

**NISHOKU TECHNOLOGY INC.
AND SUBSIDIARIES**

Consolidated Financial Statements

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

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

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Representation Letter

The entities that are required to be included in the combined financial statements of NISHOKU TECHNOLOGY INC. as of and for the year ended December 31, 2024 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, 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 27, 2025



安侯建業聯合會計師事務所
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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 sheet as of December 31, 2024 and 2023, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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 appropriateness 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 analyses 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, 2024 and 2023, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 Huang, Yung-Hua and Yu, Sheng-Ho.

KPMG

Taipei, Taiwan (Republic of China)

February 27, 2025

Notes to Readers

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

The independent auditors' 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, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023				December 31, 2024		December 31, 2023	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 3,351,920	38	3,535,076	42	2100	Short-term borrowings (note 6(h))	\$ 1,248,925	14	1,368,460	16
1110	Current financial assets at fair value through profit or loss (note 6(b))	45,385	1	40,109	-	2170	Notes and Accounts payable	572,770	6	469,999	6
1170	Notes and accounts receivables, net (note 6(c))	1,406,130	16	1,189,635	14	2280	Current lease liabilities (note 6(j))	3,355	-	23,348	-
1137	Current financial assets at amortised cost (note 6(e))	454,794	5	-	-	2300	Other current liabilities (note 6(n))	538,642	6	409,115	5
130X	Inventories (note 6(d))	401,968	4	351,253	5	2322	Long-term borrowings, current portion (note 6(i))	-	-	200,000	2
1470	Other current assets	16,014	-	34,448	-			2,363,692	26	2,470,922	29
1476	Other current financial assets (note 8)	11,479	-	27,149	-		Non-Current liabilities:				
		5,687,690	64	5,177,670	61	2540	Long-term borrowings (note 6(i))	800,000	9	850,000	10
	Non-current assets:					2570	Deferred tax liabilities (note 6(l))	778,803	9	733,090	9
1511	Non-current financial assets at fair value through profit of loss (note 6(b))	182,599	2	203,426	2	2580	Non-current lease liabilities (note 6(j))	5,799	-	22,167	-
1535	Non-current financial assets at amortised cost (note 6(e))	1,322,906	15	1,547,894	18	2670	Other non-current liabilities, others	-	-	3,028	-
1600	Property, plant and equipment (note 6(f))	1,574,471	17	1,420,753	17			1,584,602	18	1,608,285	19
1755	Right-of-use assets (note 6(g))	9,129	-	44,772	1		Total liabilities	3,948,294	44	4,079,207	48
1840	Deferred income tax assets (note 6(l))	15,443	-	38,349	-		Equity attributable to owners of parent (notes 6(m) and (n)):				
1985	Long-term prepaid rents	64,522	1	63,181	1	3110	Ordinary share	630,222	7	630,402	7
1990	Other non-current assets	75,201	1	33,462	-	3200	Capital surplus	940,899	11	973,549	11
		3,244,271	36	3,351,837	39		Retained earnings:				
						3310	Legal reserve	741,898	8	741,898	9
						3320	Special reserve	327,343	4	264,595	3
						3350	Unappropriated retained earnings	2,544,790	28	2,179,701	26
								3,614,031	40	3,186,194	38
						3400	Other equity	(201,485)	(2)	(339,845)	(4)
							Total equity	4,983,667	56	4,450,300	52
Total assets		\$ 8,931,961	100	8,529,507	100		Total liabilities and equity	\$ 8,931,961	100	8,529,507	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, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars , Except Earnings Per Share)**

		2024		2023	
		Amount	%	Amount	%
4110	Operating revenues (note 6(p))	\$ 4,336,384	102	3,567,359	102
4170	Less: Sales returns and allowances	<u>76,726</u>	<u>2</u>	<u>58,630</u>	<u>2</u>
	Net Operating revenues	4,259,658	100	3,508,729	100
5000	Operating costs (notes 6(d), (f), (g), (k) and 12)	<u>2,944,014</u>	<u>69</u>	<u>2,592,872</u>	<u>74</u>
	Gross profit from operations	<u>1,315,644</u>	<u>31</u>	<u>915,857</u>	<u>26</u>
6000	Operating expenses: (notes 6(c), (f), (g), (k), (n), (q) and 12)				
6100	Selling expenses	65,160	2	63,593	2
6200	Administrative expenses	332,625	8	298,646	9
6300	Research and development expenses	95,866	2	81,061	2
6450	Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	<u>(862)</u>	<u>-</u>	<u>1,297</u>	<u>-</u>
		<u>492,789</u>	<u>12</u>	<u>444,597</u>	<u>13</u>
	Net operating income	<u>822,855</u>	<u>19</u>	<u>471,260</u>	<u>13</u>
	Non-operating income and expenses:				
7010	Other income (note 6(r))	210,247	5	197,048	6
7020	Other gains and losses, net (note 6(s))	266,569	6	58,380	2
7050	Finance costs, net (note 6(j))	<u>(51,561)</u>	<u>(1)</u>	<u>(55,887)</u>	<u>(2)</u>
	Total non-operating income and expenses	<u>425,255</u>	<u>10</u>	<u>199,541</u>	<u>6</u>
7900	Profit before tax	1,248,110	29	670,801	19
7950	Less: Income tax expenses (note 6(l))	<u>378,991</u>	<u>9</u>	<u>183,704</u>	<u>5</u>
	Profit	<u>869,119</u>	<u>20</u>	<u>487,097</u>	<u>14</u>
8300	Other comprehensive income (loss):				
8360	Item that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	161,282	4	(78,435)	(2)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(l))	<u>(32,256)</u>	<u>(1)</u>	<u>15,687</u>	<u>-</u>
8300	Other comprehensive income (after tax)	<u>129,026</u>	<u>3</u>	<u>(62,748)</u>	<u>(2)</u>
8500	Total comprehensive income	<u>\$ 998,145</u>	<u>23</u>	<u>424,349</u>	<u>12</u>
	Profit, attributable to:				
8610	Profit, attributable to owners of parent	<u>\$ 869,119</u>	<u>20</u>	<u>487,097</u>	<u>14</u>
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	<u>\$ 998,145</u>	<u>23</u>	<u>424,349</u>	<u>12</u>
9750	Basic earnings per share (NT dollars) (note 6(o))	<u>\$ 13.85</u>		<u>7.77</u>	
9850	Diluted earnings per share (NT dollars) (note 6(o))	<u>\$ 13.76</u>		<u>7.71</u>	

