

**NISHOKU TECHNOLOGY INC.
AND ITS SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
For The Nine Months Ended September 30, 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 September 30, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the nine months ended September 30, 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 September 30, 2024 and 2023, its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 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)
November 01, 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

September 30, 2024, December 31, 2023 and September 30, 2023

(Expressed in Thousands of New Taiwan Dollars)

Assets		September 30, 2024		December 31, 2023		September 30, 2023		Liabilities and Equity		September 30, 2024		December 31, 2023		September 30, 2023			
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%		
Current assets:																	
1100	Cash and cash equivalents (note 6(a))	\$	3,141,791	37	3,535,076	42	3,570,485	41	2100	Short-term borrowings (note 6(h))	\$	1,224,900	15	1,368,460	16	1,308,160	15
1110	Financial assets at fair value through profit or loss (note 6(b))		44,239	-	40,109	-	39,472	-	2170	Notes and Accounts payable		545,466	6	469,999	6	532,870	6
1170	Noes and accounts receivable, net (note 6(c))		1,247,850	15	1,189,635	14	1,179,518	14	2280	Current lease liabilities (note 6(j))		2,102	-	23,348	-	24,693	-
1137	Current financial assets at amortized cost (note 6(e))		437,814	5	-	-	-	-	2300	Other current liabilities (note 6(p))		364,682	4	409,115	5	397,900	5
130X	Inventories (note 6(d))		409,861	5	351,253	5	401,388	5	2322	Long-term borrowings, current portion (note 6(i))		-	-	200,000	2	300,000	3
1470	Other current assets		42,463	1	34,448	-	34,308	-				2,137,150	25	2,470,922	29	2,563,623	29
1476	Other current financial assets (note 8)		21,292	-	27,149	-	23,243	-	Non-Current liabilities:								
			5,345,310	63	5,177,670	61	5,248,414	60	2540	Long-term borrowings (note 6(i))		900,000	11	850,000	10	850,000	10
Non-current assets:																	
1511	Non-current financial assets at fair value through profit or loss (note 6(b))		178,514	2	203,426	2	200,332	2	2570	Deferred tax liabilities		739,022	9	733,090	9	756,110	9
1535	Non-current financial assets at amortized cost (note 6(e))		1,258,475	15	1,547,894	18	1,606,230	18	2580	Non-current lease liabilities (note 6(j))		4,020	-	22,167	-	27,913	-
1600	Property, plant and equipment (note 6(f))		1,492,462	18	1,420,753	17	1,464,340	18	2670	Other non-current liabilities		-	-	3,028	-	3,090	-
1755	Right-of-use assets (note 6(g))		6,114	-	44,772	1	51,994	1				1,643,042	20	1,608,285	19	1,637,113	19
1840	Deferred tax assets		18,330	-	38,349	-	32,326	-	Total liabilities								
1985	Long-term prepaid rents		63,892	1	63,181	1	66,194	1				3,780,192	45	4,079,207	48	4,200,736	48
1990	Other non-current assets		111,225	1	33,462	-	43,759	-	Equity attributable to owners of parent (note 6(m) and (n)):								
			3,129,012	37	3,351,837	39	3,465,175	40	3110	Ordinary share		630,402	7	630,402	7	630,482	7
									3200	Capital surplus		942,029	11	973,549	11	972,051	11
									Retained earnings:								
									3310	Legal reserve		741,898	9	741,898	9	741,898	9
									3320	Special reserve		327,343	4	264,595	3	264,595	3
									3350	Unappropriated retained earnings		2,224,629	26	2,179,701	26	2,159,624	25
												3,293,870	39	3,186,194	38	3,166,117	37
									3400	Other equity interest		(172,171)	(2)	(339,845)	(4)	(257,797)	(3)
										Total equity		4,694,130	55	4,450,300	52	4,512,853	52
Total assets		\$	8,474,322	100	8,529,507	100	8,713,589	100	Total liabilities and equity		\$	8,474,322	100	8,529,507	100	8,713,589	100

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

For the nine months ended September 30, 2024 and 2023

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

		Three months ended September 30,				Nine months ended September 30,			
		2024		2023		2024		2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4110	Operation Revenues(notes 6(p))	\$ 1,142,141	102	949,771	102	3,073,721	102	2,539,378	102
4170	Less: Sales returns and allowance	23,080	2	18,906	2	55,998	2	43,391	2
	Net Operating revenues	1,119,061	100	930,865	100	3,017,723	100	2,495,987	100
5000	Operating costs (notes 6(d), (f),(g) ,(k),12)	764,916	68	714,908	77	2,095,596	69	1,852,346	74
	Gross profit from operations	354,145	32	215,957	23	922,127	31	643,641	26
6000	Operating expenses (notes 6(c), (f), (g) , (k) , (n),(q) and 12)								
6100	Selling expenses	16,663	1	16,273	2	47,259	2	48,258	2
6200	Administrative expenses	75,593	7	78,037	8	239,991	8	222,039	9
6300	Research and development expenses	24,259	2	21,238	2	70,974	2	60,314	2
6450	Impairment loss (reversal) determined in accordance with IFRS 9	435	-	399	-	(606)	-	464	-
		116,950	10	115,947	12	357,618	12	331,075	13
	Net operating income	237,195	22	100,010	11	564,509	19	312,566	13
	Non-operating income and expenses:								
7010	Other income (notes 6(r))	48,837	4	47,926	5	156,920	5	146,130	6
7020	Other gains and losses, net (notes 6(s))	(139,455)	(12)	97,490	10	57,872	2	216,217	9
7050	Finance costs, net(notes 6(j))	(12,616)	(1)	(14,545)	(1)	(39,802)	(1)	(41,231)	(2)
	Total non-operating income and expenses	(103,234)	(9)	130,871	14	174,990	6	321,116	13
7900	Profit from continuing operations before tax	133,961	13	230,881	25	739,499	25	633,682	26
7950	Less: Tax expense (note 6(l))	34,560	3	54,136	6	190,541	6	166,662	7
	Profit	99,401	10	176,745	19	548,958	19	467,020	19
8300	Other comprehensive income:								
8360	Components of other comprehensive income that will be reclassified to profit or loss								
8361	Exchange differences on translation	52,283	5	142,456	15	202,070	7	28,081	1

See accompanying notes to consolidated financial statements.

