

**NISHOKU TECHNOLOGY INC.
AND ITS SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 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 March 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 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 65, "Engagements to Review Financial Statements". A review consists principally of inquiries of the Group's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with the generally accepted auditing standards, the objective of which is the expression of an opinion regarding the consolidated interim financial statements taken as a whole. Accordingly, we do not express such an opinion.

Basis of opinion

Included in the accompanying consolidated interim financial statements are the financial statements of certain consolidated subsidiaries, which were not reviewed by independent accountants. These consolidated subsidiaries had total assets of \$132,326 thousand constituting 1% of the Group's consolidated total assets as of March 31, 2022, respectively; total liabilities of \$22,194 thousand constituting 0% of the Group's consolidated total liabilities as of March 31, 2022, respectively; comprehensive income of \$3,743 thousand constituting 2% of the Group's consolidated comprehensive income for the three months ended March 31, 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

Notes to Readers

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

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

made to the consolidated interim financial statements referred to in the first paragraph in order for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 “ Interim Financial Reporting” endorsed by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)

Apr.28, 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 Balance Sheets

March 31, 2023, December 31, 2022 and March 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets	March 31, 2023		December 31, 2022		March 31, 2022			Liabilities and Equity	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:						
1100 Cash and cash equivalents (note 6(a))	\$ 3,811,140	46	3,865,998	43	\$ 3,957,440	42	2100 Short-term borrowings (note 6(h))	\$ 1,124,050	13	1,157,100	13	\$ 1,783,750	19	
1110 Financial assets at fair value through profit or loss (note 6(b))	37,661	-	37,039	-	466,145	5	2111 Short term notes and bills payable (note 6(i))	-	-	-	-	49,991	1	
1170 Notes and accounts receivable, net (note 6(c))	838,951	10	1,183,964	14	1,193,277	13	2170 Notes and Accounts payable	315,912	4	515,027	6	547,012	6	
130X Inventories (note 6(d))	377,132	5	451,819	5	568,331	6	2280 Current lease liabilities (note 6(k))	24,902	-	24,703	-	25,217	-	
1470 Other current assets	23,658	-	23,225	-	54,891	1	2300 Other current liabilities	369,025	4	426,627	5	372,925	4	
1476 Other current financial assets (note 8)	23,727	-	7,246	-	31,336	-	2322 Long-term borrowings, current portion (note 6(j))	50,000	1	50,000	1	-	-	
	<u>5,112,269</u>	<u>61</u>	<u>5,569,291</u>	<u>62</u>	<u>6,271,420</u>	<u>67</u>		<u>1,883,889</u>	<u>22</u>	<u>2,173,457</u>	<u>25</u>	<u>2,778,895</u>	<u>30</u>	
Non-current assets:							Non-Current liabilities:							
1511 Non-current financial assets at fair value through profit or loss (note 6(b))	191,964	2	189,543	2	202,682	2	2540 Long-term borrowings (note 6(j))	1,100,000	13	1,300,000	15	1,150,000	12	
1535 Non-current financial assets at amortised cost (note 6(e))	1,480,091	18	1,471,919	17	1,295,162	14	2570 Deferred tax liabilities and others	719,742	8	747,744	7	731,637	8	
1600 Property, plant and equipment (note 6(f))	1,449,891	17	1,479,566	17	1,416,993	16	2580 Non-current lease liabilities (note 6(k))	40,288	-	46,313	1	5,717	-	
1755 Right-of-use assets(note 6(g))	64,936	1	70,976	1	30,631	-		<u>1,860,030</u>	<u>21</u>	<u>2,094,057</u>	<u>23</u>	<u>1,887,354</u>	<u>20</u>	
1840 Deferred tax assets	38,204	-	41,735	-	28,103	-	Total liabilities	<u>3,743,919</u>	<u>43</u>	<u>4,267,514</u>	<u>48</u>	<u>4,666,249</u>	<u>50</u>	
1915 Prepayments for equipment	5,990	-	7,327	-	39,283	-	Equity attributable to owners of parent (note 6(n)):							
1985 Long-term prepaid rents	64,975	1	65,693	1	65,018	1	3100 Ordinary share	630,482	8	630,482	7	626,712	7	
1990 Other non-current assets	15,657	-	17,841	-	17,768	-	3140 Advance receipts for share capital	-	-	-	-	308	-	
	<u>3,311,708</u>	<u>39</u>	<u>3,344,600</u>	<u>38</u>	<u>3,095,640</u>	<u>33</u>	3200 Capital surplus	973,766	12	973,766	11	981,485	10	
							Retained earnings:							
							3310 Legal reserve	670,934	8	670,934	8	610,265	7	
							3320 Special reserve	344,942	4	344,942	3	310,459	3	
							3350 Unappropriated retained earnings	2,330,729	28	2,313,463	26	2,374,668	25	
								<u>3,346,605</u>	<u>40</u>	<u>3,329,339</u>	<u>37</u>	<u>3,295,392</u>	<u>35</u>	
							3400 Other equity interest	(270,795)	(3)	(287,210)	(3)	(203,086)	(2)	
							Total equity	<u>4,680,058</u>	<u>57</u>	<u>4,646,377</u>	<u>52</u>	<u>4,700,811</u>	<u>50</u>	
Total assets	<u>\$ 8,423,977</u>	<u>100</u>	<u>8,913,891</u>	<u>100</u>	<u>9,367,060</u>	<u>100</u>	Total liabilities and equity	<u>\$ 8,423,977</u>	<u>100</u>	<u>8,913,891</u>	<u>100</u>	<u>9,367,060</u>	<u>100</u>	

