

Stock code: 3317

NIKO SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
With Independent Auditors' Review Report
for the Six Months Ended June 30, 2024 and 2023

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For the convenience of readers and for information purposes 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 two versions, the original Chinese auditors' report and financial statement version shall prevail.

Independent Auditors' Review Report

To the Board of Directors of Niko Semiconductor Co., Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Niko Semiconductor Co., Ltd. (“ the Company”) and its subsidiaries (“ the Group”) as of June 30, 2024 and 2023, the related consolidated statements of comprehensive income for the three and six months ended June 30, 2024 and 2023, as well as the changes in equity and cash flows for the six months ended June 30, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. The 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 International Accounting Standards (“ IASs”) 34, “ Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of the 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 conducted in accordance with the Standards on Auditing of the Republic of China 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 stated in note 4 (2), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to NT\$269,551 thousand and NT\$203,567 thousand, constituting 7.53% and 6.28% of the consolidated total assets; and the total liabilities amounting to NT\$3,333 thousand and NT\$7,328 thousand, constituting 0.52% and 1.44% of the consolidated total liabilities as of June 30, 2024 and 2023, respectively; as well as the total comprehensive income amounting to NT\$8,657 thousand, NT\$649 thousand, NT\$17,736 thousand and NT\$119 thousand, constituting 17.05%, 1.57%, 17.63% and 0.14% of the consolidated comprehensive income for the three and six months ended June 30, 2024 and 2023, respectively.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, 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 June 30, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three and six months ended June 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

KPMG Taiwan
Fu, Hong-Wen
Hong, Shi-Gang
August 2, 2024

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.

Niko Semiconductor and Subsidiaries
Consolidated Balance Sheet

June 30, 2024, December 31 and June 30, 2023

Unit: NTS thousands

(The consolidated balance sheets as of June 30, 2024 and 2023 are reviewed, not audited)

Assets		June 30, 2024		December 31, 2023		June 30, 2023		Liabilities and equity		June 30, 2024		December 31, 2023		June 30, 2023	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets								Current liabilities							
1100	Cash and cash equivalents (Note 6(1))	\$ 1,510,593	42	1,377,454	39	1,156,171	36	2120	Current financial liabilities at fair value through profit or loss (Note 6(2))	\$ 1,128	-	-	-	3,817	-
1110	Current financial assets at fair value through profit or loss (Note 6(2))	-	-	7,112	-	-	-	2170	Accounts payable	408,369	11	494,205	14	221,552	7
1170	Accounts receivable, net (Note 6(3)and(15))	705,610	20	748,043	21	792,107	24	2180	Accounts payable from related parties (Note 7)	-	-	1,041	-	738	-
1180	Accounts receivable from related parties, net (Note 6(3) 、(15) and 7)	1,504	-	545	-	248	-	2200	Other payable(including related parties) (Note 7)	202,247	6	147,906	4	235,284	8
1200	Other receivables(including related parties) (Note 7)	15,534	-	17,098	1	16,956	-	2230	Current tax liabilities	26,857	1	21,268	1	38,893	1
130X	Inventories (Note 6(4))	679,766	19	721,871	20	640,538	20	2280	Current lease liabilities (Note 6(9))	1,656	-	2,699	-	2,308	-
1470	Other current assets (Note 9)	23,607	1	28,672	1	31,421	1	2300	Other current liabilities	1,419	-	1,137	-	3,059	-
	Total current assets	<u>2,936,614</u>	<u>82</u>	<u>2,900,795</u>	<u>82</u>	<u>2,637,441</u>	<u>81</u>		Total current liabilities	<u>641,676</u>	<u>18</u>	<u>668,256</u>	<u>19</u>	<u>505,651</u>	<u>16</u>
Non-current assets:								Non-current liabilities:							
1550	Investments accounted for using equity method (Note 6(5))	184,264	5	170,603	5	149,732	5	2580	Non-current lease liabilities (Note 6(9))	712	-	974	-	1,195	-
1600	Property, plant and equipment (Note 6(6) and 8)	313,265	9	313,827	9	305,731	10	2600	Other non-current liabilities	2,236	-	2,371	-	2,668	-
1755	Right-of-use assets (Note 6(7))	2,297	-	3,575	-	3,398	-		Total non-current liabilities	<u>2,948</u>	<u>-</u>	<u>3,345</u>	<u>-</u>	<u>3,863</u>	<u>-</u>
1760	Investment property (Note 6(8) and 8)	70,060	2	70,363	2	70,667	2		Total liabilities	<u>644,624</u>	<u>18</u>	<u>671,601</u>	<u>19</u>	<u>509,514</u>	<u>16</u>
1840	Deferred tax assets	14,786	-	14,786	-	11,789	-	Equity attributable to the owner of the parent company:							
1900	Other non-current assets(Note 9)	58,248	2	60,374	2	64,821	2	3110	Ordinary shares	710,518	20	710,518	20	612,515	19
	Total non-current assets	<u>642,920</u>	<u>18</u>	<u>633,528</u>	<u>18</u>	<u>606,138</u>	<u>19</u>	3150	Stock dividend to be distributed(Note 6(13) and 11)	99,482	3	-	-	98,003	3
	Total assets	<u>\$ 3,579,534</u>	<u>100</u>	<u>3,534,323</u>	<u>100</u>	<u>3,243,579</u>	<u>100</u>	3200	Capital surplus	630,512	18	630,512	18	630,512	19
								3310	Legal reserves	267,337	7	246,390	7	246,390	8
								3320	Special reserves	468	-	3,288	-	3,288	-
								3350	Unappropriated retained earnings (Note 6(13))	1,218,014	34	1,272,482	36	1,147,118	35
								3400	Other equity interest	8,579	-	(468)	-	(3,761)	-
									Total equity	<u>2,934,910</u>	<u>82</u>	<u>2,862,722</u>	<u>81</u>	<u>2,734,065</u>	<u>84</u>
									Total liabilities and equity	<u>\$ 3,579,534</u>	<u>100</u>	<u>3,534,323</u>	<u>100</u>	<u>3,243,579</u>	<u>100</u>