		Three months ended September 30,				Nine months ended September 30,			
		2024		2023		2024		2023	
		Amount	%	Amount	%	Amount	%	Amount	%
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(l))	(10,457)	(1)	(28,491)	(3)	(40,414)	(1)	(5,616)	-
8300	Other comprehensive income, net	41,826	4	113,965	12	161,656	6	22,465	1
8500	Total comprehensive income	\$ 141,227	14	290,710	31	710,614	25	489,485	20
Profit, attributable to:									
8610	Profit, attributable to owners of parent	\$ 99,401	10	176,745	19	548,958	19	467,020	19
Comprehensive income attributable to:									
8710	Comprehensive income, attributable to owners of parent	\$ 141,227	14	290,710	31	710,614	25	489,485	20
9750	Basic earnings per share (NT dollars) (note 6(o))	<u>\$ 1.59</u>		<u>2.82</u>		<u>8.76</u>		<u>7.45</u>	
9850	Diluted earnings per share (NT dollars) (note 6(o))	<u>\$ 1.57</u>		<u>2.80</u>		<u>8.69</u>		<u>7.40</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 nine months ended September 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
	Share capital	Other equity interest						Total equity	Total equity	
		Retained earnings				Exchange differences on translation of foreign financial statements	Unearned Stock-Based Employee Compensation			attributable to owners of parent
		Ordinary shares	Capital surplus	Legal reserve	Special reserve					
Balance at January 1, 2023	\$ 630,482	973,766	670,934	344,942	2,313,463	(264,595)	(22,615)	4,646,377	4,646,377	
Profit for the nine months ended September 30, 2024	-	-	-	-	467,020	-	-	467,020	467,020	
Other comprehensive income for the nine months ended September 30, 2024	-	-	-	-	-	22,465	-	22,465	22,465	
Total comprehensive income for the nine months ended September 30, 2024	-	-	-	-	467,020	22,465	-	489,485	489,485	
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	70,964		(70,964)	-	-	-	-	
Special reserve appropriated	-	-		(80,347)	80,347	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(630,242)	-	-	(630,242)	(630,242)	
Employee restricted shares retired	(240)	(1,508)	-	-	-	-	1,748	-	-	
Restricted employee stock	240	1,793	-	-	-	-	5,200	7,233	7,233	
Balance at September 30, 2024	\$ 630,482	974,051	741,898	264,595	2,159,624	(242,130)	(15,667)	4,512,853	4,512,853	
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 nine months ended September 30, 2024	-	-	-	-	548,958	-	-	548,958	548,958	
Other comprehensive income for the nine months ended September 30, 2024	-	-	-	-	-	161,656	-	161,656	161,656	
Total comprehensive income for the nine months ended September 30, 2024	-	-	-	-	548,958	161,656	-	710,614	710,614	
Appropriation and distribution of retained earnings:										
Special reserve appropriated	-	-	-	62,748	(62,748)	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(441,282)	-	-	(441,282)	(441,282)	
Cash dividends distributed by capital surplus	-	(31,520)	-	-	-	-	-	(31,520)	(31,520)	
Restricted employee stock	-	-	-	-	-	-	6,018	6,018	6,018	
Balance at September 30, 2024	\$ 630,402	942,029	741,898	327,343	2,224,629	(165,687)	(6,484)	4,694,130	4,694,130	

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 nine months ended September 30, 2024 and 2023

	For the nine months ended September 30,	
	2024	2023
Cash flows from (used in) operating activities:		
Profit before tax	\$ 739,499	633,682
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	162,290	176,866
Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	(606)	464
Recognition gain on inventory valuation and obsolescence	(28,636)	(12,909)
Interest expense	39,802	41,231
Gain on financial assets at fair value through profit or loss	(20,858)	(13,222)
Interest income	(149,117)	(135,646)
Remuneration cost of restricted employee stock	6,018	7,233
Gain on disposal of property, plant and equipment	(10,326)	(12,240)
Other	2,697	-
Total adjustments to reconcile profit :	<u>1,264</u>	<u>51,777</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss		
Notes and accounts receivable	(57,609)	3,982
Inventories	(29,972)	63,340
Other current assets and other financial assets	(6,690)	(3,764)
Total changes in operating assets	<u>(94,271)</u>	<u>63,558</u>
Changes in operating liabilities:		
Notes and accounts payable	75,467	17,843
Other current liabilities	(34,850)	2,273
Total changes in operating liabilities	<u>40,617</u>	<u>20,116</u>
Total adjustments	<u>(52,390)</u>	<u>135,451</u>
Cash inflow generated from operations	687,109	769,133
Interest received	157,277	121,755
Interest paid	(41,583)	(39,430)
Income taxes paid	(223,383)	(192,996)
Net cash flows from operating activities	<u>579,420</u>	<u>658,462</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized cost	(148,395)	(134,311)
Proceeds from disposal of financial assets at fair value through profit or loss	41,640	-
Acquisition of property, plant and equipment	(258,146)	(164,380)
Proceeds from disposal of property, plant and equipment	22,423	46,036
Decrease (increase) refundable deposits	(1,875)	1,178
Increase in other Non-current assets	(10,238)	(8,232)
Net cash flows used in investing activities	<u>(354,591)</u>	<u>(259,709)</u>
Cash flows from (used in) financing activities:		
Decrease in short-term loans	(143,560)	151,060
Repayments of long-term borrowings	(150,000)	(200,000)
Decrease (increase) in guarantee deposits	(3,028)	1,223
Payment of lease liabilities	(8,452)	(19,135)
Cash dividends paid	(472,802)	(630,242)
Net cash flows used in financing activities	<u>(777,842)</u>	<u>(697,094)</u>
Effect of exchange rate changes on cash and cash equivalents	159,728	2,828
Net decrease in cash and cash equivalents	(393,285)	(295,513)
Cash and cash equivalents at beginning of period	3,535,076	3,865,998
Cash and cash equivalents at end of period	<u><u>\$ 3,141,791</u></u>	<u><u>3,570,485</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

