

**NISHOKU TECHNOLOGY INC.
AND ITS SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

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

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

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Independent Auditors' Review Report

To the Board of Directors of Nishoku Technology Inc.:

Introduction

We have reviewed the consolidated financial statements of Nishoku Technology Inc. and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of September 30, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three months and nine months ended September 30, 2023 and 2022. Management are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued by the Financial Supervisory Commission of the Republic of China. Our responsibility is to issue a report on these consolidated interim financial statements based on our review.

Scope of Review

Except as described in basis of opinion, we conducted our reviews in accordance with Statement on Auditing Standard 2410, "Engagements to Review Financial Statements". A review consists principally of inquiries of the Group's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with the generally accepted auditing standards, the objective of which is the expression of an opinion regarding the consolidated interim financial statements taken as a whole. Accordingly, we do not express such an opinion.

Basis of opinion

Included in the accompanying consolidated interim financial statements are the financial statements of certain consolidated subsidiaries, which were not reviewed by independent accountants. These consolidated subsidiaries had total assets of \$120,622 thousand constituting 1% of the Group's consolidated total assets as of September 30, 2022, respectively; total liabilities of \$2,469 thousand constituting 0% of the Group's consolidated total liabilities as of September 30, 2022, respectively; comprehensive income of \$4,714 thousand and \$11,765 thousand constituting 2% and 2% of the Group's consolidated comprehensive income for the three months and nine months ended September 30, 2022, respectively.

Conclusion

Based on our reviews, except for the effects of the adjustments, if any, as might have been determined to be necessary had the financial statements of some equity method investees as described in basis of opinion above been reviewed by independent accountants, we are not aware of any material modifications that should be made to the consolidated interim financial statements referred to in the first paragraph in order for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial

Notes to Readers

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

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Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)

Oct. 27, 2023

Notes to Readers

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

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For the three months and nine months ended September 30, 2023 and 2022

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

	Three months ended September 30,				Nine months ended September 30,			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
4110 Operation Revenues (notes 6(p))	\$ 949,771	102	1,158,670	102	2,539,378	102	2,968,552	102
4170 Less: Sales returns and allowance	18,906	2	24,275	2	43,391	2	55,473	2
Net Operating revenues	930,865	100	1,134,395	100	2,495,987	100	2,913,079	100
5000 Operating costs (notes 6(d), (f),(g) ,(k),12)	714,908	77	854,615	75	1,852,346	74	2,259,008	78
Gross profit from operations	215,957	23	279,780	25	643,641	26	654,071	22
6000 Operating expenses (notes 6(c), (f), (g) , (k) , (n),(q) and 12)								
6100 Selling expenses	16,273	2	16,352	1	48,258	2	43,246	1
6200 Administrative expenses	78,037	8	82,025	7	222,039	9	229,450	8
6300 Research and development expenses	21,238	2	28,505	3	60,314	2	73,486	3
6450 Expected credit loss (gain)	399	-	533	-	464	-	416	-
	115,947	12	127,415	11	331,075	13	346,598	12
Net operating income	100,010	11	152,365	14	312,566	13	307,473	10
Non-operating income and expenses:								
7010 Other income (notes 6(r))	47,926	5	19,544	2	146,130	6	45,769	2
7020 Other gains and losses, net (notes 6(s))	97,490	10	306,428	27	216,217	9	571,373	20
7050 Finance costs, net(notes 6(j))	(14,545)	(1)	(10,191)	(1)	(41,231)	(2)	(23,873)	(1)
Total non-operating income and expenses	130,871	14	315,781	28	321,116	13	593,269	21
7900 Profit from continuing operations before tax	230,881	25	468,146	42	633,682	26	900,742	31
7950 Less: Tax expense (note 6(l))	54,136	6	121,992	11	166,662	7	226,216	8
Profit	176,745	19	346,154	31	467,020	19	674,526	23
8300 Other comprehensive income:								
8360 Components of other comprehensive income that will be reclassified to profit or loss								
8361 Exchange differences on translation	142,456	15	47,614	4	28,081	1	179,366	6
8399 Income tax related to	(28,491)	(3)	(9,523)	1	(5,616)	-	(35,873)	1

See accompanying notes to consolidated financial statements.

		Three months ended September 30,				Nine months ended September 30,			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
	components of other comprehensive income that will be reclassified to profit or loss (note 6(l))								
8300	Other comprehensive income, net	113,965	12	38,091	3	22,465	1	143,493	5
8500	Total comprehensive income	\$ 290,710	31	384,245	34	489,485	20	818,019	28
	Profit, attributable to:								
8610	Profit, attributable to owners of parent	\$ 176,745	19	346,154	31	467,020	19	674,526	23
	Comprehensive income attributable to:								
8710	Comprehensive income, attributable to owners of parent	\$ 290,710	31	384,245	34	489,485	20	818,019	28
	Basic earnings per share								
9750	Basic earnings per share (NT dollars) (note 6(o))	\$ 2.82		5.52		7.45		10.76	
9850	Diluted earnings per share (NT dollars) (note 6(o))	\$ 2.80		5.50		7.40		10.69	

See accompanying notes to consolidated financial statements.