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

Niko Semiconductor and Subsidiaries
Consolidated Statements of Comprehensive Income
For the three and six months ended June 30, 2024 and 2023
(Reviewed, not audited)

Unit: NTS thousands

	For the Three months Ended June 30 ,				For the Six months Ended June 30,					
	2024		2023		2024		2023			
	Amount	%	Amount	%	Amount	%	Amount	%		
4000	Operating revenue (Note 6(15) and 7)		\$ 590,594	100	583,908	100	1,114,191	100	1,180,966	100
5000	Operating costs (Note 6(4),(11),(16),7 and 12)		434,127	74	432,119	74	820,436	74	885,553	75
	Gross profits from operating		156,467	26	151,789	26	293,755	26	295,413	25
	Operating expenses (Note 6(3), (9),(11), (16), 7 and 12):									
6100	Selling expenses		23,871	4	22,622	4	44,832	4	43,248	4
6200	Administrative expenses		27,053	4	30,441	5	54,054	5	54,448	4
6300	Research and development expenses		50,953	9	40,607	7	93,937	8	80,290	7
6450	Expected credit loss (reversal)		(32)	-	34	-	(53)	-	82	-
	Total operating expenses		101,845	17	93,704	16	192,770	17	178,068	15
	Net operating profits		54,622	9	58,085	10	100,985	9	117,345	10
	Non-operating income and expenses:									
7010	Other income (Note 6(17) and 7)		5,518	1	4,117	1	6,779	1	4,950	-
7020	Other gains and losses (Note 6(17))		(817)	-	7,109	1	5,762	1	(156)	-
7050	Financial costs (Note 6(9),(17))		(24)	-	(47)	-	(55)	-	(100)	-
7060	Share of profit (loss) of associates accounted for using equity method (Note 6(5))		3,158	1	1,291	-	5,003	-	995	-
	Total non-operating income and expenses		7,835	2	12,470	2	17,489	2	5,689	-
	Net profit before tax		62,457	11	70,555	12	118,474	11	123,034	10
7950	Less: Income tax expenses (Note 6(12))		15,624	3	28,511	5	26,912	3	38,926	3
	Net profit		46,833	8	42,044	7	91,562	8	84,108	7
8300	Other comprehensive income (losses):									
8310	Items that may not be reclassified subsequently to profit or loss:									
8320	Share of other comprehensive income of associates accounted for using equity method (Note 6(5))		3,815	1	(313)	-	8,658	1	(198)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		-	-	-	-	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss		3,815	1	(313)	-	8,658	1	(198)	-
8360	Items that may be reclassified subsequently to profit or loss:									
8361	Exchange differences on translation of foreign operation's financial statements		121	-	(409)	-	389	-	(275)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss		-	-	-	-	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss		121	-	(409)	-	389	-	(275)	-
8300	Other comprehensive income after tax		3,936	1	(722)	-	9,047	1	(473)	-
	Total comprehensive income		\$ 50,769	9	41,322	7	100,609	9	83,635	7
	Earnings per share (NTD) (Note 6(14))									
	Basic earnings per share (NTD)		\$ 0.66		0.59		1.29		1.18	
	Diluted earnings per share (NTD)		\$ 0.66		0.59		1.27		1.16	

