exposure

As of December 31, 2022 and 2021, 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 $6,755,709 thousand and $6,973,903 thousand, respectively. The Group 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.

4) 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 December 31, 2022 and 2021, sales to the individual customers whose revenue constituting over 10% of net revenue are 39% and 37% of total revenues respectively. As of December 31, 2022 and 2021, 34% and 26%, respectively, of accounts receivable were 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.

(Continued)

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

	Carrying amount	Contractual cash flows	within 1 year	1-2 years
December 31, 2022				
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	-
Non-interest bearing liabilities				
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	-
	$ 3,151,305	3,196,978	1,835,898	1,361,080
December 31, 2021				
Non-derivative financial liabilities				
Short-term borrowings	$ 1,737,760	1,739,215	1,739,215	-
Short-term notes and bills payable	99,971	100,000	100,000	-
Long-term borrowings	1,150,000	1,169,644	10,805	1,158,839
Non-interest bearing liabilities				
Notes and accounts payable	588,508	588,508	588,508	-
Lease liabilities	37,941	37,941	31,228	6,713
Other financial liabilities	51,986	51,986	51,986	-
	$ 3,666,166	3,687,294	2,521,742	1,165,552

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's significant exposure to foreign currency risk on financial assets and liabilities was as follows:

	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary Items						
USD	$ 134,982	30.710	4,145,312	156,910	27.680	4,343,257
CNY	-	-	-	84	4.344	363
EUR	690	32.720	22,589	387	31.320	12,106
Financial liabilities						
Monetary Items						
USD	4,146	30.710	127,339	6,166	27.680	170,677

(Continued)

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

A weakening (strengthening) of 1% of the NTD against the USD and CNY at December 31, 2022 and 2021, would have increased or decreased the net profit before tax by $40,406 thousand and $41,850 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 years ended December 31, 2022 and 2021, foreign exchange gain (including realized and unrealized portions) amounted to $474,762 thousand and $(120,332) thousand, respectively.

2) Interest rate analysis

The details of financial instruments exposed to interest rate risk were as follows:

	Carrying amount	
	December 31, 2022	**December 31, 2021**
Fixed-rate instruments:		
Financial assets	$ 3,503,451	2,684,754
Financial liabilities	(457,100)	(2,287,731)
	$ 3,046,351	**397,023**
Variable-rate instruments:		
Financial assets	$ 1,835,870	2,633,734
Financial liabilities	(2,050,000)	(700,000)
	$ (214,130)	**1,933,734**

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

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

If the interest rate had increased / decreased by 1 basis points, the Group's net income would have decreased / increased by $535 thousand and $4,834 thousand ffor the years ended December 31, 2022 and 2021, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates and bank deposits in variable-rate bills.

(iv) Fair value of financial instruments

1) Fair value of financial instruments

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

	December 31, 2022				
		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	$ 37,039	37,039	-	-	37,039
Non derivative financial assets at fair value through profit or loss-non-current	$ 189,543	189,543	-	-	189,543
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 3,865,998				
Notes and accounts receivable, net	1,183,964				
Other current financial assets	7,246				
Refundable deposits	9,694				
Non-current financial assets measured at amortized cost	1,471,919				
	$ 6,538,821				
Financial liabilities measured at amortized cost					
Long and short term borrowings	$ 2,507,100				
Notes and accounts payable	515,027				
Lease liabilities	71,016				
Other payables	58,162				
	$ 3,151,305				

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

	December 31, 2021				
		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	$ 104,006	38,861	-	65,145	104,006
Non derivative financial assets at fair value through profit or loss-non current	$ 197,419	197,419	-	-	197,419
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 3,999,433				
Notes and accounts receivable, net	1,352,595				
Other financial assets-current	1,023				
Refundable deposits	12,375				
Financial assets measured at amortized cost-current	55,360				
Non-current financial assets measured at amortized cost	1,264,067				
	$ 6,684,853				
Financial liabilities measured at amortized cost					
Long and short term borrowings	$ 2,887,760				
Short-term notes and bills payable	99,971				
Notes and accounts payable	588,508				
Lease liabilities	37,941				
Other payables	51,986				
	$ 3,666,166				

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.

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

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:

	At fair value through profit or loss	
	2022	**2021**
Balance in the beginning of the period	$ 65,145	612,833
Recognized In profit or loss	20,536	34,946
Purchased	705,102	673,164
Disposal	(790,783)	(1,255,798)
Balance in the ending of the period	**$ -**	**65,145**

The aforementioned total gains and losses were recognized in "other income". There were no transfers from all Level in 2022 and 2021.

