

## **Niching Industrial Corporation and Subsidiaries**

### **Consolidated Financial Statements for the Years Ended December 31, 2024 and 2023 and Independent Auditors' Report**

Address: : Room 5E, No.767, Sec 4, Taiwan Blvd.,  
Taichung, Taiwan  
TEL : (04)2358-8966

---

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail

## **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2024 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

NICHING INDUSTRIAL CORPORATION

Chang Chun-Hui

President

March 13, 2025

## **Independent Auditors' Report**

To the Board of Directors and Shareholders of  
NICHING INDUSTRIAL CORP. :

### **Opinion**

We have audited the accompanying consolidated financial statements of Niching Industrial Corporation (the “Company”) and its subsidiaries (collectively the “Group”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, based on our audits and the reports of the auditors (refer to the other matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Group's consolidated financial statements for the year ended December 31, 2024 are described as follows:

### **Commission Revenue Recognition**

The group recognizes commission revenue based on the degree of completion of services provided under contracts. Commission revenue is recognized by the company as an agent upon fulfilling contractual obligations, based on the expected right to commission revenue calculated according to the commission rate stipulated in the contract upon transfer of goods at the sales price. Since the transfer of goods is arranged by another party, and commission revenue represents a significant proportion of total operating income, the recognition of commission revenue is classified as a key audit matter. Refer to Notes 4, to the consolidated financial statements.

Our key audit procedures performed in respect of commission revenue recognition included the following:

1. We conducted control testing to understand the commission revenue recognition process and the design and implementation of related control systems;
2. We obtained commission contracts, orders, and shipment records provided by suppliers to confirm the authenticity of commission revenue recognition;
3. We Conducted calculations to verify the accuracy of commission revenue recognition.

### **Other Matter**

We did not audit the financial statements of STNC Hong Kong Holdings Limited ("STNC"), an investee accounted for by using the equity method, for the years ended December 31, 2024, but such statements were audited by other auditors. Our opinion, insofar as it relates to the amounts included in the Group's consolidated financial statements for this investee, is based solely on the reports of other auditors. The aforementioned investments accounted for using the equity method were \$33,511 thousand, representing 2% of the Group's consolidated assets as of December 31, 2024. The comprehensive income of the investee was \$8,537 thousand, representing 10% of the Group's consolidated comprehensive income for the years ended December 31, 2024.

We have also audited the parent company only financial statements of Niching Industrial Corporation as of and for the years ended December 31, 2024 and 2023 on which we have issued an unmodified opinion with other paragraph and an unmodified opinion, respectively.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are

based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Jui-Lung Hsu, and Ting-Chien Su.

Deloitte & Touche

Taipei, Taiwan

Republic of China

March 13, 2025

#### Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with 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 applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

# NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

ASSET	2024		2023	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 333,159	22	\$ 398,797	28
Notes receivable (Notes 4, 7 and 17)	202	-	41	-
Trade receivables from unrelated parties (Notes 4, 7 and 17)	506,599	34	397,705	28
Trade receivables from related parties (Notes 4, 7, 17 and 24)	43,768	3	45,727	3
Other receivables (Notes 4 and 24)	1,296	-	1,875	-
Inventories (Notes 4 and 8)	60,611	4	67,008	5
Other current assets	<u>5,646</u>	<u>-</u>	<u>7,061</u>	<u>-</u>
Total current assets	<u>951,281</u>	<u>63</u>	<u>918,214</u>	<u>64</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9)	57,076	4	64,603	5
Investments accounted for using the equity method (Notes 4, 11 and 24)	195,834	13	198,831	14
Property, plant and equipment (Notes 4, 12, 25 and 26)	286,419	19	223,341	16
Right-of-use assets (Notes 4 and 13)	7,300	-	8,997	1
Other intangible assets (Notes 4)	102	-	623	-
Deferred tax assets (Notes 4 and 20)	6,310	-	7,081	-
Prepaid investments	584	-	1,726	-
Other non-current assets (Notes 4)	<u>7,600</u>	<u>1</u>	<u>6,884</u>	<u>-</u>
Total non-current assets	<u>561,225</u>	<u>37</u>	<u>512,086</u>	<u>36</u>
<b>TOTAL</b>	<u>\$ 1,512,506</u>	<u>100</u>	<u>\$ 1,430,300</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Notes payable	\$ 1,290	-	\$ 942	-
Trade payables	315,611	21	233,559	16
Other payables (Notes 14)	64,917	4	50,741	4
Current tax liabilities (Notes 4 and 20)	14,302	1	20,727	2
Lease liabilities - current (Notes 4, 13)	4,838	1	4,131	-
Other current liabilities	<u>4,573</u>	<u>-</u>	<u>4,170</u>	<u>-</u>
Total current liabilities	<u>405,531</u>	<u>27</u>	<u>314,270</u>	<u>22</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Notes 4 and 20)	6,452	-	2,871	-
Lease liabilities - non-current (Notes 4 and 13)	2,720	-	5,058	-
Net defined benefit liabilities - non-current (Notes 4 and 15)	22,719	2	20,833	2
Guarantee deposits	<u>799</u>	<u>-</u>	<u>799</u>	<u>-</u>
Total non-current liabilities	<u>32,690</u>	<u>2</u>	<u>29,561</u>	<u>2</u>
Total liabilities	<u>438,221</u>	<u>29</u>	<u>343,831</u>	<u>24</u>
<b>EQUITY</b>				
Ordinary shares	449,969	30	441,146	31
Capital surplus	261,106	17	261,106	18
Retained earnings				
Legal reserve	153,426	10	143,923	10
Special reserve	10,465	1	-	-
Unappropriated earnings	223,147	15	250,760	18
Other equity				
Exchange differences on translation of foreign financial statements	( 3,189 )	-	( 8,826 )	( 1 )
Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	<u>( 20,639 )</u>	<u>( 2 )</u>	<u>( 1,640 )</u>	<u>-</u>
Total equity	<u>1,074,285</u>	<u>71</u>	<u>1,086,469</u>	<u>76</u>
<b>TOTAL</b>	<u>\$ 1,512,506</u>	<u>100</u>	<u>\$ 1,430,300</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' Consolidated report dated March 13, 2025)

# NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
SALES (Notes 4, 17 and 24)				
Sales revenue	\$ 1,009,564	88	\$ 838,853	86
Service revenue	<u>143,922</u>	<u>12</u>	<u>137,544</u>	<u>14</u>
SALES	1,153,486	100	976,397	100
 COST OF GOODS SOLD (Notes 8 and 18)	<u>868,560</u>	<u>75</u>	<u>720,641</u>	<u>74</u>
 GROSS PROFIT	<u>284,926</u>	<u>25</u>	<u>255,756</u>	<u>26</u>
 OPERATING EXPENSES				
Selling and marketing expenses (Notes 18)	103,056	9	76,877	8
General and administrative expenses (Notes 18)	67,660	6	68,632	7
Research and development expenses (Notes 18)	32,758	3	34,714	3
Expected credit loss (Notes 4, 7 and 24)	<u>3,159</u>	<u>-</u>	<u>254</u>	<u>-</u>
Total operating expenses	<u>206,633</u>	<u>18</u>	<u>180,477</u>	<u>18</u>
 PROFIT FROM OPERATIONS	<u>78,293</u>	<u>7</u>	<u>75,279</u>	<u>8</u>
 NON-OPERATING INCOME AND EXPENSES (Notes 4)				
Share of profit or loss of subsidiaries and associates accounted for using the equity method (Note 11)	31,670	3	18,914	2
Interest income	6,097	-	7,323	1
Rental income	3,810	-	4,774	1
Dividend income	1,680	-	1,008	-
Other income (Note 24)	2,848	-	4,683	-
Net foreign exchange gain (Notes 27)	20,804	2	1,292	-
Finance costs (Notes 18)	( 523 )	-	( 1,066 )	-
Other expenses	<u>( 1,201 )</u>	<u>-</u>	<u>( 363 )</u>	<u>-</u>
Total non-operating income and expenses	<u>65,185</u>	<u>5</u>	<u>36,565</u>	<u>4</u>
 PROFIT BEFORE INCOME TAX	143,478	12	111,844	12
 INCOME TAX EXPENSE (Notes 4 and 20)	<u>36,026</u>	<u>3</u>	<u>18,299</u>	<u>2</u>
 NET PROFIT FOR THE YEAR	<u>107,452</u>	<u>9</u>	<u>93,545</u>	<u>10</u>