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

Niko Semiconductor and Subsidiaries
Consolidated Statements of Changes in Equity
For the six months ended June 30, 2024 and 2023
(Reviewed, not audited)

Unit: NT\$ thousands

Equity attributable to owners of parent company

	Equity attributable to owners of parent company						Other Equity Interest		Total Equity
	Ordinary shares	Stock dividend to be distributed	Capital surplus	Retained Earnings			Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets at fair value through other comprehensive income	
			Legal reserves	Special reserves	Unappropriated retained earnings				
Balance on January 1, 2023	\$ 612,515	-	630,512	202,903	3,645	1,228,643	(2,619)	(669)	2,674,930
Net profit	-	-	-	-	-	84,108	-	-	84,108
Other comprehensive income	-	-	-	-	-	-	(275)	(198)	(473)
Total comprehensive income	-	-	-	-	-	84,108	(275)	(198)	83,635
Appropriation and distribution of retained earnings:									
Legal reserves	-	-	-	43,487	-	(43,487)	-	-	-
Special reserves	-	-	-	-	(357)	357	-	-	-
Cash dividend of ordinary stock	-	-	-	-	-	(24,500)	-	-	(24,500)
Stock dividend of ordinary stock	-	98,003	-	-	-	(98,003)	-	-	-
Balance on June 30, 2023	\$ 612,515	98,003	630,512	246,390	3,288	1,147,118	(2,894)	(867)	2,734,065
Balance on January 1, 2024	\$ 710,518	-	630,512	246,390	3,288	1,272,482	(2,811)	2,343	2,862,722
Net profit	-	-	-	-	-	91,562	-	-	91,562
Other comprehensive income	-	-	-	-	-	-	389	8,658	9,047
Total comprehensive income	-	-	-	-	-	91,562	389	8,658	100,609
Appropriation and distribution of retained earnings:									
Legal reserves	-	-	-	20,947	-	(20,947)	-	-	-
Special reserves	-	-	-	-	(2,820)	2,820	-	-	-
Cash dividend of ordinary stock	-	-	-	-	-	(28,421)	-	-	(28,421)
Stock dividend of ordinary stock	-	99,482	-	-	-	(99,482)	-	-	-
Balance on June 30, 2024	\$ 710,518	99,482	630,512	267,337	468	1,218,014	(2,422)	11,001	2,934,910

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

Niko Semiconductor and Subsidiaries
Consolidated Statements of Cash Flows
For the six months ended June 30, 2024 and 2023
(Reviewed, not audited)

	Unit: NT\$ thousands	
	For the six months ended June 30,	
	2024	2023
Cash flows from operating activities:		
Net profit before tax	\$ 118,474	123,034
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expenses	15,194	13,388
Amortization expenses	1,259	302
Expected credit and loss (Reversal)	(53)	82
Interest expenses	55	100
Interest income	(4,941)	(3,434)
Share of profit (loss) of associates accounted for using equity method	(5,003)	(995)
Loss on disposal of property, plant and equipment	-	60
Other	(8,638)	37,986
Total adjustments to reconcile profit	(2,127)	47,489
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	7,112	4,134
Accounts receivable(including related parties)	41,527	(54,964)
Other receivables(including related parties)	1,564	1,230
Inventories	50,743	134,500
Other current assets	1,975	7,306
Long-term prepayment	7,225	12,500
Changes in operating assets	110,146	104,706
Financial liabilities at fair value through profit or loss	1,128	-
Accounts payable(including related parties)	(86,877)	(210,234)
Other payables(including related parties)	25,924	(18,976)
Other current liabilities	282	283
Net defined benefit liabilities	(124)	(1,119)
Changes in operating liabilities	(59,667)	(230,046)
Total changes in operating assets and liabilities	50,479	(125,340)
Total adjustments	48,352	(77,851)
Cash inflow generated from operations	166,826	45,183
Interest received	4,941	3,434
Interest paid	(55)	(100)
Income taxes paid	(21,327)	(81,702)
Net cash flows from operating activities	150,385	(33,185)
Cash flows of investing activities:		
Acquisition of property, plant and equipment	(12,954)	(13,042)
Disposal of Property, plant and equipment	-	32
Decrease in refundable deposit	2,500	2,500
Acquisition of intangible assets	(5,768)	(98)
Net cash flows used in investing activities	(16,222)	(10,608)
Cash flows from financing activities:		
Decrease in deposits received	(11)	-
Payment of lease liabilities	(1,357)	(1,146)
Net cash flows from financing activities	(1,368)	(1,146)
Effect of exchange rate changes on cash and cash equivalents	344	(333)
Net increase(decrease) in cash and cash equivalents	133,139	(45,272)
Cash and cash equivalents at beginning of period	1,377,454	1,201,443
Cash and cash equivalents at end of period	\$ 1,510,593	1,156,171