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.

(v) Financial risk management

(i) Structure of risk management

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect any changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The board of directors monitors the management to ensure compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The board of directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the board of directors.

(ii) The Group have exporesures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

For more disclosures about the quantitative effects of these risks exposures and the Group's objectives, policies and processes for measuring and managing the above mentioned risks, please refer to note 6(u).

(w) Capital management

The Board's policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, paid-in capital, and retained earnings. As of December 31, 2022 and 2021, the Group's equity-to-asset ratios were 52% and 49%, respectively. There were no changes in the Group's approach to capital management as of December 31, 2022.

(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 years ended December 31, 2022 and 2021, 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:

			Non-cash changes		
	January 1, 2021	**Cash flows**	**Changes in lease payment**	**Foreign exchange movement and others**	**December 31, 2022**
Short-term borrowings	$ 1,737,760	(580,660)	-	-	1,157,100
Short-term notes and bills payable	99,971	(100,000)	-	29	-
Long-term borrowings	1,150,000	200,000	-	-	1,350,000
Lease liabilities	37,941	(31,992)	64,303	764	71,016
Total liabilities from financing activities	**$ 3,025,672**	**(512,652)**	**64,303**	**793**	**2,578,116**

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

			Non-cash changes		
	January 1, 2020	Cash flows	Changes in lease payment	Foreign exchange movement and others	December 31, 2021
Short-term borrowings	$ 988,920	748,840	-	-	1,737,760
Short-term notes and bills payable	-	100,000	-	(29)	99,971
Long-term borrowings	1,200,000	(50,000)	-	-	1,150,000
Lease liabilities	70,115	(39,697)	7,459	64	37,941
Total liabilities from financing activities	$ 2,259,035	759,143	7,459	35	3,025,672

(7) Related-party transactions:

(a) Transaction of key management personnel

Key management personnel compensation comprised:

	2022	2021
Short-term employee benefits	$ 46,268	50,051
Post-employment benefits	324	324
	$ 46,592	50,375

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2022	December 31, 2021
Demand deposits (classified under other current financial assets)	Performance bond	$ 1,799	1,704
〃	Guarantee for carbon emission	26	25
〃	Short-term borrowings	-	55,360
		$ 1,825	57,089

(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:

	December 31, 2022	December 31, 2021
Acquisition of property, plant and equipment	$ 30,412	79,739

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

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

	December 31, 2022	December 31, 2021
Outstanding guarantee notes	$ 1,406,518	1,360,064
Actual usage amount	$ 307,100	193,760

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

(12) Other:

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

By function / By item	2022 Operating cost	2022 Operating expenses	2022 Total	2021 Operating cost	2021 Operating expenses	2021 Total
Employee benefit expenses						
Salary	793,610	217,558	1,011,168	900,465	202,307	1,102,772
Labor and health insurance	25,612	10,788	36,400	24,057	10,295	34,352
Pension	37,676	9,495	47,171	34,216	8,730	42,946
Others	27,387	32,433	59,820	24,242	35,874	60,116
Depreciation	174,794	53,719	228,513	185,131	52,943	238,074
Amortization	3,368	2,641	6,009	2,664	3,143	5,807

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

(i) Loans to other parties:

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 3)	Ending balance (Note 3)	Actual usage amount during the period	Interest rate	Nature of financing	Transaction amounts	Reason for short-term financing	Allowance for bad debt	Collateral Item	Collateral Value	Financing limit for each borrowing company	Maximum financing limit for the lender
0	The Company	NISHOKU VIETNAM	Other accounts receivable	Yes	297,200	214,970	214,970	3.65%	Necessary to loan other parties	-	Operating capital	-	-	-	464,638 (Note 1)	1,858,551 (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.