September 30, 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 November 01, 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 the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 21 “Lack of Exchangeability”

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

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

Continued)

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS18 “Presentation and Disclosures in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1,2027

The Group is evaluating the impact of its initial adoption of the above mentioned standard 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”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”

Continued)

- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards

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

Continued)

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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

	September 30, 2024	December 31, 2023	September 30, 2023
Cash, and demand deposits	\$ 742,534	752,007	1,011,770
Time deposits	2,399,257	2,543,487	2,361,905
Bond acquired under repurchase agreement	-	239,582	196,810
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 3,141,791</u>	<u>3,535,076</u>	<u>3,570,485</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Fund investments-current	\$ 44,239	40,109	39,472
Fund investments-non current	<u>\$ 178,514</u>	<u>203,426</u>	<u>200,332</u>

- (i) Please refer to note 6(e) for fund investments-non-current.
- (ii) Please refer to note 6(t) for credit risk and market risk.
- (iii) As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group did not provide any financial assets as collateral for its loans.

(c) Notes and accounts receivable

	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable	\$ -	15,711	7,923
Accounts receivable	1,248,568	1,175,248	1,172,086
Less : allowance for impairment	(718)	(1,324)	(491)
	<u>\$ 1,247,850</u>	<u>1,189,635</u>	<u>1,179,518</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:

	September 30, 2024		
	Carrying amount of accounts receivable	Weighted-average loss rate	Loss allowance for lifetime expected credit losses
Current	\$ 1,237,928	-%	-
0 to 120 days past due	9,556	0%~1%	182
121 to 270 days past due	1,084	0%~30%	536
Total	<u>\$ 1,248,568</u>		<u>718</u>

	December 31, 2023		
	Carrying amount of accounts receivable	Weighted-average 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>

	September 30, 2023		
	Carrying amount of accounts receivable	Weighted-average loss rate	Loss allowance for lifetime expected credit losses
Current	\$ 1,158,601	-%	-
0 to 120 days past due	13,485	0%~1%	491
Total	<u>\$ 1,172,086</u>		<u>491</u>

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

	Nine months ended September 30,	
	2024	2023
Beginning balance	\$ 1,324	27
Impairment loss (reversal)	(606)	464
Ending balance	<u>\$ 718</u>	<u>491</u>

(d) Inventories

	September 30, 2024	December 31, 2023	September 30, 2023
Raw materials	\$ 101,965	97,728	100,080
Work in process	224,370	165,892	215,141
Finished goods	83,526	87,633	86,167
	<u>\$ 409,861</u>	<u>351,253</u>	<u>401,388</u>

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For the three months ended September 30, 2024 and September 30, 2023, and for the nine months ended September 30, 2024 and September 30, 2023, raw material, consumables, and changes in the finished goods and work in progress recognized as cost of sale amounted to \$764,916 thousand and \$714,908 thousand, and \$2,095,596 thousand, and \$1,852,346 thousand, respectively. For the three months ended September 30, 2024 and September 30, 2023, and for the nine months ended September 30, 2024 and September 30, 2023, the Group recognized the reversal gain on inventory valuation and obsolescence as cost of goods sold amounting to \$6,503 thousand and \$4,384 thousand, and \$(28,636) thousand and (12,909) thousand, respectively.

As of September 30, 2024, December 31, 2023, and September 30, 2023, the Group did not provide any inventories as collateral.

(e) Non current financial assets at amortized cost

	September 30, 2024	December 31, 2023	September 30, 2023
Restricted bank deposit- Current	\$ 437,814	-	-
Restricted bank deposit-non current	\$ 1,195,780	1,487,071	1,542,308
Bonds	62,695	60,823	63,922
	\$ 1,258,475	1,547,894	1,606,230

In June 2021, May and July 2020, the Group applied to the IRS for the application of “ The Management, Utilization, and Taxation of Repatriated Offshore Funds Act” (hereinafter referred to as the “Act”), which was approved; and thereafter, its overseas funds had been remitted to Taiwan within one month based on the Act. According to the Act, the funds need to be deposited in a special purpose account for five years, in which 5% of the funds can be used without restriction, 25% can be used on financial investment, and a minimum of 70% can be used for substantive investment. In the 6th year, the funds can only be redeemed within 3 consecutive years. For funds used on financial investment, please refer to note 6(b) “ Fund investments noncurrent”

The Group assessed that these corporate bonds held until maturity to collect contractual cash flows, which are solely for the payment of the principal and interest of the outstanding principal, shall be presented as financial assets at amortized cost.

As of September 30, 2024, December 31, 2023, and September 30, 2023, the Group did not provide any financial assets measured at amortized costs as collateral for its loans.

