

# **Niching Industrial Corporation and Subsidiaries**

## **Consolidated Financial Statements For The Three Months Ended March 31, 2023 and 2022 and Independent Auditors' Review Report**

**Address: : Room 5E, No.767, Sec 4, Taiwan**

**Bld.,Taichung,Taiwan**

**TEL : (04)2358-8966**

## **INDEPENDENT AUDITORS' REVIEW REPORT**

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

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Niching Industrial Corporation and its subsidiaries (collectively referred to as the “Group”), as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### **Scope of Review**

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Basis for Qualified Conclusion**

As described in Note 11, the financial statements of certain non-significant subsidiaries and in , investments accounted for using the equity method were prepared and not reviewed by the independent auditors as of and for the three months ended March 31, 2023 and 2022. Total assets of these subsidiaries amounted to \$ 55,307 thousand and \$ 70,552 thousand, representing 4% and 5% of the related consolidated totals, and total liabilities amounted to \$ 4,833 thousand and \$ 8,781 thousand, respectively, representing 1% and 2% of the related consolidated totals, as at March 31, 2023 and 2022, respectively. Total comprehensive income (loss) of these subsidiaries amounted to \$ (180) thousand and \$ 568 thousand, representing (1)% and 1% of the related

consolidated totals for the three-month periods ended March 31, 2023 and 2022.

As described in Note 12 indicated, the un-reviewed balance of investment amounted to \$216,115 thousand and \$171,098 thousand; the recognized share of profits of associates under the equity method of these investments amounted to \$ 12,809 thousand and \$ 13,214 thousand for the three months ended March 31, 2023 and 2022, respectively. Additionally, the relevant information disclosed in Note 29 to the consolidated financial statements, pertaining to the aforementioned non-significant subsidiaries and investee companies, has also not been reviewed by auditors.

### **Qualified Conclusion**

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain non-significant subsidiaries and investee companies been reviewed by independent accountants as described in the preceding paragraph, that we might have become aware of had it not been for the situation described above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023 and 2022, its consolidated financial performance as of March 31, 2023 and 2022, and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Done-Yuin Tseng, and Ting-Chien Su.

Deloitte & Touche

Taipei, Taiwan

Republic of China

May 4, 2023

#### 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

MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022

(In Thousands of New Taiwan Dollars)

ASSET	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 6)	\$ 461,943	31	\$ 327,431	23	\$ 198,456	15
Notes receivable	301	-	301	-	33	-
Trade receivables from unrelated parties(Notes 8)	368,466	25	452,365	32	460,082	35
Trade receivables from related parties(Notes 8 and 26)	70,919	5	79,882	6	68,844	5
Other receivables (Notes 26)	1,470	-	969	-	2,102	-
Inventories (Notes 9)	70,970	5	60,048	4	86,509	7
Prepayments	1,719	-	-	-	33,753	3
Other current assets	<u>6,077</u>	<u>-</u>	<u>5,933</u>	<u>-</u>	<u>6,099</u>	<u>-</u>
Total current assets	<u>981,865</u>	<u>66</u>	<u>926,929</u>	<u>65</u>	<u>855,878</u>	<u>65</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Notes 10)	51,551	4	52,425	4	54,040	4
Non-current financial assets at amortised cost(Notes 7)	-	-	-	-	2,566	-
Investments accounted for using the equity method (Notes 12)	216,115	15	204,822	14	171,098	13
Property, plant and equipment (Notes 13 and 27)	225,625	15	226,154	16	226,654	17
Right-of-use assets (Notes 14)	3,792	-	4,668	-	4,254	-
Other intangible assets	623	-	670	-	235	-
Deferred tax assets (Notes 4 and 22)	5,744	-	6,261	1	5,918	1
Prepaid investments	1,441	-	1,788	-	95	-
Other non-current assets	<u>5,748</u>	<u>-</u>	<u>5,949</u>	<u>-</u>	<u>4,410</u>	<u>-</u>
Total non-current assets	<u>510,639</u>	<u>34</u>	<u>502,737</u>	<u>35</u>	<u>469,270</u>	<u>35</u>
TOTAL	<u>\$ 1,492,504</u>	<u>100</u>	<u>\$ 1,429,666</u>	<u>100</u>	<u>\$ 1,325,148</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 15 and 27)	\$ -	-	\$ 150,000	10	\$ 105,000	8
Notes payable	1,775	-	381	-	1,612	-
Trade payables	195,004	13	227,968	16	238,053	18
Other payables (Notes 16 and 21)	207,667	14	68,343	5	47,007	4
Current tax liabilities (Notes 4 and 21)	24,627	2	23,571	2	28,111	2
Lease liabilities - current (Notes 14)	1,730	-	2,299	-	3,076	-
Other current liabilities	<u>6,162</u>	<u>-</u>	<u>7,275</u>	<u>1</u>	<u>4,784</u>	<u>-</u>
Total current liabilities	<u>436,965</u>	<u>29</u>	<u>479,837</u>	<u>34</u>	<u>427,643</u>	<u>32</u>
NON-CURRENT LIABILITIES						
Deferred tax liabilities (Notes 4 and 22)	3,712	-	3,597	-	4,835	1
Lease liabilities - non-current (Notes 14)	2,163	-	2,477	-	1,305	-
Net defined benefit liabilities - non-current (Notes 4 and 17)	22,679	2	22,689	2	24,832	2
Guarantee deposits	<u>803</u>	<u>-</u>	<u>803</u>	<u>-</u>	<u>1,262</u>	<u>-</u>
Total non-current liabilities	<u>29,357</u>	<u>2</u>	<u>29,566</u>	<u>2</u>	<u>32,234</u>	<u>3</u>
Total liabilities	<u>466,322</u>	<u>31</u>	<u>509,403</u>	<u>36</u>	<u>459,877</u>	<u>35</u>
EQUITY						
Ordinary shares	441,146	30	391,146	27	391,146	29
Capital surplus	261,106	17	56,611	4	56,611	4
Retained earnings						
Legal reserve	124,129	9	124,129	9	110,643	8
Special reserve	-	-	-	-	5,711	1
Unappropriated earnings	196,776	13	343,159	24	293,784	22
Other equity						
Exchange differences on translation of foreign financial statements	( 8,885 )	( 1 )	( 7,370 )	( 1 )	( 7,036 )	-
Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	<u>11,910</u>	<u>1</u>	<u>12,588</u>	<u>1</u>	<u>14,412</u>	<u>1</u>
Total equity	<u>1,026,182</u>	<u>69</u>	<u>920,263</u>	<u>64</u>	<u>865,271</u>	<u>65</u>
TOTAL	<u>\$ 1,492,504</u>	<u>100</u>	<u>\$ 1,429,666</u>	<u>100</u>	<u>\$ 1,325,148</u>	<u>100</u>