(Continued)



**NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<b>2024</b>		<b>2023</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investment in equity instruments at fair value through other comprehensive income	(\$ 20,232)	( 2)	(\$ 15,008)	( 2)
Remeasurement of defined benefit plans (Note 15)	( 6,012)	-	1,924	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 20)	<u>2,435</u>	<u>-</u>	<u>341</u>	<u>-</u>
	( <u>23,809</u> )	( <u>2</u> )	( <u>12,743</u> )	( <u>2</u> )
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	2,159	-	( 475 )	-
Exchange differences on translation, associates and joint ventures accounted for using equity method	<u>3,478</u>	<u>1</u>	( <u>981</u> )	<u>-</u>
	<u>5,637</u>	<u>1</u>	( <u>1,456</u> )	<u>-</u>
Other comprehensive income for the year	( <u>18,172</u> )	( <u>1</u> )	( <u>14,199</u> )	( <u>2</u> )
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 89,280</u>	<u>8</u>	<u>\$ 79,346</u>	<u>8</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 107,452</u>	<u>9</u>	<u>\$ 93,545</u>	<u>10</u>
	<u>\$ 107,452</u>	<u>9</u>	<u>\$ 93,545</u>	<u>10</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 89,280</u>	<u>8</u>	<u>\$ 79,346</u>	<u>8</u>
	<u>\$ 89,280</u>	<u>8</u>	<u>\$ 79,346</u>	<u>8</u>
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ 2.39</u>		<u>\$ 2.12</u>	
Diluted	<u>\$ 2.38</u>		<u>\$ 2.12</u>	

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' Consolidated report dated March 13, 2025)

**NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Corporation						Other Equity		
			Retained Earnings (Note 16)			Exchange Differences on Translating the Financial Statements of Foreign Operations (Note 4 and 11)	Unrealized Gain (Loss) on Financial Through Other Comprehensive Income (Note 4 and 9)	Total Equity	
	Ordinary Shares (Note 16)	Capital Surplus (Note 4 and 16)	Legal Reserve	Special Reserve	Unappropriated Earnings				
BALANCE AT JANUARY 1, 2023	\$ 391,146	\$ 56,611	\$ 124,129	\$ -	\$ 343,159	( \$ 7,370 )	\$ 12,588	\$ 920,263	
Appropriation of 2022 earnings									
Legal reserve	-	-	19,794	-	( 19,794 )	-	-	-	
Cash dividends	-	-	-	-	( 167,635 )	-	-	( 167,635 )	
Issuance of ordinary shares for cash	50,000	198,995	-	-	-	-	-	248,995	
Share-based payments arrangements	-	5,500	-	-	-	-	-	5,500	
Net profit for the year ended December 31, 2023	-	-	-	-	93,545	-	-	93,545	
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	1,539	( 1,456 )	( 14,282 )	( 14,199 )	
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	95,084	( 1,456 )	( 14,282 )	79,346	
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	( 54 )	-	54	-	
BALANCE AT DECEMBER 31, 2023	441,146	261,106	143,923	-	250,760	( 8,826 )	( 1,640 )	1,086,469	
Appropriation of 2023 earnings									
Legal reserve	-	-	9,503	-	( 9,503 )	-	-	-	
Special reserve	-	-	-	10,465	( 10,465 )	-	-	-	
Cash dividends	-	-	-	-	( 101,464 )	-	-	( 101,464 )	
Stock dividends	8,823	-	-	-	( 8,823 )	-	-	-	
Net profit for the year ended December 31, 2024	-	-	-	-	107,452	-	-	107,452	
Other comprehensive income for the year ended December 31, 2024	-	-	-	-	( 4,810 )	5,637	( 18,999 )	( 18,172 )	
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	102,642	5,637	( 18,999 )	89,280	
BALANCE AT DECEMBER 31, 2024	\$ 449,969	\$ 261,106	\$ 153,426	\$ 10,465	\$ 223,147	( \$ 3,189 )	( \$ 20,639 )	\$ 1,074,285	

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' Consolidated report dated March 13, 2025)

# NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 143,478	\$ 111,844
Adjustments for:		
Depreciation expenses	17,700	16,369
Amortization expenses	48	47
Expected credit loss	3,159	254
Finance costs	523	1,066
Interest income	( 6,097)	( 7,323)
Dividend income	( 1,680)	( 1,008)
Share-based compensation	-	5,500
Share of profit or loss of subsidiaries and associates accounted for using the equity method	( 31,670)	( 18,914)
Loss (gain) on disposal of property, plant and equipment	( 21)	6
Loss on disposal of intangible assets	473	-
Impairment loss(income) recognized on non-financial assets	3,157	( 1,047)
Unrealized foreign currency exchange loss (gain)	( 12,514)	3,011
Amortization of prepayments	2,001	1,786
Changes in operating assets and liabilities		
Notes receivable	( 161)	260
Trade receivables	( 91,596)	82,439
Other receivables	52	( 796)
Inventories	3,240	( 5,913)
Prepayments	2,365	( 549)
Other current assets	( 911)	( 558)
Notes payable	348	561
Trade payables	76,232	8,587
Other payables	13,623	( 17,715)
Other current liabilities	400	( 3,103)
Net defined benefit liabilities	( 4,126)	68
Cash generated from operations	118,023	174,872
Interest received	6,640	7,206
Interest paid	( 523)	( 1,066)
Income tax paid	( 35,664)	( 22,348)
Net cash generated from operating activities	<u>88,476</u>	<u>158,664</u>

(Continued)

# NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	(\$ 12,705)	(\$ 27,200)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	14
Acquisition of investments accounted for using equity method	( 35,628)	-
Payments for property, plant and equipment	( 74,464)	( 6,900)
Proceeds from disposal of property, plant and equipment	1,724	-
Increase in refundable deposits	( 670)	( 542)
Increase in other non-current assets	( 2,018)	( 2,193)
Increase in prepayments for machinery and equipment	( 1,838)	( 2,525)
Dividends received	<u>75,453</u>	<u>24,932</u>
Net cash used in investing activities	( <u>50,146</u> )	( <u>14,414</u> )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term loans	30,000	-
Decrease in short-term borrowings	( 30,000)	( 150,000)
Decrease in guarantee deposits received	-	( 4)
Repayment of the principal portion of lease liabilities	( 4,565)	( 3,862)
Cash dividends paid	( 101,464)	( 167,635)
Proceeds from issuance of ordinary shares	<u>-</u>	<u>248,995</u>
Net cash used in financing activities	( <u>106,029</u> )	( <u>72,506</u> )
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>	<u>2,061</u>	( <u>378</u> )
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	( 65,638)	71,366
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>398,797</u>	<u>327,431</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 333,159</u>	<u>\$ 398,797</u>

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' Consolidated report dated March 13, 2025)

# NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

#### 1. GENERAL INFORMATION

Niching Industrial Corporation (the “Company”) was incorporated in May, 1993. Its main business activities include the import, export, trading, and manufacturing of various raw materials, components, and equipment required for the semiconductor and optoelectronic industries.

The Company obtained approval from the Financial Supervisory Commission (the “FSC”) Securities and Futures Bureau for public issuance in August 2004. In June 2008, it was approved for listing on the Taipei Exchange. Subsequently, in September 2008, the Company's shares were officially listed and traded on the exchange.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

#### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by Company’s board of directors on March 13, 2025.

#### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the FSC.