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

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

	Equity attributable to owners of parent									
	Share capital					Other equity interest				Total equity
						Exchange differences on translation of foreign financial statements	Unearned Stock-Based Employee Compensation	Total equity attributable to owners of parent		
Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings						
Balance at January 1, 2022	\$ 626,712	981,485	610,265	310,459	2,231,720	(344,942)	-	4,415,699	4,415,699	
Profit for the nine months ended September 30, 2022	-	-	-	-	674,526	-	-	674,526	674,526	
Other comprehensive income for the nine months ended September 30, 2022	-	-	-	-	-	143,493	-	143,493	143,493	
Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	674,526	143,493	-	818,019	818,019	
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	60,669	-	(60,669)	-	-	-	-	
Special reserve appropriated	-	-	-	34,483	(34,483)	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(532,748)	-	-	(532,748)	(532,748)	
Capital surplus at cash dividends	-	(31,338)	-	-	-	-	-	(31,338)	(31,338)	
Issuance of shares exercise of employee stock option	50	258	-	-	-	-	-	308	308	
Restricted employee stock	3,720	23,361	-	-	-	-	(25,295)	1,786	1,786	
Balance at September 30, 2022	\$ 630,482	973,766	670,934	344,942	2,278,346	(201,449)	(25,295)	4,671,726	4,671,726	
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 nine months ended September 30, 2023	-	-	-	-	467,020	-	-	467,020	467,020	
Other comprehensive income for the nine months ended September 30, 2023	-	-	-	-	-	22,465	-	22,465	22,465	
Total comprehensive income for the nine months ended September 30, 2023	-	-	-	-	467,020	22,465	-	489,485	489,485	
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	70,964	-	(70,964)	-	-	-	-	
Special reserve appropriated	-	-	-	(80,347)	80,347	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(630,242)	-	-	(630,242)	(630,242)	
Employee restricted shares retired	(240)	(1,508)	-	-	-	-	1,748	-	-	
Restricted employee stock	240	1,793	-	-	-	-	5,200	7,233	7,233	
Balance at September 30, 2023	\$ 630,482	974,051	741,898	264,595	2,159,624	(242,130)	(15,667)	4,512,853	4,512,853	

See accompanying notes to consolidated financial statements.

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

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For the nine months ended September 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30,	
	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 633,682	900,742
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	176,866	173,523
Expected credit loss recognized	464	416
Recognition loss (gain) on inventory valuation and obsolescence	(12,909)	32,686
Interest expense	41,231	23,940
Interest income	(135,646)	(41,901)
Remuneration cost of restricted employee stock	7,233	1,786
(Gain) Loss on financial assets at fair value through profit or loss	(13,222)	23,430
(Gain) Loss on disposal of property, plant and equipment	(12,240)	790
Total adjustments to reconcile profit :	<u>51,777</u>	<u>214,670</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	-	(292,741)
Notes and accounts receivable	3,982	(4,789)
Inventories	63,340	(46,202)
Other current assets and other financial assets	(3,764)	9,595
Total changes in operating assets	<u>63,558</u>	<u>(334,137)</u>
Changes in operating liabilities:		
Notes and accounts payable	17,843	4,210
Other current liabilities	2,273	(8,638)
Total changes in operating liabilities	<u>20,116</u>	<u>(4,428)</u>
Total adjustments	<u>135,451</u>	<u>(123,895)</u>
Cash inflow generated from operations	769,133	776,847
Interest received	121,755	38,388
Interest paid	(39,430)	(22,855)
Income taxes paid	(192,996)	(134,311)
Net cash flows from operating activities	<u>658,462</u>	<u>658,069</u>
Cash flows from (used in) investing activities:		
Acquisition of non-current financial assets at fair value through profit or loss	-	(13,820)
Acquisition of financial assets at amortized cost	(134,311)	(189,389)
Acquisition of property, plant and equipment	(164,380)	(225,968)
Proceeds from disposal of property, plant and equipment	46,036	10,313
Increase refundable deposits	1,178	2,598
Decrease in other Non-current assets	(8,232)	(2,960)
Net cash flows used in investing activities	<u>(259,709)</u>	<u>(419,226)</u>
Cash flows from (used in) financing activities:		
Decrease in short-term loans	151,060	(402,010)
Decrease in short-term notes and bills payable	-	(100,000)
Repayments of long-term borrowings	(200,000)	350,000
Increase in guarantee deposits received and others	1,223	104
Payment of lease liabilities	(19,135)	(24,017)
Cash dividends paid	(630,242)	(564,086)
Exercise of employee share options	-	308
Net cash flows used in financing activities	<u>(697,094)</u>	<u>(739,701)</u>
Effect of exchange rate changes on cash and cash equivalents	2,828	116,021
Net decrease in cash and cash equivalents	(295,513)	(384,837)
Cash and cash equivalents at beginning of period	3,865,998	3,999,433
Cash and cash equivalents at end of period	<u>\$ 3,570,485</u>	<u>3,614,596</u>

See accompanying notes to consolidated financial statements.

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

NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2023 and 2022

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

(1) Company history

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

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

These consolidated interim financial statements were authorized for issuance by the board of directors on October 27, 2023.

(3) New standards, amendments and interpretations adopted:

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

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

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

The amendment narrow the scope of recognition exemption. The initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group shall recognize equal deferred tax asset and deferred tax liability. This accounting principle change results in an increase of NT\$6,737 thousand in deferred income tax assets and NT\$6,737 thousand in deferred income tax liabilities as of January 1, 2022, and deferred income tax assets and deferred income tax liabilities increase by NT\$ 6,940 thousand each as of September 30, 2023. Additionally, deferred income tax assets and deferred income tax liabilities increase by NT\$16,076 thousand each as of December 31, 2022. However, there are no significant impacts on the statements of comprehensive income and the statements of cash flows.

- ii) Other

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

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

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

The Group assesses that the adoption of the following new amendments that IASB issued on May 23, 2023, and the FSC endorsed on August 16, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”

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, 2024, would not have a significant impact on its consolidated financial statements:

- 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 Sales and Leaseback”.

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

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 Contract”.
- Amendments to IFRS 17 ”Initial Application of IFRS 17 and IFRS 9-Comparative Information”.
- IAS 21 “Lack of Exchangeability”.