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

Niko Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2024 and 2023
(Unless otherwise specified, all amounts are in unit of NTS thousands)
(Reviewed, not audited)

I. Company history

Niko Semiconductor Co., Ltd. (the “Company”) was established with the approval of the Ministry of Economy on October 8, 1998. Its original name was Super GEM Co., Ltd. In April 2001, the Company changed its name to the existing name and registered at 12th floor, No.368, Gongjian Road, Xizhi District, New Taipei City. The Company and subsidiaries (together referred to as “the Group”) main business are the research, development, design and sales of analog IC that can be applied to communications, computers, computer peripherals, video, power supply and other consumer products. Please refer to Note 14 for details. The Company’s shares have been listed and traded on Taiwan OTC since August 2007.

II. Approval date and procedures of the consolidated financial statements

The consolidated financial statements were authorized for issuance by the board of directors on August 2, 2024.

III. New standards, amendments and interpretations adopted

- (I) The impact of the International Financial Reporting Standards (“IFRS”) Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024.

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

- (II) The impact of IFRS issued by the FSC but not yet effective

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

- Amendments to IAS 21 “Lack of Exchangeability”

- (III) The impact of IFRS issued by International Accounting Standards Board (“IASB”) but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the IASB, but have yet to be endorsed by the FSC:

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

Standards or Interpretations	Content of amendment	Effective Date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘ operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’ s main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

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

The Group does not expect the following other new and amended standards, which have yet

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

to be endorsed by the FSC, to have a significant impact on its consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- IFRS 19 “Subsidiaries not subject to public accountability: Disclosure”
- Amendments to IFRS 9 and IFRS 7 “Revision of Classification and Measurement of Financial Instruments ”
- Annual Improvements to IFRS Accounting Standards.

IV. Summary of material accounting policies

(I) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Report by Securities Issuers (“ the Regulation”) and guidelines of IAS 34 “ Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

(II) Basis of consolidation

The details of the subsidiaries included in the consolidated financial statements are as follows:

Name of investor	Name of subsidiary	Principal activities	Percentage of shareholding			Description
			June 30, 2024	December 31, 2023	June 30, 2023	
The Company	Jinrong Investment Co., Ltd. (Jinrong Investment)	Holding company	100%	100%	100%	Note
The Company	Power Up Tech Co., Ltd. (Power Up)	Holding company	100%	100%	100%	Note
Power Up	Wuxi Super GEM Microelectronics Co, Ltd. (Wuxi Super GEM)	Metal oxide semiconductor manufacturing, development and sales business, product quality monitoring and testing services; Selling self-produced products	100%	100%	100%	Note

Note: Non-significant subsidiary, and its financial report has not been reviewed by the accountant.

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

(III) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless there is a restriction on its exchange or use to settle a liability at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) It does not have a right to defer settlement of the liability for at least twelve months after the reporting period.

(IV) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of IAS 34 “Interim Financial Reporting”.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(V) Employee benefits

The pension cost in the consolidated financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

V. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC)

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2023. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2023.

The accounting policies involved significant judgments and the information that have significant effect on the amounts recognized in the consolidated financial statements is as follow:

Judgment on whether the invested company has substantial control

The Group holds 15.04% of the voting shares of Green Solution Technology Co., Ltd. (hereinafter referred to as "Green Solution Technology"), and is the single largest shareholder. Although the remaining shares of Green Solution Technology are not concentrated in specific shareholders, the Group still unable to obtain more than half of the directors of Green Solution Technology. So it has a major influence on Green Solution Technology.

The Group holds 36.69% of the voting shares of Super Group Semiconductor Co., Ltd. (hereinafter referred to as "Super Group Semiconductor"), which is its single largest shareholder. Although the remaining shares of Super Group Semiconductor are concentrated in specific shareholders, the Group still cannot obtain more than half of the board seats of Super Group Semiconductor, so it is judged that the Group has only significant influence on Super Group Semiconductor.

VI. Explanation of significant accounts

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2023. Please refer to note 6 of the 2023 annual consolidated financial statements.