(f) Property, plant and equipment

The cost, depreciation and impairment loss of the property, plant and equipment of the Group for the nine months ended September 30, 2024 and 2023, were as follows.

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

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	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	-	10,740	103,409	8,884	67,893	190,926
Reclassifications	-	114,106	20,453	4,002	(138,561)	-
Disposals	-	-	(210,008)	(50,059)	-	(260,067)
Effect of movements in exchange rates	-	36,495	66,197	16,613	5,879	125,184
Balance on September 30, 2024	<u><u>\$ 179,672</u></u>	<u><u>1,292,819</u></u>	<u><u>1,827,476</u></u>	<u><u>390,868</u></u>	<u><u>64,000</u></u>	<u><u>3,754,835</u></u>
Balance on January 1, 2023	\$ 179,672	1,127,269	2,074,519	466,770	116,015	3,964,245
Additions	-	6,631	79,278	25,222	36,678	148,809
Reclassifications	-	10,348	14,008	4,485	(28,841)	-
Disposals	-	-	(178,942)	(59,266)	-	(238,208)
Effect of movements in exchange rates	-	13,023	23,639	4,050	5,862	46,574
Balance on September 30, 2023	<u><u>\$ 179,672</u></u>	<u><u>1,157,271</u></u>	<u><u>2,012,502</u></u>	<u><u>441,261</u></u>	<u><u>130,714</u></u>	<u><u>3,921,420</u></u>
Depreciation and impairments loss:						
Balance on January 1, 2024	\$ -	579,655	1,347,535	350,849	-	2,278,039
Depreciation for the period	-	33,556	96,756	16,484	-	146,796
Disposals	-	-	(200,181)	(47,789)	-	(247,970)
Effect of movements in exchange rates	-	20,049	51,049	14,410	-	85,508
Balance on September 30, 2024	<u><u>\$ -</u></u>	<u><u>633,260</u></u>	<u><u>1,295,159</u></u>	<u><u>333,954</u></u>	<u><u>-</u></u>	<u><u>2,262,373</u></u>
Balance on January 1, 2023	\$ -	542,273	1,528,555	413,851	-	2,484,679
Depreciation for the period	-	33,199	98,430	21,367	-	152,996
Disposals	-	-	(146,670)	(57,742)	-	(204,412)
Effect of movements in exchange rates	-	5,357	15,902	2,558	-	23,817
Balance on September 30, 2023	<u><u>\$ -</u></u>	<u><u>580,829</u></u>	<u><u>1,496,217</u></u>	<u><u>380,034</u></u>	<u><u>-</u></u>	<u><u>2,457,080</u></u>
Carrying amounts:						
Balance on September 30, 2024	<u><u>\$ 179,672</u></u>	<u><u>659,559</u></u>	<u><u>532,317</u></u>	<u><u>56,914</u></u>	<u><u>64,000</u></u>	<u><u>1,492,462</u></u>
Balance on January 1, 2024	<u><u>\$ 179,672</u></u>	<u><u>551,823</u></u>	<u><u>499,890</u></u>	<u><u>60,579</u></u>	<u><u>128,789</u></u>	<u><u>1,420,753</u></u>
Balance on September 30, 2023	<u><u>\$ 179,672</u></u>	<u><u>576,442</u></u>	<u><u>516,285</u></u>	<u><u>61,227</u></u>	<u><u>130,714</u></u>	<u><u>1,464,340</u></u>

As of September 30, 2024, December 31, 2023 and September 30, 2023, the property, plant and equipment of the Group had not been pledged as collateral.

(g) Right-of-use assets

The Group leases buildings and vehicles. Information about leases for which the Group as a lessee were presented below:

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	Buildings and structures	Transportation equipment	Total
Cost:			
Balance at January 1, 2024	\$ 63,129	11,958	75,087
Additions	-	6,406	6,406
Reduce	(65,994)	(8,143)	(73,137)
Effect of changes in foreign exchange rates	2,865	-	2,865
Balance at September 30, 2024	<u>\$ -</u>	<u>10,221</u>	<u>10,221</u>
Balance at January 1, 2023	\$ 64,303	11,958	76,261
Effect of changes in foreign exchange rates	112	-	112
Balance at September 30, 2023	<u>\$ 64,415</u>	<u>11,958</u>	<u>76,373</u>
Accumulated depreciation and impairment losses:			
Balance at January 1, 2024	\$ 21,044	9,271	30,315
Depreciation for the period	5,403	2,979	8,382
Reduce	(27,498)	(8,143)	(35,641)
Effect of changes in foreign exchange rates	1,051	-	1,051
Balance at September 30, 2024	<u>\$ -</u>	<u>4,107</u>	<u>4,107</u>
Balance at January 1, 2023	\$ -	5,285	5,285
Depreciation for the period	16,031	2,990	19,021
Effect of changes in foreign exchange rates	73	-	73
Balance at September 30, 2023	<u>\$ 16,104</u>	<u>8,275</u>	<u>24,379</u>
Carrying amount:			
Balance on September 30, 2024	<u>\$ -</u>	<u>6,114</u>	<u>6,114</u>
Balance on January 1, 2024	<u>\$ 42,085</u>	<u>2,687</u>	<u>44,772</u>
Balance on September 30, 2023	<u>\$ 48,311</u>	<u>3,683</u>	<u>51,994</u>

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(h) Short-term borrowings

The details were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Credit loans, no pledge	1,224,900	1,368,460	1,308,160
Interest rate range	<u>0.5%~5.0%</u>	<u>1.655%~6.09%</u>	<u>1.735%~5.97%</u>

