

**NISHOKU TECHNOLOGY INC.
AND ITS SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
For The Three Months Ended March 31, 2024 and 2023**

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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, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024 and 2023. 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

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.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of March 31, 2024 and 2023, its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect 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)

April 26, 2024

Notes to Readers

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

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

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

Consolidated Balance Sheets

March 31, 2024, December 31, 2023 and March 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Assets		March 31, 2024		December 31, 2023		March 31, 2023		Liabilities and Equity		March 31, 2024		December 31, 2023		March 31, 2023					
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%				
Current assets:								Current liabilities:											
1100	Cash and cash equivalents (note 6(a))	\$	3,642,511	42	3,535,076	42	\$	3,811,140	46	2100	Short-term borrowings (note 6(h))	\$	1,206,000	14	1,368,460	16	\$	1,124,050	13
1110	Financial assets at fair value through profit or loss (note 6(b))		42,686	-	40,109	-		37,661	-	2170	Notes and Accounts payable		425,277	5	469,999	6		315,912	4
1170	Noes and accounts receivable, net (note 6(c))		1,145,260	14	1,189,635	14		838,951	10	2280	Current lease liabilities (note 6(j))		1,709	-	23,348	-		24,902	-
130X	Inventories (note 6(d))		346,971	4	351,253	5		377,132	5	2300	Other current liabilities (note 6(p))		376,357	5	409,115	5		369,025	4
1470	Other current assets		64,508	1	34,448	-		23,658	-	2322	Long-term borrowings, current portion (note 6(i))		-	-	200,000	2		50,000	1
1476	Other current financial assets (note 8)		35,829	-	27,149	-		23,727	-				2,009,343	24	2,470,922	29		1,883,889	22
			5,277,765	61	5,177,670	61		5,112,269	61										
Non-current assets:										Non-Current liabilities:									
1511	Non-current financial assets at fair value through profit or loss (note 6(b))		215,175	2	203,426	2		191,964	2	2540	Long-term borrowings (note 6(i))		1,050,000	12	850,000			1,100,000	13
										2570	Deferred tax liabilities and others		787,065	9	733,090	9		719,742	8
1535	Non-current financial assets at amortized cost (note 6(e))		1,633,630	19	1,547,894	18		1,480,091	18	2580	Non-current lease liabilities (note 6(j))		-	-	22,167	-		40,288	-
										2670	Other non-current liabilities		3,087	-	3,028	-		-	-
1600	Property, plant and equipment (note 6(f))		1,420,604	17	1,420,753	17		1,449,891	17				1,840,152	21	1,608,285	19		1,860,030	21
1755	Right-of-use assets (note 6(g))		1,690	-	44,772	1		64,936	1		Total liabilities		3,849,495	45	4,079,207	48		3,743,919	43
1840	Deferred tax assets		16,907	-	38,349	-		38,204	-		Equity attributable to owners of parent (note 6(m) and (n)):								
1985	Long-term prepaid rents		64,766	1	63,181	1		64,975	1										
1990	Other non-current assets		27,804	-	33,462	-		21,647	-	3110	Ordinary share		630,402	7	630,402	7		630,482	8
			3,379,856	39	3,351,837	39		3,311,708	39	3200	Capital surplus		973,549	11	973,549	11		973,766	12
											Retained earnings:								
										3310	Legal reserve		741,898	9	741,898	9		670,934	8
										3320	Special reserve		264,595	3	264,595	3		344,942	4
										3350	Unappropriated retained earnings		2,450,997	28	2,179,701	26		2,330,729	28
													3,457,490	40	3,186,194	38		3,346,605	40
										3400	Other equity interest		(253,315)	(3)	(339,845)	(4)		(270,795)	(3)
											Total equity		4,808,126	55	4,450,300	52		4,680,058	57
Total assets		\$	8,657,621	100	8,529,507	100		8,423,977	100	Total liabilities and equity		\$	8,657,621	100	8,529,507	100		8,423,977	100

See accompanying notes to consolidated financial statements.