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, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent								
						Total other equity			
	Share capital		Retained earnings			Exchange differences on translation of	Unearned Stock-Based Employee compensation	Total equity attributable to owners of parent	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	foreign financial statements			
Balance at January 1, 2023	\$ 630,482	973,766	670,934	344,942	2,313,463	(264,595)	(22,615)	4,646,377	4,646,377
Profit for the year ended December 31, 2023	-	-	-	-	487,097	-	-	487,097	487,097
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	-	(62,748)	-	(62,748)	(62,748)
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	487,097	(62,748)	-	424,349	424,349
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	70,964	-	(70,964)	-	-	-	-
Special reserve appropriated	-	-	-	(80,347)	80,347	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(630,242)	-	-	(630,242)	(630,242)
Retirement of restricted employee stock	(320)	(2,010)	-	-	-	-	2,330	-	-
Restricted employee stock	240	1,793	-	-	-	-	7,783	9,816	9,816
Balance at December 31, 2023	630,402	973,549	741,898	264,595	2,179,701	(327,343)	(12,502)	4,450,300	4,450,300
Profit for the year ended December 31, 2024	-	-	-	-	869,119	-	-	869,119	869,119
Other comprehensive income for the year ended December 31, 2024	-	-	-	-	-	129,026	-	129,026	129,026
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	869,119	129,026	-	998,145	998,145
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	-	62,748	(62,748)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(441,282)	-	-	(441,282)	(441,282)
Cash dividends distributed by capital surplus	-	(31,520)	-	-	-	-	-	(31,520)	(31,520)
Retirement of restricted employee stock	(180)	(1,130)	-	-	-	-	1,310	-	-
Restricted employee stock	-	-	-	-	-	-	8,024	8,024	8,024
Balance at December 31, 2024	\$ 630,222	940,899	741,898	327,343	2,544,790	(198,317)	(3,168)	4,983,667	4,983,667

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, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	2024	2023
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,248,110	670,801
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization expense	218,267	238,912
Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	(862)	1,297
Reversal of provision for bad debt expense	(34,927)	(38,081)
Interest expense	51,561	55,887
Net gain arising from derecognition of financial assets measured at amortised cost	(26,089)	(16,953)
Interest income	(196,282)	(183,903)
Compensation cost of restricted stock awards for employees	8,024	9,816
Gain on disposal of property, plant and equipment	(11,185)	(12,520)
Others	2,706	-
Total adjustments to reconcile profit	11,213	54,455
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivables	(215,633)	(6,968)
Inventories	(15,788)	138,647
Other current assets and financial assets	25,453	4,222
	(205,968)	135,901
Changes in operating liabilities:		
Notes and accounts payables	102,771	(45,028)
Other current liabilities	12,536	3,507
	115,307	(41,521)
Total adjustments	(79,448)	148,835
Cash inflow generated from operations	1,168,662	819,636
Interest received	211,240	165,249
Interest paid	(52,808)	(53,774)
Income taxes paid	(235,148)	(210,047)
Net cash flows from operating activities	1,091,946	721,064
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortised cost	(229,805)	(75,975)
Proceeds from disposal of financial assets at fair value through profit or loss-non current	41,640	-
Acquisition of property, plant and equipment	(351,250)	(206,038)
Proceeds from disposal of property, plant and equipment	25,788	47,320
Decrease (increase) in refundable deposits	(1,846)	625
Increase in other non-current assets	(14,325)	(11,984)
Net cash flows used in investing activities	(529,798)	(246,052)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	(119,535)	211,360
Repayments of long-term borrowings	(250,000)	(300,000)
Increase (decrease) in guarantee deposits	(3,028)	1,162
Payments of lease liabilities	(9,267)	(25,519)
Cash dividends paid	(472,802)	(630,242)
Net cash flows used in financing activities	(854,632)	(743,239)
Effect of exchange rate changes on cash and cash equivalents	109,328	(62,695)
Net decrease in cash and cash equivalents	(183,156)	(330,922)
Cash and cash equivalents at beginning of period	3,535,076	3,865,998
Cash and cash equivalents at end of period	\$ 3,351,920	3,535,076

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, 2024 and 2023

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

(1) Company history

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

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

These consolidated financial statements were authorized for issue by the Board of Directors on February 27, 2025.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

- (b) The impact of IFRS 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, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

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

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

(Continued)

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(4) Summary of material accounting policies:

The 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.

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

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries.

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

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

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal Activities	Percentage of shareholding (%)	
			December 31, 2024	December 31, 2023
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	Note 1	100 %
"	KUNSHAN NISHOKU PLASTIC ELECTRONIC CO., LTD. (KUNSHAN NISHOKU PLASTIC)	Manufacture and Sale of mold and plastic products	71.49 %	71.49 %

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal Activities	Percentage of shareholding (%)	
			December 31, 2024	December 31, 2023
SUN NICE (BVI)	KUNSHAN NISHOKU PLASTIC ELECTRONIC CO., LTD. (KUNSHAN NISHOKU PLASTIC)	Manufacture and Sale of mold and plastic products	28.51 %	28.51 %

Note 1: NISHOKU SHENZHEN completed the deregistration process on December 10, 2024.

(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.

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

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

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

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset 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.

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

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading
- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(f) Cash and cash equivalents

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

(g) Financial instruments

Trade receivables 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.

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

(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.

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.

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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).

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.

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

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.

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)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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.

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES
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(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 lessee

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

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

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

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

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

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

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

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES
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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 performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(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.

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES
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(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.

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES
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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:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- (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 reverse, using tax rates enacted or substantively enacted at the reporting date.

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

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

(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 divided 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.

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES
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(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 and disclosures include measuring the financial and non-financial assets and liabilities at fair value through profit or loss. The Group has 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, are used to measure the 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.