(i) Long-term borrowings

The details were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured loans	\$ 900,000	1,050,000	1,150,000
Less: current portion	-	(200,000)	(300,000)
Total	<u>\$ 900,000</u>	<u>850,000</u>	<u>850,000</u>
Interest rate range	<u>1.96%~2.05%</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>1.65%</u>

(j) Lease liabilities

The details were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Current	<u>\$ 2,102</u>	<u>23,348</u>	<u>24,693</u>
Non-current	<u>\$ 4,020</u>	<u>22,167</u>	<u>27,913</u>

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

The amounts recognized in profit or loss were as follows:

	Three months ended September 30,2024	Three months ended September 30,2023	Nine months ended September 30,2024	Nine months ended September 30,2023
Interests of lease liabilities	<u>\$ 18</u>	<u>205</u>	<u>184</u>	<u>683</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ -</u>	<u>92</u>	<u>397</u>	<u>277</u>

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

	For the nine months ended	
	September 30	
	2024	2023
Total cash out flow of lease	\$ 8,849	19,412

(k) Employee benefits

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

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Operating Costs	\$ 8,020	7,930	23,131	24,886
Operating Expenses	1,970	2,216	5,967	6,866
Total	\$ 9,990	10,146	29,098	31,752

(l) Income tax

- (i) The amounts of income tax expense for the three months and nine months ended September 30, 2024 and 2023 were \$34,560 thousand, \$54,136 thousand, \$190,541 thousand and \$166,662 thousand respectively.
- (ii) The amounts of income tax expense under other comprehensive income or loss for the three months and nine months ended September 30, 2024 and 2023 were as follows:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Foreign currency translation differences for foreign operations	\$ 10,457	28,491	40,414	5,616

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

(m) Capital and other equity

In addition to the following, there is no material change in capital and other equity of the Group for the nine months ended September 30, 2024 and 2023. For the related information, please refer to

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Note 6(m) of the consolidated financial statements for the year ended December 31, 2023.

(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 September 30, 2024.

(ii) Capital surplus

The balances of capital surplus as of September 30, 2024 and December 31, 2023, and September 30, 2023 were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Additional paid-capital	\$ 907,993	939,513	939,513
Employee share options	10,892	10,892	10,892
Restricted employee stock	23,144	23,144	23,646
Total	<u><u>\$ 942,029</u></u>	<u><u>973,549</u></u>	<u><u>974,051</u></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
	Per share
	(dollars) Amount
Capital surplus allocated to common stock owners	<u><u>\$ 0.5 31,520</u></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.

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Before the distribution of dividends, the Company shall first take into consideration its operating environment, industry developments, and the long term interests of stockholders, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. The dividend to be distributed shall be no less than 10% of the current year retained earnings available for distribution only if the current year retained earnings available for distribution does not reach \$0.5 per share, the Company may decide not to distribute dividend. The dividend to be distributed may be in the form of cash and stock, and cash dividend in the distribution should not be less than 30%.

Dividend distribution for 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 nine months ended September 30, 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 September 30, 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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The related information on restricted stock of the Group was as follows:

(in thousands of shares)	For the nine months ended September 30	
	2024	2023
Outstanding at beginning of period	364	372
Granted during the period	-	24
Vested during the period	(170)	-
Forfeited during the period	-	(24)
Outstanding at end of period	194	372

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

	Three months ended September 30, Nine months ended September 30,			
	2024	2023	2024	2023
Restricted stock for employees	\$ 2,006	2,507	6,018	7,233

(o) Earnings per share

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Basic earnings per share:				
Profit attributable to ordinary shareholders of the Company	\$ 99,401	176,745	548,958	467,020
Weighted-average number of ordinary shares (thousand shares)	62,676	62,676	62,676	62,676
Basic earnings per share (NTD)	\$ 1.59	2.82	8.76	7.45
Diluted earnings per share:				
Profit attributable to ordinary shareholders of the Company	\$ 99,401	176,745	273,409	246,020
Weighted average number of ordinary shares (basic, thousand shares)	62,676	62,676	62,676	62,676

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	Three months ended September 30,		Nine months ended September 30,	
Effect of employee stock bonuses	126	174	170	230
Restricted stock for employees	315	208	315	208
Weighted-average number of ordinary shares (diluted, thousand shares)	<u>63,117</u>	<u>63,058</u>	<u>63,161</u>	<u>63,114</u>
Diluted earnings per share (NTD)	<u>\$ 1.57</u>	<u>2.80</u>	<u>8.69</u>	<u>7.40</u>

(p) Revenue from contracts with customers

(i) Details of revenue

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
<u>Primary geographical markets</u>				
United States	\$ 578,312	424,586	1,474,000	1,185,586
Asia	56,968	95,903	232,935	321,187
Europe	483,781	410,376	1,310,788	989,214
	<u>\$ 1,119,061</u>	<u>930,865</u>	<u>3,017,723</u>	<u>2,495,987</u>
<u>Primary productions</u>				
Plastic injection mold	\$ 1,078,726	906,390	2,866,034	2,360,985
Tooling mold	39,307	23,690	148,326	133,247
Others	1,028	785	3,363	1,755
	<u>\$ 1,119,061</u>	<u>930,865</u>	<u>3,017,723</u>	<u>2,495,987</u>

(ii) Contract balances

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

	2024.09.30	2023.12.31	2023.9.30
Contract liabilities	<u>\$ 28,352</u>	<u>29,130</u>	<u>23,194</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

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customers. The amount of revenue recognized for the nine months ended September 30, 2024 and 2023, which was included in the contract liability balance at the beginning of the period, was \$ 25,237 thousand and \$15,771 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 and nine months ended September 30, 2024 and 2023, the Company estimated its employee remuneration amounting to \$5,526 thousand, \$5,526 thousand, \$16,578 thousand and \$16,578 thousand, directors' and supervisors' remuneration amounting to \$1,982 thousand, \$1,982 thousand, \$5,944 thousand and \$5,944 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating. If the actual amount of the annual distribution and the estimated amount of differences, according to the changes in accounting estimates, and the difference recognized as the next year annual profit (loss). Such as the resolution of the board of directors to take the stock of employee compensation, the numbers of shares to be distributed would be calculated based on the closing price of the Company's ordinary shares one day before the date of the meeting of Board of Directors.