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

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Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2024 and 2023

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

		For the three months end March31			
		2024	%	2023	%
4110	Operating revenues (note 6(p))	\$ 932,977	101	690,255	102
4170	Less: Sales returns and allowances	12,982	1	10,911	2
	Net Operating revenues	919,995	100	679,344	100
5000	Operating costs (notes 6(d), (f), (g), (k) and 12)	627,667	68	555,552	82
	Gross profit from operations	292,328	32	123,792	18
6000	Operating expenses: (notes 6(c), (f), (g), (k), (n), (q) and 12)				
6100	Selling expenses	14,883	2	14,470	2
6200	Administrative expenses	82,938	9	71,867	11
6300	Research and development expenses	22,464	2	20,076	3
6450	Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	(1,203)	-	95	-
		119,079	13	106,508	16
	Net operating income	173,249	19	17,284	2
	Non-operating income and expenses:				
7010	Other income (note 6(r))	52,310	6	57,375	8
7020	Other gains and losses, net (note 6(s))	150,609	16	(42,136)	(6)
7050	Finance costs, net (note 6(j))	(15,056)	(2)	(13,618)	(2)
	Total non-operating income and expenses	187,863	20	1,621	-
7900	Profit before tax	361,112	39	18,905	2
7950	Less: Income tax expenses (note 6(l))	89,816	9	1,639	-
	Profit	271,296	30	17,266	2
8300	Other comprehensive income (loss):				
8360	Item that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	105,655	11	17,169	3
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(l))	(21,131)	(2)	(3,434)	(1)
8300	Other comprehensive income (after tax)	84,524	9	13,735	2
8500	Total comprehensive income	<u>\$ 355,820</u>	<u>39</u>	<u>31,001</u>	<u>4</u>
	Profit, attributable to:				
8610	Profit, attributable to owners of parent	<u>\$ 271,296</u>	<u>30</u>	<u>17,266</u>	<u>2</u>
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	<u>\$ 355,820</u>	<u>39</u>	<u>31,001</u>	<u>4</u>
9750	Basic earnings per share (NT dollars) (note 6(o))	<u>\$ 4.33</u>		<u>0.28</u>	
9850	Diluted earnings per share (NT dollars) (note 6(o))	<u>\$ 4.30</u>		<u>0.27</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, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
	Share capital		Retained earnings			Total other equity			Total equity	
						Exchange differences on translation of	Unearned Stock-Based Employee Compensation	attributable to owners of parent		
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	foreign financial statements				Total equity
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
Balance at January 1, 2024	\$ 630,402	973,549	741,898	264,595	2,179,701	(327,343)	(12,502)		4,450,300	4,450,300
Profit for the period	-	-	-	-	271,296	-	-	-	271,296	271,296
Other comprehensive income	-	-	-	-	-	84,524	-	-	84,524	84,524
Total comprehensive income	-	-	-	-	271,296	84,524	-	-	355,820	355,820
Restricted employee stock		-	-	-	-	-		2,006	2,006	2,006
Balance at March 31, 2024	\$ 630,402	973,549	741,898	264,595	2,450,997	(242,819)	(10,496)		4,808,126	4,808,126

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, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2024	2023
Cash flows from (used in) operating activities:		
Profit before tax	\$ 361,112	18,905
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	57,899	59,752
Impairment loss (gain) determined in accordance with IFRS 9	(1,203)	95
Recognition losses (gain) on inventory valuation and obsolescence	(16,666)	5,565
Interest expense	15,056	13,618
Interest income	(49,261)	(56,027)
Compensation cost of restricted stock awards for employees	2,006	2680
Gain on financial assets at fair value through profit or loss	(14,326)	(3,043)
Gain on disposal of property, plant and equipment	(8,623)	(66)
Other	2,720	-
	<u>(12,398)</u>	<u>22,574</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable	45,578	344,918
Inventories	20,948	69,122
Other current assets and other financial assets	<u>(39,745)</u>	<u>2,923</u>
Total changes in operating assets	<u>26,781</u>	<u>416,963</u>
Changes in operating liabilities:		
Notes and accounts payable	(44,722)	(199,115)
Other current liabilities	<u>(55,282)</u>	<u>(46,600)</u>
Total changes in operating liabilities	<u>(100,004)</u>	<u>(245,715)</u>
Total adjustments	<u>(85,621)</u>	<u>193,822</u>
Cash inflow generated from operations	275,491	212,727
Interest received	48,262	39,219
Interest paid	(14,112)	(12,828)
Income taxes paid	<u>(11,190)</u>	<u>(33,293)</u>
Net cash flows from operating activities	<u>298,451</u>	<u>205,825</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized cost	(85,736)	(8,172)
Acquisition of property, plant and equipment	(18,807)	(40,070)
Proceeds from disposal of property, plant and equipment	15,586	10,645
Decrease Refundable deposits	(394)	1,211
Increase in other non-current assets	<u>(2,113)</u>	<u>(283)</u>
Net cash flows used in investing activities	<u>(91,464)</u>	<u>(36,669)</u>
Cash flows from (used in) financing activities:		
Decrease in short-term loans	(162,460)	(33,050)
Repayments of long term borrowings	-	(200,000)
Increase (decrease) in guarantee deposits received	59	(1,867)
Payment of lease liabilities	<u>(6,342)</u>	<u>(6,434)</u>
Net cash flows used in financing activities	<u>(168,743)</u>	<u>(241,351)</u>
Effect of exchange rate changes on cash and cash equivalents	69,191	17,337
Net increase (decrease) in cash and cash equivalents	107,435	(54,858)
Cash and cash equivalents at beginning of period	<u>3,535,076</u>	<u>3,865,998</u>
Cash and cash equivalents at end of period	<u><u>\$ 3,642,511</u></u>	<u><u>3,811,140</u></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, 2024 and 2023