(I) Cash and cash equivalents

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Cash on hand and petty cash	\$ 249	371	299
Checks and demand deposits	1,510,344	1,377,083	1,155,872
	<u>\$ 1,510,593</u>	<u>1,377,454</u>	<u>1,156,171</u>

(II) Current financial assets and liabilities at fair value through profit or loss

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Derivative instrument not used for hedging			
Foreign exchange swap contracts	<u>\$ (1,128)</u>	<u>7,112</u>	<u>(3,817)</u>

The Group held the following derivative instruments as measured at fair value through profit or loss and held-for-trading financial liabilities, without the application of hedge accounting, as of June 30, 2024, December 31 and June 30, 2023:

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

June 30, 2024			
Derivative financial instruments	Nominal principal (NT\$ thousands)	Maturity date	Predetermined rate
Foreign exchange swap contracts- NT\$ in/ US\$ out	US\$ 8,900	July 22, 2024~July 23, 2024	32.289~32.305

December 31, 2023			
Derivative financial instruments	Nominal principal (NT\$ thousands)	Maturity date	Predetermined rate
Foreign exchange swap contracts- NT\$ in/ US\$ out	US\$ 12,460	January 10, 2024~ January 18, 2024	31.144~31.270

June 30, 2023			
Derivative financial instruments	Nominal principal (NT\$ thousands)	Maturity date	Predetermined rate
Foreign exchange swap contracts- NT\$ in/ US\$ out	US\$ 8,010	July 13, 2023~July 14, 2023	30.610~30.654

(III) Accounts receivable (including related parties)

	June 30, 2024	December 31, 2023	June 30, 2023
Accounts receivable	\$ 706,497	748,983	793,086
Accounts receivable-Related parties	1,504	545	249
Less: allowance for doubtful accounts	(887)	(940)	(980)
	<u>\$ 707,114</u>	<u>748,588</u>	<u>792,355</u>

1. The Group applies the simplified approach to provide for its ECL, the use of lifetime ECL provision for all notes and accounts receivables. To measure the ECL, notes and accounts receivable have been grouped based on shared credit risk characteristics and customer's ability to pay all the amounts due based on the terms of the contract as well as incorporated forward looking information, including macroeconomic and relevant industry information. The ECL allowance provision analysis was as follows::

June 30, 2024			
	Carrying amounts of accounts receivable (including related parties)	Lifetime ECL rate	Loss allowance provision of lifetime ECL
Not overdue	\$ 705,570	0.1%~0.2%	863
1~30 days overdue	2,431	1%~2%	24
31~90 days overdue	-	10%~50%	-
91~180 days overdue	-	50%~70%	-
181~360 days overdue	-	100%	-
	<u>\$ 708,001</u>		<u>887</u>

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

	December 31, 2023		
	Carrying amounts of accounts receivable (including related parties)	Lifetime ECL rate	Loss allowance provision of lifetime ECL
Not overdue	\$ 748,227	0.1%~0.2%	916
1~30 days overdue	1,301	1%~2%	24
31~90 days overdue	-	10%~50%	-
91~180 days overdue	-	50%~70%	-
181~360 days overdue	-	100%	-
	<u>\$ 749,528</u>		<u>940</u>

	June 30, 2023		
	Carrying amounts of accounts receivable (including related parties)	Lifetime ECL rate	Loss allowance provision of lifetime ECL
Not overdue	\$ 792,092	0.1%~0.2%	963
1~30 days overdue	1,243	1%~2%	17
31~90 days overdue	-	10%~50%	-
91~180 days overdue	-	50%~70%	-
181~360 days overdue	-	100%	-
	<u>\$ 793,335</u>		<u>980</u>

2. The movement in the allowance for accounts receivable (including related parties) was as follows:

	For the six months ended June 30	
	2024	2023
Balance on January 1	\$ 940	898
Impairment losses recognized	-	82
Impairment losses reversed	(53)	-
Balance on June 30	<u>\$ 887</u>	<u>980</u>

3. As of June 30, 2024, December 31 and June 30 of 2023, the Accounts receivable(including related parties) of the Group has not been provided as pledge guarantee.

(IV) Inventories

	June 30, 2024	December 31, 2023	June 30, 2023
Raw materials	\$ 49,958	51,451	51,170
Work in process and semi-finished goods	431,876	463,268	393,378
Finished goods and merchandise	197,932	207,152	195,990
	<u>\$ 679,766</u>	<u>721,871</u>	<u>640,538</u>

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

1. Except for cost of inventories sold, the Group recognized the following items as cost of goods sold:

	For the Three months Ended June 30,		For the Six months Ended June 30,	
	2024	2023	2024	2023
Inventory depreciation loss (reversal gains)	\$ <u>(7,187)</u>	<u>12,749</u>	<u>(8,638)</u>	<u>37,986</u>

2. As of June 30, 2024, December 31 and June 30 of 2023, the inventory of the Group has not been provided as pledge guarantee.