For the year ended December 31, 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. There is no difference in the actual distribution situation, please refer to Market Observation Post System for further information.

(r) Other revenue

The other revenue for the nine months ended September 30, 2024 and 2023 were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Interest income	\$ 47,903	41,116	149,117	135,646
Others	934	6,810	7,803	10,484
	\$ 48,837	47,926	156,920	146,130

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(s) Other gains and losses

The other gains and losses for the nine months ended September 30, 2024 and 2023 were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Foreign exchange gains, net	\$ (141,006)	92,223	32,394	191,425
Gains on financial assets at fair value through profit or loss	2,704	2,595	20,858	13,222
Gains on disposal of property, plant and equipment	1,830	2,650	10,326	12,240
Other	(2,983)	22	(5,706)	(670)
	\$ (139,455)	97,490	57,872	216,217

(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.

(i) Credit risk

1) Credit risk exposure

As of September 30, 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 \$6,329,975 thousand and \$6,619,280 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 nine months ended September 30, 2024 and 2023, sales to the individual customers whose revenue constituting over 10% of net revenue are 61% and 44% of total revenues respectively. As of September 30, 2024 and 2023, 65% and 47%, respectively, of accounts receivable were for those customers.

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(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
September 30, 2024				
Non-derivative financial liabilities				
Short-term borrowings	\$ 1,224,900	1,231,146	1,231,146	-
Long-term borrowings	900,000	928,204	17,857	910,347
Non-interest bearing liabilities				
Notes and accounts payable	545,466	545,466	545,466	-
Lease liabilities	6,122	6,122	2,102	4,020
Other financial liabilities	63,288	63,288	63,288	-
	\$ 2,739,776	2,774,226	1,859,859	914,367
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	-
	\$ 2,996,503	3,033,238	2,148,612	884,626
September 30, 2023				
Non-derivative financial liabilities				
Short-term borrowings	\$ 1,308,160	1,312,805	1,312,805	-
Long term borrowings	850,000	875,655	17,409	858,246
Long-term borrowings, current portion	300,000	303,108	303,108	-
Non-interest bearing liabilities				
Notes and accounts payable	532,870	532,870	532,870	-
Lease liability	52,606	52,606	24,693	27,913
Other financial liabilities	71,049	71,049	71,049	-
	\$ 3,114,685	3,148,093	2,261,934	886,159

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

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(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:

September 30, 2024					December 31, 2023			September 30, 2023						
Foreign currency		Exchange rate		NTD	Foreign currency		Exchange rate		NTD	Foreign currency		Exchange rate		NTD
<u>Financial assets</u>														
<u>Monetary Items</u>														
USD	\$	133,041	31.650	4,210,756	130,908	30.705	4,019,519	122,196	32.270	3,943,261				
EUR		517	35.380	18,278	444	33.980	15,079	509	33.910	17,264				
VND		9,223,916	0.001265	11,668	4,299,147	0.001245	5,352	5,588,609	0.001305	7,293				
<u>Financial liabilities</u>														
<u>Monetary Items</u>														
USD		4,106	31.650	129,958	4,096	30.705	125,766	4,354	32.270	140,506				
VND		38,760,200	0.001265	49,032	41,822,729	0.001245	52,069	36,369,156	0.001305	47,462				

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 September 30, 2024 and 2023, would have increased or decreased the net profit before tax by \$40,617 thousand and \$37,799 thousand, respectively. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for both periods.

c) Exchange gains and losses on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the nine months ended September 30, 2024 and 2023, foreign exchange gain (including realized and unrealized portions) amounted to \$32,394 thousand and \$191,425 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

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

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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 \$1,221 thousand and \$1,056 thousand for the nine months ended September 30, 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:

		September 30, 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		\$ 44,239	44,239	-	-	44,239
Non derivative financial assets at fair value through profit or loss-non-current		\$ 178,514	178,514	-	-	178,514
Financial assets carried at amortized cost						
Cash and cash equivalents	\$ 3,141,791					
Notes and accounts receivable, net	1,247,850					
Financial assets measured at amortized cost – current	437,814					
Other financial assets-current	21,292					
Refundable deposits	7,361					
Non-current financial assets measured at amortized cost	1,258,475					
	<u>\$ 6,114,583</u>					
Financial liabilities carried at amortized cost						
Long and short term borrowings	\$ 2,124,900					
Notes and accounts payable	545,466					
Lease liability	6,122					
Other payable	63,288					
	<u>\$ 2,739,776</u>					
		December 31, 2023				
		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-current		\$ 40,109	40,109	-	-	40,109