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB</b>
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” – the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note 2)

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note )</b>
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” – the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Naturedependent Electricity”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note : Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

#### 1) IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1” Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar

characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the above amended standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

##### **a. Statement of compliance**

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

##### **b. Basis of preparation**

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

##### **c. Classification of current and non-current assets and liabilities**

Current include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

Refer to Note 10, Tables 3 and 5 for detailed information on subsidiaries (including percentage of ownership and main business).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

For the purpose of presenting consolidated financial statements, For the purpose of presenting consolidated financial statements, the functional currencies of foreign operations (including subsidiaries and associates that use currencies that are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income attributed to the owners of the Company and non controlling interests as appropriate.



f. Inventories

Inventories consist of merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less selling and marketing expenses to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

g. Investment in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When assessing impairment, the Group treats the entire carrying amount of an investment as a single asset and compares its recoverable amount with the carrying amount to conduct impairment testing. Any impairment loss recognized is also considered as a component of the carrying amount of the investment.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, plant, and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes

in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant, and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Group assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (less amortization and depreciation) that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a settlement date basis.

a) Measurement categories

Financial assets are classified into the following categories: financial assets at amortized cost, and investments in equity instruments at FVTOCI.

i. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, trade receivables, and refundable deposits at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial asset; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Credit losses on financial assets are significant financial difficulty of the issuer or borrower, a breach of contract, it becoming probable that the borrower will enter bankruptcy or other financial reorganization, or the disappearance of an active market for the financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit loss (ECL) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECL represents the expected credit loss that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 365 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

## 2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

## 3) Financial liabilities

### a) Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest method.

### b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid is recognized in profit or loss.

## 1. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

For contract where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

### 1) Sales revenue

Sales revenue from the sale of raw materials and components required for the electronic semiconductor and optoelectronic industries. Since customers have established pricing and usage rights for the goods at the time of shipment, and assume the risk of obsolescence of the goods, the Group recognizes revenue at that point in time.

### 2) Service revenue

Service revenue is derived from providing services to arrange the transfer of goods to customers on behalf of another party. The Group forwards accepted customer orders to suppliers, who then directly ship the goods to the customers' specified locations. As the obligation is to arrange for the provision of goods by another party, the Group recognizes as revenue any fees or commissions expected to be received upon fulfillment of the obligation.

## m. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

### 1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

## 2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the balance sheets.

## n. Employee benefits

### 1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

### 2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

o. Share-based payment arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options; the expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase are confirmed.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable is based on taxable profit for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is calculated on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### 3) Current and deferred tax for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact on the cash flow projection, growth rates, discount rates, profit abilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Based on the assessment of the Group's management, the accounting policies, estimates, and assumptions adopted by the Group have not been subject to material accounting judgements, estimates and assumptions uncertainty.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Cash on hand	\$ 962	\$ 1,044
Checking accounts and demand deposits	130,479	219,030
Cash equivalents		
Time deposits (investments with original maturities of 3 months or less)	<u>201,718</u>	<u>178,723</u>
	<u>\$ 333,159</u>	<u>\$ 398,797</u>
<u>Rate of interest per annum (%)</u>		
Cash in bank	0.001-1.35	0.001-1.45
Time deposits in bank	1.215-4	1.09-5



## 7. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2024	2023
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 202	\$ 41
Less: Allowance for impairment loss	-	-
	<u>\$ 202</u>	<u>\$ 41</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 554,641	\$ 444,547
Less: Allowance for impairment loss	( 4,274 )	( 1,115 )
	<u>\$ 550,367</u>	<u>\$ 443,432</u>

The average collection period for selling products and rendering services of the Group is 75 to 150 days. No interest is charged on accounts receivable. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base. And determines the expected credit loss rate by reference to the past due days of accounts receivable.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivable and trade receivables:

	Less than 150 days	151 to 365 Days	Over 365 Days	The transaction partner has shown signs of default	Total
<u>December 31, 2024</u>					
Expected credit loss rate (%)					
Gross carrying amount	-	0.01-23.67	100	100	
Loss allowance	\$ 545,806	\$ 5,876	\$ -	\$ 3,161	\$ 554,843
Amortized cost	<u>-</u>	<u>( 1,113 )</u>	<u>-</u>	<u>( 3,161 )</u>	<u>( 4,274 )</u>
	<u>\$ 545,806</u>	<u>\$ 4,763</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 550,569</u>
<u>December 31, 2023</u>					
Expected credit loss rate (%)					
Gross carrying amount	-	0.01-8.71	100	100	
Loss allowance	\$ 439,390	\$ 5,198	\$ -	\$ -	\$ 444,588
Amortized cost	<u>-</u>	<u>( 1,115 )</u>	<u>-</u>	<u>-</u>	<u>( 1,115 )</u>
<u>December 31, 2024</u>	<u>\$ 439,390</u>	<u>\$ 4,083</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 443,473</u>

The movements of the loss allowance of notes receivable and trade receivables were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 1,115	\$ 861
Net remeasurement of loss allowance	<u>3,159</u>	<u>254</u>
Balance at December 31	<u>\$ 4,274</u>	<u>\$ 1,115</u>

## 8. INVENTORIES

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Merchandise	<u>\$ 60,611</u>	<u>\$ 67,008</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2024 and 2023 was \$868,560 thousand and \$720,641 thousand, respectively.

Operating costs include the following items:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Inventory write-downs (reversal of impairment losses)	<u>\$ 3,157</u>	<u>( \$ 1,047 )</u>

The recovery of the net realizable value of inventories is due to the clearance of inventory.

## 9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

Name of Investee Company	December 31	
	2024	2023
Unlisted ordinary shares		
Advanced Processing Equipment		
Technology Co., Ltd. ( APET )	\$ 17,048	\$ 21,328
Global Simmtech Co., Ltd. ( GST )	15,827	17,713
Ming Chun Yuan Micro Precise		
Technology Co., Ltd. ( MCY )	12,302	-
Eliting Technology Corporation( ELITING )	11,173	10,490
QiangFang Technology Co., Ltd.		
(QiangFang )	726	123
Precision Chemtech Company Limited		
( PCCL )	-	14,949
	<u>\$ 57,076</u>	<u>\$ 64,603</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

In March 2023, the Board of Directors of the Group passed a resolution to dispose of all shares of ProMOS Technologies Inc. at a price of \$10 dollar per share, with a net selling price of \$14 thousand, and accumulated fair value changes of \$54 thousand transferred directly to retained earnings.

In October 2024, the Group purchased 2,120,981 shares of common stock in MCY for \$10,605 thousand. This investment is designated as measured financial assets at fair value through other comprehensive income due to its medium to long-term strategic purpose.

## 10. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

Investor	Investee	Main Business	% of Ownership	
			December 31	
			2024	2023
The Corporation	Advanced Corporation (Advanced)	Holding company	100	100
Advanced	Niching Co., LTD (Niching Suzhou)	Trading industry	100	100

The subsidiaries included in the consolidated financial statements for the years 2024 and 2023 are non-significant subsidiaries, and their financial statements have been audited by accountants.

## 11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investee	December 31			
	2024		2023	
	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership
<u>Private entity</u>				
Enplas niching technology corporation (ENPLAS)	\$162,323	30	\$147,716	30
STNC Hong Kong Holdings Limited (STNC)	<u>33,511</u>	49	<u>51,115</u>	30
	<u>\$195,834</u>		<u>\$198,831</u>	

The summarized financial information of ENPLAS has been prepared on the basis of its consolidated financial statements prepared in accordance with IFRS, the rest reflects the adjustments the Group made for equity accounting purposes.

	December 31	
	2024	2023
Total assets	<u>\$ 823,751</u>	<u>\$ 651,545</u>
Total liabilities	<u>\$ 282,135</u>	<u>\$ 158,666</u>

	For the Year Ended December 31	
	2024	2023
Revenue for the year	<u>\$ 947,686</u>	<u>\$ 1,225,012</u>
Profit for the year	<u>\$ 77,186</u>	<u>\$ 74,622</u>
Other comprehensive loss for the year	<u>(\$ 191)</u>	<u>(\$ 306)</u>

The summarized financial information of STNC has been prepared on the basis of its consolidated financial statements prepared in accordance with IFRS, the rest reflects the adjustments the Group made for equity accounting purposes.