(4) Summary of significant accounting policies:

a. Statement of compliance

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

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

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated interim financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

b. Basis of consolidation

Principles of preparation of the consolidated interim financial statements are the same as those of the consolidated financial statements for the year ended December 31, 2022. For the related information, please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2022. The financial statements of insignificant consolidated subsidiaries, NISHOKU BOUEKI was not reviewed by independent accountants for the nine months ended September 30, 2022, but the financial statements were reviewed by independent accountants for the nine months ended September 30, 2023.

c. Income Tax

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

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

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

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

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

In preparing the consolidated financial statements, critical accounting judgments and key sources of estimation uncertainty used by management in the application of accounting policies are consistent with those described in note 5 of the consolidated financial statements for the year ended December 31, 2022.

(6) Explanation of significant accounts:

In addition to the following, there is no significant difference between the notes on the significant accounting items of the consolidated interim financial statements and the consolidated financial statements for the year ended December 31, 2022. For the related information, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2022.

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

(a) Cash and cash Equivalents

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2023</u>
Cash, and demand deposits	\$ 1,011,770	1,814,806	1,440,783
Time deposits	2,361,905	2,020,482	2,157,938
Bond acquired under repurchase agreement	196,810	30,710	15,875
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 3,570,485</u>	<u>3,865,998</u>	<u>3,614,596</u>

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Financial assets at fair value through profit or loss			
Fund investments-current	\$ 39,472	37,039	37,602
Fixed income financial product	-	-	357,886
Total	<u>\$ 39,472</u>	<u>37,039</u>	<u>395,488</u>
Fund investments non-current	<u>\$ 200,332</u>	<u>189,543</u>	<u>189,068</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 September 30, 2023, and December 31, 2022, and September 30, 2022, the Group did not provide any financial assets as collateral for its loans.

(c) Notes and accounts receivable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Notes receivable	\$ 7,923	9,555	7,503
Accounts receivable	1,172,086	1,174,436	1,350,005
Less : allowance for impairment	(491)	(27)	(540)
	<u>\$ 1,179,518</u>	<u>1,183,964</u>	<u>1,356,968</u>

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

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

Analysis of expected credit losses were as follows:

	September 30, 2023		
	Carrying amount of accounts receivable	Weighted-average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 1,158,601	-%	-
Past due less than 120 days	13,485	0%~1%	491
Total	<u>\$ 1,172,086</u>		<u>491</u>

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

	September 30, 2022		
	Carrying amount of accounts receivable	Weighted-average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 1,334,731	-%	-
Past due less than 120 days	14,405	0%~5%	362
Past due 121~270 days	869	0%~30%	178
Total	<u>\$ 1,350,005</u>		<u>540</u>

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

	Nine months ended September 30,	
	2023	2022
Beginning balance	\$ 27	124
Impairment loss	464	416
Ending balance	<u>\$ 491</u>	<u>540</u>

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

(d) Inventories

	September 30, 2023	December 31, 2022	September 30, 2022
Raw materials	\$ 100,080	132,186	139,064
Work in process	215,141	218,975	260,019
Finished goods	86,167	100,658	134,303
	\$ 401,388	451,819	533,386

For the three months ended September 30, 2023 and September 30, 2022, and for the nine months ended September 30, 2023 and September 30, 2022, raw material, consumables, and changes in the finished goods and work in progress recognized as cost of sale amounted to \$714,908 thousand and \$854,615 thousand, and \$ 1,852,346 thousand, and \$ 2,259,008 thousand, respectively. For the three months ended September 30, 2023 and September 30,2022, and for the nine months ended September 30,2023 and September 30,2022 the Group recognized the losses (reversal) on inventory valuation and obsolescence as cost of goods sold amounting to \$ 4,384 thousand and \$9,020 thousand, and \$ (12,909) thousand and 32,686 thousand, respectively.

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

(e) Non-current financial assets at amortized cost

	September 30, 2023	December 31, 2022	September 30, 2022
Restricted bank deposit-non current	\$ 1,542,308	1,411,086	1,445,923
Bonds	63,922	60,833	62,893
	\$ 1,606,230	1,471,919	1,508,816

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 September 30, 2023, December 31, 2022, and September 30, 2022, the Group did not provide

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any financial assets as collateral for its loans.