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 ended March 31, 2023 and 2022

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

		For the three months ended March 31			
		2023		2022	
		Amount	%	Amount	%
4110	Operation Revenues (note 6(q))	\$ 690,255	102	956,118	102
4170	Less: Sales returns and allowance	10,911	2	17,126	2
	Net Operating revenues	<u>679,344</u>	<u>100</u>	<u>938,992</u>	<u>100</u>
5000	Operating costs (notes 6(d), (f),(g),(l) and 12)	555,552	82	713,756	76
	Gross profit from operations	<u>123,792</u>	<u>18</u>	<u>225,236</u>	<u>24</u>
6000	Operating expenses: (notes 6(c), (f), (g), (l) ,(o) ,(r) and 12)				
6100	Selling expenses	14,470	2	14,769	2
6200	Administrative expenses	71,867	11	72,528	8
6300	Research and development expenses	20,076	3	22,467	2
6450	Expected Credit Loss	95	-	(124)	-
		<u>106,508</u>	<u>16</u>	<u>109,640</u>	<u>12</u>
	Net operating income (loss)	<u>17,284</u>	<u>2</u>	<u>115,596</u>	<u>12</u>
	Non-operating income and expenses:				
7010	Other income (notes 6(s))	57,375	8	5,347	1
7020	Other gains and losses, net (notes 6(t))	(42,136)	(6)	76,679	8
7050	Finance costs, net (notes 6(k))	(13,618)	(2)	(6,330)	(1)
	Total non-operating income and expenses	<u>1,621</u>	<u>-</u>	<u>75,696</u>	<u>8</u>
7900	Profit from continuing operations before tax	<u>18,905</u>	<u>2</u>	<u>191,292</u>	<u>20</u>
7950	Less: Tax expense (note 6(m))	1,639	-	48,344	5
	Profit (loss)	<u>17,266</u>	<u>2</u>	<u>142,948</u>	<u>15</u>
8300	Other comprehensive income (loss):				
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	17,169	3	177,320	19
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(m))	(3,434)	(1)	(35,464)	(4)
8300	Other comprehensive income, net	<u>13,735</u>	<u>2</u>	<u>141,856</u>	<u>15</u>
8500	Total comprehensive income	<u>\$ 31,001</u>	<u>4</u>	<u>284,804</u>	<u>30</u>
	Profit, attributable to:				
8610	Profit attributable to owners of parent	<u>\$ 17,266</u>	<u>2</u>	<u>142,948</u>	<u>15</u>
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	<u>\$ 31,001</u>	<u>4</u>	<u>284,804</u>	<u>30</u>
	Basic earnings per share				
9750	Basic earnings per share (NT dollars) (note 6(p))	<u>\$ 0.28</u>		<u>2.28</u>	
9850	Diluted earnings per share (NT dollars) (note 6(p))	<u>\$ 0.27</u>		<u>2.27</u>	

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards
NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the three months ended March 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Total other equity			Total equity
	Share capital		Retained earnings				Exchange differences on translation of	Unearned Stock-Based Employee Compensation	Total equity attributable to owners of parent	
	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	foreign financial statements			
Balance at January 1, 2023	\$ 626,712	-	981,485	610,265	310,459	2,231,720	(344,942)	-	4,415,699	4,415,699
Profit for the period	-	-	-	-	-	142,948	-	-	142,948	142,948
Other comprehensive income	-	-	-	-	-	-	141,856	-	141,856	141,856
Total comprehensive income	-	-	-	-	-	142,948	141,856	-	284,804	284,804
Issuance of shares exercise of employee stock option	-	308	-	-	-	-	-	-	308	308
Balance at March 31, 2022	\$ 626,712	308	981,485	610,265	310,459	2,374,668	(203,086)	-	4,700,811	4,700,811
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 period	-	-	-	-	-	17,266	-	-	17,266	17,266
Other comprehensive income	-	-	-	-	-	-	13,735	-	13,735	13,735
Total comprehensive income	-	-	-	-	-	17,266	13,735	-	31,001	31,001
Restricted employee stock	-	-	-	-	-	-	-	2,680	2,680	2,680
Balance at March 31, 2023	\$ 630,482	-	973,766	670,934	344,942	2,330,729	(250,860)	(19,935)	4,680,058	4,680,058

See accompanying notes to consolidated financial statements.