	December 31	
	2024	2023
Total assets	<u>\$ 80,643</u>	<u>\$ 180,683</u>
Total liabilities	<u>\$ 12,253</u>	<u>\$ 10,301</u>

	For the Year Ended December 31	
	2024	2023
Revenue for the year	<u>\$ 61,987</u>	<u>\$ 24,755</u>
Profit (Loss) for the year	<u>\$ 20,860</u>	<u>(\$ 11,736)</u>
Other comprehensive loss for the year	<u>(\$ 1,724)</u>	<u>(\$ 2,963)</u>

Considering the business strategy for group development and strengthening cooperative relationships, the Group resolved in the board of directors meeting on December 28, 2023, to acquire shares of STNC from the related party, Simmtech International Pte., Ltd. (SI Company). On March 29, 2024, the Group acquired a 19% equity interest at a contract price of \$35,575 thousand and related costs of \$53 thousand, increasing the shareholding ratio to 49%.

The share of profit or loss and other comprehensive income from associates accounted for using the equity method for the years 2024 and 2023 is recognized based on the audited financial statements of each associate during the respective periods.

Refer to Table 3 “Information on Investees” for the nature of activities, principal places of business and countries of incorporation of the joint ventures.

## 12. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2024	2023
Assets used by the Company	\$ 215,329	\$ 151,078
Assets subject to operating leases	71,090	72,263
	<u>\$ 286,419</u>	<u>\$ 223,341</u>

### a. Assets used by the Company

For the Year Ended December 31, 2024						
	Beginning Balance	Additions	Disposals	Reclassified Amount	Translation Adjustments	Ending Balance
<u>Cost</u>						
Land	\$ 42,733	\$ -	\$ -	\$ -	\$ -	\$ 42,733
Buildings and improvements	123,990	995	( 9,489)	776	-	116,272
Machinery and equipment	29,104	4,130	( 6,617)	1,400	-	28,017
Transportation equipment	3,884	885	( 3,935)	580	56	1,470
Office equipment	8,437	2,936	( 956)	224	112	10,753
Miscellaneous equipment	97	-	-	-	3	100
Construction in progress	-	65,885	-	-	-	65,885
	<u>208,245</u>	<u>\$ 74,831</u>	<u>( \$ 20,997)</u>	<u>\$ 2,980</u>	<u>\$ 171</u>	<u>265,230</u>
<u>Accumulated depreciation</u>						
Buildings and improvements	38,508	\$ 3,741	( \$ 9,489)	\$ -	\$ -	32,760
Machinery and equipment	12,514	5,905	( 6,334)	-	-	12,085
Transportation equipment	2,256	384	( 2,557)	-	46	129
Office equipment	3,833	1,861	( 914)	-	82	4,862
Miscellaneous equipment	56	7	-	-	2	65
	<u>57,167</u>	<u>\$ 11,898</u>	<u>( \$ 19,294)</u>	<u>\$ -</u>	<u>\$ 130</u>	<u>49,901</u>
	<u>\$ 151,078</u>					<u>\$ 215,329</u>
For the Year Ended December 31, 2023						
	Beginning Balance	Additions	Disposals	Reclassified Amount	Translation Adjustments	Ending Balance
<u>Cost</u>						
Land	\$ 42,733	\$ -	\$ -	\$ -	\$ -	\$ 42,733
Buildings and improvements	122,990	1,000	-	-	-	123,990
Machinery and equipment	27,393	4,927	( 5,803)	2,587	-	29,104
Transportation equipment	5,186	-	( 1,270)	-	( 32)	3,884
Office equipment	7,701	1,081	( 286)	-	( 59)	8,437
Miscellaneous equipment	58	40	-	-	( 1)	97
	<u>206,061</u>	<u>\$ 7,048</u>	<u>( \$ 7,359)</u>	<u>\$ 2,587</u>	<u>( \$ 92)</u>	<u>208,245</u>
<u>Accumulated depreciation</u>						
Buildings and improvements	34,870	\$ 3,638	\$ -	\$ -	\$ -	38,508
Machinery and equipment	12,799	5,518	( 5,803)	-	-	12,514
Transportation equipment	2,778	777	( 1,270)	-	( 29)	2,256
Office equipment	2,844	1,311	( 280)	-	( 42)	3,833
Miscellaneous equipment	52	5	-	-	( 1)	56
	<u>53,343</u>	<u>\$ 11,249</u>	<u>( \$ 7,353)</u>	<u>\$ -</u>	<u>( \$ 71)</u>	<u>57,167</u>
	<u>\$ 152,718</u>					<u>\$ 151,078</u>

No impairment losses were recognized or reversed For the Year Ended December 31, 2024 and 2023.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and improvements	
Main buildings	50 years
Decoration equipment	5-10 years
Machinery and equipment	2-8 years
Transportation equipment	3-7 years
Office equipment	3-11 years
Miscellaneous equipment	3-9 years

Considering the operational development needs, the Group resolved in the board of meeting in March 2024 to purchase a corporate operations headquarters. The contract was signed in March 2024 with a total contract price of \$371,580 thousand. According to the payment schedule, \$65,885 thousand has been recorded as construction in progress. As of December 31, 2024, the project has not yet been inspected and handed over. Please refer to Note 26 and Schedule 2.

Property, plant and equipment used by the Group pledged as collateral for bank borrowings are set out in Note 25.

b. Assets subject to operating leases

For the Year Ended December 31, 2024				
	Beginning Balance	Additions	Disposals	Ending Balance
<u>Cost</u>				
Land	\$ 27,567	\$ -	\$ -	\$ 27,567
Buildings and improvements	58,215	-	-	58,215
	<u>85,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>85,782</u>
<u>Accumulated depreciation</u>				
Buildings and improvements	13,519	\$ 1,173	\$ -	14,692
	<u>\$ 72,263</u>			<u>\$ 71,090</u>
For the Year Ended December 31, 2023				
	Beginning Balance	Additions	Disposals	Ending Balance
<u>Cost</u>				
Land	\$ 27,567	\$ -	\$ -	\$ 27,567
Buildings and improvements	58,215	-	-	58,215
	<u>85,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>85,782</u>
<u>Accumulated depreciation</u>				
Buildings and improvements	12,346	\$ 1,173	\$ -	13,519
	<u>\$ 73,436</u>			<u>\$ 72,263</u>

The Group leases certain office space and parking lots under operating leases, with lease terms of 1 to 5 years. Upon the termination of the lease period, the lessee has no bargain purchase option for the contacts.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and improvements	
Main buildings	50 years
Decoration equipment	5-10 years

Property, plant and equipment subject to operating leases pledged as collateral for bank borrowings are set out in Note 25.

### 13. LEASE ARRANGEMENTS

#### a. Right of use assets

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Carrying amounts</u>		
Land	\$ 203	\$ 270
Buildings and improvements	2,024	3,571
Transportation equipment	<u>5,073</u>	<u>5,156</u>
	<u>\$ 7,300</u>	<u>\$ 8,997</u>
	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Additions to right-of-use assets	<u>\$ 2,817</u>	<u>\$ 8,334</u>
Depreciation charge for right-of-use assets		
Land	\$ 67	\$ 67
Buildings and improvements	1,662	1,627
Transportation equipment	<u>2,900</u>	<u>2,253</u>
	<u>\$ 4,629</u>	<u>\$ 3,947</u>

#### b. Lease liabilities

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Carrying amounts</u>		
Current	<u>\$ 4,838</u>	<u>\$ 4,131</u>
Non-current	<u>\$ 2,720</u>	<u>\$ 5,058</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Land	5.84%	5.84%
Buildings and improvements	4.45%	4.45%-4.75%
Transportation equipment	5.74%-6.48%	5.74%-5.84%

#### c. Material leasing activities and terms

The Group leases certain land and transportation equipment with lease terms of 3 to 10 years. Upon the termination of the lease period, the Group has no renewal and bargain purchase option for the contracts.