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

(With Deloitte & Touche auditors' review report dated May 4, 2023)

# NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

### FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

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

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
SALES (Notes 19 and 26)				
Sales revenue	\$ 179,975	85	\$ 252,845	86
Service revenue	<u>30,822</u>	<u>15</u>	<u>42,217</u>	<u>14</u>
SALES	210,797	100	295,062	100
 COST OF GOODS SOLD (Notes 9 and 20)	<u>154,100</u>	<u>73</u>	<u>216,836</u>	<u>74</u>
 GROSS PROFIT	<u>56,697</u>	<u>27</u>	<u>78,226</u>	<u>26</u>
 OPERATING EXPENSES				
Selling and marketing expenses				
(Notes 20)	19,839	10	19,953	7
General and administrative expenses				
(Notes 20)	16,762	8	17,147	6
Research and development expenses				
(Notes 20)	10,961	5	6,449	2
Expected credit loss (Notes 8)	<u>695</u>	<u>-</u>	<u>409</u>	<u>-</u>
Total operating expenses	<u>48,257</u>	<u>23</u>	<u>43,958</u>	<u>15</u>
 PROFIT FROM OPERATIONS	<u>8,440</u>	<u>4</u>	<u>34,268</u>	<u>11</u>
 NON-OPERATING INCOME AND EXPENSES				
Share of profit or loss of subsidiaries				
and associates accounted for using				
the equity method (Note 12)	12,809	6	13,214	5
Interest income	1,158	-	128	-
Rental income	1,216	-	1,389	-
Other income	3,393	2	752	-
Net foreign exchange gain (loss)	( 3,889 )	( 2 )	11,791	4
Finance costs	( 736 )	-	( 412 )	-
Other expenses	<u>( 352 )</u>	<u>-</u>	<u>( 409 )</u>	<u>-</u>
Total non-operating income and				
expenses	<u>13,599</u>	<u>6</u>	<u>26,453</u>	<u>9</u>

(Continued)

# NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

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

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 22,039	10	\$ 60,721	20
INCOME TAX EXPENSE (Notes 4 and 22)	<u>787</u>	<u>-</u>	<u>9,899</u>	<u>3</u>
NET PROFIT FOR THE PERIOD	<u>21,252</u>	<u>10</u>	<u>50,822</u>	<u>17</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
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	( 874 )	-	4,123	1
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 22)	<u>196</u>	<u>-</u>	<u>( 873 )</u>	<u>-</u>
	( 678 )	-	3,250	1
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation	( 1,515 )	( 1 )	4,035	2
Other comprehensive income for the year	( 2,193 )	( 1 )	7,285	3
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 19,059</u>	<u>9</u>	<u>\$ 58,107</u>	<u>20</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 0.52</u>		<u>\$ 1.30</u>	
Diluted	<u>\$ 0.52</u>		<u>\$ 1.29</u>	

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

(With Deloitte & Touche auditors' review report dated May 4, 2023)

(Concluded)

**NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)  
(Reviewed, Not Audited)**

	Equity Attributable to Owners of the Corporation					Other Equity		
	Ordinary Shares (Note 18)	Capital Surplus (Note 18)	Retained Earnings (Note 18)			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Through Other Comprehensive Income	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings			
BALANCE AT JANUARY 1, 2022	\$ 391,146	\$ 56,611	\$ 110,643	\$ 5,711	\$ 242,962	(\$ 11,071)	\$ 11,162	\$ 807,164
Net profit for the three months ended March 31, 2022	-	-	-	-	50,822	-	-	50,822
Other comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	4,035	3,250	7,285
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	50,822	4,035	3,250	58,107
BALANCE AT MARCH 31, 2022	\$ 391,146	\$ 56,611	\$ 110,643	\$ 5,711	\$ 293,784	(\$ 7,036)	\$ 14,412	\$ 865,271
BALANCE AT JANUARY 1, 2023	\$ 391,146	\$ 56,611	\$ 124,129	\$ -	\$ 343,159	(\$ 7,370)	\$ 12,588	\$ 920,263
Appropriation of 2022 earnings								
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 three months ended March 31, 2023	-	-	-	-	21,252	-	-	21,252
Other comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	( 1,515)	( 678)	( 2,193)
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	21,252	( 1,515)	( 678)	19,059
BALANCE AT MARCH 31, 2023	\$ 441,146	\$ 261,106	\$ 124,129	\$ -	\$ 196,776	(\$ 8,885)	\$ 11,910	\$ 1,026,182

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

(With Deloitte & Touche auditors' review report dated May 4, 2023)

# NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 22,039	\$ 60,721
Adjustments for:		
Depreciation expenses	4,121	3,670
Amortization expenses	47	22
Expected credit loss	695	409
Finance costs	736	412
Interest income	( 1,158)	( 128)
Share-based compensation	5,500	-
Share of profit of subsidiaries and associates accounted for using the equity method	( 12,809)	( 13,214)
Loss on disposal of property, plant and equipment	6	-
Impairment loss(income) recognized on non-financial assets	( 188)	698
Unrealized foreign currency exchange gain	( 4,465)	( 9,529)
Amortization of prepayments	547	562
Changes in operating assets and liabilities		
Notes receivable	-	170
Trade receivables	97,324	( 11,802)
Other receivables	( 487)	( 823)
Inventories	( 10,734)	( 20,389)
Prepayments	32	( 33,314)
Other current assets	( 1,896)	( 2,419)
Notes payable	1,394	770
Trade payables	( 33,611)	( 25,096)
Other payables	( 28,197)	( 9,718)
Other current liabilities	( 1,115)	355
Net defined benefit liabilities	( 10)	( 4)
Cash generated from operations	37,771	( 58,647)
Interest received	1,146	( 129)
Interest paid	( 736)	( 412)
Income tax paid	1,097	1
Net cash generated from (used in) operating activities	39,278	( 59,187)