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

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 18,905	191,292
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	59,752	57,469
Expected credit loss(gain)	95	(124)
Recognition losses on inventory valuation and obsolescence	5,565	3,909
Interest expense	13,618	6,330
Interest income	(56,027)	(4,798)
Remuneration cost of restricted employee stock	2,680	-
(Gain) Loss on financial assets at fair value through profit or loss	(3,043)	9,304
(Gain) Loss on disposal of property, plant and equipment	(66)	43
	<u>22,574</u>	<u>72,133</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	-	(362,885)
Notes and accounts receivable	344,918	159,442
Inventories	69,122	(52,370)
Other current assets and other financial assets	2,923	(18,078)
Total changes in operating assets	<u>416,963</u>	<u>(273,891)</u>
Changes in operating liabilities:		
Notes and accounts payable	(199,115)	(41,496)
Other current liabilities	(46,600)	(31,123)
Total changes in operating liabilities	<u>(245,715)</u>	<u>(72,619)</u>
Total adjustments	<u>193,822</u>	<u>(274,377)</u>
Cash inflow generated from operations	212,727	(83,085)
Interest received	39,219	4,929
Interest paid	(12,828)	(6,168)
Income taxes paid	(33,293)	(19,423)
Net cash flows from operating activities	<u>205,825</u>	<u>(103,747)</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	-	(13,820)
Acquisition of financial assets at amortized cost	(8,172)	(31,095)
Proceeds from disposal of financial assets at fair value through profit or loss	-	26,735
Acquisition of property, plant and equipment	(40,070)	(44,216)
Proceeds from disposal of property, plant and equipment	10,645	534
Decrease Refundable deposits	1,211	658
Increase in other non-current assets	(283)	(505)
Net cash flows used in investing activities	<u>(36,669)</u>	<u>(61,709)</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	(33,050)	45,990
Decrease in short-term notes and bills payable	-	(50,000)
Repayments of long term borrowings	(200,000)	-
Increase (decrease) in guarantee deposits received	(1,867)	130
Payment of lease liabilities	(6,434)	(7,972)
Exercise of employee share options	-	308
Net cash flows used in financing activities	<u>(241,351)</u>	<u>(11,544)</u>
Effect of exchange rate changes on cash and cash equivalents	17,337	135,007
Net decrease)in cash and cash equivalents	(54,858)	(41,993)
Cash and cash equivalents at beginning of period	3,865,998	3,999,433
Cash and cash equivalents at end of period	<u>\$ 3,811,140</u>	<u>3,957,440</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

March 31, 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, please refer to note 14.

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

These consolidated interim financial statements were authorized for issuance by the board of directors on April 28, 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. 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 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 Estimates”

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

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

(Continued)

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

NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2023 and 2022

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

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

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

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

- 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”

(Continued)

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

(4) Summary of significant accounting policies:

a. Statement of compliance

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

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

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

b. Basis of consolidation

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

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

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

(6) Explanation of significant accounts:

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

(a) Cash and cash Equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
Cash, and demand deposits	\$ 1,312,230	1,814,806	1,419,895
Time deposits	2,438,010	2,020,482	2,408,732
Bond acquired under repurchase agreement	60,900	30,710	128,813
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 3,811,140</u>	<u>3,865,998</u>	<u>3,957,440</u>

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

	March 31, 2023	December 31, 2022	March 31, 2022
Financial assets at fair value through profit or loss			
Fund investments	\$ 37,661	37,039	38,115
Fixed income financial instruments	-	-	428,030
Total	<u>\$ 37,661</u>	<u>37,039</u>	<u>466,145</u>
Fund investments non current	<u>\$ 191,964</u>	<u>189,543</u>	<u>202,682</u>

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

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

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

(c) Notes and accounts receivable

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable	\$ 11,507	9,555	33,413
Accounts receivable	827,566	1,174,436	1,159,864
Less : allowance for impairment	(122)	(27)	-
	<u>\$ 838,951</u>	<u>1,183,964</u>	<u>1,193,277</u>

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

Analysis of expected credit losses were as follows:

	March 31, 2023		
	Carrying amount of accounts receivable	Weighted-avera ge loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 802,951	-%	-
Past due less than 120 days	24,615	0%~1%	122
Total	\$ 827,566		122

	December 31, 2022		
	Carrying amount of accounts receivable	Weighted-avera ge 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	\$ 1,174,436		27

	March 31, 2022		
	Carrying amount of accounts receivable	Weighted-avera ge loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 1,125,250	-%	-
Past due less than 120 days	34,614	0%~1%	-
Total	\$ 1,159,864		-

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

	Three months ended March 31,	
	2023	2022
Beginning balance	\$ 27	124
Impairment loss (reversal)	95	(124)
Ending balance	\$ 122	-

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(d) Inventories

	March 31, 2023	December 31, 2022	March 31, 2022
Raw materials	\$ 95,379	132,186	165,431
Work in process	203,454	218,975	262,100
Finished goods	78,299	100,658	140,800
	\$ 377,132	451,819	568,331

For the three months ended March 31, 2023 and 2022, raw material, consumables, and changes in the finished goods and work in progress recognized as cost of sale amounted to \$555,552 thousand and \$713,756 thousand, respectively. For the three months ended March 31, 2023 and 2022, the Group recognized the losses on inventory valuation and obsolescence as cost of goods sold amounting to \$5,565 thousand and \$3,909 thousand, respectively.

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

(e) Non current financial assets at amortized cost

	March 31, 2023	December 31, 2022	March 31, 2022
Restricted bank deposit-non current	\$ 1,419,773	1,411,086	1,295,162
Bonds	60,318	60,833	-
	\$ 1,480,091	1,471,919	1,295,162

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 March 31, 2023, December 31, 2022, and March 31, 2022, the Group did not provide any financial assets measured at amortized costs as collateral for its loans.