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Expenses relating to short-term leases	\$ 1,388	\$ 600
Expenses relating to low-value asset leases	\$ 101	\$ 85
Total cash outflow for leases	(\$ 6,482)	(\$ 4,925)

The Group's leases of Buildings and improvements qualify as short-term leases and low-value office equipment leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

#### 14. OTHER PAYABLES

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Salaries and rewards	\$ 38,164	\$ 29,145
Compensation of employees and remuneration of directors	14,364	8,548
Payables for annual leave	3,973	3,467
Others	8,416	9,581
	<u>\$ 64,917</u>	<u>\$ 50,741</u>

#### 15. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Niching Suzhou Company participates in a social insurance scheme managed and coordinated by the local government. This scheme is a defined contribution plan, and the pension insurance premiums paid under the social insurance scheme are recognized as expenses in the year they are contributed.

Advanced Company is registered in the Samoa Islands, where there is no requirement to establish retirement plans or systems.

b. Defined contribution plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the



difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Group’s defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Present value of defined benefit obligation	\$ 41,063	\$ 35,300
Fair value of plan assets	( 18,344 )	( 14,467 )
Net defined benefit liabilities	<u>\$ 22,719</u>	<u>\$ 20,833</u>

Movements in net defined benefit liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2023	<u>\$ 36,405</u>	<u>( \$ 13,716 )</u>	<u>\$ 22,689</u>
Service cost			
Current service cost	258	-	258
Net interest expense (income)	<u>437</u>	<u>( 169 )</u>	<u>268</u>
Recognized in profit or loss	<u>695</u>	<u>( 169 )</u>	<u>526</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	( 124 )	( 124 )
Actuarial gain – experience adjustments	<u>( 1,800 )</u>	<u>-</u>	<u>( 1,800 )</u>
Recognized in other comprehensive income	<u>( 1,800 )</u>	<u>( 124 )</u>	<u>( 1,924 )</u>
Contributions from the employer	<u>-</u>	<u>( 458 )</u>	<u>( 458 )</u>
Balance at December 31, 2023	<u>35,300</u>	<u>( 14,467 )</u>	<u>20,833</u>
Service cost			
Current service cost	294	-	294
Net interest expense (income)	<u>423</u>	<u>( 176 )</u>	<u>247</u>
Recognized in profit or loss	<u>717</u>	<u>( 176 )</u>	<u>541</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	( \$ 1,307 )	( \$ 1,307 )
Actuarial gain – experience adjustments	8,170	-	8,170
Actuarial gain - changes in financial assumptions	<u>( 851 )</u>	<u>-</u>	<u>( 851 )</u>
Recognized in other comprehensive income	<u>7,319</u>	<u>( 1,307 )</u>	<u>6,012</u>
Contributions from the employer	<u>-</u>	<u>( 3,406 )</u>	<u>( 3,406 )</u>
Payments from plan assets	<u>( 1,012 )</u>	<u>1,012</u>	<u>-</u>
Payments from company accounts	<u>( 1,261 )</u>	<u>-</u>	<u>( 1,261 )</u>
Balance at December 31, 2024	<u>\$ 41,063</u>	<u>( \$ 18,344 )</u>	<u>\$ 22,719</u>

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Discount rates	1.60%	1.20%
Expected rates of salary increase	3.00%	3.00%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Discount rate		
0.1% increase	( \$ 207 )	( \$ 236 )
0.1% decrease	<u>\$ 209</u>	<u>\$ 239</u>
Expected rate of salary increase/decrease		
0.1% increase	<u>\$ 180</u>	<u>\$ 200</u>
0.1% decrease	( <u>\$ 179</u> )	( <u>\$ 198</u> )

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Expected contributions to the plan for the next year	<u>\$ 465</u>	<u>\$ 444</u>
Average duration of the defined benefit obligation	5.1 years	6.6 years

## 16. EQUITY

### a. Ordinary shares and Capital surplus

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Shares authorized (in thousands of shares)	<u>50,000</u>	<u>50,000</u>
Shares authorized	<u>\$ 500,000</u>	<u>\$ 500,000</u>
Shares issued and fully paid (in thousands of shares)	<u>44,997</u>	<u>44,115</u>
Shares issued	<u>\$ 449,969</u>	<u>\$ 441,146</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

On November 3, 2022, the Company's board of directors resolved to issue 5,000 thousand ordinary shares with a par value of \$10 per share and authorized the Chairman to oversee subsequent matters. The seasoned equity offering was approved by the FSC on January 5, 2023, and subsequently approved by the Chairman on February 2, 2023, at a price of \$50 per share. The subscription base date was set for March 7, 2023.

According to the Company Act, 10% of the total newly issued ordinary shares shall be reserved for subscription by employees. In accordance with IFRS 2 "Share-based Payment," the Company recognized a salary expense and capital surplus totaling \$5,500 thousand in 2023.

The company resolved to distribute 882,000 shares as stock dividends at the annual shareholders' meeting in June 2024. The board of directors set July 29, 2024, as the ex-dividend date, and the distribution was approved by the Securities and Futures Bureau of the Financial Supervisory Commission as of June 18, 2024.

### b. Capital surplus

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Issuance of ordinary shares	\$ 261,040	\$ 261,040
Invalid employee shares	<u>66</u>	<u>66</u>
	<u>\$ 261,106</u>	<u>\$ 261,106</u>

The capital surplus generated from donations and the excess of the issuance price over the par value of capital stock may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital, limited to a certain percentage of the Company's capital surplus and once a year.

### c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, except when the legal reserve equals the Company's total issued capital, and setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of

directors as the basis for proposing a distribution plan. When the distribution is made by issuing new shares, it shall be distributed upon resolution at the shareholders' meeting. When it is made in cash, it shall be distributed upon resolution by the board of directors.

Dividends and bonuses or all or part of the statutory surplus reserve and capital reserve to be distributed by the Company in cash shall be distributed upon resolution by the board of directors attended by two-thirds or more of the directors and approved by more than half of the directors present, as stipulated in Article 240, Paragraph 5 of the Company Law, and shall be reported to the shareholders' meeting.

The Company's dividend policy is to distribute dividends in consideration of the current and future development plans, investment environment, funding needs, and domestic and international competitive conditions, while also taking into account shareholders' interests. When distributing shareholders' dividends, at least 40% of the distributable surplus for the year shall be allocated as shareholders' dividends, which may be in cash or stock, with cash dividends not being less than 10% of the total dividends.

For the policies on the distribution of compensation of employees and remuneration of directors, refer to Note 19.

The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company specifies that when the special reserve is allocated from the net deduction of other equity accumulated in the previous period, if there is a reversal of the deduction in the current year, the amount can only be allocated from the previous period's undistributed earnings.

The appropriations of earnings for 2023 and 2022 were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Legal reserve	\$ 9,503	\$ 19,794
Special reserve	10,465	-
Cash dividends	101,464	167,635
Stock dividends	8,823	-
Cash dividend per share (NT\$)	2.3	3.8
Stock dividends per share (NT\$)	0.2	-

The above appropriations for cash dividends were resolved by the Company's board of directors in March, 2024 and 2023, respectively; the other proposed appropriations were resolved by the shareholders in their meeting in June, 2024 and 2023, respectively.

The appropriation of earnings for 2024, which was proposed by the Company's board of directors in March 2025, was as follows:

	<u><b>For the Year Ended December 31, 2024</b></u>
Legal reserve	\$ 10,264
Special reserve	13,363
Cash dividends	89,994
Cash dividend per share (NT\$)	2

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 12, 2025.