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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(t) for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

- (a) Cash and cash Equivalents

	December 31, 2024	December 31, 2023
Cash and demand deposits	\$ 755,083	752,007
Time deposits	2,465,697	2,543,487
Bond acquired under repurchase agreement	131,140	239,582
Cash and cash equivalents in the consolidated statement of cash flows	<u><u>\$ 3,351,920</u></u>	<u><u>3,535,076</u></u>

Please refer to note 6(t) 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, 2024	December 31, 2023
Financial assets at fair value through profit or loss		
Fund investments-current	<u><u>\$ 45,385</u></u>	<u><u>40,109</u></u>
Fund investments-non-current	<u><u>\$ 182,599</u></u>	<u><u>203,426</u></u>

- (i) Please refer to note 6(e) for fund investments-non-current.
- (ii) Please refer to note 6(t) for credit risk and market risk.
- (iii) As of December 31, 2024 and 2023, the Group did not provide any financial assets as collateral for its loans.

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES
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(c) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Notes receivable	\$ -	15,711
Accounts receivable	1,406,592	1,175,248
Less : Loss allowance	(462)	(1,324)
	<u>\$ 1,406,130</u>	<u>1,189,635</u>

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, 2024		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,387,962	-%	-
0 to 120 days past due	17,072	0%~1%	-
121 to 270 days past due	1,371	0%~30%	275
271 to 365 days past due	187	0%~100%	187
Total	<u>\$ 1,406,592</u>		<u>462</u>

	December 31, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,153,392	-%	-
0 to 120 days past due	19,563	0%~1%	177
121 to 270 days past due	2,293	0%~30%	1,147
Total	<u>\$ 1,175,248</u>		<u>1,324</u>

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

	December 31, 2024	December 31, 2023
Balance at January 1	\$ 1,324	27
Impairment losses (reversal of impairment loss) recognized	(862)	1,297
Balance on December 31	<u>\$ 462</u>	<u>1,324</u>

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES
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(d) Inventories

	December 31, 2024	December 31, 2023
Raw materials	\$ 139,464	97,728
Work in process	165,653	165,892
Finished goods	96,851	87,633
	\$ 401,968	351,253

For the years ended December 31, 2024 and 2023, raw material, consumables, and changes in the finished goods and work in process recognized as cost of sale amounted to \$2,944,014 thousand and \$2,592,872 thousand, respectively. For the years ended December 31, 2024 and 2023, the Group recognized the losses (reversal gains) on inventory valuation and obsolescence as cost of goods sold amounting to \$34,927 thousand and \$38,081 thousand, respectively.

As of December 31, 2024 and 2023, the Group did not provide any inventories as collateral for its loans.

(e) Non-current financial assets at amortized cost

	December 31, 2024	December 31, 2023
Restricted bank deposit	\$ 454,794	-
	December 31, 2024	December 31, 2023
Restricted bank deposit	\$ 1,257,962	1,487,071
Corporate Bonds	64,944	60,823
	\$ 1,322,906	1,547,894

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, 2024 and 2023, the Group did not provide any financial assets measured at amortized costs as collateral for its loans.

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES
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(f) Property, plant and equipment

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

		<u>Land</u>	<u>Building</u>	<u>Machinery and equipment</u>	<u>Office and other equipment</u>	<u>Construction in progress and testing equipment</u>	<u>Total</u>
Cost or deemed cost:							
Balance on January 1, 2024	\$	179,672	1,131,478	1,847,425	411,428	128,789	3,698,792
Additions		-	11,227	226,892	51,623	30,235	319,977
Reclassifications		-	118,954	1,936	1,196	(123,800)	(1,714)
Disposals		-	-	(229,543)	(52,380)	-	(281,923)
Effect of changes in foreign exchange rates		-	42,468	72,006	17,000	6,411	137,885
Balance on December 31, 2024	\$	<u>179,672</u>	<u>1,304,127</u>	<u>1,918,716</u>	<u>428,867</u>	<u>41,635</u>	<u>3,873,017</u>
Balance on January 1, 2023	\$	179,672	1,127,269	2,074,519	466,770	116,015	3,964,245
Additions		-	6,679	113,156	32,995	44,982	197,812
Reclassifications		-	10,424	16,455	4,518	(31,730)	(333)
Disposals		-	-	(326,255)	(86,147)	-	(412,402)
Effect of changes in foreign exchange rates		-	(12,894)	(30,450)	(6,708)	(478)	(50,530)
Balance on December 31, 2023	\$	<u>179,672</u>	<u>1,131,478</u>	<u>1,847,425</u>	<u>411,428</u>	<u>128,789</u>	<u>3,698,792</u>
Depreciation and impairments loss:							
Balance on January 1, 2024	\$	-	579,655	1,347,535	350,849	-	2,278,039
Depreciation		-	45,711	130,811	22,702	-	199,224
Disposals		-	-	(217,245)	(50,075)	-	(267,320)
Reclassifications		-	20,070	54,881	13,652	-	88,603
Balance on December 31, 2024	\$	<u>-</u>	<u>645,436</u>	<u>1,315,982</u>	<u>337,128</u>	<u>-</u>	<u>2,298,546</u>
Balance on January 1, 2023	\$	-	542,273	1,528,555	413,851	-	2,484,679
Depreciation		-	44,419	134,689	27,533	-	206,641
Disposals		-	-	(292,984)	(84,618)	-	(377,602)
		-	(7,037)	(22,725)	(5,917)	-	(35,679)
Balance on December 31, 2023	\$	<u>-</u>	<u>579,655</u>	<u>1,347,535</u>	<u>350,849</u>	<u>-</u>	<u>2,278,039</u>
Carrying amounts:							
Balance on December 31, 2024	\$	<u>179,672</u>	<u>658,691</u>	<u>602,734</u>	<u>91,739</u>	<u>41,635</u>	<u>1,574,471</u>
Balance on December 31, 2023	\$	<u>179,672</u>	<u>551,823</u>	<u>499,890</u>	<u>60,579</u>	<u>128,789</u>	<u>1,420,753</u>

As of December 31, 2024 and 2023, the property, plant and equipment of the Group had not been pledged as collateral.