(f) Property, plant and equipment

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

	Land	Building	Machinery and equipment	Office and other equipment	Construction in progress and testing equipment	Total
Cost or deemed cost:						
Balance on January 1, 2023	\$ 179,672	1,127,269	2,074,519	466,770	116,015	3,964,245
Additions	-	6,631	79,278	25,222	37,678	148,809
Reclassifications	-	10,348	14,008	4,485	(28,841)	-
Disposals	-	-	(178,942)	(59,266)	-	(238,208)
Effect of movements in exchange rates	-	13,023	23,639	4,050	5,862	46,574
Balance on September 30, 2023	<u>\$ 179,672</u>	<u>1,157,271</u>	<u>2,012,502</u>	<u>441,261</u>	<u>130,714</u>	<u>3,921,420</u>
Balance on January 1, 2022	\$ 179,672	1,065,232	1,846,008	464,528	114,685	3,670,125
Additions	-	8,068	160,124	9,535	41,051	218,778
Reclassifications	-	22,783	16,881	863	(40,527)	-
Disposals	-	-	(43,523)	(14,419)	-	(57,942)
Effect of movements in exchange rates	-	47,739	82,316	18,883	13,957	162,895
Balance on September 30, 2022	<u>\$ 179,672</u>	<u>1,143,822</u>	<u>2,061,806</u>	<u>479,390</u>	<u>129,166</u>	<u>3,993,856</u>
Depreciation and impairments loss:						
Balance on January 1, 2023	\$ -	542,273	1,528,555	413,851	-	2,484,679
Depreciation for the period	-	33,199	98,430	21,367	-	152,996
Disposals	-	-	(146,670)	(57,742)	-	(204,412)
Effect of movements in exchange rates	-	5,357	15,902	2,558	-	23,817
Balance on September 30, 2023	<u>\$ -</u>	<u>580,829</u>	<u>1,496,217</u>	<u>380,034</u>	<u>-</u>	<u>2,457,080</u>
Balance on January 1, 2022	\$ -	488,757	1,398,990	395,934	-	2,283,681
Depreciation for the period	-	30,372	92,070	22,985	-	145,427
Disposals	-	-	(34,045)	(12,794)	-	(46,839)
Effect of movements in exchange rates	-	20,181	70,757	15,601	-	106,539
Balance on September 30, 2022	<u>\$ -</u>	<u>539,310</u>	<u>1,527,772</u>	<u>421,726</u>	<u>-</u>	<u>2,488,808</u>
Carrying amounts:						
Balance on September 30, 2023	<u>\$ 179,672</u>	<u>576,442</u>	<u>516,285</u>	<u>61,227</u>	<u>130,714</u>	<u>1,464,340</u>
Balance on January 1, 2022	<u>\$ 179,672</u>	<u>584,996</u>	<u>545,964</u>	<u>52,919</u>	<u>116,015</u>	<u>1,479,566</u>
Balance on September 30, 2022	<u>\$ 179,672</u>	<u>604,512</u>	<u>534,034</u>	<u>57,664</u>	<u>129,166</u>	<u>1,505,048</u>

As of September 30, 2023, December 31, 2022 and September 30, 2022, the property, plant and equipment of the Group had not been pledged as collateral.

(g) Right-of-use assets

The Group leases many assets including buildings and vehicles. Information about leases for which

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the Group as a lessee were presented below.

	Buildings	Vehicles	Total
Carrying amount:			
Balance on September 30, 2023	<u>\$ 48,311</u>	<u>3,683</u>	<u>51,994</u>
Balance on December 31 2022	<u>\$ 64,304</u>	<u>6,672</u>	<u>70,976</u>
Balance on September 30, 2022	<u>\$ 6,940</u>	<u>7,669</u>	<u>14,609</u>

The amounts of depreciation expense for the nine months ended September 30, 2023 and 2022 were \$19,021 thousand and \$23,596 thousand, respectively.

(h) Short-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
Credit loans, no pledge	1,308,160	1,157,100	1,335,750
Interest rate range	<u>1.735%~5.97%</u>	<u>1.505%~5.58%</u>	<u>1.15%~4.19%</u>

(i) Long-term borrowings

The details were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured loans	\$ 1,150,000	1,350,000	1,500,000
Less: current portion	(300,000)	(50,000)	-
Total	<u>\$ 850,000</u>	<u>1,300,000</u>	<u>1,500,000</u>
Interest rate range	<u>1.65%~2.155%</u>	<u>1.505%~1.975%</u>	<u>1.299386%~1.475%</u>
Interest rate range- current portion	<u>1.65%</u>	<u>1.571289%</u>	<u>-%</u>

(j) Lease liabilities

The details were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Lease liabilities - Current	<u>\$ 24,693</u>	<u>24,703</u>	<u>11,042</u>
Lease liabilities -Non-current	<u>\$ 27,913</u>	<u>46,313</u>	<u>3,718</u>

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

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

	Three months ended September 30,2023	Three months ended September 30,2022	Nine months ended September 30,2023	Nine months ended September 30,2022
Interests of lease liabilities	<u>\$ 205</u>	<u>54</u>	<u>683</u>	<u>231</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 92</u>	<u>88</u>	<u>277</u>	<u>415</u>

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

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Total cash out flow of lease	<u>\$ 19,412</u>	<u>24,432</u>

(1) Employee benefits

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Operating Costs	\$ 7,930	9,478	24,886	28,442
Operating Expenses	2,216	2,357	6,866	7,076
Total	<u>\$ 10,146</u>	<u>11,835</u>	<u>31,752</u>	<u>35,518</u>

(1) Income tax

- (i) The amounts of income tax expense for the three months and nine months ended September 30, 2023 and 2022 were \$54,136 thousand, \$121,992 thousand, \$166,662 thousand and \$226,216 thousand respectively.
- (ii) The amounts of income tax expense under other comprehensive income or loss for the three months and nine months ended September 30, 2023 and 2022 were as follows:

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	Three months ended		Nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Foreign currency translation differences for foreign operations	<u>\$ 28,491</u>	<u>9,523</u>	<u>5,616</u>	<u>35,873</u>

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

(m) Capital and other equity

In addition to the following, there is no material change in capital and other equity of the Group for the nine months ended September 30, 2023 and 2022. For the related information, please refer to Note 6(n) of the consolidated financial statements for the year ended December 31, 2022.

(i) Issuance of capital stock

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

(ii) Capital surplus

	September 30, 2023	December 31, 2022	September 30, 2022
Additional paid-capital	\$ 939,513	939,513	939,513
Employee share options	10,892	10,892	10,892
Restricted employee stock	23,646	23,361	23,361
Total	<u>\$ 974,051</u>	<u>973,766</u>	<u>973,766</u>

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

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

(iii) Retained earnings

The Group's article of incorporation stipulate that, when allocating the profit for each fiscal year, the Company shall first offset its losses in previous years. Of the remaining profit, 10% is to be appropriated as legal reserve, until the accumulated legal reserve equals the Company's

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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 dividend in the distribution should not be less than 30%.