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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 three months ended March 31, 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	-	-	16,063	8,472	8,185	32,720
Reclassifications	-	-	5,528	91	(5,619)	-
Disposals	-	-	(38,092)	(27,044)	-	(65,136)
Effect of movements in exchange rates	-	1,845	3,584	1,820	(745)	6,504
Balance on March 31, 2023	<u>\$ 179,672</u>	<u>1,129,114</u>	<u>2,061,602</u>	<u>450,109</u>	<u>117,836</u>	<u>3,938,333</u>
Balance on January 1, 2022	\$ 179,672	1,065,232	1,846,008	464,528	114,685	3,670,125
Additions	-	4,458	10,842	1,455	22,636	39,391
Reclassifications	-	2,741	468	852	(4,061)	-
Disposals	-	-	(2,314)	(241)	-	(2,555)
Effect of movements in exchange rates	-	31,282	67,954	17,175	4,412	120,823
Balance on March 31, 2022	<u>\$ 179,672</u>	<u>1,103,713</u>	<u>1,922,958</u>	<u>483,769</u>	<u>137,672</u>	<u>3,827,784</u>
Depreciation and impairments loss:						
Balance on January 1, 2023	\$ -	542,273	1,528,555	413,851	-	2,484,679
Depreciation for the period	-	11,054	33,551	7,278	-	51,883
Disposals	-	-	(27,716)	(26,841)	-	(54,557)
Effect of movements in exchange rates	-	1,143	3,557	1,737	-	6,437
Balance on March 31, 2023	<u>\$ -</u>	<u>554,470</u>	<u>1,537,947</u>	<u>396,025</u>	<u>-</u>	<u>2,488,442</u>
Balance on January 1, 2022	\$ -	488,757	1,398,990	395,934	-	2,283,681
Depreciation for the period	-	9,985	30,113	7,995	-	48,093
Disposals	-	-	(1,800)	(178)	-	(1,978)
Effect of movements in exchange rates	-	14,324	51,879	14,792	-	80,995
Balance on March 31, 2022	<u>\$ -</u>	<u>513,066</u>	<u>1,479,182</u>	<u>418,543</u>	<u>-</u>	<u>2,410,791</u>
Carrying amounts:						
Balance on March 31, 2023	<u>\$ 179,672</u>	<u>574,644</u>	<u>523,655</u>	<u>54,084</u>	<u>117,836</u>	<u>1,449,891</u>
Balance on January 1, 2023	<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 March 31, 2022	<u>\$ 179,672</u>	<u>590,647</u>	<u>443,776</u>	<u>65,226</u>	<u>137,672</u>	<u>1,416,993</u>

As of March 31, 2023, December 31, 2022 and March 31, 2022, 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 buildings and vehicles. Information about leases for which the Group as a lessee were presented below

	Buildings	Vehicles	Total
Carrying amount:			
Balance on March 31, 2023	<u>\$ 59,260</u>	<u>5,676</u>	<u>64,936</u>
Balance on December 31 2022	<u>\$ 64,304</u>	<u>6,672</u>	<u>70,976</u>
Balance on March 31, 2022	<u>\$ 20,968</u>	<u>9,663</u>	<u>30,631</u>

The amounts of depreciation expense for the three months ended March 31, 2023 and 2022 were \$6,396 thousand and \$7,831 thousand, respectively.

(h) Short-term borrowings

The details were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Secured loan	\$ -	-	22,000
Credit loans, no pledge	1,124,050	1,157,100	1,761,750
Total	<u>\$ 1,124,050</u>	<u>1,157,100</u>	<u>1,783,750</u>
Interest rate range	<u>1.5%~5.49%</u>	<u>1.505%~5.58%</u>	<u>0.37%~0.95%</u>

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

(i) Short-term notes and bills payable

The details were as follows:

Commercial paper payable	\$ 50,000
Less: Discount on short-term notes and bills payable	(9)
Total	<u>\$ 49,991</u>
Interest rate range	<u>0.52%</u>

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(j) Long-term borrowings

The details were as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Unsecured loans	\$ 1,150,000	1,350,000	1,150,000
Less: current portion	(50,000)	(50,000)	-
Total	<u>\$ 1,100,000</u>	<u>1,300,000</u>	<u>1,150,000</u>
Interest rate range	<u>1.65%~2.15%</u>	<u>1.505~1.975%</u>	<u>0.95%~1.215%</u>
Interest rate range- current portion	<u>1.824175%</u>	<u>1.571289%</u>	<u>-%</u>

(k) Lease liabilities

The details were as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Current	<u>\$ 24,902</u>	<u>24,703</u>	<u>25,217</u>
Non-current	<u>\$ 40,288</u>	<u>46,313</u>	<u>5,717</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months end	
	March 31,	
	<u>2023</u>	<u>2022</u>
Interests of lease liabilities	<u>\$ 252</u>	<u>99</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 93</u>	<u>194</u>

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

	For the three months end	
	March 31,	
	<u>2023</u>	<u>2022</u>
Total cash out flow of lease	<u>\$ 6,527</u>	<u>8,166</u>

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(l) Employee benefits

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

	For the three months ended March 31,	
	2023	2022
Operating Costs	\$ 8,767	9,251
Operating Expenses	2,384	2,325
Total	\$ 11,151	11,576

(m) Income tax

- (i) The amounts of tax expense for the three months ended March 31, 2023 and 2022 were \$1,639 thousand and \$48,344 thousand, respectively.
- (ii) The amount of income tax expense under other comprehensive income for the three months ended March 31, 2023 and 2022 were as follows:

	For the three months ended March 31,	
	2023	2022
Exchange differences on translation of foreign financial statements	\$ 3,434	35,464

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

(n) Capital and other equity

In addition to the following, there is no material change in capital and other equity of the Group for the three months ended March 31, 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 with par value of \$10 per share for the exercise of employee stock options for the three months ended March 31, 2022, whose legal registration procedure are unfinished, the amount of advance receipts for ordinary share is \$ 308 thousand.