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(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:

	<u>Buildings and structures</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:			
Balance at January 1, 2024	\$ 63,129	11,958	75,087
Additions	-	10,193	10,193
Disposals/ write-off	(65,347)	(11,958)	(77,305)
Effect of changes in foreign exchange rates	2,218	-	2,218
Balance at December 31, 2024	<u>\$ -</u>	<u>10,193</u>	<u>10,193</u>
Balance at January 1, 2023	\$ 64,303	11,958	76,261
Effect of changes in foreign exchange rates	(1,174)	-	(1,174)
Balance at December 31, 2023	<u>\$ 63,129</u>	<u>11,958</u>	<u>75,087</u>
Accumulated depreciation and impairment losses:			
Balance at January 1, 2024	\$ 21,044	9,271	30,315
Depreciation for the year	5,424	3,751	9,175
Disposals/ write-off	(27,228)	(11,958)	(39,186)
Effect of changes in foreign exchange rates	760	-	760
Balance at December 31, 2024	<u>\$ -</u>	<u>1,064</u>	<u>1,064</u>
Balance at January 1, 2023	\$ -	5,285	5,285
Depreciation for the year	21,381	3,986	25,367
Effect of changes in foreign exchange rates	(337)	-	(337)
Balance at December 31, 2023	<u>\$ 21,044</u>	<u>9,271</u>	<u>30,315</u>
Carrying amount:			
Balance at December 31, 2024	<u>\$ -</u>	<u>9,129</u>	<u>9,129</u>
Balance at December 31, 2023	<u>\$ 42,085</u>	<u>2,687</u>	<u>44,772</u>

(h) Short-term borrowings

The Short-term borrowings were summarized as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Credit loans, no pledge	<u>\$ 1,248,925</u>	<u>1,368,460</u>
Interest rate range	<u>0.5%~4.95%</u>	<u>1.655%~6.09%</u>

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES
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(i) Long-term borrowings

The detail were as follows:

December 31, 2024				
	Currency	Interest rate range	Maturity year	Amount
Unsecured bank loans	NTD	1.96%~2.036405%	2026	\$ <u><u>800,000</u></u>
December 31, 2023				
	Currency	Interest rate range	Maturity year	Amount
Unsecured bank loans	NTD	1.65%~2.1%	2025	\$ 1,050,000
Less: current portion	NTD	1.65%	2024	<u>(200,000)</u>
Total				\$ <u><u>850,000</u></u>

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

(j) Lease liabilities

	December 31, 2024	December 31, 2023
Current	\$ <u><u>3,355</u></u>	<u><u>23,348</u></u>
Non-current	\$ <u><u>5,799</u></u>	<u><u>22,167</u></u>

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

The amounts recognized in profit or loss was as follows:

	For the years ended December 31, 2024	For the years ended December 31, 2023
Interest expenses on lease liabilities	\$ <u><u>225</u></u>	<u><u>867</u></u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u><u>397</u></u>	<u><u>369</u></u>

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

	For the years ended December 31, 2024	For the years ended December 31, 2023
Total cash outflow for leases	\$ <u><u>9,664</u></u>	<u><u>25,888</u></u>

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES
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(k) 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 \$41,855 thousand and \$42,055 thousand for the years ended December 31, 2024 and 2023, respectively.

(l) Income tax

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

	2024	2023
Current tax expense	\$ 342,628	177,418
Deferred tax expense	36,363	6,286
	<u>\$ 378,991</u>	<u>183,704</u>

(ii) The amounts of income tax expense (profit) recognized in other comprehensive income or loss for 2024 and 2023 was as follows:

	2024	2023
Foreign currency translation differences for foreign operations	\$ <u>32,256</u>	<u>(15,687)</u>

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

	2024	2023
Profit excluding income tax	\$ <u>1,248,110</u>	<u>670,801</u>
Income tax using the Company's domestic tax rate	389,889	209,257
Effect of tax rates in foreign jurisdiction	(33,535)	(22,576)
Undistributed earnings additional tax	-	4,439
Recognition of controlled foreign corporation (CFC)	30,561	-
Other	<u>(7,924)</u>	<u>(7,416)</u>
	<u>\$ 378,991</u>	<u>183,704</u>

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES
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(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

	December 31, 2024	December 31, 2023
	<u>\$ 106,593</u>	<u>174,975</u>

2) Recognized deferred tax liabilities

Changes in the amount of deferred tax liabilities for 2024 and 2023 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, 2024	\$ 802,439	(79,878)	10,529	733,090
Recognized in profit or loss	14,406	-	(949)	13,457
Foreign currency translation differences for foreign operations	-	32,256	-	32,256
Balance on December 31, 2024	<u>\$ 816,845</u>	<u>(47,622)</u>	<u>9,580</u>	<u>778,803</u>
Balance on January 1, 2023	\$ 793,783	(64,191)	16,285	745,877
Recognized in profit or loss	8,656	-	(5,756)	2,900
Foreign currency translation differences for foreign operations	-	(15,687)	-	(15,687)
Balance on December 31, 2023	<u>\$ 802,439</u>	<u>(79,878)</u>	<u>10,529</u>	<u>733,090</u>

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES
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3) Recognized deferred tax assets

Changes in the amounts of deferred tax assets for 2024 and 2023 was as follows:

	<u>Loss on inventory valuation</u>	<u>Unused tax losses carry forwards</u>	<u>Others</u>	<u>Total</u>
Deferred tax assets				
Balance on January 1, 2024	\$ (549)	(4,983)	(32,817)	(38,349)
Recognized in profit or loss	(446)	4,983	18,369	22,906
Balance on December 31, 2024	<u>\$ (995)</u>	<u>-</u>	<u>(14,448)</u>	<u>(15,443)</u>
Balance on January 1, 2023	\$ (1,109)	(4,719)	(35,907)	(41,735)
Recognized in profit or loss	560	(264)	3,090	3,386
Balance on December 31, 2023	<u>\$ (549)</u>	<u>(4,983)</u>	<u>(32,817)</u>	<u>(38,349)</u>

(v) The Company and NISHOKU BOUEKI income tax returns have been examined by the tax authority through the years up to 2022.