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

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

(n) Share-based payment

For the nine months ended Spetember 30, 2023 and 2022, there were no significant changes in share-based payment except for the following: (Please refer to note 6(o) of the consolidated financial statements for the year ended December 31, 2022 for other related information).

(i). Restricted stock

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 On August 3, 2022, the board of directors approved to issue 24 thousand shares and 372 thousand shares, respectively.

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

	Restricted stock for Employees	
	2022 (I)	2022 (II)
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

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

	(Thousand shares)	
	For the nine months ended	
	September 30,2023	September 30,2022
Outstanding at beginning of the period	372	-
Granted during the period	24	372
Vesting during the period	-	-
Expired during the period	(24)	-
Outstanding at end of the period	372	372

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

	For the nine months ended	
	September 30,2022	
	Weighted-average Exercise Price(NT\$)	Number of Stock Options
Outstanding at beginning of the period	61.60(note)	5
Options granted	-	-
Options forfeited	-	-
Options exercised	61.60(note)	(5)
Outstanding at end of the period	-	-
Exercisable at end of the period		-
The weighted average price of the stock options		\$ 18.15

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

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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Restricted stock for employees	\$ 2,507	1,786	7,233	1,786

(o) Earnings per share

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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Basic earnings per share:				
Profit attributable to ordinary shareholders of the Company	\$ 176,745	346,154	467,020	674,526
Weighted-average number of ordinary shares (thousand shares)	62,676	62,676	62,676	62,674
Basic earnings per share (NTD)	\$ 2.82	5.52	7.45	10.76
Diluted earnings per share:				
Profit attributable to ordinary shareholders of the Company	\$ 176,745	346,154	467,020	674,526
Weighted average number of ordinary shares (basic, thousand shares)	62,676	62,676	62,676	62,674
Effect of employee stock bonuses	174	245	230	385
Restricted stock for employees	208	42	208	14
Weighted-average number of ordinary shares (diluted, thousand shares)	63,058	62,963	63,114	63,073
Diluted earnings per share (NTD)	\$ 2.80	5.50	7.40	10.69

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(p) Revenue from contracts with customers

(i) Details of revenue

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
<u>Primary geographical markets</u>				
United States	\$ 424,586	592,038	1,185,586	1,410,877
Asia	95,903	151,957	321,187	386,565
Europe	410,376	390,400	989,214	1,115,637
	\$ 930,865	1,134,395	2,495,987	2,913,079
<u>Primary productions</u>				
Plastic injection mold	\$ 906,390	1,035,414	2,360,985	2,671,631
Tooling mold	23,690	98,844	133,247	240,441
Others	785	136	1,755	1,007
	\$ 930,865	1,134,394	2,495,987	2,913,079

(ii) Contract balances

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

	September 30,	December 31,	September 30
	2023	2022	2022
Contract liabilities	\$ 23,194	20,213	37,305

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 nine months ended September 30, 2023 and 2022, which was included in the contract liability balance at the beginning of the period, was \$15,771 thousand and \$24,358 thousand, respectively.

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

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

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For the three months and nine months ended September 30, 2023 and 2022, the Company estimated its employee remuneration amounting to \$5,526 thousand, \$6,750 thousand, \$16,578 thousand and \$20,250 thousand, directors' and supervisors' remuneration amounting to \$1,982 thousand, \$2,295 thousand, \$5,944 thousand and \$6,885 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating. If the actual amount of the annual distribution and the estimated amount of differences, according to the changes in accounting estimates, and the difference recognized as the next year annual profit (loss). Such as the resolution of the board of directors to take the stock of employee compensation, the numbers of shares to be distributed would be calculated based on the closing price of the Company's ordinary shares one day before the date of the meeting of Board of Directors.

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

(r) Other revenue

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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Interest income	\$ 41,116	18,542	135,646	41,901
Others	6,810	1,002	10,484	3,868
Total other income	\$ 47,926	19,544	146,130	45,769

(s) Other gains and losses

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Foreign exchange gains, net	\$ 92,223	301,648	191,425	595,623
Gains (Losses) on financial assets at fair value through profit or loss	2,595	5,290	13,222	(23,430)
Gains (Losses) on disposal of property, plant and equipment	2,650	(510)	12,240	(790)

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	Three months ended		Nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Others	22	-	(670)	(30)
Net gains	\$ 97,490	306,428	216,217	571,373

(t) Financial Instruments

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

(i) Credit risk

1) Credit risk exposure

As of September 30, 2023 and 2022, the Group's maximum exposure to credit risk was mainly from the carrying amount of financial assets recognized in the consolidated statements of financial position and amounted to \$6,619,280 thousand and \$7,071,390 thousand, respectively. The Groups had deposited these bank deposits in different financial institutions, and the Group believes that there is no significant credit risk from the above mentioned financial institutions.

2) Concentration of credit risk

The credit risk exposure of the Group comes from the credit of individual customers, and the industry of the customer also have effect on credit risk. For the nine months ended September 30, 2023 and 2022, sales to the individual customers whose revenue constituting over 10% of net revenue are 44% and 39% of total revenues respectively. As of September 30, 2023 and 2022, 47% and 38%, respectively, of accounts receivable were for those customers.