(V) Investments accounted for using equity method

The investments of the Group using the equity method on the reporting date are listed as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Associates	\$ <u>184,264</u>	<u>170,603</u>	<u>149,732</u>

1. The profits and losses of associate enjoyed by the Group are listed as follows:

	For the Three months Ended June 30,		For the Six months Ended June 30,	
	2024	2023	2024	2023
Net profit	\$ 3,158	1,291	5,003	995
Other comprehensive income	3,815	(236)	8,658	(121)
Comprehensive income	\$ <u>6,973</u>	<u>1,055</u>	<u>13,661</u>	<u>874</u>

2. The share of profits and losses and other comprehensive profits and losses held by investment and merger companies using the equity method are calculated based on financial reports that have not been reviewed by CPA.
3. As of June 30, 2024, December 31 and June 30 of 2023, the investment of the Group using the equity method has not been provided as pledge guarantee.

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

(VI) Property, plant and equipment

Details of changes in costs and accumulated depreciation of the Group's property, plant and equipment are as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Office equipment and other</u>	<u>Equipment to be inspected</u>	<u>Total</u>
Cost:					
Balance on January 1, 2024	\$ 161,823	114,227	128,396	15,040	419,486
Additions	-	1,002	4,458	7,494	12,954
Reclassified into (out)	-	4,700	12,824	(17,524)	-
Effect of changes in exchange rate	-	-	436	-	436
Balance on June 30, 2024	<u>\$ 161,823</u>	<u>119,929</u>	<u>146,114</u>	<u>5,010</u>	<u>432,876</u>
Balance on January 1, 2023	\$ 161,823	114,728	111,196	5,173	392,920
Additions	-	-	2,858	10,184	13,042
Reclassified into (out)	-	-	3,247	(3,247)	-
Disposal	-	(275)	(2,876)	-	(3,151)
Effect of changes in exchange rate	-	-	(466)	1	(465)
Balance on June 30, 2023	<u>\$ 161,823</u>	<u>114,453</u>	<u>113,959</u>	<u>12,111</u>	<u>402,346</u>
Accumulated depreciation:					
Balance on January 1, 2024	\$ -	35,762	69,897	-	105,659
Depreciation	-	1,571	11,994	-	13,565
Effect of changes in exchange rate	-	-	387	-	387
Balance on June 30, 2024	<u>\$ -</u>	<u>37,333</u>	<u>82,278</u>	<u>-</u>	<u>119,611</u>
Balance on January 1, 2023	\$ -	33,517	54,680	-	88,197
Depreciation	-	1,437	10,481	-	11,918
Disposal	-	(275)	(2,816)	-	(3,091)
Effect of changes in exchange rate	-	-	(409)	-	(409)
Balance on June 30, 2023	<u>\$ -</u>	<u>34,679</u>	<u>61,936</u>	<u>-</u>	<u>96,615</u>
Carrying amounts:					
January 1, 2024	<u>\$ 161,823</u>	<u>78,465</u>	<u>58,499</u>	<u>15,040</u>	<u>313,827</u>
June 30, 2024	<u>\$ 161,823</u>	<u>82,596</u>	<u>63,836</u>	<u>5,010</u>	<u>313,265</u>
January 1, 2023	<u>\$ 161,823</u>	<u>81,211</u>	<u>56,516</u>	<u>5,173</u>	<u>304,723</u>
June 30, 2023	<u>\$ 161,823</u>	<u>79,774</u>	<u>52,023</u>	<u>12,111</u>	<u>305,731</u>

As of June 30, 2024, December 31 and June 30 of 2023, the Group's property, plant and equipment have been used as bank loan and financing limit guarantees. Please refer to Note 8 for details.

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

(VII) Right-of-use assets

	<u>Vehicles</u>	<u>Buildings</u>	<u>Total</u>
Carrying amounts:			
January 1, 2024	\$ 1,488	2,087	3,575
June 30, 2024	\$ 1,225	1,072	2,297
January 1, 2023	\$ -	4,664	4,664
June 30, 2023	\$ -	3,398	3,398

Between January 1 to June 30, 2024, and 2023, there were no significant recognition or reversals of increases, disposals or impairments of right-of-use assets of the Group's leased buildings and vehicles. Please refer to Note 12 for the depreciation amount for the current period; for other related information, please refer to Note 6(7) of the 2023 Consolidated Financial Report.