(m) Capital and other equity

As of December 31, 2024 and 2023, the total value of authorized ordinary shares each amounted to \$1,500,000 thousand, of which, 150,000 thousands ordinary shares, with par value of \$10 per share, at the amount of \$20,000 thousand, were reserved as employee stock options. Thereafter, 63,022 thousand and 63,040 thousand ordinary shares, respectively, were issued and paid upon issuance. All related registration procedures for both periods had been completed as of the reporting dates.

The balances of capital surplus were issued and the related registration procedures were completed as of December 31, 2024 and 2023, were as follows:

	<u>Ordinary shares</u>	
	<u>2024</u>	<u>2023</u>
Balance on January 1	63,040	63,048
Restricted employee stock	-	24
Retirement of restricted employee stock	(18)	(32)
Balance on December 31	<u>63,022</u>	<u>63,040</u>

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(i) Issuance of capital stock

The issuance of restricted employee stock had been approved by shareholders' meeting held on June 15, 2022. The board of directors approved to issue 24 and 372 thousand shares on July 5, 2023 and 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.

During the year of 2023, the Company reclaimed its 32 thousand employee restricted shares, which were cancelled thereafter, with the approval of its board. All relevant registration procedures have been completed as of the reporting date.

In addition, during the fourth quarter of 2024, the Company reclaimed 18 thousand shares, which were cancelled by a resolution of the Board of Directors on November 1, 2024. All relevant registration procedures have been completed.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2024 and 2023, were as follows:

	December 31, 2024	December 31, 2023
Share capital	\$ 918,669	939,513
Employee share options	10,892	10,892
Restricted employee stock	11,338	23,144
	\$ 940,899	973,549

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 of the board of directors held on April 26, 2024.

	2023
	Per share (dollars)
	Amount
Capital surplus allocated to common stock owners	\$ <u>0.5</u> <u>31,520</u>

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(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, 2024, the total amount of special reserve amounted to \$327,343 thousand.

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3) Earnings distribution

Earnings distribution for 2023 and 2022 were decided via the special resolution of the board of directors held on April 26, 2024, and April 28, 2023, respectively. The relevant dividend distributions to shareholders were as follow:

	2023		2022	
	Payout per share	Amount	Payout per share	Amount
Dividend to shareholders				
Cash	\$ 7.0	<u>441,282</u>	10.0	<u>630,242</u>

Earnings distribution for 2024 were decided via the special resolution of the board of directors held on February 27, 2025. The relevant dividend distributions to shareholders were as follows:

	2024 (Proposed)	
	Payout per share	Amount
Dividend to shareholders		
Cash	\$ 10.0	<u>630,222</u>

(n) Share-based payment

(i) 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 July 5 2023 and August 3 2022, the board of directors approved to issue 24 thousand and 372 thousand shares, respectively.

As of December 31, 2024, the information on restricted employee stock outstanding was as follows:

	Restricted stock for Employees	Restricted stock for Employees
	2022-1	2022-2
Grant date	August 3, 2022	July 5, 2023
Fair value (per share)(in dollars)	72.8	84.7
Exercise price (in dollars)	0	0
Granted units (thousand shares)	372	24
Vesting period	2-4 years	2-4 years

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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.

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

(in thousands of shares)	<u>2024</u>	<u>2023</u>
Outstanding at beginning of period	364	372
Granted during the period	-	24
Vested during the period	(170)	-
Forfeited during the period	(18)	(32)
Outstanding at end of period	<u>176</u>	<u>364</u>

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

	<u>2024</u>	<u>2023</u>
Restricted stock for employees	<u>\$ 8,024</u>	<u>9,816</u>

(o) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share for the years ended December 31, 2024 and 2023, was based on the profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding, calculated as follows:

	<u>2024</u>	<u>2023</u>
Profit attributable to ordinary shareholders of the Company	<u>\$ 869,119</u>	<u>487,097</u>
Weighted-average number of ordinary shares (thousand shares)	<u>62,745</u>	<u>62,675</u>
Basic earnings per share	<u>\$ 13.85</u>	<u>7.77</u>

(ii) Diluted earnings per share

The calculation of diluted earnings per share for the years ended December 31, 2024 and 2023, 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:

	<u>2024</u>	<u>2023</u>
Profit attributable to ordinary shareholders of the Company (diluted)	<u>\$ 869,119</u>	<u>487,097</u>

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

	2024	2023
Weighted-average number of ordinary shares (basic)	62,745	62,675
Effect of employee stock bonuses	261	276
Effect of restricted stock	152	244
Weighted-average number of ordinary shares (diluted)	63,158	63,195
Diluted earnings per share	\$ 13.76	7.71

(p) Revenue from contracts with customers

(i) Details of revenue

	2024	2023
<u>Primary geographical markets</u>		
North America	\$ 2,210,259	1,632,293
Asia	287,768	468,934
Europe	1,761,631	1,407,502
	\$ 4,259,658	3,508,729
<u>Major products/services lines</u>		
Plastic injection	\$ 3,952,838	3,307,718
Mold	301,242	197,151
Others	5,578	3,860
	\$ 4,259,658	3,508,729

(ii) Contract balances

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

	December 31, 2024	December 31, 2023	January 1, 2023
Contract liabilities	\$ 46,314	29,130	20,213

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, 2024 and 2023, which was included in the contract liability balance at the beginning of the period, was \$22,548 thousand and \$19,903 thousand, respectively.

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

(q) Employee, board of directors' compensation

The Company's articles of incorporation, which were authorized by the board of directors but has yet to be approved by the shareholders, require that earnings shall first be offset against any deficit, then, a minimum of 1% will be distributed as employee remuneration, and a maximum of 5% will be allocated as remuneration to directors. Employees who are entitled to receive the abovementioned employee remuneration, in share or cash, include the employees of the Company's subsidiaries who meet certain specific requirements.

For the years ended December 31, 2024 and 2023, the Company accrued and recognized its employee remunerations amounting to \$30,000 thousand and \$24,300 thousand, respectively; as well as its remuneration amounting to \$12,075 thousand and \$8,720 thousand, respectively. These amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remunerations to employees, directors, multiplied by the distribution of ratio of the remunerations to employees, and directors based on the Company's articles of incorporation, and expensed under operating costs or expenses. If there would be any changes after the reporting date, the changes shall be accounted for as changes in accounting estimates and recognized as profit or lost in the next year. If, however, the shareholders determine that the employee remuneration is to be distributed through stock dividends, the calculation, based on the shares, shall be calculated using the stock price on the day before the shareholders' meeting.