(Continued)



# NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at amortised cost	\$ -	\$ 44
Payments for property, plant and equipment	( 130 )	( 952 )
Decrease in refundable deposits	129	-
Increase in other non-current assets	( 469 )	( 510 )
Increase in prepayments for machinery and equipment	( 2,239 )	( 44 )
Net cash generated used in investing activities	( 2,709 )	( 1,462 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	-	105,000
Decrease in short-term borrowings	( 150,000 )	( 126,671 )
Increase in guarantee deposits received	-	4
Repayment of the principal portion of lease liabilities	( 989 )	( 738 )
Proceeds from issuance of ordinary shares	248,995	-
Net cash from (used in) financing activities	98,006	( 22,405 )
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>	( 63 )	1,745
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	134,512	( 81,309 )
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	327,431	279,765
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	\$ 461,943	\$ 198,456

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

(With Deloitte & Touche auditors' review report dated May 4, 2023)

# NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

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

(Reviewed, Not Audited)

#### 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 the Company's board of directors on May 4, 2023.

#### 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 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 1)</b>
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
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of above 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**

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

##### **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. 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 used by the Company. 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 11, Tables 2 and 4 for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2022.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period' pre-tax income the tax rate that would be applicable to expected total annual earnings.

## 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. The material accounting judgments and key sources of estimation uncertainty of these interim consolidated financial statements are the same as those applied to the preparation of the consolidated financial statements for the year ended December 31, 2022.

## 6. CASH AND CASH EQUIVALENTS

	<b>March 31,2023</b>	<b>December 31,2022</b>	<b>March 31,2022</b>
Cash on hand	\$ 947	\$ 1,094	\$ 1,051
Checking accounts and demand deposits	237,660	218,824	176,320
Cash equivalents			
Time deposits	223,336	107,513	21,085
	<u>\$ 461,943</u>	<u>\$ 327,431</u>	<u>\$ 198,456</u>

## 7. NON-CURRENT FINANCIAL ASSETS AT AMORTISED COST

	<b>March 31,2023</b>	<b>December 31,2022</b>	<b>March 31,2022</b>
Restricted Bank Deposits	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>      2,566</u>

The company has been approved by the National Taxation Bureau of the Ministry of Finance and has submitted an investment plan to the Ministry of Economic Affairs in accordance with the "Regulations on the Repatriation of Offshore Funds for Investment in Industries." According to these regulations, the funds are restricted to the approved plan and cannot be used for other purposes.

## 8. TRADE RECEIVABLES

	<b>March 31,2023</b>	<b>December 31,2022</b>	<b>March 31,2022</b>
At amortized cost			
Gross carrying amount	\$ 440,941	\$ 533,108	\$ 529,597
Less: Allowance for impairment loss	( <u>      1,556</u> )	( <u>      861</u> )	( <u>      671</u> )
At amortized cost	\$ <u>  439,385</u>	\$ <u>  532,247</u>	\$ <u>  528,926</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 trade receivables:

	<b>Less than 150 days</b>	<b>151 to 365 Days</b>	<b>Over 365 Days</b>	<b>Total</b>
<u>March 31, 2023</u>				
Expected credit loss rate (%)	-	5	100	
Gross carrying amount	\$ 409,568	\$ 31,373	\$ -	\$ 440,941
Loss allowance	-	( 1,556)	-	( 1,556)
Amortized cost	<u>\$ 409,568</u>	<u>\$ 29,817</u>	<u>\$ -</u>	<u>\$ 439,385</u>
<u>December 31, 2022</u>				
Expected credit loss rate (%)	-	5	100	
Gross carrying amount	\$ 515,249	\$ 17,859	\$ -	\$ 533,108
Loss allowance	-	( 861)	-	( 861)
Amortized cost	<u>\$ 515,249</u>	<u>\$ 16,998</u>	<u>\$ -</u>	<u>\$ 532,247</u>
<u>March 31, 2022</u>				
Expected credit loss rate (%)	-	5	100	
Gross carrying amount	\$ 516,469	\$ 13,093	\$ 35	\$ 529,597
Loss allowance	-	( 636)	( 35)	( 671)
Amortized cost	<u>\$ 516,469</u>	<u>\$ 12,457</u>	<u>\$ -</u>	<u>\$ 528,926</u>

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

	<b>Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 861	\$ 261
Net remeasurement of loss allowance	695	409
Foreign exchange gains and losses	-	1
Balance at March 31	<u>\$ 1,556</u>	<u>\$ 671</u>

## 9. INVENTORIES

	<b>March 31,2023</b>	<b>December 31,2022</b>	<b>March 31,2022</b>
Merchandise	<u>\$ 70,970</u>	<u>\$ 60,048</u>	<u>\$ 86,509</u>

The cost of inventories recognized as cost of goods sold for the Three Months Ended March 31,2023 and 2022 was \$154,100 thousand and \$216,836 thousand, respectively.

Operating costs include the following items:

	<b>Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Inventory loss from write-down (reversal of write-down)	( \$ 188)	\$ 698

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

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

<u>Name of Investee Company</u>	<b>March 31,2023</b>	<b>December 31,2022</b>	<b>March 31,2022</b>
Unlisted ordinary shares			
Advanced Processing Equipment Technology Co., Ltd. ( APET )	\$ 23,323	\$ 23,523	\$ 24,808
Global Simmtech Co., Ltd. ( GST )	18,370	19,148	16,818
Eliting Technology Corporation ( ELITING )	9,238	8,979	11,023
QiangFang Technology Co., Ltd. (QiangFang )	620	775	1,391
ProMOS TECHNOLOGIES INC.(ProMOS )	-	-	-
	<u>\$ 51,551</u>	<u>\$ 52,425</u>	<u>\$ 54,040</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.