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

(1) Company history

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

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

These consolidated interim financial statements were authorized for issuance by the board of directors on April 26, 2024

(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, 2024., the impact on its consolidated financial statements were as following:

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

- b. The impact of IFRS issued by 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 Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9-Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

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, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

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, 2023. For the related information, please refer to note 4(c) of the consolidated financial statements for the year ended December 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.

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

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

those described in note 5 of the consolidated financial statements for the year ended December 31, 2023.

(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, 2023. For the related information, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2023.

(a) Cash and cash Equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash, and demand deposits	\$ 966,156	752,007	1,312,230
Time deposits	2,460,355	2,543,487	2,438,010
Bond acquired under repurchase agreement	216,000	239,582	60,900
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 3,642,511</u>	<u>3,535,076</u>	<u>3,811,140</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
Fund investments	<u>\$ 42,686</u>	<u>40,109</u>	<u>37,661</u>
Fund investments non current	<u>\$ 215,175</u>	<u>203,426</u>	<u>191,964</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 March 31, 2024, December 31, 2023 and March 31, 2023, the Group did not provide any financial assets as collateral for its loans.

(c) Notes and accounts receivable

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable	\$ 23,287	15,711	11,507
Accounts receivable	1,122,094	1,175,248	827,566
Less : allowance for impairment	(121)	(1,324)	(122)
	<u>\$ 1,145,260</u>	<u>1,189,635</u>	<u>838,951</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.

(Continued)

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

Analysis of expected credit losses were as follows:

	March 31, 2024		
	Carrying amount of accounts receivable	Weighted-avera ge loss rate	Loss allowance for lifetime expected credit losses
Current	\$ 1,080,706	-%	-
0 to 120 days past due	41,231	0%~1%	92
121 to 270 days past due	157	0%~30%	29
Total	<u>\$ 1,122,094</u>		<u>121</u>

	December 31, 2023		
	Carrying amount of accounts receivable	Weighted-avera ge loss rate	Loss allowance for lifetime expected credit losses
Current	\$ 1,153,392	-%	-
0 to 120 days past due	19,563	0%~1%	177
121 to 270 days past due	2,293	0%~30%	1,147
Total	<u>\$ 1,175,248</u>		<u>1,324</u>

	March 31, 2023		
	Carrying amount of accounts receivable	Weighted-avera ge loss rate	Loss allowance for lifetime expected credit losses
Current	\$ 802,951	-%	-
Past due less than 120 days	24,615	0%~1%	122
Total	<u>\$ 827,566</u>		<u>122</u>

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

	Three months ended March 31,	
	2024	2023
Beginning balance	\$ 1,324	27
Impairment loss (reversal)	(1,203)	95
Ending balance	<u>\$ 121</u>	<u>122</u>

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(d) Inventories

	March 31, 2024	December 31, 2023	March 31, 2023
Raw materials	\$ 83,655	97,728	95,379
Work in process	191,763	165,892	203,454
Finished goods	71,553	87,633	78,299
	\$ 346,971	351,253	377,132

For the three months ended March 31, 2024 and 2023, raw material, consumables, and changes in the finished goods and work in progress recognized as cost of sale amounted to \$627,667 thousand and \$555,552 thousand, respectively. For the three months ended March 31, 2024 and 2023, the Group recognized the losses on inventory valuation and obsolescence as cost of goods sold amounting to \$(16,666) thousand and \$5,565 thousand, respectively.

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

(e) Non current financial assets at amortized cost

	March 31, 2024	December 31, 2023	March 31, 2023
Restricted bank deposit-non current	\$ 1,570,242	1,487,071	1,419,773
Bonds	\$ 63,388	60,823	60,318
	\$ 1,633,630	1,547,894	1,480,091

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, 2024, December 31, 2023, and March 31, 2023, the Group did not provide any financial assets measured at amortized costs as collateral for its loans.