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(ii) Capital surplus

The balances of capital surplus as of March 31, 2023 and December 31, 2022, and March 31, 2022 were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Additional paid-capital	\$ 939,513	939,513	970,593
Employee share options	10,892	10,892	10,892
Restricted employee stock	23,361	23,361	-
Total	\$ 973,766	973,766	981,485

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	
	Dividend per share	Amount
capital surplus allocated to common stock owners	\$ 0.5	31,338

(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

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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	<u>630,242</u>	8.5	<u>532,748</u>

(o) Share-based payment

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

(i). Restricted stock

As of March 31, 2023, the restricted stock plans of the Company were as follows:

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

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

	(Thousand shares)
	For the three months ended March 31,2023
Outstanding on January 1,2023	372
Granted during the period	-
Vesting during the period	-
Expired during the period	-
Outstanding on March 31,2023	<u>372</u>

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

	For the three months ended March 31, 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		<u><u>\$ 18.15</u></u>

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

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

	For the three months ended March 31	
	2023	2022
Restricted stock for employees	<u><u>\$ 2,680</u></u>	<u><u>-</u></u>

(p) Earnings per share

	For the three months ended March 31,	
	2023	2022
Basic earnings per share:		
Profit attributable to ordinary shareholders of the Company	<u><u>\$ 17,266</u></u>	<u><u>142,948</u></u>
Weighted-average number of ordinary shares (thousand shares)	<u><u>62,676</u></u>	<u><u>62,671</u></u>
Basic earnings per share (NTD)	<u><u>\$ 0.28</u></u>	<u><u>2.28</u></u>

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Diluted earnings per share:	For the three months ended March 31,	
	2023	2022
	Profit attributable to ordinary shareholders of the Company	\$ 17,266
Weighted-average number of ordinary shares (thousand shares)	62,676	62,671
Effect of employee stock bonus	231	380
Effect of restricted stock	102	-
Weighted average number of ordinary shares (diluted) (thousand shares)	63,009	63,051
Diluted earnings per share (NTD)	\$ 0.27	2.27

(q) Revenue from contracts with customers

(i) Details of revenue

	For the three months ended March 31,	
	2023	2022
<u>Primary geographical markets</u>		
North America	\$ 289,612	429,609
Asia	106,074	101,702
Europe	283,658	407,681
	\$ 679,344	938,992
<u>Primary productions</u>		
Plastic injection	\$ 633,602	875,782
Mold	45,175	62,723
Others	567	487
	\$ 679,344	938,992

(ii) Contract balances

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

	2023.3.31	2022.12.31	2022.3.31
Contract liabilities	\$ 18,336	20,213	33,975

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 three months ended March 31, 2023 and 2022, which was included in the contract liability balance at the beginning of the period, was \$ 4,159 thousand and \$7,289 thousand, respectively.

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

In accordance with the Articles of incorporation the Company should contribute no less than 1% of the profit as employee compensation and not exceed 5% as directors' 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 recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the three months ended March 31, 2023 and 2022, the Company estimated its employee remuneration amounting to \$5,526 thousand and \$6,750 thousand, and directors' remuneration amounting to \$1,981 thousand and \$2,295 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors of each period, multiplied by the percentage of remuneration to employees, directors as specified in the Company's articles. These remunerations were recognized as operating costs or operating expense. If the actual amount of the annual distribution and the estimated amount of differences, according to the changes in accounting estimates, and the difference recognized as the next year annual profit (loss). Such as the resolution of the board of directors to take the stock of employee compensation, the numbers of shares to be distributed would be calculated based on the closing price of the Company's ordinary shares one day before the date of the meeting of Board of Directors, please refer to Market Observation Post System for further information.

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.

(s) Other revenue

The other revenue for the three months ended March 31, 2023 and 2022 were as follows:

	For the three-months ended March 31,	
	2023	2022
Interest income	\$ 56,027	4,798
Others	1,348	549
Total other income	\$ 57,375	5,347

(t) Other gains and losses

The other gains and losses for the three months ended March 31, 2023 and 2022 were as follows:

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	For the three months ended March 31,	
	2023	2022
	Foreign currency exchange gains (losses) , net	\$ (45,223)
Gains (losses) on financial assets at fair value through profit or loss	3,043	(9,304)
Gains (losses) on disposals of property, plant and equipment	66	(43)
Others	(22)	(10)
Net gains and losses	\$ (42,136)	76,679

(u) Financial Instruments

In addition to the following, there is no material change in financial instruments of the Group. 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 March 31, 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 \$6,383,534 thousand and \$7,146,042 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 three months ended March 31, 2023 and 2022, sales to the individual customers whose revenue constituting over 10% of net revenue are 39% and 53% of total revenues respectively. As of March 31, 2023 and 2022, 36% and 49%, respectively, of accounts receivable were for those customers.