## 11.SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

<b>Investor</b>	<b>Investee</b>	<b>Main Business</b>	<b>% of Ownership</b>		
			<b>March 31,2023</b>	<b>December 31,2022</b>	<b>March 31,2022</b>
The Company	Advanced Corporation (Advanced)	Holding company	100	100	100
Advanced	Niching Co., LTD (Niching Suzhou)	Trading industry	100	100	100

The subsidiaries are immaterial subsidiaries; their financial statements have not been reviewed for the three months ended March 31, 203 and 2022.

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

<b>Investee</b>	<b>March 31,2023</b>		<b>December 31,2022</b>		<b>March 31,2022</b>	
	<b>Carrying Amount</b>	<b>% of Ownership</b>	<b>Carrying Amount</b>	<b>% of Ownership</b>	<b>Carrying Amount</b>	<b>% of Ownership</b>
<u>Private entity</u>						
Enplas niching technology corporation ( ENPLAS )	\$ 161,751	30	\$ 149,298	30	\$ 123,699	30
STNC Hong Kong Holdings Limited ( STNC )	54,364	30	55,524	30	47,399	30
	<u>\$ 216,115</u>		<u>\$ 204,822</u>		<u>\$ 171,098</u>	

Investments were accounted for using the equity method and the share of profit or loss and other comprehensive income (loss) of those investments were calculated based on the financial statements that have not been reviewed.

Refer to Table 2 “Information on Investees” for the nature of activities, principal places of business and countries of incorporation of the joint ventures.

### 13. PROPERTY, PLANT AND EQUIPMENT

	<b>March 31,2023</b>	<b>December 31,2022</b>	<b>March 31,2022</b>
Assets used by the Company	\$ 152,482	\$ 152,718	\$ 145,004
Assets subject to operating leases	<u>73,143</u>	<u>73,436</u>	<u>81,650</u>
	<u>\$ 225,625</u>	<u>\$ 226,154</u>	<u>\$ 226,654</u>

#### a. Assets used by the Company

<b>For the Three Months Ended March 31, 2023</b>						
<u>Cost</u>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Reclassified Amount</b>	<b>Translation Adjustments</b>	<b>Ending Balance</b>
Land	\$ 42,733	\$ -	\$ -	\$ -	\$ -	\$ 42,733
Buildings and improvements	122,990	-	-	-	-	122,990
Machinery and equipment	27,393	-	( 2,349)	2,586	-	27,630
Transportation equipment	5,186	-	-	-	9	5,195
Office equipment	7,701	26	( 63)	-	17	7,681
Miscellaneous equipment	<u>58</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58</u>
	<u>206,061</u>	<u>\$ 26</u>	<u>(\$ 2,412)</u>	<u>\$ 2,586</u>	<u>\$ 26</u>	<u>206,287</u>
<u>Accumulated depreciation</u>						
Buildings and improvements	34,870	\$ 901	\$ -	\$ -	\$ -	35,771
Machinery and equipment	12,799	1,413	( 2,349)	-	-	11,863
Transportation equipment	2,778	215	-	-	9	3,002
Office equipment	2,844	318	( 57)	-	12	3,117
Miscellaneous equipment	<u>52</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52</u>
	<u>53,343</u>	<u>\$ 2,847</u>	<u>(\$ 2,406)</u>	<u>\$ -</u>	<u>\$ 21</u>	<u>53,805</u>
	<u>\$ 152,718</u>					<u>\$ 152,482</u>
<b>For the Three Months Ended March 31, 2022</b>						
<u>Cost</u>						
Land	\$ 46,243	\$ -	\$ -	\$ -	\$ -	\$ 46,243
Buildings and improvements	110,279	-	-	-	-	110,279
Machinery and equipment	25,245	-	-	146	-	25,391
Transportation equipment	5,440	-	-	-	95	5,535
Office equipment	5,363	860	( 260)	-	127	6,090
Miscellaneous equipment	<u>58</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>60</u>
	<u>192,628</u>	<u>\$ 860</u>	<u>(\$ 260)</u>	<u>\$ 146</u>	<u>\$ 224</u>	<u>193,598</u>
<u>Accumulated depreciation</u>						
Buildings and improvements	\$ 30,043	\$ 809	\$ -	\$ -	\$ -	30,852
Machinery and equipment	8,025	1,267	-	-	-	9,292
Transportation equipment	4,132	260	-	-	86	4,478
Office equipment	3,870	210	( 260)	-	98	3,918
Miscellaneous equipment	<u>52</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>54</u>
	<u>46,122</u>	<u>\$ 2,546</u>	<u>(\$ 260)</u>	<u>\$ -</u>	<u>\$ 186</u>	<u>48,594</u>
	<u>\$ 146,506</u>					<u>\$ 145,004</u>

No impairment losses were recognized or reversed for the three months ended March 31, 2023 and 2022.



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

Property, plant and equipment used by the Company pledged as collateral for bank borrowings are set out in Note 27.

b. Assets subject to operating leases

<b>For the Three Months Ended March 31, 2023</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
<u>Cost</u>				
Land	\$ 27,567	\$ -	\$ -	\$ 27,567
Buildings and improvements	<u>58,215</u>	<u>-</u>	<u>-</u>	<u>58,215</u>
	<u>85,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>85,782</u>
<u>Accumulated depreciation</u>				
Buildings and improvements	<u>12,346</u>	<u>\$ 293</u>	<u>\$ -</u>	<u>12,639</u>
	<u>\$ 73,436</u>			<u>\$ 73,143</u>
<b>For the Three Months Ended March 31, 2022</b>				
<u>Cost</u>				
Land	\$ 24,057	\$ -	\$ -	\$ 24,057
Buildings and improvements	<u>70,397</u>	<u>-</u>	<u>-</u>	<u>70,397</u>
	<u>94,454</u>	<u>\$ -</u>	<u>\$ -</u>	<u>94,454</u>
<u>Accumulated depreciation</u>				
Buildings and improvements	<u>12,432</u>	<u>\$ 372</u>	<u>\$ -</u>	<u>12,804</u>
	<u>\$ 82,022</u>			<u>\$ 81,650</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 27.