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(f) Property, plant and equipment

The cost, depreciation and impairment loss of the property, plant and equipment of the Group for the three months ended March 31, 2024 and 2023, 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, 2024	\$ 179,672	1,131,478	1,847,425	411,428	128,789	3,698,792
Additions	-	3,421	14,930	2,298	1,764	22,413
Reclassifications	-	13,684	2,264	1,172	(17,120)	-
Disposals	-	-	(133,719)	(42,563)	-	(176,282)
Effect of movements in exchange rates	-	23,253	46,767	9,130	5,097	84,247
Balance on March 31, 2024	<u>\$ 179,672</u>	<u>1,171,836</u>	<u>1,777,667</u>	<u>381,465</u>	<u>118,530</u>	<u>3,629,170</u>
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>
Depreciation and impairments loss:						
Balance on January 1, 2024	\$ -	579,655	1,347,535	350,849	-	2,278,039
Depreciation for the period	-	10,738	33,162	5,553	-	49,453
Disposals	-	-	(128,986)	(40,333)	-	(169,319)
Effect of movements in exchange rates	-	11,332	31,718	7,343	-	50,393
Balance on March 31, 2024	<u>\$ -</u>	<u>601,725</u>	<u>1,283,429</u>	<u>323,412</u>	<u>-</u>	<u>2,208,566</u>
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>
Carrying amounts:						
Balance on March 31, 2024	<u>\$ 179,672</u>	<u>570,111</u>	<u>494,238</u>	<u>58,053</u>	<u>118,530</u>	<u>1,420,604</u>
Balance on January 1, 2024	<u>\$ 179,672</u>	<u>551,823</u>	<u>499,890</u>	<u>60,579</u>	<u>128,789</u>	<u>1,420,753</u>
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>

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

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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 and structures	Transportation equipment	Total
Cost:			
Balance at January 1, 2024	\$ 63,129	11,958	75,087
Reduce	(64,343)	-	(64,343)
Effect of changes in foreign exchange rates	1,214	-	1,214
Balance at March 31, 2024	<u>\$ -</u>	<u>11,958</u>	<u>11,958</u>
Balance at January 1, 2023	\$ 64,303	11,958	76,261
Effect of changes in foreign exchange rates	344	-	344
Balance at March 31, 2023	<u>\$ 64,647</u>	<u>11,958</u>	<u>76,605</u>
Accumulated depreciation and impairment losses:			
Balance at January 1, 2024	\$ 21,044	9,271	30,315
Depreciation for the year	5,308	997	6,305
Reduce	(26,809)	-	(26,809)
Effect of changes in foreign exchange rates	457	-	457
Balance at March 31, 2024	<u>\$ -</u>	<u>10,268</u>	<u>10,268</u>
Balance at January 1, 2023	\$ -	5,285	5,285
Depreciation for the year	5,399	997	6,396
Effect of changes in foreign exchange rates	(12)	-	(12)
Balance at March 31, 2023	<u>\$ 5,387</u>	<u>6,282</u>	<u>11,669</u>
Carrying amount:			
Balance on March 31, 2024	<u>\$ -</u>	<u>1,690</u>	<u>1,690</u>
Balance on January 1, 2024	<u>\$ 42,085</u>	<u>2,687</u>	<u>44,772</u>
Balance on March 31, 2023	<u>\$ 59,260</u>	<u>5,676</u>	<u>64,936</u>

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(h) Short-term borrowings

The details were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Credit loans, no pledge	\$ 1,206,000	1,368,460	1,124,050
Interest rate range	1.68%~5.77%	1.655%~6.09%	1.50%~5.49%

(i) Long-term borrowings

The details were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured loans	\$ 1,050,000	1,050,000	1,150,000
Less: current portion	-	(200,000)	(50,000)
Total	<u>\$ 1,050,000</u>	<u>850,000</u>	<u>1,100,000</u>
Interest rate range	<u>1.95%~2.082452%</u>	<u>1.65~2.1%</u>	<u>1.65%~2.155%</u>
Interest rate range- current portion	<u>- %</u>	<u>1.65%</u>	<u>1.824175%</u>

(j) Lease liabilities

The details were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Current	<u>\$ 1,709</u>	<u>23,348</u>	<u>24,902</u>
Non-current	<u>\$ -</u>	<u>22,167</u>	<u>40,288</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months end March 31,	
	2024	2023
Interests of lease liabilities	<u>\$ 161</u>	<u>252</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 98</u>	<u>93</u>

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

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

	For the three months end	
	March 31,	
	2024	2023
Total cash out flow of lease	\$ 6,440	6,527

(k) Employee benefits

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

	For the three months	
	ended March 31,	
	2024	2023
Operating Costs	\$ 7,599	8,767
Operating Expenses	2,081	2,384
Total	\$ 9,680	\$ 11,151

(l) Income tax

- (i) The amounts of tax expense for the three months ended March 31, 2024 and 2023 were \$89,816 thousand and \$1,639 thousand, respectively.
- (ii) The amount of income tax expense under other comprehensive income for the three months ended March 31, 2024 and 2023 were as follows:

	For the three months	
	ended March 31,	
	2024	2023
Exchange differences on translation of foreign financial statements	\$ 21,131	3,434

- (iii) The Company and NISHOKU BOUEKI income tax returns have been examined by the tax authority through the years up to 2022, 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, 2024 and 2023. For the related information, please refer to Note 6(m) of the consolidated financial statements for the year ended December 31, 2023.