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	within 1 year	1-2 years
March 31, 2023				
Non-derivative financial liabilities				
Short-term borrowings	\$ 1,124,050	1,127,576	1,127,576	-
Long-term borrowings	1,100,000	1,129,556	20,955	1,108,601

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	Carrying amount	Contractual cash flows	within 1 year	1-2 years
Long term borrowings, current portion	50,000	50,512	50,512	-
Non-interest bearing liabilities				
Notes and accounts payable	315,912	315,912	315,912	-
Lease liabilities	65,190	65,190	24,902	40,288
Other financial liabilities	36,159	36,159	36,159	-
	<u>\$ 2,691,311</u>	<u>2,724,905</u>	<u>1,576,016</u>	<u>1,148,889</u>

December 31, 2022

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

March 31, 2022

Non-derivative financial liabilities				
Short-term borrowings	\$ 1,783,750	1,785,166	1,785,166	-
Short-term notes and bills payable	49,991	50,000	50,000	-
Long-term borrowings	1,150,000	1,170,637	13,148	1,157,489
Non-interest bearing liabilities				
Notes and accounts payable	547,012	547,012	547,012	-
Lease liability	30,934	30,934	25,217	5,717
Other financial liabilities	43,412	43,412	43,412	-
	<u>\$ 3,605,099</u>	<u>3,627,161</u>	<u>2,463,955</u>	<u>1,163,206</u>

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 was as follows:

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	March 31, 2023			December 31, 2022			March 31, 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	\$119,428	30.450	3,636,586	134,982	30.710	4,145,312	155,734	28.625	4,457,889
CNY	-	-	-	-	-	-	33	4.506	149
EUR	805	33.15	26,674	690	32.72	22,589	522	31.92	16,675
<u>Financial liabilities</u>									
<u>Monetary Items</u>									
USD	1,793	30.450	54,610	4,146	30.710	127,339	4,591	28.625	131,408

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, financial assets carried at amortized cost, accounts payable 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 March 31, 2023 and 2022, would have increased or decreased the net profit before tax by \$36,092 thousand and \$43,433 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 three months ended March 31, 2023 and 2022, foreign exchange gain (including realized and unrealized portions) amounted to \$(45,223) thousand and \$86,036 thousand, respectively.

2) Interest rate analysis

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

The following sensitivity analysis is based on the exposure to interest rate risk of the derivative and non-derivative financial instruments on the reporting date. If the interest rate had increased or decreased by 0.25%, the net profit before tax would have decreased or increased by \$(187) thousand and \$163 thousand for the three months ended March 31, 2023 and 2022, respectively, assuming all other variable factors were constant. This mainly resulted from borrowings and bank deposits at variable interest rates.

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(iv) Fair value of financial instruments

1) Fair value of financial instruments

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

	March 31, 2023				
	Carrying amounts	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non derivative financial assets at fair value through profit or loss-current	\$ 37,661	37,661	-	-	37,661
Non derivative financial assets at fair value through profit or loss-non-current	\$ 191,964	191,964	-	-	191,964
Financial assets carried at amortized cost					
Cash and cash equivalents	\$ 3,811,140				
Notes and accounts receivable, net	838,951				
Other financial assets-current	23,727				
Refundable deposits	8,483				
Non-current financial assets measured at amortized cost	1,480,091				
	<u>\$ 6,162,392</u>				
Financial liabilities carried at amortized cost					
Long and short term borrowings	\$ 2,274,050				
Notes and accounts payable	315,912				
Lease liability	65,190				
Other payable	36,159				
	<u>\$ 2,691,311</u>				

	December 31, 2022				
	Carrying amounts	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non derivative financial assets at fair value through profit or loss-current	\$ 37,039	37,039	-	-	37,039
Non derivative financial assets at fair value through profit or loss-non-current	\$ 189,543	189,543	-	-	189,543

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		December 31, 2022				
		Carrying amounts	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	3,865,998				
Notes and accounts receivable, net		1,183,964				
Other financial assets-current		7,246				
Refundable deposits		9,694				
Non-current financial assets measured at amortized cost		1,471,919				
		<u>\$ 6,538,821</u>				
Financial liabilities carried at amortized cost						
Long and short term borrowings	\$	2,507,100				
Notes and accounts payable		515,027				
Lease liability		71,016				
Other payable		58,162				
		<u>\$ 3,151,305</u>				
		March 31, 2022				
		Carrying amounts	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss						
Non-derivative financial assets at fair value through profit or loss-current						
	\$	<u>466,145</u>	<u>38,115</u>	-	<u>428,030</u>	<u>466,145</u>
Non-derivative financial assets at fair value through profit or loss-non-current						
	\$	<u>202,682</u>	<u>202,682</u>	-	-	<u>202,682</u>
Financial liabilities carried at amortized cost						
Cash and cash equivalents	\$	3,957,440				
Notes and accounts receivable, net		1,193,277				
Other financial assets-current		2,711				
Refundable deposits		11,717				
current financial assets measured at amortized cost		28,625				
Non-current financial assets measured at amortized cost		1,295,162				
		<u>\$ 6,488,932</u>				
Financial liabilities carried at amortized cost						
Long and short term borrowings	\$	2,933,750				
Short-term notes and bills payable		49,991				
Notes and accounts payable		547,012				
Lease liability		30,934				
Other payable		43,412				
		<u>\$ 3,605,099</u>				

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2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

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

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

b) Derivative financial instruments

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

3) Reconciliation of Level 3 fair values

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

	<u>At fair value through profit or loss</u>	
	<u>For the three months</u>	
	<u>ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Balance in the beginning of the period	\$ -	65,145
Recognized in profit or loss	-	2,439
Purchase	-	360,446
Balance in the ending of the period	<u>\$ -</u>	<u>428,030</u>

The aforementioned total gains and losses were recognized in "other revenue".