## 14. LEASE ARRANGEMENTS

### a. Right-of-use assets

	March 31,2023	December 31,2022	March 31,2022
<u>Carrying amounts</u>			
Land	\$ 322	\$ 337	\$ 389
Buildings and improvements	89	385	1,614
Transportation equipment	3,381	3,946	2,251
	<u>\$ 3,792</u>	<u>\$ 4,668</u>	<u>\$ 4,254</u>

	<u>For The Three Months Ended March 31</u>	
	2023	2022
Additions to right-of-use assets	<u>\$ 102</u>	<u>\$ -</u>
Depreciation charge for right-of-use assets		
Land	\$ 17	\$ 17
Buildings and improvements	401	398
Transportation equipment	563	337
	<u>\$ 981</u>	<u>\$ 752</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2023 and 2022.

### b. Lease liabilities

	March 31,2023	December 31,2022	March 31,2022
<u>Carrying amounts</u>			
Current	<u>\$ 1,730</u>	<u>\$ 2,299</u>	<u>\$ 3,076</u>
Non-current	<u>\$ 2,163</u>	<u>\$ 2,477</u>	<u>\$ 1,305</u>

Range of discount rate for lease liabilities was as follows:

	March 31,2023	December 31,2022	March 31,2022
Land	5.84%	5.84%	5.84%
Buildings and improvements	4.45%-4.75%	4.75%	4.75%
Transportation equipment	5.74%	5.74%-5.84%	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

**For The Three Months Ended March 31**

	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases	\$ 58	\$ 432
Expenses relating to low-value asset leases	\$ 25	\$ 29
Total cash outflow for leases	( \$ 1,131 )	( \$ 1,260 )

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.

**15. SHORT-TERM BORROWINGS**

	<b>March 31,2023</b>	<b>December 31,2022</b>	<b>March 31,2022</b>
Line of credit borrowings	\$ -	\$ 60,000	\$ 65,000
Secured short-term borrowings	-	90,000	40,000
	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ 105,000</u>
<u>Rate of interest per annum (%)</u>			
Line of credit borrowings	-	1.55-1.68	1.13-1.28
Secured short-term borrowings	-	1.67-1.88	1.10-1.35

**16. OTHER PAYABLES**

	<b>March 31,2023</b>	<b>December 31,2022</b>	<b>March 31,2022</b>
Dividends	\$ 167,635	\$ -	\$ -
Compensation of employees and remuneration of directors	21,014	19,330	19,703
Salaries and rewards	7,443	35,704	14,507
Payables for annual leave	3,466	3,467	2,925
Others	8,109	9,842	9,872
	<u>\$ 207,667</u>	<u>\$ 68,343</u>	<u>\$ 47,007</u>

**17. RETIREMENT BENEFIT PLANS**

For the three months ended March 31, 2023 and 2022, the pension expenses of defined benefit plans were \$113 thousand and \$101 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2022 and 2021, respectively.

## 18. EQUITY

### a. ordinary shares

	<b>March 31,2023</b>	<b>December 31,2022</b>	<b>March 31,2022</b>
Number of shares authorized (in thousands)	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Shares authorized	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>
Number of shares issued and fully paid (in thousands)	<u>44,115</u>	<u>39,115</u>	<u>39,115</u>
Shares issued	<u>\$ 441,146</u>	<u>\$ 391,146</u>	<u>\$ 391,146</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, and authorized the chairman to handle subsequent matters. On January 5, 2023, the above transaction was approved by the SFB and FSC and the subscription base date set March 7, 2023, with approval from the chairman on February 2, 2023, for a consideration of \$50 per share.

According to the Company Act, the issuance of ordinary shares shall appropriate 10% of the total amount of new shares for subscription by employees. According to IFRS 2 "Share-based Payment", the Company recognized salary expense and capital surplus amounted to \$5,500 thousand in 2023.

### b. Capital surplus

	<b>March 31,2023</b>	<b>December 31,2022</b>	<b>March 31,2022</b>
Issuance of ordinary shares	\$ 261,040	\$ 56,611	\$ 56,611
Invalid employee shares	<u>66</u>	<u>-</u>	<u>-</u>
	<u>\$ 261,106</u>	<u>\$ 56,611</u>	<u>\$ 56,611</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 after the amendment, refer to Note 21.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. 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 appropriation of earnings for 2022 proposed by the Company's board of directors in March 2023 and the appropriation of earnings for 2021 approved in the shareholders' meeting in June 2022 were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Legal reserve	\$ 19,794	\$ 13,486
Special reserve	-	( 5,711 )
Cash dividends	167,635	89,964
Cash dividend per share (NT\$)	3.8	2.3

The appropriations of cash dividends per share for 2022 had been approved by the board of directors on March 16, 2023, the other appropriations of earnings for 2022 is subject to the resolution of the shareholders in their meeting to be held on June 15, 2023. The appropriations of earnings for 2021 had been approved in the shareholders' meeting on June 15, 2022.

## 19. REVENUE

	<b>Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Sales revenue		
Semiconductor products	\$ 100,217	\$ 124,330
Optoelectronics products	76,508	124,319
Other	<u>3,250</u>	<u>4,196</u>
	179,975	252,845
Service revenue	<u>30,822</u>	<u>42,217</u>
	<u>\$ 210,797</u>	<u>\$ 295,062</u>

### Contract information

	<b>March 31,2023</b>	<b>December 31,2022</b>	<b>March 31,2022</b>
Notes receivable and trade receivables	<u>\$ 439,686</u>	<u>\$ 532,548</u>	<u>\$ 528,959</u>

## 20. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION EXPENSES

	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>
<u>For the Three Months Ended March 31, 2023</u>			
Employee benefits			
Salaries and bonuses	\$ 765	\$ 30,735	\$ 31,500
Defined contribution plans	31	1,104	1,135
Defined benefit plans	7	106	113
Other employee benefits	97	2,840	2,937
Depreciation expenses	592	3,529	4,121
Amortization expenses	-	47	47

### For the Three Months Ended March 31, 2022

Employee benefits			
Salaries and bonuses	573	29,875	30,448
Defined contribution plans	31	965	996
Defined benefit plans	7	94	101
Other employee benefits	92	3,249	3,341
Depreciation expenses	581	3,089	3,670
Amortization expenses	-	22	22

## 21. 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. For the three months ended March 31, 2023 and 2022, the compensation of employees and the remuneration of directors were as follows:

	For The Three Months Ended March 31			
	2023		2022	
	Accrual rate	Amount	Accrual rate	Amount
Compensation of employees	5%	\$ 1,186	5%	\$ 3,300
Remuneration of directors	2.1%	498	3%	1,980

If there will be 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.