## 17. REVENUE

	<u><b>For the Year Ended December 31</b></u>	
	<b>2024</b>	<b>2023</b>
Sales revenue		
Semiconductor products	\$ 587,103	\$ 468,620
Optoelectronics products	401,829	354,264
Other	<u>20,632</u>	<u>15,969</u>
	1,009,564	838,853
Service revenue	<u>143,922</u>	<u>137,544</u>
	<u><b>\$ 1,153,486</b></u>	<u><b>\$ 976,397</b></u>

### Contract information

	<u><b>December 31</b></u>		<u><b>January 1</b></u>
	<b>2024</b>	<b>2023</b>	<b>2023</b>
Notes receivable and trade receivables	<u>\$ 550,569</u>	<u>\$ 443,473</u>	<u>\$ 532,548</u>

## 18. NET PROFIT FROM CONTINUING OPERATIONS

### a. Finance costs

	<u><b>December 31</b></u>	
	<b>2024</b>	<b>2023</b>
Interest on bank loans	\$ 95	\$ 688
Interest on lease liabilities	<u>428</u>	<u>378</u>
	<u><b>\$ 523</b></u>	<u><b>\$ 1,066</b></u>

### b. Employee benefits expense, depreciation and amortization expenses

	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>
<u><b>For the Year Ended December 31, 2024</b></u>			
Employee benefits			
Salaries and bonuses	\$ 2,835	\$ 124,513	\$ 127,348
Labor and health insurance	138	4,877	5,015
Defined contribution plans	29	512	541
Other employee benefits	472	12,845	13,317
Depreciation expenses	1,532	16,168	17,700
Amortization expenses	-	48	48

	Operating Costs	Operating Expenses	Total
<u>For the Year Ended December 31, 2023</u>			
Employee benefits			
Salaries and bonuses	2,666	108,312	110,978
Labor and health insurance	127	4,419	4,546
Defined contribution plans	28	498	526
Other employee benefits	444	12,252	12,696
Depreciation expenses	1,956	14,413	16,369
Amortization expenses	-	47	47

## 19. COMPENSATION OF EMPLOYEES AND REMUNERATION OF DIRECTORS

According to the Articles of Incorporation of the Company, the Company accrues compensation of employees and remuneration of directors at rates of no less than 2% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and the remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2024 and 2023 which have been approved by the Company's board of directors in March 2025 and 2024, respectively, were as follows:

	<u>For the Year Ended December 31</u>			
	<u>2024</u>		<u>2023</u>	
	Accrual rate	Amount	Accrual rate	Amount
Compensation of employees	7%	\$ 11,049	5%	\$ 6,020
Remuneration of directors	2.1%	3,315	2.1%	2,528

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

Information on the employees' compensation and remuneration to directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 20. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of tax expense recognized in profit or loss

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Current tax		
In respect of the current year	\$ 31,838	\$ 20,940
Adjustment for prior years	( 2,599 )	( 1,436 )
	<u>29,239</u>	<u>19,504</u>
Deferred tax		
In respect of the current year	4,827	( 1,205 )
Adjustment for prior years	1,960	-
	<u>6,787</u>	<u>( 1,205 )</u>
Income tax expense recognized in profit or loss	<u>\$ 36,026</u>	<u>\$ 18,299</u>

A reconciliation of accounting profit and income tax expenses is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Income tax expense calculated at the statutory rate	\$ 29,453	\$ 22,369
Tax-exempt income	( 5,092 )	( 2,634 )
Taxable income to be added	13,061	-
Unrecognized loss carryforwards	( 757 )	-
Adjustments for current and deferred income tax expenses from prior years recognized in the current year	( 639 )	( 1,436 )
Income tax expense recognized in profit or loss	<u>\$ 36,026</u>	<u>\$ 18,299</u>

Advanced Company, according to the laws of the Independent State of Samoa, is exempt from tax on its offshore income.

Niching Suzhou Company, in accordance with the Enterprise Income Tax Law of the People's Republic of China, is subject to an income tax rate of 25%.

b. Deferred tax assets and liabilities

	<b>For the Year Ended December 31, 2024</b>			
	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligations	\$ 4,167	(\$ 825 )	\$ 1,202	\$ 4,544
Unrealized inventory loss	377	632	-	1,009
Payables for annual leave	658	99	-	757
Unrealized foreign exchange loss	<u>1,879</u>	<u>( 1,879 )</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,081</u>	<u>( \$ 1,973 )</u>	<u>\$ 1,202</u>	<u>\$ 6,310</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Share of profit or loss of associates accounted for using the equity method	\$ -	\$ 3,668	\$ -	\$ 3,668
Gain from bargain purchase	1,469	-	-	1,469
Unrealized foreign exchange gain	-	1,146	-	1,146
Unrealized gains (loss) from financial assets measured at fair value through other comprehensive income	<u>1,402</u>	<u>-</u>	<u>( 1,233 )</u>	<u>169</u>
	<u>\$ 2,871</u>	<u>\$ 4,814</u>	<u>( \$ 1,233 )</u>	<u>\$ 6,452</u>

**For the Year Ended December 31, 2023**

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligations	\$ 4,538	\$ 14	(\$ 385)	\$ 4,167
Unrealized foreign exchange loss	475	1,404	-	1,879
Unrealized inventory loss	590	( 213)	-	377
Payables for annual leave	658	-	-	658
	<u>\$ 6,261</u>	<u>\$ 1,205</u>	<u>(\$ 385)</u>	<u>\$ 7,081</u>
<u>Deferred tax assets</u>				
Temporary differences				
Gain from bargain purchase	\$ 1,469	\$ -	\$ -	\$ 1,469
Unrealized gains (loss) from financial assets measured at fair value through other comprehensive income	2,128	-	( 726)	1,402
	<u>\$ 3,597</u>	<u>\$ -</u>	<u>(\$ 726)</u>	<u>\$ 2,871</u>

- c. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2023, the taxable temporary differences associated with investments for which no deferred tax liabilities have been recognized were \$9,073 thousand.

- d. Income tax assessments

The income tax returns of the Company through 2022 have been assessed by the tax authorities.

## 21. EARNINGS PER SHARE

	Unit: NT\$ Per Share For the Year Ended December 31	
	2024	2023
Basic earnings per share	\$ 2.39	\$ 2.12
Diluted earnings per share	\$ 2.38	\$ 2.12

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on July 29, 2024. The basic and diluted earnings per share adjusted for the year ended December 31, 2023 were as follows:

	Unit: NT\$ Per Share	
	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	\$ 2.16	\$ 2.12
Diluted earnings per share	\$ 2.16	\$ 2.12



The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Profit for the year attributable to owners of the Company	\$ 107,452	\$ 93,545

The weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	<b>Unit: Thousand shares</b>	
	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	44,997	44,088
Effect of potentially dilutive ordinary shares : Compensation of employees	152	100
Weighted average number of ordinary shares used in the computation of diluted earnings per share	45,149	44,188

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## **22. CAPITAL MANAGEMENT**

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of equity of the Group (comprising issued ordinary shares, capital surplus, retained earnings and other equity).

The Group is allowed not to follow other external laws or regulations on capital.

Key management personnel of the Group review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

## 23. FINANCIAL INSTRUMENTS

### a. Financial instruments not measured at fair value

The management of the Group considers that the carrying amounts of financial assets and liabilities not measured at fair value approximate its fair value or its fair value cannot be reliably measured.

### b. Fair value of financial instruments measured at fair value on a recurring basis

#### 1) Fair value hierarchy

<u>December 31, 2024</u>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at financial assets at fair value through other comprehensive income Domestic and foreign unlisted shares	\$ -	\$ -	\$ 57,076	\$ 57,076
<u>December 31, 2023</u>				
Financial assets at financial assets at fair value through other comprehensive income Domestic and foreign unlisted shares	\$ -	\$ -	\$ 64,603	\$ 64,603

There was no transfer of fair value measurements between Level 1 and Level 2 for 2024 and 2023.