There have been no transfers from each level for the three months ended March 31, 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 – principal guaranteed 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.

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Notes to the Consolidated Financial Statements

(v) Financial risk management

The Group's risk management policies are no material change in financial instruments of the Group for the three months ended March 31, 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.

(w) Capital management

As of March 31, 2023, there were no changes in the Group's approach to capital management. For the related information, please refer to Note 6(w) of the consolidated financial statements for the year ended December 31, 2022.

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

The Group's investing and financing activities which did not affect the current cash flow in the three months ended March 31, 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:

	January1, 2023	Cash flows	Foreign exchange movement and others	March31, 2023
Short term borrowings	\$ 1,157,100	(33,050)	-	1,124,050
Long term borrowings (including current portion)	1,350,000	(200,000)	-	1,150,000
Lease liability	71,016	(6,434)	608	65,190
Total liabilities from financing activities	\$ 2,578,116	(239,484)	608	2,339,240

	January 1, 2022	Cash flows	Foreign exchange movement and others	March31, 2022
Short term borrowings	\$ 1,737,760	45,990	-	1,783,750
Short-term notes and bills payable	99,971	(50,000)	20	49,991
Long term borrowings	1,150,000	-	-	1,150,000
Lease liability	37,941	(7,972)	965	30,934
Total liabilities from financing activities	\$ 3,025,672	(11,982)	985	3,014,675

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(7) Related-party transactions:

(a) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended March 31,	
	2023	2022
Short-term employee benefits	\$ 9,658	12,312
Post-employment benefits	81	81
	\$ 9,739	12,393

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	March 31, 2023	December 31, 2022	March 31, 2022
Demand deposits (classified under other current financial assets)	Performance bond	1,785	1,799	1,763
//	Guarantee for carbon emission	26	26	26
//	Short-term borrowings	\$ -	-	28,625
		\$ 1,811	1,825	30,414

(9) Significant Commitments and contingencies:

(a) The aggregate unpaid amounts of contracts pertaining to the purchase of plant and equipment were as follows:

	March 31, 2022	December 31, 2021	March 31, 2022
Acquisition of property, plant and equipment	\$ 45,681	30,412	55,593

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

	March 31, 2023	December 31, 2022	March 31, 2022
Outstanding guarantee notes	\$ 1,333,710	1,406,518	1,352,400
Actual usage amount	\$ 274,050	307,100	171,750

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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 item	By function	Three months ended March 31,					
		2023			2022		
		Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expenses							
Salaries		143,688	50,008	193,696	195,017	48,569	243,586
Labor and health insurance		6,171	2,915	9,086	6,277	2,825	9,102
Pension		8,767	2,384	11,151	9,251	2,325	11,576
Others		6,093	6,207	12,300	5,894	7,955	13,849
Depreciation		46,117	12,162	58,279	42,457	13,467	55,924
Amortization		917	556	1,473	793	752	1,545

(13) **Other disclosures:**

- (a) Information on significant transactions:

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

- (i) Loans to other parties:

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 3)	Ending balance (Note 3)	Actual usage amount during the period	Interest rate	Nature of financing	Transaction amounts	Reason for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company	Maximum financing limit for the lender
													Item	Value		
0	The Company	NISHOKU VIETNAM	Other accounts receivable	Yes	213,360	213,150	213,150	3.65%	Necessary to loan other parties	-	Operating capital	-	-	-	468,006 (Note 1)	1,872,023 (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.

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(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	4,680,058	1,335,024	1,333,710	274,050	-	28.50%	4,680,058	Y	N	N
"	"	NISHOKU BOUEKI	2	4,680,058	60,070	-	-	-	-%	4,680,058	"	"	"

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 March 31, 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 ownership (%)	Fair value	
The Company	Nomura Global Financial Bond Fund Accumulate	None	Financial assets at fair value through profit or loss-current		7,810	- %	7,810	
"	JPMorgan Investment Funds--Global High Yield Bond Fund	"	"		8,411	-%	8,411	
"	ABITL Income Multi-asset Income Fund of Funds A2	"	"		5,338	-%	5,338	
"	BGF ESG Multi-Asset Fund	"	"		11,036	-%	11,036	
NISHOKU BOUEKI	PineBridge Preferred Securities Income Fund	"	"		5,066	-%	5,066	
The Company	Allianz Global Investors Income and Growth Fund	"	Financial assets at fair value through profit or loss-non current		37,982	-%	37,982	
"	PineBridge Global ESG Quantitative Bond Fund	"	"		43,703	-%	43,703	
"	PineBridge Global Multi-Strategy High Yield Bond Fund	"	"		36,623	-%	36,623	
"	Nomura Global Financial Bond Fund	"	"		20,889	-%	20,889	
"	FSITC GLOBAL HIGH YIELD BOND FUND	"	"		11,495	-%	11,495	