The compensation of employees and remuneration of directors for 2022 and 2021 which have been resolved by the board of directors in March 2023 and 2022, respectively, were as follows:

	For the Year Ended December 31	
	2022	2021
Compensation of employees	\$ 12,673	\$ 9,014
Remuneration of directors	6,657	5,409

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements.

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

## 22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

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

	Three Months Ended March 31	
	2023	2022
Current tax		
In respect of the current year	\$ 1,054	\$ 8,205
Adjustment for prior years	( 1,095 )	98
	( 41 )	8,303
Deferred tax		
In respect of the current year	828	1,596
Income tax expense recognized in profit or loss	<u>\$ 787</u>	<u>\$ 9,899</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. Income tax expense in other comprehensive income

	<b>Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Deferred tax income (expenses)</u>		
In respect of the current period—		
unrealized Gain (Loss) on Financial		
Through Other Comprehensive Income	<u>\$ 196</u>	<u>(\$ 873)</u>

c. The tax returns of the Company through 2021 have been assessed by the tax authorities.

## 23. EARNINGS PER SHARE

	<b>Net Income</b>	<b>Number of Shares (Denominator In Thousands)</b>	<b>Earnings Per Share NT\$</b>
<u>For the Three Months Ended March 31, 2023</u>			
Basic earnings per share			
Net income available to owners of the Company	\$ 21,252	40,503	<u>\$ 0.52</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>-</u>	<u>195</u>	
Diluted earnings per share			
Profit for the period attributable to owners of the Corporation plus effect of potentially	<u>\$ 21,252</u>	<u>40,698</u>	<u>\$ 0.52</u>
<u>For the Three Months Ended March 31, 2022</u>			
Basic earnings per share			
Net income available to owners of the Company	\$ 50,822	39,115	<u>\$ 1.30</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>-</u>	<u>231</u>	
Diluted earnings per share			
Profit for the period attributable to owners of the Corporation plus effect of potentially	<u>\$ 50,822</u>	<u>39,346</u>	<u>\$ 1.29</u>

Since the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were 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.

## 24. CAPITAL MANAGEMENT

The objectives, policies, and procedures for the consolidated company's capital risk management, as well as the composition of the consolidated company's capital structure, are the same as those described in the consolidated financial statements for the year 2022.

## 25. FINANCIAL INSTRUMENTS

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

The management of the Group considers that the carrying amounts of financial assets and liabilities that are 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>March 31, 2023</u>	<b>Level 1</b>	<b>Leve2</b>	<b>Leve3</b>	<b>Total</b>
Financial assets at financial assets at fair value through other comprehensive income				
Domestic unlisted shares	\$ -	\$ -	\$ 51,551	\$ 51,551
<u>December 31, 2022</u>				
Financial assets at financial assets at fair value through other comprehensive income				
Domestic unlisted shares	\$ -	\$ -	\$ 52,425	\$ 52,425
<u>March 31, 2022</u>				
Financial assets at financial assets at fair value through other comprehensive income				
Domestic unlisted shares	\$ -	\$ -	\$ 54,040	\$ 54,040

There was no transfer of fair value measurements between Level 1 and Level 2 for for the three months ended March 31,2023 and 2022.

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

	<b>Financial assets at fair value through other comprehensive income</b>	
	<b>Equity instruments</b>	
	<b>For The Three Months Ended March 31</b>	
<u>Financial assets</u>	<b>2023</b>	<b>2022</b>
Balance at the beginning of the year	\$ 52,425	\$ 49,917
Unrealized gains (loss) from financial assets measured at fair value through other comprehensive income	( 874 )	4,123
Balance at the end of the year	<u>\$ 51,551</u>	<u>\$ 54,040</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. Its fair value is computed in reference to investment assets.

c. Categories of financial instruments

	<b>March 31,2023</b>	<b>December 31,2022</b>	<b>March 31,2022</b>
<u>Financial assets</u>			
Financial assets at amortized cost	\$ 906,856	\$ 864,831	\$ 734,741
Financial assets at FVTOCI	51,551	52,425	54,040
<u>Financial liabilities</u>			
Financial liabilities at amortized cost	372,522	388,172	355,799

Balance of financial assets measured at amortized cost includes cash and cash equivalents, Non-current financial assets at amortised cost, notes receivable, trade receivables, other receivables and refundable deposits, and other financial assets measured at amortized cost.

Balance of financial liabilities measured at amortized cost includes short term bank borrowings, 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, short-term borrowings, 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 sales and purchases, which exposed the Group to foreign currency risk. Approximately 46 %~50 % of sales revenue is not denominated in functional currency and approximately 42 % of the cost is not denominated in functional currency. To protect against reductions in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Group utilizes foreign exchange forward contracts to hedge its currency exposure.

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 28.

#### Sensitivity analysis

The Group was 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. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. Numbers below indicate the change in pre-tax profit or equity associated with the New Taiwan dollar strengthening 5% against the relevant currency:

	<b>Impact of fluctuations in exchange rate on profit or loss</b>	
	<b>For The Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
USD	\$ 21,464	\$ 15,374

### ii. Interest rate risk

The Group is exposed to interest rate risk because the Group borrowed funds at both fixed and floating interest rates. borrowed money at both fixed and variable rate. The Group maintains an appropriate fixed and floating rate for portfolio to manage interest rate risk. The hedge is evaluated on a regular basis, which makes its point of view and the established risk preference identical, to ensure the most efficient hedging strategy is adopted.