There were no significant difference between the estimated and actual amounts in 2024 and 2023.

The related information can be accessed from the Market Observation Post System website.

If there is a discrepancy between the above-mentioned employee and director remuneration provision amounts and the actual allotment amount determined by the board of directors, it will be treated as a change in accounting estimates and listed as profit or loss for the following year.

(r) Other revenue

The other revenue for the years ended December 31, 2024 and 2023 were as follows:

	2024	2023
Interest income	\$ 196,282	183,903
Others	13,965	13,145
	\$ 210,247	197,048

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES
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(s) Other gains and losses

The other gains and losses for the years ended December 31, 2024 and 2023 were as follows:

	2024	2023
Foreign exchange gains, net	\$ 208,712	29,665
Gains on financial assets at fair value through profit or loss	26,089	16,953
Gains on disposals of property, plant and equipment	11,185	12,520
Gains on disposals of investments	26,306	-
Others	(5,723)	(758)
	<u>\$ 266,569</u>	<u>58,380</u>

(t) 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, 2024 and 2023, 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 \$6,775,213 thousand and \$6,543,289 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.

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES
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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, 2024 and 2023, sales to the individual customers whose revenue constituting over 10% of net revenue are 61% and 54% of total revenues respectively. As of December 31, 2024 and 2023, 68% and 56%, 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.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>within 1 year</u>	<u>1-2 years</u>
December 31, 2024				
Non-derivative financial liabilities				
Short-term borrowings	\$ 1,248,925	1,252,715	1,252,715	-
Long-term borrowings	800,000	820,843	15,864	804,979
Non-interest bearing liabilities				
Notes and accounts payable	572,770	572,770	572,770	-
Lease liabilities	9,154	9,154	3,355	5,799
Other financial liabilities	<u>82,406</u>	<u>82,406</u>	<u>82,406</u>	<u>-</u>
	<u>\$ 2,713,255</u>	<u>2,737,888</u>	<u>1,927,110</u>	<u>810,778</u>
December 31, 2023				
Non-derivative financial liabilities				
Short-term borrowings	\$ 1,368,460	1,375,204	1,375,204	-
Long-term borrowings	850,000	878,744	16,285	862,459
Long-term borrowings, current portion	200,000	201,247	201,247	-
Non-interest bearing liabilities				
Notes and accounts payable	469,999	469,999	469,999	-
Lease liabilities	45,515	45,515	23,348	22,167
Other financial liabilities	<u>62,529</u>	<u>62,529</u>	<u>62,529</u>	<u>-</u>
	<u>\$ 2,996,503</u>	<u>3,033,238</u>	<u>2,148,612</u>	<u>884,626</u>

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

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

(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, 2024			December 31, 2023		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary Items</u>						
USD	\$ 142,845	32.785	4,683,172	130,908	30.705	4,019,519
JPY	408,567	0.210	85,758	-	-	-
EUR	573	34.140	19,578	444	33.980	15,079
VND	7,468,103	0.001265	9,447	4,299,148	0.001245	5,352
<u>Financial liabilities</u>						
<u>Monetary Items</u>						
USD	4,240	32.785	138,994	4,096	30.705	125,766
VND	56,141,084	0.001265	71,018	41,822,729	0.001245	52,069
JPY	4,030	0.209900	846	-	-	-

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, JPY, EUR and VND at December 31, 2024 and 2023, would have increased or decreased the net profit before tax by \$45,871 thousand and \$38,621 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 currencies, the information on foreign exchange gain (loss) on monetary items is disclosed in a summarized manner, please refer to note 6(s).

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

2) Interest rate analysis

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

	Carrying amount	
	December 31, 2024	December 31, 2023
Fixed-rate instruments:		
Financial assets	\$ 4,363,732	4,288,771
Financial liabilities	<u>(798,925)</u>	<u>(968,460)</u>
	<u>\$ 3,564,807</u>	<u>3,320,311</u>
Variable-rate instruments:		
Financial assets	\$ 767,233	795,192
Financial liabilities	<u>(1,250,000)</u>	<u>(1,450,000)</u>
	<u>\$ (482,767)</u>	<u>(654,808)</u>

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.

If the interest rate had increased / decreased by 1 basis points, the Group's net income would have decreased / increased by \$1,207 thousand and \$1,637 thousand for the years ended December 31, 2024 and 2023, 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:

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

		December 31, 2024				
		Carrying amounts	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss						
Current Fund investment	\$	<u>45,385</u>	<u>45,385</u>	<u>-</u>	<u>-</u>	<u>45,385</u>
Non-Current Fund investment	\$	<u>182,599</u>	<u>182,599</u>	<u>-</u>	<u>-</u>	<u>182,599</u>
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	3,351,920				
Accounts receivable, net		1,406,130				
Current financial assets measured at amortized cost		454,794				
Other financial assets-current		11,479				
Refundable deposits		7,332				
Non-current financial assets measured at amortized		<u>1,322,906</u>				
	\$	<u>6,554,561</u>				
Financial liabilities measured at amortized cost						
Long-term and short-term borrowings	\$	2,048,925				
Notes and accounts payable		572,770				
Lease liabilities		9,154				
Other financial liabilities		<u>82,406</u>				
	\$	<u>2,713,255</u>				
		December 31, 2023				
		Carrying amounts	Fair Value			Total
			Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss						
Current Fund investment	\$	<u>40,109</u>	<u>40,109</u>	<u>-</u>	<u>-</u>	<u>40,109</u>
Non-Current Fund investment	\$	<u>203,426</u>	<u>203,426</u>	<u>-</u>	<u>-</u>	<u>203,426</u>
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	3,535,076				
Notes and accounts receivable, net		1,189,635				
Other financial assets-current		27,149				
Refundable deposits		9,069				
Non-current financial assets measured at amortized		<u>1,547,894</u>				
	\$	<u>6,308,823</u>				

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

		December 31, 2023				
		Carrying amounts	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost						
Long-term and short-term borrowings	\$	2,418,460				
Notes and accounts payable		469,999				
Lease liabilities		45,515				
Other financial liabilities		62,529				
	\$	<u>2,996,503</u>				

2) Valuation techniques for financial instruments measured at fair value

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

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

(u) 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.