(Continued)

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

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company (Note 2)	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
0	The Company	NISHOKU VIETNAM	2	4,646,377	1,378,802	1,345,098	307,100	-	28.95 %	4,646,377	Y	N	N
0	〃	SAME START (Anguilla)	2	4,646,377	175,650	61,420	-	-	1.32 %	4,646,377	〃	〃	〃

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 holds 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 December 31, 2022 (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: Shares/Units (thousands)	Ending balance: Carrying value	Ending balance: Percentage of ownership (%)	Ending balance: Fair value	Note
The Company	Nomura Global Financial Bond Fund Accumulate	None	Financial assets at fair value through profit or loss - current	-	7,705	- %	7,705	
〃	JPMorgan Investment Funds–Global High Yield Bond Fund	〃	〃	-	8,322	- %	8,322	
〃	ABITL Income Multi-asset Income Fund of Funds A2	〃	〃	-	5,197	- %	5,197	
〃	BGF ESG Multi-Asset Fund	〃	〃	-	10,828	- %	10,828	
NISHOKU BOUEKI	PineBridge Preferred Securities Income Fund	〃	〃	-	4,987	- %	4,987	
The Company	Allianz Global Investors Income and Growth Fund	〃	Financial assets at fair value through profit or loss - non current	-	37,719	- %	37,719	
〃	PineBridge Global ESG Quantitative Bond Fund	〃	〃	-	43,263	- %	43,263	
〃	PineBridge Global Multi-Strategy High Yield Bond Fund	〃	〃	-	36,088	- %	36,088	
〃	Nomura Global Financial Bond Fund	〃	〃	-	20,607	- %	20,607	
〃	FSITC GLOBAL HIGH YIELD BOND FUND	〃	〃	-	11,336	- %	11,336	
〃	ABITL Income Fund -Multi Asset Income Fund of Funds N	〃	〃	-	17,793	- %	17,793	
〃	Allianz Global Investors Income and Growth Fund	〃	〃	-	22,737	- %	22,737	
〃	FORMOSA GROUP 15/25	〃	Financial assets at amortised cost-non current	-	15,363	- %	14,639	
〃	FOXCONN(FAR EAST)16/26MTN	〃	〃	-	15,091	- %	14,119	
〃	STAND. CHART. 15/25 REGS	〃	〃	-	7,631	- %	7,369	
〃	APPLE 16/26	〃	〃	-	15,065	- %	14,348	
〃	BARCLAYS 15/25	〃	〃	-	7,683	- %	7,402	

(Continued)

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

(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	Principal no guaranteed financial product	Financial assets at fair value through profit or loss-current	NATIONAL TRUST	None	-	-	-	440,689	-	452,143	440,689	11,454	-	-
NISHOKU SHENZHEN	Principal no guaranteed financial product	Financial assets at fair value through profit or loss - current	NATIONAL TRUST	〃	-	-	-	264,413	-	271,286	264,413	6,873	-	-

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 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)	
SAME START (Anguilla)	KUNSHAN NISHOKU PLASTIC	Associate	Purchase	201,364	92 %	Note 1	Note 1	Note 1	(35,371)	(95)%	Note 2
KUNSHAN NISHOKU PLASTIC	SAME START (Anguilla)	〃	Sale	(201,364)	(7) %	〃	〃	〃	35,371	4%	〃
The Company	KUNSHAN NISHOKU PLASTIC	〃	Sale	(566,837)	(50) %	〃	〃	〃	120,800	49%	〃
KUNSHAN NISHOKU PLASTIC	The Company	〃	Purchase	566,837	46 %	〃	〃	〃	(120,800)	(25)%	〃
The Company	NISHOKU VIETNAM	〃	Sale	(229,455)	(20) %	〃	〃	〃	58,759	24%	〃
NISHOKU VIETNAM	The Company	〃	Purchase	229,455	90 %	〃	〃	〃	(58,759)	(66)%	〃
SAME START (Anguilla)	The Company	〃	Sale	(197,602)	(89) %	〃	〃	〃	37,145	100%	〃
The Company	SAME START (Anguilla)	〃	Purchase	197,602	27 %	〃	〃	〃	(37,145)	(26)%	〃

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

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

(Continued)

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

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

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	120,800	3.62	-		38,855	-

Note 1: Until February 10, 2023.

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 years ended December 31, 2020, 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,			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	SAME START (Anguilla)	1	Purchase	197,602	Note 3	5%
〃	〃	〃	1	Account Payable	37,145	〃	-%
〃	〃	KUNSHAN NISHOKU PLASTIC	1	Sales	566,837	〃	14%
〃	〃	〃	1	Account receivable	120,800	〃	1%
〃	〃	NISHOKU VIETNAM	1	Sales	229,455	〃	6%
〃	〃	〃	1	Account receivable	58,759	〃	1%
〃	〃	〃	1	Other receivables	214,970	Loans	2%
1	SAME START (Anguilla)	NISHOKU SHENZHEN	3	Purchase	14,433	Note 3	-%
〃	〃	KUNSHAN NISHOKU PLASTIC	3	Purchase	201,364	〃	5%
〃	〃	〃	3	Account Payable	35,371	〃	-%
〃	〃	NISHOKU VIETNAM	3	Sales	18,228	〃	-%
2	KUNSHAN NISHOKU PLASTIC	NISHOKU VIETNAM	3	Sales	17,989	〃	-%
〃	〃	〃	3	Account receivable	13,689	〃	-%