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(i) Issuance of capital stock

During the fourth quarter of 2023, the Company reclaimed its 8 thousand unvested employee restricted shares, which were cancelled thereafter, with the approval of its board on December 27, 2023. All relevant registration procedures have been completed as of March 31, 2024.

(ii) Capital surplus

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

	March 31, 2024	December 31, 2023	March 31, 2023
Additional paid-capital	\$ 939,513	939,513	\$939,513
Employee share options	10,892	10,892	10,892
Restricted employee stock	23,144	23,144	23,361
Total	<u>\$ 973,549</u>	<u>973,549</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 26, 2024.

	2023
	Dividend
	per share Amount
Capital surplus allocated to common stock owners	\$ 0.5 <u>31,520</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 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

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

(n) Share-based payment

For the three months ended March 31, 2024 and 2023, there were no significant changes in share-based payment except for the following: (Please refer to note 6(n) of the consolidated financial statements for the year ended December 31, 2023 for other related information).

(i). Restricted stock

As of March 31, 2024, the restricted stock plans of the Company were as follows:

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

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

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

	For the three months ended March 31	
	2024	2023
(in thousands of shares)		
Outstanding at beginning of period	364	372
Granted during the period	-	-
Vested during the period	-	-
Forfeited during the period	-	-
Outstanding at end of period	<u>364</u>	<u>372</u>

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

	For the three months ended March 31	
	2024	2023
Restricted stock for employees	<u>\$ 2,006</u>	<u>2,680</u>

(o) Earnings per share

	For the three months ended March 31,	
	2024	2023
Basic earnings per share:		
Profit attributable to ordinary shareholders of the Company	<u>\$ 271,296</u>	<u>\$ 17,266</u>
Weighted-average number of ordinary shares (thousand shares)	<u>62,676</u>	<u>62,676</u>
Basic earnings per share (NTD)	<u>\$ 4.33</u>	<u>\$ 0.28</u>
	For the three months ended March 31,	
	2024	2023
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company	<u>\$ 271,296</u>	<u>17,266</u>
Weighted-average number of ordinary shares (thousand shares)	62,676	62,676
Effect of employee stock bonus	179	231
Effect of restricted stock	274	102
Weighted average number of ordinary shares (diluted) (thousand shares)	<u>63,129</u>	<u>63,009</u>
Diluted earnings per share (NTD)	<u>\$ 4.30</u>	<u>\$ 0.27</u>

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(p) Revenue from contracts with customers

(i) Details of revenue

	For the three months ended March 31,	
	2024	2023
<u>Primary geographical markets</u>		
North America	\$ 443,462	289,612
Asia	103,216	106,074
Europe	373,317	283,658
	<u>\$ 919,995</u>	<u>679,344</u>
<u>Primary productions</u>		
Plastic injection	\$ 859,270	633,602
Mold	59,660	45,175
Others	1,065	567
	<u>\$ 919,995</u>	<u>679,344</u>

(ii) Contract balances

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

	2024.3.31	2023.12.31	2023.3.31
Contract liabilities	<u>\$ 20,124</u>	<u>29,130</u>	<u>18,336</u>

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, 2024 and 2023, which was included in the contract liability balance at the beginning of the period, was \$ 13,523 thousand and \$4,159 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' 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, 2024 and 2023, the Company estimated its employee remuneration amounting to \$5,526 thousand and \$5,526 thousand, and directors' remuneration amounting to \$1,981 thousand and \$1,981 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

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

operating expense. If the actual amount of the annual distribution and the estimated amount were different, according to the changes in accounting estimates, 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, 2023 and 2022, the Company estimated its employee remuneration amounting to \$24,300 thousand and \$27,000 thousand, respectively, and directors' and supervisors' remuneration amounting to \$8,720 thousand and \$10,200 thousand respectively. Please refer to Market Observation Post System for further information.