#### 2) Reconciliation of Level 3 fair value measurements on financial instruments

	<b>Financial assets at financial assets at fair value through other comprehensive income Equity instruments For the Year Ended December 31</b>	
<u>Financial assets</u>	<b>2024</b>	<b>2023</b>
Balance at the beginning of the year	\$ 64,603	\$ 52,425
Unrealized gains (loss) from financial assets measured at fair value through other comprehensive income	( 20,232 )	( 15,008 )
Additions	12,705	27,200
Repayments	-	( 14 )
Balance at the end of the year	<u>\$ 57,076</u>	<u>\$ 64,603</u>

#### 3) Valuation techniques and inputs applied for the purpose of Level 3 fair value measurement

The securities of emerging stocks held by the Group have no market price reference and thus are evaluated under the cost approach and market approach.

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Financial assets</u>		
Financial assets at amortized cost	\$ 890,130	\$ 848,559
Financial assets at FVTOCI	57,076	64,603
<u>Financial liabilities</u>		
Amortized cost	325,148	243,999

The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables and refundable deposits, and other financial assets measured at amortized cost.

The balances include financial liabilities at amortized cost, which comprise notes payable, accounts payable, other payables and guarantee deposits received and other financial liabilities measured at amortized cost.

d. Financial risk management objectives and policies

The Group's major financial instruments included equity, trade receivables, trade payables and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

i. Foreign currency risk

The Group had foreign currency denominated sales and purchases, which expose the Group to foreign currency risk. Approximately 54%~59 % of the Group's sales is denominated in currencies other than the functional currency of the entity in the Group making the sale, whilst almost 45 %~46 % of costs is denominated in currencies other than the functional currency of the entity in the Group. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 27.

Sensitivity analysis

The Group is mainly exposed to the USD.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusted their translation at the end of the year for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit with the relevant currency strengthen 5% against New Taiwan dollars. For a 5% weakening of the relevant of the relevant currency against New Taiwan dollars, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	<b>Impact of fluctuations in exchange rate on profit or loss</b>	
	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
USD	\$ 19,711	\$ 15,708

## ii. Interest rate risk

The Group is exposed to interest rate risk because the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

The carrying amounts of the Group's financial assets and lease liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Fair value interest rate risk		
Financial assets	\$ 201,718	\$ 178,723
Lease liabilities	7,558	9,189
Cash flow interest rate risk		
Financial assets	129,234	218,188

## Sensitivity analysis

If interest rates had been 0.25% basis points higher/lower and all other variables been held constant, the Group's pre-tax profits for the years ended December 31, 2024 and 2023 would have increased/decreased by \$323 thousand and \$545 thousand, respectively. A 0.25% basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the

failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the following:

- i. The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- ii. The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Group adopted a policy of obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group uses other publicly available financial information and mutual transaction records to rate major customers, continuously monitoring credit exposure and counterparties' credit ratings. The total transaction amount is distributed among customers with qualified credit ratings, and the credit limits for each counterparty are reviewed and approved annually by management to control credit risk.

As of December 31, 2024 and 2023, the balances of accounts receivable from the top two customers were NT\$222,106 thousand and NT\$176,669 thousand, respectively. During 2024 and 2023, the concentration of credit risk for these companies did not exceed 25% of the total monetary assets, and the concentration of credit risk for other counterparties did not exceed 32% of the total monetary assets.

### 3) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and continuously monitoring forecasted and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. As of December 31, 2024 and 2023, the Group had undrawn loan amounts are as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Undrawn loan amounts	\$ 555,000	\$ 565,000

#### Liquidity and interest rate risk tables

The Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods is based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

	<b>Less Than 1 Year</b>	<b>More than 1 Years</b>
<b>Non-derivative financial liabilities</b>		
<u>December 31, 2024</u>		
Non-interest bearing	\$ 325,148	\$ -
Lease liabilities	<u>5,236</u>	<u>2,832</u>
	<u>\$ 330,384</u>	<u>\$ 2,832</u>
<u>December 31, 2023</u>		
Non-interest bearing	\$ 243,999	\$ -
Lease liabilities	<u>4,518</u>	<u>5,312</u>
	<u>\$ 248,517</u>	<u>\$ 5,312</u>

## 24. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

### 1) Related party name and categories

<b>Related Party Name</b>	<b>Related Party Categories</b>
Simmtech Co., Ltd. (Simmtech)	Other related party
Simmtech Graphics Co., Ltd. (STG)	Other related party
SI	Other related party
ENPLAS	Associate

### 2) Sales revenue

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Other related party		
SI	\$ 85,813	\$ 56,629
Simmtech	20,013	39,580
STG	-	1,466
	<u>\$ 105,826</u>	<u>\$ 97,675</u>

The commission rates for intermediary services provided above are not significantly different from those charged to non-related parties; the payment terms are also not materially different.

### 3) Non-operating income - other income

<b>Related Party Category</b>	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Associate	<u>\$ 57</u>	<u>\$ 55</u>

### 4) Receivables to related parties

<b>Related Party Category/Name</b>	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Other related party		
SI		
Gross carrying amount	\$ 30,577	\$ 36,444
Less: Allowance for impairment loss	( <u>32</u> )	( <u>10</u> )
	<u>30,545</u>	<u>36,434</u>
Simmtech		
Gross carrying amount	13,445	9,495
Less: Allowance for impairment loss	( <u>222</u> )	( <u>202</u> )
	<u>13,223</u>	<u>9,293</u>
	<u>\$ 43,768</u>	<u>\$ 45,727</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2024 and 2023, an allowance for doubtful accounts of \$ 42 thousand and \$ (590) thousand was respectively reversed (recognized).

5) Other receivables

<b>Related Party Category/Name</b>	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Other related party Simmtech	\$ <u>628</u>	\$ <u>515</u>

6) Acquisition of financial assets

For the Year Ended December 31, 2024

<b>Related Party Category/Name</b>	<b>Line Item</b>	<b>Number of Shares</b>	<b>Underlying Assets</b>	<b>Purchase Price</b>
Other related party SI	Investments accounted for using the equity method	190 thousand shares	STNC	\$ <u>35,575</u>

7) Remuneration of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Short-term employee benefits	\$ 35,187	\$ 27,671
Post-employment benefits	400	399
Share-based payments	-	1,364
	\$ <u>35,587</u>	\$ <u>29,434</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

## 25. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for long-term bank loans:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Property, plant and equipment	\$ <u>66,407</u>	\$ <u>67,553</u>

## 26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group at December 31, 2024 were as follows:

Unrecognized commitments were as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Acquisition of property, plant and equipment	\$ <u>305,695</u>	\$ <u>-</u>

## 27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies are as follows:

	December 31					
	2024			2023		
	Foreign Currency	Exchange Rate	Carrying Amount	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>						
Monetary items						
USD	\$ 16,044	32.785	\$ 526,008	\$ 13,866	30.705	\$ 425,761
RMB	85	4.462	380	290	4.311	1,248
<u>Financial liabilities</u>						
Monetary items						
USD	4,162	32.785	136,446	3,719	30.705	114,187

December 31, 2024 and 2023, realized and unrealized net foreign exchange gains were \$20,804 thousand and \$1,292 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions.

## 28. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and investees:

- 1) Financing provided to others: None.
- 2) Endorsements/guarantees provided: None.
- 3) Marketable securities held (excluding investment in subsidiaries and associates): Table 1.
- 4) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate at costs of at least NT \$300 million or 20% of the paid-in capital: Table 2.
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table None.
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.



9) Trading in derivative instruments: None.

10) Other: intercompany relationships and significant intercompany transactions: Table 4

b. Information on investees: Table 3

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriation of investment income, and limit on the amount of investment in the mainland China area: Table 5.

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

i. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 4.

ii. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 4.

iii. The amount of property transactions and the amount of the resultant gains or losses: None.

iv. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.

v. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.

vi. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: Table 4.

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder : Table 6.