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>March 31,2023</b>	<b>December 31,2022</b>	<b>March 31,2022</b>
Fair value interest rate risk			
Financial assets	\$ 223,336	\$ 107,513	\$ 23,651
Lease liabilities	3,893	4,776	64,381
Cash flow interest rate risk			
Financial assets	235,864	218,715	175,125
Lease liabilities	-	150,000	45,000

#### Sensitivity analysis

If interest rates had been 0.25% basis points higher/lower and all other variables been held constant, the Group's pretax profits for the three months ended March 31, 2023 and 2022 would have increased/decreased by \$147 thousand and \$81 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 financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from:

- i. The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- ii. The amount of contingent liabilities in relation to financial guarantees issued by the Group.

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 March 31, 2023, December 31, 2022 and March 31, 2022, the balances of accounts receivable from the top two customers were \$149,858 thousand, \$199,486 thousand and \$163,575 thousand, respectively. For the three months ended March 31, 2023 and 2022, the concentration of credit risk for these companies did not exceed 23% of the total monetary assets, and the concentration of credit risk for other counterparties did not exceed 41% of the total monetary assets.

### 3) Liquidity risk

The ultimate responsibility for liquidity risk management lies with the board of directors. The Group has established an appropriate liquidity risk management framework to meet short, medium, and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining sufficient bank financing facilities, borrowing commitments, continuously monitoring forecasted and actual cash flows, and planning to settle liabilities with financial assets of similar maturities. The undrawn loan amounts are as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Undrawn loan amounts	\$ 565,000	\$ 465,000	\$ 510,000

#### 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>
<u>Non-derivative financial liabilities</u>		
<u>March 31, 2023</u>		
Non-interest bearing	\$ 372,522	\$ -
Lease liabilities	<u>1,913</u>	<u>2,277</u>
	<u>\$ 374,435</u>	<u>\$ 2,277</u>
<u>December 31, 2022</u>		
Non-interest bearing	\$ 237,369	\$ -
Lease liabilities	<u>2,508</u>	<u>2,622</u>
Variable interest rate liabilities	<u>150,000</u>	<u>-</u>
	<u>\$ 389,877</u>	<u>\$ 2,622</u>
<u>March 31, 2022</u>		
Non-interest bearing	\$ 249,537	\$ -
Lease liabilities	<u>3,186</u>	<u>1,403</u>
Variable interest rate liabilities	<u>45,000</u>	<u>-</u>
Fixed interest rate liabilities	<u>60,000</u>	<u>-</u>
	<u>\$ 357,723</u>	<u>\$ 1,403</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	<b>Less Than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>
<u>March 31, 2023</u>	<u>\$ 1,913</u>	<u>\$ 2,277</u>	<u>\$ -</u>
<u>December 31, 2022</u>	<u>\$ 2,508</u>	<u>\$ 2,622</u>	<u>\$ -</u>
<u>March 31, 2022</u>	<u>\$ 3,186</u>	<u>\$ 1,338</u>	<u>\$ 65</u>

## 26. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Details of significant transactions between the Group and other related parties are disclosed below.

### 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.	Other related party
Simmtech international pte., Ltd.	Other related party

### 2) Service revenue

<b>Related Party Category/Name</b>	<b>Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Other related party		
Simmtech	\$ 17,398	\$ 27,598
Others	<u>3,213</u>	<u>3,896</u>
	<u>\$ 20,611</u>	<u>\$ 31,494</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) Receivables to related parties

<b>Related Party Category/Name</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Other related party			
Simmtech			
Gross carrying amount	\$ 65,240	\$ 71,939	\$ 64,399
Less: Allowance for impairment loss	( <u>1,436</u> )	( <u>798</u> )	( <u>554</u> )
	<u>63,804</u>	<u>71,141</u>	<u>63,845</u>
Others			
Gross carrying amount	7,193	8,745	5,008
Less: Allowance for impairment loss	( <u>78</u> )	( <u>4</u> )	( <u>9</u> )
	<u>7,115</u>	<u>8,741</u>	<u>4,999</u>
	<u>\$ 70,919</u>	<u>\$ 79,882</u>	<u>\$ 68,844</u>

The consolidated company has not secured guarantees for the outstanding receivables from related parties. For the three months ended March 31, 2023 and 2022, allowances for doubtful accounts of \$ 712 thousand and \$ 403 thousand, respectively, were provided.

4) Other receivables

<b>Related Party Category/Name</b>	<b>March 31,2023</b>	<b>December 31,2022</b>	<b>March 31,2022</b>
Other related party			
Simmtech	\$ 120	\$ 216	\$ 824

5) Remuneration of key management personnel

	<b>For The Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 6,996	\$ 8,134
Post-employment benefits	97	84
	<u>\$ 7,093</u>	<u>\$ 8,218</u>

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

## 27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been pledged or mortgaged as collateral for long-term bank loans:

	<b>March 31,2023</b>	<b>December 31,2022</b>	<b>March 31,2022</b>
Property, plant and equipment	\$ 68,412	\$ 68,699	\$ 69,558

## 28. 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:

	<b>March 31,2023</b>			<b>December 31,2022</b>		
	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>						
Monetary items						
USD	\$ 16,829	30.45	\$ 512,438	\$ 17,622	30.71	\$ 541,182
RMB	1,204	4.415	5,317	1,198	4.392	5,264
JPY	2,764					
		0.2288	632	2,704	0.232	629
<u>Financial liabilities</u>						
Monetary items						
USD	2,731	30.45	83,164	3,471	30.71	106,593

<b>March 31, 2022</b>			
	<b>Foreign</b>	<b>Exchange</b>	<b>Carrying</b>
<u>Financial assets</u>	<b>Currency</b>	<b>Rate</b>	<b>Amount</b>
Monetary items			
USD	\$ 13,789	28.63	\$ 394,772
JPY	1,307	4.490	5,869
	23,396		
		0.235	5,498
<u>Financial liabilities</u>			
Monetary items			
USD			
JPY	3,047	28.63	87,235

For the Three Months Ended March 31, 2023 and 2022, realized and unrealized net foreign exchange (loss) gains were \$(3,889) thousand and \$11,791 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.