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

(ii) The Group have exposures 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(t).

(v) 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, retained earnings and other equity. As of December 31, 2024 and 2023, the Group's equity-to-asset ratios were 56% and 52%, respectively. There were no changes in the Group's approach to capital management as of December 31, 2024.

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

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2024 and 2023, 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,		Changes in	Foreign	December
	2024	Cash flows	lease	exchange	31, 2024
			payment	movement	
				and others	
Short-term borrowings	\$ 1,368,460	(119,535)	-	-	1,248,925
Long-term borrowings, including current portion	1,050,000	(250,000)	-	-	800,000
Lease liabilities	45,515	(9,267)	(28,803)	1,709	9,154
Total liabilities from financing activities	<u>\$ 2,463,975</u>	<u>(378,802)</u>	<u>(28,803)</u>	<u>1,709</u>	<u>2,058,079</u>

			Non-cash changes		
	January 1,		Changes in	Foreign	December
	2023	Cash flows	lease	exchange	31, 2023
			payment	movement	
				and others	
Short-term borrowings	\$ 1,157,100	211,360	-	-	1,368,460
Long-term borrowings, including current portion	1,350,000	(300,000)	-	-	1,050,000
Lease liabilities	71,016	(25,519)	-	18	45,515
Total liabilities from financing activities	<u>\$ 2,578,116</u>	<u>(114,159)</u>	<u>-</u>	<u>18</u>	<u>2,463,975</u>

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

(7) Related-party transactions:

(a) Transaction of key management personnel

Key management personnel compensation comprised:

	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 51,871	42,220
Post-employment benefits	<u>324</u>	<u>324</u>
	<u>\$ 52,195</u>	<u>42,544</u>

(8) Pledged assets

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Demand deposits (classified under other current financial assets)	Performance bond	\$ 1,771	1,743
//	Guarantee for carbon emission	<u>-</u>	<u>26</u>
		<u>\$ 1,771</u>	<u>1,769</u>

(9) Significant Commitments and Contingencies:

(a) Unrecognized contractual commitments

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Acquisition of property, plant and equipment	\$ <u>74,525</u>	<u>60,961</u>

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Outstanding guarantee notes	\$ <u>1,550,731</u>	<u>1,406,289</u>
Actual usage amount	<u>\$ 163,925</u>	<u>368,460</u>

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES
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(12) Other:

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

By item	By function	2024			2023		
		Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expenses							
Salary		867,158	207,147	1,074,305	718,702	201,323	920,025
Labor and health insurance		36,542	10,937	47,479	24,915	10,690	35,605
Pension		33,521	8,334	41,855	33,003	9,052	42,055
Others		45,875	49,037	94,912	28,752	30,107	58,859
Depreciation		169,934	38,465	208,399	184,328	47,680	232,008
Amortization		6,954	2,914	9,868	4,461	2,443	6,904

(13) Other disclosures:

- (a) Information on significant transactions:

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

- (i) Loans to other parties:

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance (Note 2)	Actual usage amount during the period	Interest rate	Nature of financing	Transaction amounts	Reason for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company	Maximum financing limit for the lender
													Item	Value		
0	The Company	NISHOKU VIETNAM	Other accounts receivable	Yes	426,855	229,495	196,710	5.22%	Necessary to loan other parties	-	Operating capital	-	-	-	498,367 (Note 1)	1,993,467 (Note 1)

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

Note 2: Amount actually draw in foreign currencies were translated based on the exchange rate at the reporting date.

- (ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date (Note 3)	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	NISHOKU VIETNAM	2	4,983,667	1,553,096	1,550,731	163,925	-	31.12 %	4,983,667	Y	N	N

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.

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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, 2024 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Nature and name of securities	Relationship with the securities issuer	Account name	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Nomura Global Financial Bond Fund Accumulate	None	Financial assets at fair value through profit or loss - current	-	9,154	- %	9,154	
"	JPMorgan Investment Funds-Global High Yield Bond Fund	"	"	-	10,681	- %	10,681	
"	ABITL Income Multi-asset Income Fund of Funds A2	"	"	-	6,802	- %	6,802	
"	BGF ESG Multi-Asset Fund	"	"	-	13,472	- %	13,472	
NISHOKU BOUEKI	PineBridge Preferred Securities Income Fund	"	"	-	5,276	- %	5,276	
The Company	PineBridge Global ESG Quantitative Bond Fund	"	Financial assets at fair value through profit or loss - non current	-	49,726	- %	49,726	
"	PineBridge Global Multi-Strategy High Yield Bond Fund	"	"	-	44,973	- %	44,973	
"	Nomura Global Financial Bond Fund	"	"	-	24,482	- %	24,482	
"	FSITC GLOBAL HIGH YIELD BOND FUND	"	"	-	14,040	- %	14,040	
"	ABITL Income Fund -Multi Asset Income Fund of Funds N	"	"	-	18,804	- %	18,804	
"	Allianz Global Investors Income and Growth Fund	"	"	-	30,574	- %	30,574	
"	FORMOSA GROUP 15/25	"	Financial assets at amortised cost-non current	-	16,401	- %	16,337	
"	FOXCONN(FAR EAST)16/26MTN	"	"	-	16,111	- %	15,922	
"	STAND. CHART. 15/25 REGS	"	"	-	8,147	- %	8,171	
"	APPLE 16/26	"	"	-	16,083	- %	16,009	
"	BARCLAYS 15/25	"	"	-	8,202	- %	8,227	