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		September 30, 2024				
		Carrying amounts	Fair Value			
			Level 1	Level 2	Level 3	Total
through profit or loss-current						
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		1,547,894				
measured at amortized cost		\$ 6,308,823				
Financial liabilities carried at						
amortized cost						
Long and short term borrowings	\$	2,418,460				
Notes and accounts payable		469,999				
Lease liability		45,515				
Other payable		62,529				
		\$ 2,996,503				
			September 30, 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		\$ 39,472	39,472	-	-	39,472
Non-derivative financial assets at fair						
value through profit or						
loss-non-current		\$ 200,332	200,332	-	-	200,332
Financial liabilities carried at						
amortized cost						
Cash and cash equivalents	\$	3,570,485				
Notes and accounts receivable, net		1,179,518				
Other financial assets-current		23,243				
Refundable deposits		8,516				
Non-current financial assets		1,606,230				
measured at amortized cost		\$ 6,387,992				
Financial liabilities carried at						
amortized cost						
Long and short term borrowings	\$	2,458,160				
Notes and accounts payable		532,870				
Lease liability		52,606				
Other payable		71,049				
		\$ 3,114,685				

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2) Valuation techniques for financial instruments measured at fair value

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

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

(u) Financial risk management

The Group's risk management policies are no material change in financial instruments of the Group for the nine months ended September 30, 2024 and 2023. For the related information, please refer to note 6(v) of the consolidated financial statements for the year ended December 31, 2023.

(v) Capital management

As of September 30, 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 nine months ended September 30, 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	Changes in lease payment	Foreign exchange movement and others	September30, 2024
Short term borrowings	\$ 1,368,460	(143,560)	-	-	1,224,900
Long term borrowings (including current portion)	1,050,000	(150,000)	-	-	900,000
Lease liability	45,515	(8,452)	(32,976)	2,035	6,122
Total liabilities from financing activities	\$ 2,463,975	(302,012)	(32,976)	2,035	2,131,022

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	January1, 2023	Cash flows	Changes in lease payment	Foreign exchange movement and others	September30, 2023
Short term borrowings	\$ 1,157,100	151,060	-	-	1,308,160
Long term borrowings (including current portion)	1,350,000	(200,000)	-	-	1,150,000
Lease liability	71,016	(19,135)	-	725	52,606
Total liabilities from financing activities	\$ 2,578,116	(68,075)	-	725	2,510,766

(7) Related-party transactions:

(a) Key management personnel compensation

Key management personnel compensation comprised:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Short-term employee benefits	\$ 10,452	9,757	31,476	29,009
Post-employment benefits	81	81	243	243
	\$ 10,533	9,838	31,719	29,252

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	September 30, 2024	December 31, 2023	September 30, 2023
Demand deposits (classified under other current financial assets)	Performance bond	\$ 1,771	1,743	1,827
//	Guarantee for carbon emission	-	26	26
		\$ 1,771	1,769	1,853

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Notes to the Consolidated Financial Statements

(9) Significant Commitments and contingencies:

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

	September 30, 2024	December 31, 2023	September 30, 2023
Acquisition of property, plant and equipment	<u>\$ 94,894</u>	<u>60,961</u>	<u>77,178</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Outstanding guarantee notes	<u>\$ 1,497,045</u>	<u>1,406,289</u>	<u>1,413,426</u>
Actual usage amount	<u>\$ 189,900</u>	<u>368,460</u>	<u>258,160</u>

(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:

	For the three-month periods ended September 30					
	2024			2023		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
By item						
Employee benefit expenses						
Salaries	233,975	50,056	284,031	203,348	51,490	254,838
Labor and health insurance	9,409	2,814	12,223	5,841	2,756	8,597
Pension	8,020	1,970	9,990	7,930	2,216	10,146
Other	10,411	11,565	21,976	8,086	8,602	16,688
Depreciation	42,234	8,954	51,188	45,629	12,388	58,017
Amortization	1,856	667	2,523	1,180	596	1,776

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By item	By function	For the nine-month periods ended September 30					
		2024			2023		
		Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expenses							
Salaries		629,571	148,399	777,970	516,283	151,706	667,989
Labor and health insurance		25,695	7,974	33,669	17,693	8,042	25,735
Pension		23,131	5,967	29,098	24,886	6,866	31,752
Others		35,304	36,572	71,876	20,414	21,387	41,801
Depreciation		125,531	29,647	155,178	135,671	36,346	172,017
Amortization		4,908	2,204	7,112	3,117	1,732	4,849

(13) Other disclosures:

(a) Information on significant transactions:

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

(i) Loans to other parties:

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance (Note 2)	Actual usage amount during the period	Interest rate	Nature of financing	Transaction amounts	Reason for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company	Maximum financing limit for the lender
													Item	Value		
0	The Company	NISHOKU VIETNAM	Other accounts receivable	Yes	426,855	221,550	189,900	5.50%	Necessary to loan other parties	-	Operating capital	-	-	-	469,413 (Note 1)	1,877,652 (Note 1)

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

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

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date (Note 3)	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	NISHOKU VIETNAM	2	4,694,130	1,553,096	1,497,045	189,900	-	31.89%	4,694,130	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.

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(iii) Securities held as of September 30, 2024 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Nature and name of securities	Relationship with the securities issuer	Account name	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Nomura Global Financial Bond Fund Accumulate	None	Financial assets at fair value through profit or loss-current		9,103	- %	9,103	
"	JPMorgan Investment Funds-Global High Yield Bond Fund	"	"		10,287	-%	10,287	
"	ABITL Income Multi-asset Income Fund of Funds A2	"	"		6,679	-%	6,679	
"	BGF ESG Multi-Asset Fund	"	"		12,857	-%	12,857	
NISHOKU BOUEKI	PineBridge Preferred Securities Income Fund	"	"		5,313	-%	5,313	
The Company	PineBridge Global ESG Quantitative Bond Fund	"	Financial assets at fair value through profit or loss-non current		48,913	-%	48,913	
"	PineBridge Global Multi-Strategy High Yield Bond Fund	"	"		43,430	-%	43,430	
"	Nomura Global Financial Bond Fund	"	"		24,346	-%	24,346	
"	FSITC GLOBAL HIGH YIELD BOND FUND	"	"		13,690	-%	13,690	
"	ABITL Income Fund -Multi Asset Income Fund of Funds N	"	"		18,948	-%	18,948	
"	Allianz Global Investors Income and Growth Fund	"	"	-	29,187	-%	29,187	
"	FORMOSA GROUP 15/25	"	Financial assets at amortized cost-non current	-	15,833	-%	15,872	
"	FOXCONN(FAR EAST)16/26MTN	"	"	-	15,553	-%	15,339	
"	STAND. CHART. 15/25 REGS	"	"	-	7,865	-%	7,921	
"	APPLE 16/26	"	"	-	15,526	-%	15,464	
"	BARCLAYS 15/25	"	"	-	7,918	-%	7,848	