## 29. 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: None.
- 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 3.

### b. Information on investees: Table 2.



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 4.
- 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 3.
  - ii. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 3.
  - 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 3.
- 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 5.

**30. 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

<u>For the Three Months Ended</u> <u>March 31, 2023</u>	<b>Domestic</b>	<b>Asia</b>	<b>Others</b>	<b>Adjustments and Eliminations</b>	<b>Consolidated</b>
Income from customers other than the Company and consolidated subsidiaries	\$ 204,079	\$ 959	\$ 5,759	\$ -	\$ 210,797
Income from the Company and consolidated subsidiaries	-	1,345	-	( 1,345)	-
Total departmental income	<u>\$ 204,079</u>	<u>\$ 2,304</u>	<u>\$ 5,759</u>	<u>( \$ 1,345)</u>	<u>\$ 210,797</u>
Department profit and loss	<u>\$ 22,772</u>	<u>( \$ 2,063)</u>	<u>( \$ 181)</u>	<u>\$ 2,247</u>	<u>\$ 22,775</u>
Interest expense					( 736)
Net profit before tax from continuing operations					<u>\$ 22,039</u>
<u>December 31, 2023</u>					
Non-current assets	<u>\$ 234,537</u>	<u>\$ 2,069</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 236,606</u>
<u>For the Three Months Ended</u> <u>March 31, 2022</u>	<b>Domestic</b>	<b>Asia</b>	<b>Others</b>	<b>Adjustments and Eliminations</b>	<b>Consolidated</b>
Income from customers other than the Company and consolidated subsidiaries	\$ 283,927	\$ 6,660	\$ 4,475	\$ -	\$ 295,062
Income from the Company and consolidated subsidiaries	3,404	1,439	-	( 4,843)	-
Total departmental income	<u>\$ 287,331</u>	<u>\$ 8,099</u>	<u>\$ 4,475</u>	<u>( \$ 4,843)</u>	<u>\$ 295,062</u>
Department profit and loss	<u>\$ 61,112</u>	<u>( \$ 483)</u>	<u>( \$ 1,496)</u>	<u>\$ 2,000</u>	<u>\$ 61,133</u>
Interest expense					( 412)
Net profit before tax from continuing operations					<u>\$ 60,721</u>
<u>December 31, 2022</u>					
Non-current assets	<u>\$ 231,844</u>	<u>\$ 3,569</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 235,413</u>

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

Non-current assets do not include 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 the chief operating decision maker. Thus, no disclosure is made.

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 Three Months Ended March 31</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Customer A	\$ 68,928	33	\$ 63,015	21
Customer B	28,786	14	41,016	14
Customer C	28,014	13	41,486	14

**TABLE 1****NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES**
**MARKETABLE SECURITIES HELD**  
**MARCH 31, 2023**  
**(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
The Company	Shares							
	APET	None	Financial assets at FVTOCI - non current	282,700	\$ 23,323	6	\$ 23,323	
	GST	Other related party	Financial assets at FVTOCI - non current	147,972	18,370	1	18,370	
	ELITING	None	Financial assets at FVTOCI - non current	335,925	9,238	12	9,238	
	QiangFang	None	Financial assets at FVTOCI - non current	225,000	620	15	620	
	ProMOS	None	Financial assets at FVTOCI - non current	1,361	-	-	-	

Note: For information on the investments in subsidiaries and associates, see Tables 2 and 4.

**TABLE 2****NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES**
**INFORMATION ON INVESTEEES**  
**FOR THE THREE MONTHS ENDED MARCH 31 , 2023**  
**(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31 , 2023			Net Income Loss of the Investee	Share of Profit Loss	Note
				March 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
The Company	ENPLAS	Hsinchu City	Import and sale of electronic materials	\$ 52,621	\$ 52,621	633,000	30	\$ 161,751	\$ 47,601	\$ 14,266	
	Advanced	Samoa	General investment business and import-export trade	45,496	45,496	1,800,293	100	52,022	( 180)	( 180)	( Note 1 )
	STNC	Hongkong	General investment business and import-export trade	8,878	8,878	300,000	30	54,364	( 4,858)	( 1,457)	

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

Note 2: For information on investments in mainland China, see Table 4.

**TABLE 3**

**NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023  
(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	\$ 15	—	-
				Cost of goods sold	1,345	90 days	1
				Trade payables	1,345	—	-
				Other payables	218	—	-
				Other receivables	15	—	-

Note 1: Parent company to subsidiary.

Note 2: Significant intercompany accounts and transactions have been eliminated

TABLE 4

## NICHING INDUSTRIAL CORPORATION AND SUBSIDIARIES

## INFORMATION ON INVESTMENTS IN MAINLAND CHINA

For The Three Months Ended March 31 , 2023

(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, 2023	Remittance of Funds		Accumulated Outward Remittance for Investments from Taiwan as of March 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain Loss (Note 3)	Carrying Amount as of March 31, 2023	Accumulated Repatriation of Investment Income as of March 31, 2023
					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)	(\$ 2,066)	100%	(\$ 2,066)	\$ 29,483	\$ -
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)	-	-	8,878 (USD 300)	( 4,767)	30%	( 1,430)	55,585	-

Accumulated Outward Remittance for Investments in Mainland China as of March 31, 2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA(Note4)
\$ 62,244 ( USD 2,035 )	\$ 66,381 ( USD 2,100 )	\$ 615,709

Note 1: This investment project has been approved by the Investment Commission, with an investment amount of USD \$2,100 thousand. However, as of March 31, 2023, USD \$2,035 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 5****NICHING INDUSTRIAL CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS****March 31, 2023**

<b>Name of Major Shareholder</b>	<b>Shares</b>	
	<b>Number of Shares</b>	<b>Percentage of Ownership</b>
Jutai Investment Co., Ltd.	3,791,247	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 had completed dematerialized registration and delivery (including treasury shares) as of the last business day of the current quarter. The share capital recorded in the Corporation's consolidated financial statements 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.