(r) Other revenue

The other revenue for the three months ended March 31, 2024 and 2023 were as follows:

	For the three-months ended March 31,	
	2024	2023
Interest income	\$ 49,261	56,027
Others	3,049	1,348
Total other income	<u>\$ 52,310</u>	<u>57,375</u>

(s) Other gains and losses

The other gains and losses for the three months ended March 31, 2024 and 2023 were as follows:

	For the three months ended March 31,	
	2024	2023
Foreign currency exchange gains (losses) , net	\$ 130,351	(45,223)
Gains on financial assets at fair value through profit or loss	14,326	3,043
Gains on disposals of property, plant and equipment	8,623	66
Others	(2,691)	(22)
Net gains and losses	<u>\$ 150,609</u>	<u>\$ (42,136)</u>

(t) 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(t) of the consolidated financial statements for the year ended December 31, 2023.

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(i) Credit risk

1) Credit risk exposure

As of March 31, 2024 and 2023, the Group's maximum exposure to credit risk was mainly from the carrying amount of financial assets recognized in the consolidated statements of financial position and amounted to \$6,715,091 thousand and \$6,383,534 thousand, respectively. The Group had deposited these bank deposits in different financial institutions, and the Group believes that there is no significant credit risk from the above mentioned financial institutions.

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, 2024 and 2023, sales to the individual customers whose revenue constituting over 10% of net revenue are 59% and 39% of total revenues respectively. As of March 31, 2024 and 2023, 58% and 36%, 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, 2024				
Non-derivative financial liabilities				
Short-term borrowings	\$ 1,206,000	1,213,461	1,213,461	-
Long-term borrowings	1,050,000	1,084,309	20,795	1,063,514
Non-interest bearing liabilities				
Notes and accounts payable	425,277	425,277	425,277	-
Lease liabilities	1,709	1,709	1,709	-
Other financial liabilities	53,986	53,986	53,986	-
	<u>\$ 2,736,972</u>	<u>2,778,742</u>	<u>1,715,228</u>	<u>1,063,514</u>
December 31, 2023				
Non-derivative financial liabilities				
Short-term borrowings	\$ 1,368,460	1,375,204	1,375,204	-
Long-term borrowings	850,000	878,744	16,285	862,459
Long term borrowings, current portion	200,000	201,247	201,247	-
Non-interest bearing liabilities				
Notes and accounts payable	469,999	469,999	469,999	-
Lease liabilities	45,515	45,515	23,348	22,167
Other financial liabilities	62,529	62,529	62,529	-
	<u>\$ 2,996,503</u>	<u>3,033,238</u>	<u>2,148,612</u>	<u>884,626</u>

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

	Carrying amount	Contractual cash flows	within 1 year	1-2 years
March 31, 2023				
Non-derivative financial liabilities				
Short-term borrowings	\$ 1,124,505	1,127,576	1,127,576	-
Long term borrowings	1,100,000	1,129,556	20,955	1,108,601
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 liability	65,190	65,190	24,902	40,288
Other financial liabilities	36,159	36,159	36,159	-
	<u><u>\$ 2,691,311</u></u>	<u><u>2,724,905</u></u>	<u><u>1,576,016</u></u>	<u><u>1,148,889</u></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:

March 31, 2024				December 31, 2023				March 31, 2023		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	
Financial assets										
<u>Monetary Items</u>										
USD	\$	120,170	32.000	3,845,440	130,908	30.705	4,019,519	119,428	30.450	3,636,586
EUR		480	34.460	16,552	444	33.980	15,079	805	33.150	26,674
VND		10,708,834	0.001265	13,547	4,299,147	0.001245	5,352	3,783,566	0.001275	4,824
Financial liabilities										
<u>Monetary Items</u>										
USD		3,264	32.000	104,462	4,096	30.705	125,766	1,793	30.450	54,610
VND		37,460,529	0.001265	47,388	41,822,729	0.001245	52,069	13,299,028	0.001275	16,956

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 VND at March 31, 2024 and 2023, would have increased or decreased the net profit before tax by \$37,237 thousand and \$35,965 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, 2024 and 2023, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$130,351 thousand and \$(45,223) 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 \$257 thousand and \$187 thousand for the three months ended March 31, 2024 and 2023, 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 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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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

		March 31, 2024				
		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						
	\$	42,686	42,686	-	-	42,686
Non derivative financial assets at fair value through profit or loss-non-current						
	\$	215,175	215,175	-	-	215,175
Financial assets carried at amortized cost						
Cash and cash equivalents	\$	3,642,511				
Notes and accounts receivable, net		1,145,260				
Other financial assets-current		35,829				
Refundable deposits		5,880				
Non-current financial assets measured at amortized cost		1,633,630				
	\$	6,463,110				
Financial liabilities carried at amortized cost						
Long and short term borrowings	\$	2,256,000				
Notes and accounts payable		425,277				
Lease liability		1,709				
Other payable		53,986				
	\$	2,736,972				
		December 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-current through profit or loss-current						
	\$	40,109	40,109	-	-	40,109
Non derivative financial assets at fair value through profit or loss-non-current						
	\$	203,426	203,426	-	-	203,426
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	3,535,076				
Notes and accounts receivable, net		1,189,635				
Other financial assets-current		27,149				
Refundable deposits		9,069				
Non-current financial assets measured at amortized cost		1,547,894				
	\$	6,308,823				
Financial liabilities carried at amortized cost						
Long and short term borrowings	\$	2,418,460				

(Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

		December 31, 2023			
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Notes and accounts payable	469,999				
Lease liability	45,515				
Other payable	62,529				
	<u>\$ 2,996,503</u>				
		March 31, 2023			
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets at fair value through profit or loss-current	\$ 37,661	37,661	-	-	37,661
Non-derivative financial assets at fair value through profit or loss-non-current	\$ 191,964	191,964	-	-	191,964
Financial liabilities 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>				

2) Valuation techniques for financial instruments measured at fair value

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

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

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(u) 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, 2024 and 2023. For the related information, please refer to note 6(u) of the consolidated financial statements for the year ended December 31, 2023.

(v) Capital management

As of March 31, 2024, there were no changes in the Group's approach to capital management. For the related information, please refer to Note 6(v) of the consolidated financial statements for the year ended December 31, 2023.

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

The Group's investing and financing activities which did not affect the current cash flow in the three months ended March 31, 2024 and 2023, were as follows:

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

	January1, 2024	Cash flows	Foreign exchange movement and others	March31, 2024
Short term borrowings	\$ 1,368,460	(162,460)	-	1,206,000
Long term borrowings (including current portion)	1,050,000	-	-	1,050,000
Lease liability	45,515	(6,342)	(37,464)	1,709
Total liabilities from financing activities	\$ 2,463,975	(168,802)	(37,464)	2,257,709

	January 1, 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

(Continued)

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

(7) Related-party transactions:

(a) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended March 31,	
	2024	2023
Short-term employee benefits	\$ 10,480	9,658
Post-employment benefits	81	81
	<u>\$ 10,561</u>	<u>9,739</u>

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	March 31, 2024	December 31, 2023	March 31, 2023
Demand deposits (classified under other current financial assets)	Performance bond	1,771	1,743	1,785
//	Guarantee for carbon emission	26	26	26
		<u>\$ 1,797</u>	<u>1,769</u>	<u>1,811</u>

(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, 2024	December 31, 2023	March 31, 2023
Acquisition of property, plant and equipment	<u>\$ 42,372</u>	<u>60,961</u>	<u>45,681</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
Outstanding guarantee notes	<u>\$ 1,513,600</u>	<u>1,406,289</u>	<u>1,333,710</u>
Actual usage amount	<u>\$ 256,000</u>	<u>368,460</u>	<u>274,050</u>

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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,					
		2024			2023		
		Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expenses							
Salaries		188,609	49,538	238,147	143,688	50,008	193,696
Labor and health insurance		7,630	2,785	10,415	6,171	2,915	9,086
Pension		7,599	2,081	9,680	8,767	2,384	11,151
Others		14,447	12,834	27,281	6,093	6,207	12,300
Depreciation		44,079	11,679	55,758	46,117	12,162	58,279
Amortization		1,427	714	2,141	917	556	1,473

(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	192,000	192,000	192,000	5.82%	Necessary to loan other parties	-	Operating capital	-	-	-	480,813 (Note 1)	1,923,250 (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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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		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	4,808,126	1,513,600	1,513,600	256,000	-	31.48%	4,808,126	Y	N	N

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

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

Name of holder	Nature and name of securities	Relationship with the securities issuer	Account name	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Nomura Global Financial Bond Fund Accumulate	None	Financial assets at fair value		8,742	- %	8,742	
"	JPMorgan Investment Funds–Global High Yield Bond Fund	"	through profit or loss-current		9,727	-%	9,727	
"	ABITL Income Multi-asset Income Fund of Funds A2	"	"		6,383	-%	6,383	
"	BGF ESG Multi-Asset Fund	"	"		12,496	-%	12,496	
NISHOKU	PineBridge Preferred Securities Income Fund	"	"		5,338	-%	5,338	
BOUEKI								
The Company	Allianz Global Investors Income and Growth Fund	"	Financial assets at fair value		41,754	-%	41,754	
"	PineBridge Global ESG Quantitative Bond Fund	"	through profit or loss-non current		47,474	-%	47,474	
"	PineBridge Global Multi-Strategy High Yield Bond Fund	"	"		42,012	-%	42,012	
"	Nomura Global Financial Bond Fund	"	"		23,381	-%	23,381	
"	FSITC GLOBAL HIGH YIELD BOND FUND	"	"		13,144	-%	13,144	