(ii) Liquidity risk

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

	Carrying	Contractual	within	
	amount	cash flows	1year	1-2 years
September 30, 2023				
Non-derivative financial liabilities				
Short-term borrowings	\$ 1,308,160	1,312,805	1,312,805	-
Long-term borrowings	850,000	875,655	17,409	858,246
Long term borrowings, current portion	300,000	303,108	303,108	-
Notes and accounts payable	532,870	532,870	532,870	-
Lease liabilities	52,606	52,606	24,693	27,913

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	Carrying amount	Contractual cash flows	within 1year	1-2 years
Other financial liabilities	71,049	71,049	71,049	-
	\$ 3,114,685	3,148,093	2,261,934	886,159

December 31, 2022

Non-derivative financial liabilities

Short-term borrowings	\$ 1,157,100	1,165,086	1,165,086	-
Long-term borrowings	1,300,000	1,337,050	22,283	1,314,767
Long term borrowings, current portion	50,000	50,637	50,637	-
Notes and accounts payable	515,027	515,027	515,027	-
Lease liabilities	71,016	71,016	24,703	46,313
Other financial liabilities	58,162	58,162	58,162	-
	\$ 3,151,305	3,196,978	1,835,898	1,361,080

September 30, 2022

Non-derivative financial liabilities

Short-term borrowings	\$ 1,335,750	1,399,244	1,399,244	-
Long-term borrowings	1,500,000	1,530,715	20,474	1,510,241
Notes and accounts payable	592,718	592,718	592,718	-
Lease liabilities	14,760	14,760	11,042	3,718
Other financial liabilities	67,501	67,501	67,501	-
	\$ 3,510,729	3,604,938	2,090,979	1,513,959

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

(iii) Market risk

1) Exchange rate risk

a) Exposure to foreign currency risk

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

	September 30, 2023			December 31, 2022			September 30, 2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>									
<u>Monetary Items</u>									
USD	\$ 122,196	32.270	3,943,261	134,982	30.710	4,145,312	151,868	31.750	4,821,796
CNY	-	-	-	-	-	-	33	4.473	147
EUR	509	33.910	17,264	690	32.720	22,589	644	31.260	20,132

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	September 30, 2023			December 31, 2022			September 30, 2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial liabilities</u>									
<u>Monetary Items</u>									
USD	4,354	32,270	140,506	4,146	30,710	127,339	3,831	31,750	121,645

b) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, and trade and other payables that are denominated in foreign currency.

A weakening (strengthening) of 1% of the NTD against the USD and EUR and CNY at September 30, 2023 and 2022, would have increased or decreased the net profit before tax by \$38,200 thousand and \$47,204 thousand, respectively. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for both periods.

c) Exchange gains and losses on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the nine months ended September 30, 2023 and 2022, foreign exchange gain (including realized and unrealized portions) amounted to \$191,425 thousand and \$595,623 thousand, respectively.

2) Interest rate analysis

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

The following sensitivity analysis is based on the exposure to interest rate risk of the non-derivative financial instruments on the reporting date. If the interest rate had increased or decreased by 0.25%, the net profit before tax would have decreased or increased by \$1,056 thousand and \$410 thousand for the nine months ended September 30, 2023 and 2022, respectively, assuming all other variable factors were constant. This mainly resulted from borrowings and bank deposits at variable interest rates.

(iv) Fair value of financial instruments

1) Fair value of financial instruments

The Group's management considers its financial assets and financial liabilities measured at amortized cost to be the approximation of the fair value.

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

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	September 30, 2022				
	Carrying amounts	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Financial assets at fair value through profit or loss-current	\$ 395,488	37,602	-	357,886	395,488
Financial assets at fair value through profit or loss-non-current	\$ 189,068	189,068	-	-	189,068
Financial assets carried at amortized cost					
Cash and cash equivalents	\$ 3,614,596				
Notes and accounts receivable, net	1,356,968				
Other financial assets-current	6,454				
Refundable deposits	9,778				
Non-current financial assets measured at amortized cost	<u>1,508,816</u>				
	<u>\$ 6,496,612</u>				
Financial liabilities carried at amortized cost					
Long and short term borrowings	\$ 2,835,750				
Notes and accounts payable	592,718				
Lease liability	14,760				
Other payables	<u>67,501</u>				
	<u>\$ 3,510,729</u>				

- 2) Valuation techniques for financial instruments measured at fair value
- a) Non-derivative financial instruments

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

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

b) Derivative financial instruments

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

3) Reconciliation of Level 3 fair values

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

	Financial assets measured at fair value through profit or loss	
	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Balance in the beginning of the period	\$ -	\$ 65,145
Recognized in profit or loss	-	10,596
Purchase	-	715,773
Disposal	-	(433,628)
Balance in the ending of the period	\$ -	\$ 357,886

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

4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value are “financial assets measured at fair value through profit or loss –fixed income financial instrument” and derivative financial assets. The financial assets’ fair value are using the prior transaction price before adjustments or third party pricing information. The unobservable inputs are not set up as the Group measures fair value, so the quantified information of significant unobservable inputs are not disclosed.

(u) Financial risk management

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

(v) Capital management

As of September 30, 2023, there were no changes in the Group’s approach to capital management. For the related information, please refer to Note 6(w) of the consolidated financial statements for the

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year ended December 31, 2022.