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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 ownership (%)	Fair value	
"	ABITL Income Fund -Multi Asset Income Fund of Funds N	"	"		17,779	-%	17,779	
"	Allianz Global Investors Income and Growth Fund	"	"	-	23,493	-%	23,493	
"	FORMOSA GROUP 15/25	"	Financial assets at amortized cost-non current	-	15,233	-%	14,755	
"	FOXCONN(FAR EAST)16/26MTN	"	"	-	14,963	-%	14,101	
"	STAND. CHART. 15/25 REGS	"	"	-	7,567	-%	7,247	
"	APPLE 16/26	"	"	-	14,937	-%	14,391	
"	BARCLAYS 15/25	"	"	-	7,618	-%	7,172	

- (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.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None
- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None
- (ix) Trading in derivative instruments: None.
- (x) Business relationships and significant intercompany transactions:

The following is the information for the three months ended March 31, 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 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	42,630	Note 3	6.2%
"	"	"	1	Account Payable	42,707	"	0.5%
"	"	KUNSHAN NISHOKU	1	Sales	71,621	"	10.4%
"	"	"	1	Account receivable	71,557	"	0.8%

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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
"	"	"	1	Purchase	31,200	Note 3	4.6%
"	"	"	1	Account Payable	31,170	"	0.4%
"	"	NISHOKU VIETNAM	1	Sales	39,563	"	5.7%
"	"	"	1	Account receivable	39,588	"	0.5%
"	"	"	1	Other receivables	213,150	Loans	2.5%
1	SAME START (Anguilla)	KUNSHAN NISHOKU	3	Purchase	43,081	Note 3	6.2%
"	"	"	3	Account Payable	42,709	"	0.5%
2	KUNSHAN NISHOKU	NISHOKU VIETNAM	3	Sales	12,857	"	1.9%
"	"	"	3	Account receivable	12,794	"	0.2%

Note 1: "0" represents the parent company, and the others represent the subsidiaries.

Note 2: "1" represents the transactions from parent company to subsidiary.

"2" represents the transactions from subsidiary to parent company.

"3" represents the transactions between subsidiaries.

Note 3: The trading price and product that purchase or sale from related parties that did not purchase or sale from third parties, so can not be compared. The payments terms were 90 days for related parties.

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 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 March 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	SUN NICE (SAMOA)	SAMOA	Holding	738,714	738,714	22,468	100%	4,273,064	(37,134)	(37,134)	
"	NISHOKU BOUEKI	Taiwan	Purchase and sales of plastic raws and parts	1,000	1,000	2,800	100%	35,233	233	233	
"	NISHOKU VIETNAM	Vietnam	Manufacture and sale of tooling and plastic products	508,434 (USD 16,500 thousand)	508,434 (USD 16,500 thousand)	-	100%	144,056	(5,261)	(5,166)	
SUN NICE (SAMOA)	SAME START (Anguilla)	Anguilla	Purchase and sale of mold and plastic products	-	-	-	100%	(21,704)	81	2,492	
"	NISHOKU HK	HK	Holding	1,442,881 (USD 45,915 thousand)	1,442,881 (USD 45,915 thousand)	50,298	100%	3,361,098	(15,416)	(15,416)	
"	SUNNICE (BVI)	BVI	"	585,292 (USD 17,948 thousand)	585,292 (USD 17,948 thousand)	15,697	100%	992,955	(3,135)	(3,135)	

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(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, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 1)	Book value (Note 1)	Accumulated remittance of earnings in current period
					Outflow	Inflow						
NISHOKU SHENZHEN	Manufacture and sale of mold and plastic products	USD1,288 thousand	Indirect investment through third area	335,657 (USD10,939 thousand)	-	-	335,657 (USD10,939 thousand)	(11,143)	100%	(11,143)	539,376	475,841
KUNSHAN NISHOKU PLASTIC	Manufacture and sale of mold and plastic products	USD53,310 thousand	"	1,674,270 (USD52,524 thousand)	-	-	1,674,270 (USD52,524 thousand)	(8,651)	100%	(11,014)	3,473,886	892,737

- (ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of March 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
2,009,927	2,378,140	(Note)

Note 1: The above investment income (loss) in Mainland China was based on financial statements audited by the Company's auditors.

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

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

- (iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions" and "Business relationships and significant intercompany 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	7.13%
Yun Ding Investment Limited		4,050,000	6.42%
Jin Hong Investment Limited		3,600,000	5.70%

(14) Segment information:

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

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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:

	For the three months ended March 31, 2023				
	United States	Asia	Europe	Elimination	Total
Revenue from					
external customers	\$ 289,612	106,074	283,658	-	679,344
Reportable segment					
profit or loss	\$ 42,341	(10,453)	(14,604)	-	17,284
	For the three months ended March 31, 2022				
	United States	Asia	Europe	Elimination	Total
Revenue from					
external customers	\$ 429,609	101,702	407,681	-	938,992
Reportable segment					
profit or loss	\$ 86,046	108	29,442	-	115,596