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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	"	"		19,028	-%	19,028	
"	Allianz Global Investors Income and Growth Fund	"	"	-	28,382	-%	28,382	
"	FORMOSA GROUP 15/25	"	Financial assets at amortized cost-non current	-	16,008	-%	15,752	
"	FOXCONN(FAR EAST)16/26MTN	"	"	-	15,725	-%	15,006	
"	STAND. CHART. 15/25 REGS	"	"	-	7,952	-%	7,866	
"	APPLE 16/26	"	"	-	15,698	-%	15,178	
"	BARCLAYS 15/25	"	"	-	8,005	-%	7,829	

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

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	KUNSHAN NISHOKU PLASTIC	"	Sale	(107,851)	(53)%	Note 1	Note 1	Note 1	109,961	56%	Note 2
KUNSHAN NISHOKU PLASTIC	The Company	"	Purchase	107,851	44%	"	"	"	(109,961)	(28)%	"

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

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

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

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	KUNSHAN NISHOKU PLASTIC	Associate	109,961	3.81	-	-	48,041	-

(ix) Trading in derivative instruments: None.

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(x) Business relationships and significant intercompany transactions:

The following is the information for the three months ended March 31, 2024, business relationships and significant intercompany transactions with the amounts exceeding NT\$10 million:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of	Intercompany transactions			
			relationship (Note 2)	Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	SAME START (Anguilla)	1	Purchase	22,933	Note 3	2.5%
"	"	"	1	Account Payable	22,714	"	0.3%
"	"	KUNSHAN NISHOKU	1	Sales	107,851	"	11.6%
"	"	"	1	Account receivable	109,961	"	1.3%
"	"	NISHOKU VIETNAM	1	Sales	49,824	"	5.3%
"	"	"	1	Account receivable	50,699	"	0.6%
"	"	"	1	Other receivables	199,286	Loans to related party	2.3%
1	SAME START (Anguilla)	KUNSHAN NISHOKU	3	Purchase	21,158	Note 3	2.3%
"	"	"	3	Account Payable	21,634	"	0.2%
2	KUNSHAN NISHOKU	NISHOKU VIETNAM	3	Sales	24,906	"	2.7%
"	"	"	3	Account receivable	25,524	"	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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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2024 (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, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	SUN NICE (SAMOA)	SAMOA	Holding	427,214	427,214	12,468	100%	4,156,105	134,942	134,942	
"	NISHOKU BOUEKI	Taiwan	Purchase and sales of plastic raws and parts	1,000	1,000	300	100%	10,389	297	297	
"	NISHOKU VIETNAM	Vietnam	Manufacture and sale of tooling and plastic products	822,634 (USD 26,500 thousand)	696,594 (USD 22,500 thousand)	-	100%	513,724	46,294	46,294	
SUN NICE (SAMOA)	SAME START (Anguilla)	Anguilla	Purchase and sale of mold and plastic products	-	-	-	100%	(12,833)	28	2,366	
"	NISHOKU HK	HK	Holding	1,131,381 (USD 35,915 thousand)	1,131,381 (USD 35,915 thousand)	40,298	100%	3,164,138	92,210	92,210	
"	SUNNICE (BVI)	BVI	"	585,292 (USD 17,948 thousand)	585,292 (USD 17,948 thousand)	15,697	100%	1,036,630	40,415	40,415	

(c) Information on investment in Mainland China:

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2024	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 1)	Book value (Note 1)	Accumulated remittance of earnings in current period
					Outflow	Inflow						
NISHOKU SHENZHEN	Manufacture and sale of mold and plastic products	USD 1,288 thousand	Indirect investment through third area	28,813 (USD939 thousand)	-	-	28,813 (USD939 thousand)	(10,387)	100%	(10,387)	531,866	475,841
KUNSHAN NISHOKU PLASTIC	Manufacture and sale of mold and plastic products	USD 53,310 thousand	"	1,674,270 (USD52,524 thousand)	-	-	1,674,270 (USD52,524 thousand)	141,739	100%	141,739	3,626,788	1,237,950

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of March 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
1,703,083	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.

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to 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	5.71%

(14) Segment information:

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

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

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

	For the three months ended March 31, 2024				
	United States	Asia	Europe	Elimination	Total
Revenue from					
external customers	\$ 443,462	103,216	373,317	-	919,995
Reportable segment					
profit or loss	\$ 146,835	(4,272)	30,686	-	173,249

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NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	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

(Continued)