(Continued)

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

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 years ended December 31, 2022 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Highest balance during the year		Balance as of December 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	SUN NICE (SAMOA)	SAMOA	Holding	738,714	1,096,194	34,468	100 %	22,468	100.00 %	4,489,020	436,546	436,546	
〃	NISHOKU BOUEKI	Taiwan	Purchase and sales of plastic raws and parts	1,000	1,000	6,300	100 %	2,800	100.00 %	81,471	10,083	10,083	
〃	NISHOKU VIETNAM	Vietnam	Manufacture and sale of tooling and plastic products	508,434 (USD 16,500 thousand)	508,434 (USD 16,500 thousand)	-	100 %	-	100.00 %	149,877	9,692	10,001	
SUN NICE (SAMOA)	SAME START (Anquilla)	Aquilla	Purchase and sale of mold and plastic products	-	-	-	100 %	-	100.00 %	(23,771)	949	10,451	
〃	NISHOKU HK	HK	Holding	1,442,881 (USD 45,915 thousand)	1,800,361 (USD 57,915 thousand)	62,298	100 %	50,298	100.00 %	3,513,875	310,870	310,870	
〃	SUNNICE (BVI)	BVI	〃	585,292 (USD 17,948 thousand)	585,292 (USD 17,948 thousand)	15,697	100 %	15,697	100.00 %	1,050,940	115,188	115,188	

Note 1: Transactions within the Group were eliminated in 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, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 1)	Book value (Note 1)	Accumu-lated remittance of earnings in current period
					Outflow	Inflow						
NISHOKU SHENZHEN	Manufacture and sale of mold and plastic products	USD1,288 thousand	Indirect investment through third area	703,870 (USD22,939 thousand)	-	368,213 (USD12,000 thousand)	335,657 (USD10,939 thousand)	21,224	100.00%	21,224	547,562	475,841
KUNSHAN NISHOKU PLASTIC	Manufacture and sale of mold and plastic products	USD53,310 thousand	〃	1,674,270 (USD52,524 thousand)	-	-	1,674,270 (USD52,524 thousand)	406,567	100.00%	404,141	3,677,194	892,737

(Continued)

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

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
2,009,927	2,378,140	(Note 2)

Note 1: The above investment income (loss) in mainland China were 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
Yi Feng Investment Limited	4,736,000	7.51 %
Ji Teng Investment Limited	4,500,000	7.13 %
Yun Ding Investment Limited	4,050,000	6.42 %
Jin Hong Investment Limited	3,600,000	5.70 %

(14) Segment information:

(a) General 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 be reportable segments. The Revenue from manufacture and supply electronic parts to clients. Since the strategy of each segment is different, its is necessary to separate them for management.

(b) Information about reportable segments and their measurement and reconciliations

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, but not including any extraordinary activity and foreign exchange gain or losses because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

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

The operating segment accounting policies are similar to those described in note 4 " significant accounting policies".

The Group treated inteersegment sales and transfers as third-party transactions. They are measured at market price. The Group's product revenues from geographical clients are as follows:

	2022				
	United States	Asia	Europe	Elimination	Total
Revenue from external customers	$ 1,799,538	599,313	1,529,078	-	3,927,929
Reportable segment profit or loss	$ 375,127	24,628	56,763	-	456,518

	2021				
	United States	Asia	Europe	Elimination	Total
Revenue from external customers	$ 1,467,672	454,861	2,906,577	-	4,829,110
Reportable segment profit or loss	$ 461,751	32,439	395,392	-	889,582

(c) Product information

Revenue from external customers of the Group was as follows:

Product	2022	2021
Plastic injection	$ 3,628,386	4,499,262
Mold	298,290	328,797
Others	1,253	1,051
Total	$ 3,927,929	4,829,110

(d) Major customers

Sales to individual clients constituting over 10% of total revenue in 2022 and 2021 are summarized as follows:

	2022	
Customer	Amount	Percentage of net sales
Company A	$ 959,111	24
Company B	573,602	15
Total	$ 1,532,713	39

	2021	
Customer	Amount	Percentage of net sales
Company A	$ 1,800,416	37