(VIII) Investment property

Investing property is an office building leased to a third party by the Group under operating lease. The original irrevocable period for leased investing property is one to three years. Rental income of leased investing property is a fixed amount. Please refer to Note 6 (10) for relevant information.

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Carrying amounts:			
Balance on January 1, 2024	\$ 48,068	22,295	70,363
Balance on June 30, 2024	\$ 48,068	21,992	70,060
Balance on January 1, 2023	\$ 48,068	22,902	70,970
Balance on June 30, 2023	\$ 48,068	22,599	70,667

- Between January 1 to June 30, 2024, and 2023, there were no significant recognition or reversals of increases, disposals or impairments of the Group's investment property. Please refer to Note 12 for the depreciation amount for the current period; for other related information, please refer to Note 6(8) of the 2023 Consolidated Financial Report.
- There is no significant difference between the fair value of the investment property of the Group and the information disclosed in Note 6 (8) of the consolidated financial report of 2023.
- As of June 30, 2024, December 31 and June 30 of 2023, the Group's investment property have been used as bank loan and financing limit guarantees. Please refer to Note 8 for details.

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

(IX) Lease liabilities

The carrying amounts of lease liabilities of the Group were as follow:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Current	\$ <u>1,656</u>	<u>2,699</u>	<u>2,308</u>
Non-current	\$ <u>712</u>	<u>974</u>	<u>1,195</u>

1. For maturity analysis, please refer to Note 6 (18) Financial Instruments.
2. The amounts recognized in profit or loss are as follows:

	For the Three months		For the Six months	
	Ended June 30,		Ended June 30,	
	2024	2023	2024	2023
Interest expense on lease liabilities	\$ <u>24</u>	<u>47</u>	<u>55</u>	<u>100</u>
Expenses relating to short-term leases and leases of low-value assets	\$ <u>216</u>	<u>182</u>	<u>433</u>	<u>439</u>

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

	For the six months ended June 30	
	2024	2023
Rental paid in operating activities	\$ (433)	(439)
Interest on lease liabilities paid in operating activities	(55)	(100)
Payment made on lease liabilities in financing activities	<u>(1,357)</u>	<u>(1,146)</u>
Total cash outflow for leases	\$ <u>(1,845)</u>	<u>(1,685)</u>

4. Lease of buildings and vehicles

Buildings and vehicles leased by the Group as office premises and official car, the lease period is usually three years.

5. Other leases

The Group leased the employee dormitories, office equipment and parking space with a lease period of one to five years, and these leases are short-term or low-value target leases. The Group chooses to apply the exemption provisions instead of recognizing its related right-of-use assets and lease liabilities.

(X) Operating lease

The Group leases its investing property. Since almost all risks and rewards attached to the ownership of the underlying assets have not been transferred, these lease contracts are classified as operating leases. Please refer to Note 6 (8) for details of investing property. Maturity analysis of lease payments to report the total undiscounted lease payments to be collected in the future are listed in the following table:

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Less than 1 year	\$ 2,914	2,887	2,904
1 to 2 years	1,905	2,861	2,870
2 to 3 years	-	476	1,905
3 to 4 years	-	-	-
4 to 5 years	-	-	-
More than 5 years	-	-	-
Total undiscounted payments	<u>\$ 4,819</u>	<u>6,224</u>	<u>7,679</u>

(XI) Employee benefits

1. Defined benefit plans

There was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2023 and 2022.

	<u>For the Three months Ended June 30,</u>		<u>For the Six months Ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Operating costs	\$ -	10	-	20
Selling expenses	-	8	-	15
Administrative expenses	-	82	8	164
Research and development expenses	-	10	-	20
	<u>\$ -</u>	<u>110</u>	<u>8</u>	<u>219</u>

2. Defined contribution plans

The pension expenses under the Group's Defined Pension Contribution Plan are as follows. The Group's pension expenses have been transferred to the Labor Insurance Bureau. Pension expenses to other overseas subsidiaries included in the consolidated financial report have been allocated in accordance with local laws and regulations.

	<u>For the Three months Ended June 30,</u>		<u>For the Six months Ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Operating costs	\$ 455	447	914	903
Selling expenses	346	311	664	645
Administrative expenses	389	365	774	753
Research and development expenses	713	659	1,428	1,346
	<u>\$ 1,903</u>	<u>1,782</u>	<u>3,780</u>	<u>3,647</u>

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

(XII) Income taxes

1. The details of the Group's income tax expenses were as follows:

	For the Three months Ended June 30,		For the Six months Ended June 30,	
	2024	2023	2024	2023
Current tax expense	\$ 15,624	28,511	26,912	38,926

2. There were no income tax recognized in equity in April 1 to June 30 of 2024 and 2023, and January 1 to June 30 of 2024 and 2023 directly.