(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

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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:

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	Associate	Sale	(409,933)	(52)%	90 days	Note 1	Note 1	151,287	47%	Note 2
KUNSHAN NISHOKU PLASTIC	The Company	"	Purchase	409,933	45%	"	"	"	(151,287)	(27)%	"
The Company	NISHOKU VIETNAM	"	Sale	(228,520)	(29)%	"	"	"	113,684	36%	"
NISHOKU VIETNAM	The Company	"	Purchase	228,520	72%	"	"	"	(113,694)	(65)%	"

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	151,287	4.09	-	-	42,643	-
"	NISHOKU VIETNAM	Associate	113,684	3.53	-	-	32,769	-

Note 1: Until October 22, 2024.

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

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions:

The following is the information for the nine months ended September 30, 2024, business relationships and significant intercompany transactions with the amounts exceeding NT\$10 million:

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(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	83,938	Note 3	2.7%
"	"	"	1	Account Payable	39,697	"	0.5%
"	"	KUNSHAN NISHOKU	1	Sales	409,933	"	13.3%
"	"	"	1	Account receivable	151,287	"	1.8%
"	"	NISHOKU VIETNAM	1	Sales	228,520	"	7.4%
"	"	"	1	Account receivable	113,684	"	1.3%
"	"	"	1	Other receivables	191,496	Loans to related party and interest	2.3%
1	SAME START (Anguilla)	KUNSHAN NISHOKU	3	Purchase	81,982	Note 3	2.7%
"	"	"	3	Account Payable	39,695	"	0.5%
2	KUNSHAN NISHOKU	NISHOKU VIETNAM	3	Sales	92,851	"	3.0%
"	"	"	3	Account receivable	35,823	"	0.4%

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

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

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

"3" represents the transactions between subsidiaries.

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

(b) Information on investees:

The following is the information on investees for the nine months ended September 30, 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 September 30, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 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%	4,103,853	298,153	298,153	
"	NISHOKU BOUEKI	Taiwan	Purchase and sales of plastic raws and parts	1,000	1,000	300	100%	10,545	454	454	
"	NISHOKU VIETNAM	Vietnam	Manufacture and sale of tooling and plastic products	822,634 (USD 26,500 thousand)	696,594 (USD 22,500 thousand)	-	100%	576,726	120,272	120,272	
SUN NICE (SAMOA)	SAME START (Anguilla)	Anguilla	Purchase and sale of mold and plastic products	-	-	-	100%	(9,253),	(46)	5,892	

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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership	Carrying value			
"	NISHOKU HK	HK	Holding	1,131,381 (USD 35,915 thousand)	1,131,381 (USD 35,915 thousand)	40,298	100%	3,036,818	202,997	202,997	
"	SUNNICE (BVI)	BVI	"	585,292 (USD 17,948 thousand)	585,292 (USD 17,948 thousand)	15,697	100%	1,112,034	89,166	89,166	

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

(c) Information on investment in Mainland China:

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 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)	(23,051)	100%	(23,051)	129,513	788,421
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)	315,996	100%	313,288	3,891,918	1,481,536

- (ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of September 30, 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 : Transactions 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".

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(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:

		Three months ended September 30, 2024				
		United States	Asia	Europe	Elimination	Total
Revenue from external customers		<u>\$ 578,312</u>	<u>56,968</u>	<u>483,781</u>	<u>-</u>	<u>1,119,061</u>
Reportable segment profit or loss		<u>\$ 224,662</u>	<u>4,426</u>	<u>8,107</u>	<u>-</u>	<u>237,195</u>
		Three months ended September 30, 2023				
		United States	Asia	Europe	Elimination	Total
Revenue from external customers		<u>\$ 424,586</u>	<u>95,903</u>	<u>410,376</u>	<u>-</u>	<u>930,865</u>
Reportable segment profit or loss		<u>\$ 80,572</u>	<u>4,011</u>	<u>15,427</u>	<u>-</u>	<u>100,010</u>
		Nine months ended September 30, 2024				
		United States	Asia	Europe	Elimination	Total
Revenue from external customers		<u>\$ 1,474,000</u>	<u>232,935</u>	<u>1,310,788</u>	<u>-</u>	<u>3,017,723</u>
Reportable segment profit or loss		<u>\$ 512,876</u>	<u>5,205</u>	<u>46,428</u>	<u>-</u>	<u>564,509</u>

NISHOKU TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	Nine months ended September 30, 2023				
	United States	Asia	Europe	Elimination	Total
Revenue from external customers	<u>\$ 1,185,586</u>	<u>321,187</u>	<u>989,214</u>	<u>-</u>	<u>2,495,987</u>
Reportable segment profit or loss	<u>\$ 293,180</u>	<u>(3,373)</u>	<u>22,759</u>	<u>-</u>	<u>312,566</u>