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

The Group's investing and financing activities which did not affect the current cash flow for the nine months ended September 30, 2023 and 2022, were as follows:

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

	January 1, 2023	Cash flows	Foreign exchange movement and others	September 30, 2023
Short term borrowings	\$ 1,157,100	151,060	-	1,308,160
Long term borrowings (including current portion)	1,350,000	(200,000)	-	1,150,000
Lease liability	71,016	(19,135)	725	52,606
Total liabilities from financing activities	\$ 2,578,116	(68,075)	725	2,510,766

	January 1, 2022	Cash flows	Foreign exchange movement and others	September 30,2022
Short term borrowings	\$ 1,737,760	(402,010)	-	1,335,750
Short term notes and bills payable	99,971	(100,000)	29	-
Long term borrowings	1,150,000	350,000	-	1,500,000
Lease liability	37,941	(24,017)	836	14,760
Total liabilities from financing activities	\$ 3,025,672	(176,027)	865	2,850,510

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(7) Related-party transactions:

(a) Key management personnel compensation

Key management personnel compensation comprised:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Short-term employee benefits	\$ 9,757	12,274	29,009	37,042
Post-employment benefits	81	81	243	243
	<u>\$ 9,838</u>	<u>12,355</u>	<u>29,252</u>	<u>37,285</u>

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	September 30, 2023	December 31, 2022	September 30, 2022
Demand deposits (classified under other current financial assets)	Guarantee for litigation	\$ 1,827	1,799	1,841
"	Guarantee for Carbon emission	26	26	26
		<u>\$ 1,853</u>	<u>1,825</u>	<u>1,867</u>

(9) Significant Commitments and Contingencies:

(a) Unrecognized contractual commitments:

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

	September 30, 2023	December 31, 2022	September 30, 2022
Acquisition of property, plant and equipment	<u>\$ 77,178</u>	<u>30,412</u>	<u>38,139</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Outstanding guarantee notes	<u>\$ 1,413,426</u>	<u>1,406,518</u>	<u>1,492,400</u>
Actual usage amount	<u>\$ 258,160</u>	<u>307,100</u>	<u>285,750</u>

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

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

(12) **Other:**

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

By function	For the three-month periods ended September 30					
	2023			2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
By item						
Employee benefit expenses						
Salaries	203,348	51,490	254,838	231,860	56,264	288,124
Labor and health insurance	5,841	2,756	8,597	6,833	2,825	9,658
Pension	7,930	2,216	10,146	9,478	2,357	11,835
Others	8,086	8,602	16,688	8,097	8,382	16,479
Depreciation	45,629	12,388	58,017	43,327	13,404	56,731
Amortization	1,180	596	1,776	832	665	1,497

By function	For the nine-month periods ended September 30					
	2023			2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
By item						
Employee benefit expenses						
Salaries	516,283	151,706	667,989	604,110	154,555	758,665
Labor and health insurance	17,693	8,042	25,735	19,735	8,073	27,808
Pension	24,886	6,866	31,752	28,442	7,076	35,518
Others	20,414	21,387	41,801	20,632	23,664	44,296
Depreciation	135,671	36,346	172,017	128,701	40,322	169,023
Amortization	3,117	1,732	4,849	2,451	2,049	4,500

(13) **Other disclosures:**

- (a) Information on significant transactions:

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

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(i) Loans to other parties:

No.	Name of lender	Name of borrower	Account name	Related party	Ending balance (Note 2)	Actual usage amount during the period	Interest rate	Nature of financing	Transaction amounts	Reason for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company	Maximum financing limit for the lender
												Item	Value		
0	The Company	NISHOKU VIETNAM	Other accounts receivable	Yes	219,940	193,620	5.82%	Necessary to loan other parties	-	Operating capital	-	-	-	451,285 (Note 1)	1,805,141 (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	4,512,853	1,413,426	1,413,426	258,160	-	31.32%	4,512,853	Y	N	N
"	"	NISHOKU BOUEKI	2	4,512,853	60,070	-	-	-	-	4,512,853	"	"	"

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

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

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

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

(iii) Securities held as of September 30, 2023 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Nature and name of securities	Relationship with the securities issuer	Account name	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of	Fair value	
The Company	Nomura Global Financial Bond Fund	None	Financial assets at fair value through profit or loss-current	-	8,133	- %	8,133	
"	JPMorgan Investment Funds–Global High Yield Bond Fund	"	"	-	9,064	- %	9,064	
"	ABITL Income Multi-asset Income	"	"	-	5,668	- %	5,668	

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Name of holder	Nature and name of securities	Relationship with the securities issuer	Account name	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of	Fair value	
	Fund of Funds A2							
"	BGF ESG Multi-Asset Fund	"	"	-	11,373	- %	11,373	
NISHOKU BOUEKI	PineBridge Preferred Securities	"	"	-	5,234	- %	5,234	
The Company	Income Fund							
	Allianz Global Investors Income and Growth Fund	"	Financial assets at fair value through profit or loss-non current	-	39,350	- %	39,350	
"	PineBridge Global ESG Quantitative Bond Fund	"	"	-	44,483	- %	44,483	
"	PineBridge Global Multi-Strategy High Yield Bond Fund	"	"	-	39,148	- %	39,148	
"	Nomura Global Financial Bond Fund	"	"	-	21,751	- %	21,751	
"	FSITC GLOBAL HIGH YIELD BOND FUND	"	"	-	12,237	- %	12,237	
"	ABITL Income Fund -Multi Asset Income Fund of Funds N	"	"	-	17,843	- %	17,843	
"	Allianz Global Investors Income and Growth Fund	"	"	-	25,520	- %	25,520	
"	FORMOSA GROUP 15/25	"	Non-current financial assets at amortized cost	-	16,143	- %	15,664	
"	FOXCONN(FAR EAST)16/26MTN	"	"	-	15,857	- %	14,723	
"	STAND. CHART. 15/25 REGS	"	"	-	8,019	- %	7,797	
"	APPLE 16/26	"	"	-	15,830	- %	14,922	
"	BARCLAYS 15/25	"	"	-	8,073	- %	7,737	