## **29. SEGMENT INFORMATION**

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

a. Segment revenue and results

	Domestic	Asia	Others	Adjustments and Eliminations	Consolidated
<u>For the Year Ended December 31, 2024</u>					
Revenue from customers other than the Company and consolidated subsidiaries	\$1,147,392	\$ 5,914	\$ 180	\$ -	\$1,153,486
Revenue from the Company and consolidated subsidiaries	<u>31</u>	<u>15,015</u>	<u>-</u>	<u>(15,046)</u>	<u>-</u>
Segment Revenue	<u>\$1,147,423</u>	<u>\$ 20,929</u>	<u>\$ 180</u>	<u>(\$ 15,046)</u>	<u>\$1,153,486</u>
Segment income	<u>\$ 143,875</u>	<u>\$ 3,050</u>	<u>\$ 646</u>	<u>(\$ 3,570)</u>	<u>\$ 144,001</u>
Interest expense					<u>(523)</u>
Profit before tax (continuing operations)					<u>\$ 143,478</u>
<u>December 31, 2024</u>					
Non-current assets	<u>\$ 296,909</u>	<u>\$ 4,994</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 301,903</u>
<u>For the Year Ended December 31, 2023</u>					
Revenue from customers other than the Company and consolidated subsidiaries	\$ 964,394	\$ 5,971	\$ 6,032	\$ -	\$ 976,397
Revenue from the Company and consolidated subsidiaries	<u>137</u>	<u>7,709</u>	<u>-</u>	<u>(7,846)</u>	<u>-</u>
Segment Revenue	<u>\$ 964,531</u>	<u>\$ 13,680</u>	<u>\$ 6,032</u>	<u>(\$ 7,846)</u>	<u>\$ 976,397</u>
Segment income	<u>\$ 112,767</u>	<u>(\$ 4,552)</u>	<u>(\$ 6,753)</u>	<u>\$ 11,448</u>	<u>\$ 112,910</u>
Interest expense					<u>(1,066)</u>
Profit before tax (continuing operations)					<u>\$ 111,844</u>
<u>December 31, 2023</u>					
Non-current assets	<u>\$ 235,543</u>	<u>\$ 5,405</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 240,948</u>

Segment profit represents the profit earned by each segment without allocation of central administration costs and interest expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Non-current assets exclude investments accounted for using the equity method, financial instruments, deferred tax assets, and other intangible assets.

b. Segment assets

The Group had not reported segment assets and liabilities information to operating decision maker, thus, disclosure thus disclosure is not necessary.

c. Major Products and Service Revenue

The main business operations of the Company and its subsidiaries involve the import, export, and sales of raw materials, components, and equipment required by various semiconductor and optoelectronic industries. All of these fall under a single category of products.

d. Information about major customers

	<b>For the Year Ended December 31</b>			
	<b>2024</b>		<b>2023</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Customer A	\$ 284,056	25	\$ 293,245	30
Customer B	132,574	11	111,649	11
Customer C	117,696	10	120,304	12

**TABLE 1**

**NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**MARKETABLE SECURITIES HELD  
DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
The Company	<u>Shares</u>							
	APET	None	Financial assets at FVTOCI - non current	282,700	\$ 17,048	6	\$ 17,048	
	GST	Other related party	Financial assets at FVTOCI - non current	147,972	15,827	1	15,827	
	MCY	None	Financial assets at FVTOCI - non current	2,120,981	12,302	6	12,302	
	ELITING	None	Financial assets at FVTOCI - non current	335,925	11,173	12	11,173	
	QiangFang	None	Financial assets at FVTOCI - non current	435,000	726	15	726	
	PCCL	None	Financial assets at FVTOCI - non current	1,360,000	-	17	-	

Note: For information on the investments in subsidiaries and associates, see Tables 3 and 5.

TABLE 2

NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT \$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31 ,2024  
(In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount (Note)	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
The Company	Land and Buildings	113.03.07	\$ 371,580	As of the end of December 31, 2024, an amount of \$65,885 has been paid	Lien Jade Construction Co., Ltd.	—	—	—	—	\$ -	Appraisal report, agreed upon by both parties	Operational needs	—

Note: Amounts are in contractual values.

**TABLE 3**

**NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31,2024  
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31 , 2024			Net Income Loss of the Investee	Share of Profit Loss	Note
				December 31, 2024	December 31, 2023	Number of Shares	%	Carrying Amount			
The Company	Advanced	Samoa	General investment business and import-export trade	\$ 45,496	\$ 45,496	1,800,293	100	\$ 47,779	\$ 646	\$ 646	Note 1
	ENPLAS	Hsinchu City	Import and sale of electronic materials	52,621	52,621	633,000	30	162,323	77,186	23,133	
	STNC	Hongkong	General investment business and import-export trade	44,506	8,878	490,000	49	33,511	20,860	8,537	

Note 1: Significant intercompany accounts and transactions have been eliminated.

Note 2: For information on investments in mainland China, see Table 5.

**TABLE 4**

**NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31,2024  
(In Thousands of New Taiwan Dollars)**

No.	Investee Company	Counterparty (Note 3)	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	Terms % to Total Sales or Assets
0	The Company	Advanced Niching Suzhou	Note 1 Note 1	Other income	\$ 23	—	-
				Cost of goods sold	15,015	90 days	2
				Trade payables	4,367	—	-
				Other payables	321	—	-
				Sales	31	90 days	-
				Trade receivables	32	—	-

Note 1: Parent company to subsidiary.

Note 2: Significant intercompany accounts and transactions have been eliminated.

TABLE 5

## NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

## INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investee Company (Note 1)	Main Businesses and Products	Paid in Capital	Method of Investment	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2024	Net Income Loss of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain Loss (Note 3)	Carrying Amount as of December 31, 2024 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2024
					Outward	Inward						
Niching Co., LTD	Wholesale, import and export, commission agency (excluding auctions), and related supporting businesses for equipment, materials, and parts required for the manufacturing of semiconductor, optoelectronic, electronic, and mechanical products.	\$ 64,492 (USD 2,100)	(Note 2)	\$ 53,366 (USD 1,735)	\$ -	\$	\$ 53,366 (USD 1,735)	\$ 2,924	100%	\$ 2,924	\$ 30,035	\$ -
Simmtech Niching (Suzhou) Co., Ltd.	Wholesale, import and export, commission agency (excluding auctions), and related supporting businesses for equipment, materials, and parts required for the manufacturing of semiconductor, optoelectronic, electronic, and mechanical products.	29,570 (USD 1,000)	(Note 2)	8,878 (USD 300)	35,575 (USD 1,138)		44,453 (USD 1,438)	21,319	49%	8,765	31,491	65,304

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2024	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 4)
\$ 97,819 (USD 3,173)	\$ 101,956 (USD 3,238)	\$644,571

Note 1: This investment project has been approved by the Investment Commission, with an investment amount of USD \$3,238 thousand. However, as of December 31, 2024, USD \$3,173 thousand has been remitted.

Note 2: Investment in Mainland China companies through a company invested and established in a third region.

Note 3: In accordance with reports audited by the CPA from the parent company.

Note 4: Limitation is calculated under 'Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China'.

Note 5: Significant intercompany accounts and transactions have been eliminated.



**TABLE 6****NICHING INDUSTRIAL CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
Jutai Investment Co., Ltd.	3,867,071	8.59%

Note 1: The information on major shareholders disclosed in the table above was calculated by the Taiwan Depository & Clearing Corporation based on the number of ordinary and preference shares held by shareholders with ownership of 5% or greater, that have completed dematerialized registration and delivery including treasury shares as of the last business day of the current quarter. The share capital recorded in the consolidated financial may differ from the number of shares that have completed dematerialized registration and delivery due to differences in the basis of preparation.

Note 2: If the above information is related to shareholders who have delivered their shares held to a trust, the information is separately disclosed by each trustor's account opened by the trustee. As for the declaration of insider shareholdings exceeding 10% in accordance with the securities and exchange act, the shareholdings include the shares held by the shareholder as well as those that have been delivered to the trust and for which the shareholder has the right to determine the use of trust property. For information on the declaration of insider shareholdings, refer to the Market Observation Post System website of the TWSE.