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

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

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$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	170,177	98 %	Note 1	Note 1	Note 1	(92,145)	(100)%	Note 2
KUNSHAN NISHOKU PLASTIC	SAME START (Anguilla)	"	Sale	(170,177)	(5) %	"	"	"	92,145	8%	"
The Company	KUNSHAN NISHOKU PLASTIC	Subsidiary of the company indirectly investmeant	Sale	(558,901)	(46) %	"	"	"	151,207	44%	"
KUNSHAN NISHOKU PLASTIC	The Company	"	Purchase	558,901	45 %	"	"	"	(151,207)	(28)%	"
The Company	The NISHOKU VIETNAM	Associate	Sale	(367,767)	(30) %	"	"	"	141,053	41%	"
NISHOKU VIETNAM	The Company	"	Purchase	367,767	79 %	"	"	"	(141,053)	(69)%	"
SAME START (Anguilla)	The Company	"	Sale	(174,387)	(100)%	"	"	"	92,137	100%	"
The Company	SAME START (Anguilla)	"	Purchase	174,387	20 %	"	"	"	(92,137)	(42)%	"
KUNSHAN NISHOKU PLASTIC	The NISHOKU VIETNAM	"	Sale	(129,040)	(10) %				37,139	7%	
The NISHOKU VIETNAM	KUNSHAN NISHOKU PLASTIC	"	Purchase	129,040	11 %				(37,139)	(11)%	

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

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

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

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	KUNSHAN NISHOKU PLASTIC	Subsidiary of the company indirectly investmeant	151,207	4.18	-		53,698	-
"	The NISHOKU VIETNAM	Associate	141,053	3.68	-		23,271	-

Note 1: Until February 14, 2025.

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

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES
Notes to 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, 2024, 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	174,387	Note 3	4.0%
"	"	"	1	Account Payable	92,136	"	1.0%
"	"	KUNSHAN NISHOKU PLASTIC	1	Sales	558,901	"	12.9%
"	"	"	1	Account receivable	151,207	"	1.7%
"	"	NISHOKU VIETNAM	1	Sales	367,767	"	8.5%
"	"	"	1	Account receivable	141,053	"	1.6%
"	"	"	1	Other receivables	198,279	Loans to related party, including interest receivables	2.2%
1	SAME START (Anguilla)	KUNSHAN NISHOKU PLASTIC	3	Purchase	170,177	Note 3	3.9%
"	"	"	3	Account Payable	92,145	"	1.0%
2	KUNSHAN NISHOKU PLASTIC	NISHOKU VIETNAM	3	Sales	129,040	"	3.0%
"	"	"	3	Account receivable	37,139	"	0.4%

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.

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES
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(b) Information on investees:

The following is the information on investees for the years ended December 31, 2024 (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, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	SUN NICE (SAMOA)	SAMOA	Holding	427,214	427,214	12,469	100 %	12,469	100.00 %	4,242,569	587,364	587,364	
"	NISHOKU BOUEKI	Taiwan	Purchase and sales of plastic raws and parts	1,000	1,000	300	100 %	300	100.00 %	10,583	491	491	
"	NISHOKU VIETNAM	Vietnam	Manufacture and sale of tooling and plastic products	822,634 (USD 26,500 thousand)	696,594 (USD 22,500 thousand)	-	100 %	-	100.00 %	599,604	127,819	127,819	
SUN NICE (SAMOA)	SAME START (Anquilla)	Aquilla	Purchase and sale of mold and plastic products	-	-	-	100 %	-	100.00 %	(7,830)	(36)	7,625	
"	NISHOKU HK	HK	Holding	1,131,381 (USD 35,915 thousand)	1,131,381 (USD 35,915 thousand)	40,298	100 %	40,298	100.00 %	3,111,113	415,684	415,684	
"	SUNNICE (BVI)	BVI	"	585,292 (USD 17,948 thousand)	585,292 (USD 17,948 thousand)	15,697	100 %	15,697	100.00 %	1,176,245	163,977	163,977	

Note : 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, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2024	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 1)	Book value (Note 1)	Accumulated remittance of earnings in current period
					Outflow	Inflow						
NISHOKU SHENZHEN	Manufacture and sale of mold and plastic products	USD1,288 thousand	Indirect investment through third area	28,813 (USD939 thousand)	-	- (USD- thousand)	28,813 (USD939 thousand)	(24,930)	100.00%	(24,930)	-	875,406
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)	578,349	100.00%	575,635	4,116,776	1,481,535

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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, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
1,703,083	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. Among them, NISHOKU SHENZHEN completed the deregistration process on December 10, 2024.

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

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

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders:

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

(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.

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

(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.

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

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

		2024			
	<u>United States</u>	<u>Asia</u>	<u>Europe</u>	<u>Elimination</u>	<u>Total</u>
Revenue from external customers	<u>\$ 2,210,259</u>	<u>287,768</u>	<u>1,761,631</u>	<u>-</u>	<u>4,259,658</u>
Reportable segment profit or loss	<u>\$ 782,504</u>	<u>5,447</u>	<u>34,904</u>	<u>-</u>	<u>822,855</u>
		2023			
	<u>United States</u>	<u>Asia</u>	<u>Europe</u>	<u>Elimination</u>	<u>Total</u>
Revenue from external customers	<u>\$ 1,632,293</u>	<u>468,934</u>	<u>1,407,502</u>	<u>-</u>	<u>3,508,729</u>
Reportable segment profit or loss	<u>\$ 411,971</u>	<u>6,356</u>	<u>52,933</u>	<u>-</u>	<u>471,260</u>

(c) Product information

Revenue from external customers of the Group was as follows:

<u>Product</u>	2024	2023
Plastic injection	\$ 3,952,838	3,307,718
Mold	301,242	197,151
Others	5,578	3,860
Total	<u>\$ 4,259,658</u>	<u>3,508,729</u>

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES
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(d) Major customers

Sales to individual clients constituting over 10% of total revenue in 2024 and 2023 are summarized as follows:

<u>Customer</u>	2024	
	<u>Amount</u>	<u>Percentage of net sales</u>
Company A	\$ 872,304	20
Company D	785,465	18
Company C	555,275	13
Company B	432,075	10
Total	<u><u>\$ 2,645,119</u></u>	<u><u>61</u></u>

<u>Customer</u>	2023	
	<u>Amount</u>	<u>Percentage of net sales</u>
Company A	\$ 675,429	19
Company D	500,352	14
Company C	377,986	11
Company B	360,251	10
Total	<u><u>\$ 1,914,018</u></u>	<u><u>54</u></u>