- (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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(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
SAME START (Anguilla)	KUNSHAN NISHOKU PLASTIC	Associate	Purchase	106,288	95 %	"	"	"	(18,146)	(100)%	
KUNSHAN NISHOKU PLASTIC	SAME START (Anguilla)	"	Sale	(106,288)	(6) %	"	"	"	18,146	2%	
The Company	KUNSHAN NISHOKU PLASTIC	Associate	Sale	(324,810)	(45)%	"	"	"	165,201	55%	
KUNSHAN NISHOKU PLASTIC	The Company	"	Purchase	324,810	47 %	"	"	"	(165,201)	(36)%	
The Company	NISHOKU VIETNAM	"	Sale	(223,020)	(31)%	"	"	"	99,269	33%	
NISHOKU VIETNAM	The Company	Associate	Purchase	223,020	82 %	"	"	"	(99,269)	(60)%	
SAME START (Anguilla)	The Company	Associate	Sale	(111,514)	(99)%	"	"	"	17,938	100%	
The Company	SAME START (Anguilla)	"	Purchase	111,514	22 %	"	"	"	(17,938)	(10)%	

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

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

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

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	KUNSHAN NISHOKU PLASTIC	Associate	165,201	3.03	-	-	49,220	-

(ix) Trading in derivative instruments: None.

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Notes to the Consolidated Financial Statements

(x) Business relationships and significant intercompany transactions:

The following is the information for the nine months ended September 30, 2023, business relationships and significant intercompany transactions with the amounts exceeding NT\$ 10 million:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of Intercompany transactions, 2023				Percentage of the consolidated net revenue or total assets
			relationship (Note 2)	Account name	Amount	Trading terms	
0	The Company	SAME START (Anguilla)	1	Purchase	111,514	Note 3	4.4%
"	"	"	1	Account Payable	17,938	"	0.2%
"	"	KUNSHAN NISHOKU	1	Sales	324,810	"	12.8%
"	"	"	1	Account receivable	165,201	"	1.9%
"	"	"	1	Purchase	10,680	"	0.4%
"	"	NISHOKU VIETNAM	1	Sales	223,020	"	8.8%
"	"	"	1	Account receivable	99,269	"	1.1%
"	"	"	1	Other receivables	193,620	"	2.2%
1	SAME START (Anguilla)	KUNSHAN NISHOKU	3	Purchase	106,288	Fund loan Note 3	4.2%
"	"	"	3	Account Payable	18,146	"	0.2%
2	KUNSHAN NISHOKU	NISHOKU VIETNAM	3	Sales	56,145	"	2.2%
"	"	"	3	Account receivable	25,842	"	0.3%

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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(b) Information on investees:

The following is the information on investees for the nine months ended September 30, 2023 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	SUN NICE (SAMOA)	SAMOA	Holding	427,214	738,714	12,468	100%	4,188,282	326,130	326,130	
"	NISHOKU BOUEKI	Taiwan	Purchase and sales of plastic raws and parts	1,000	1,000	300	100%	10,998	998	998	
"	NISHOKU VIETNAM	Vietnam	Manufacture and sale of tooling and plastic products	696,594 (USD 22,500 thousands)	508,434. (USD 16,500 thousands)	-	100%	316,107	(31,262)	(30,975)	
SUN NICE (SAMOA)	SAME START (Anguilla)	Anguilla	Purchase and sale of mold and plastic products	-	-	-	100%	(17,340)	266	7,321	
"	NISHOKU HK	HK	Holding	1,131,381 (USD 35,915 thousands)	1,442,881 (USD 45,915 thousands)	40,298	100%	3,202,891	236,320	236,320	
"	SUNNICE (BVI)	BVI	Holding	582,292 (USD 17,948 thousands)	582,292 (USD 17,948 thousands)	15,697	100%	1,048,553	94,381	94,381	

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, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 1)	Book value (Note 1)	Accumulated remittance of earnings in current period
					Outflow	Inflow						
NISHOKU SHENZHEN	Manufacture and sale of mold and plastic products	USD1,288 thousands	Indirect investment through third area	335,657 (USD10,939 thousands)	-	306,844 (USD10,000 thousands)	28,813 (USD939 thousands)	(6,772)	100.00%	(6,772)	547,710	475,841
KUNSHAN NISHOKU PLASTIC	Manufacture and sale of mold and plastic products	USD53,310 thousands	"	1,674,270 (USD52,524 thousands)	-	-	1,674,270 (USD52,524 thousands)	335,169	100.00%	331,272	3,668,631	1,103,406

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of September 30, 2023	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 was based on financial statements audited by the Company's auditors.

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

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

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(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	Shares	Percentage
Yi feng Investment Limited	4,736,000	7.51%
Ji Teng Investment Limited	4,500,000	7.13%
Yun Ding Investment Limited	4,050,000	6.42%
Jin Hong Investment Limited	3,600,000	5.70%

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14) Segment information:

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

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

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

	Three months ended September 30, 2023				
	United States	Asia	Europe	Elimination	Total
Revenue from external customers	\$ 424,586	95,903	410,376	-	930,865

Reportable segment profit or loss	\$ 80,572	4,011	15,427	-	100,010
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	Three months ended September 30, 2022				
	United States	Asia	Europe	Elimination	Total
Revenue from external customers	\$ 592,038	151,957	390,400	-	1,134,395

Reportable segment profit or loss	\$ 138,806	2,717	10,842	-	152,365
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	Nine months ended September 30, 2023				
	United States	Asia	Europe	Elimination	Total
Revenue from external customers	\$ 1,185,586	321,187	989,214	-	2,495,987

Reportable segment profit or loss	\$ 293,180	(3,373)	22,759	-	312,566
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	Nine months ended September 30, 2022				
	United States	Asia	Europe	Elimination	Total
Revenue from external customers	\$ 1,410,877	386,565	1,115,637	-	2,913,079

Reportable segment profit or loss	\$ 274,428	1,052	31,993	-	307,473
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