3. There were no income tax recognized in other comprehensive income in April 1 to June 30 of 2024 and 2023, and January 1 to June 30 of 2024 and 2023.

4. The Group's income tax returns have been examined by the tax authority as follows:

	Approved Year
The Company	Has been approved to 2022
Jinrong Investment	Has been approved to 2022

(XIII) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the six months ended June 30, 2024 and 2023. For the related information, please refer to Note 6 (13) of the consolidated financial report of 2023.

1. Retained earnings

According to the Articles of Association of the Company, if there is any surplus in the Company's annual total final accounts, taxes shall be paid first to make up for the accumulated losses. The next 10% shall be the legal reserve (but the legal reserve shall not be paid when it reaches the paid-in capital of the Company) and the rest shall be listed or reversed according to law. If there is any surplus, and the surplus shall be distributed cumulatively with the previous year, the Board of Directors shall draw up a surplus distribution proposal and submit it to the shareholders' meeting for resolution to distribute dividends and bonuses. If the distribute dividends and bonuses of all or part of the dividends in the preceding paragraph is in the form of cash, the board of directors shall be authorized to make a resolution and shall be reported to the shareholders' meeting.

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

(2) Distribution of earnings

The Company's motion for earnings distribution of cash dividends for 2023 proposed by the Board of Directors on March 12, 2024, other earnings distribution items were resolved by the shareholders' meeting on June 13, 2024. The Company's motion for earnings distribution for 2022 proposed by the Board of Directors on March 17, 2023, other earnings distribution items were resolved by the shareholders' meeting on June 7, 2023, the dividends distributed to owners is as follows:

	2023		2022	
	Share allotment rate (NT dollars)	Amount	Share allotment rate (NT dollars)	Amount
Dividends to ordinary owners:				
Cash	\$ 0.4	28,421	0.4	24,500
Stock	1.4	<u>99,482</u>	1.6	<u>98,003</u>
Total		<u>\$ 127,903</u>		<u>\$ 122,503</u>

(XIV) Earnings per share

1. The calculation of the Group's basic earnings per share and diluted earnings per share is as follows:

	For the Three months Ended June 30,		For the Six months Ended June 30,	
	2024	2023	2024	2023
Basic earnings per share:				
Net profit attributable to the Company	<u>\$ 46,833</u>	<u>42,044</u>	<u>91,562</u>	<u>84,108</u>
Weighted-average number of ordinary shares (thousand shares)	<u>71,052</u>	<u>71,052</u>	<u>71,052</u>	<u>71,052</u>
Basic earnings per share (NT dollars)	<u>\$ 0.66</u>	<u>0.59</u>	<u>1.29</u>	<u>1.18</u>
Dilute earnings per share:				
Net profit attributable to the Company	<u>\$ 46,833</u>	<u>42,044</u>	<u>91,562</u>	<u>84,108</u>
Weighted-average number of ordinary shares (thousand shares)(diluted)	<u>71,416</u>	<u>71,513</u>	<u>71,868</u>	<u>72,540</u>
Diluted earnings per share (NT dollars)	<u>\$ 0.66</u>	<u>0.59</u>	<u>1.27</u>	<u>1.16</u>
Weighted-average number of ordinary shares (thousand shares)(diluted):				
Weighted-average number of ordinary shares (basic)	71,052	71,052	71,052	71,052
Estimated effect of employee stock bonuses	<u>364</u>	<u>461</u>	<u>816</u>	<u>1,488</u>
Weighted-average number of ordinary shares (diluted)	<u>71,416</u>	<u>71,513</u>	<u>71,868</u>	<u>72,540</u>

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

2. Proposed Earnings per share

The Company's motion for stock grants resolved by the shareholders' meeting on June 13, 2024 and took August 26, 2024 as the base date for the capital increase. If the stock grants occurs before the approval and issuance of this consolidated financial report, the proposed retrospectively adjusted earnings per share will be as follows:

	For the Three months Ended June 30,		For the Six months Ended June 30,	
	2024	2023	2024	2023
Basic earnings per share	\$ 0.58	0.52	1.13	1.04
Diluted earnings per share	\$ 0.58	0.52	1.12	1.02

(XV) Revenue from customer contracts

1. Disaggregation of revenue

	For the Three months Ended June 30,		For the Six months Ended June 30,	
	2024	2023	2024	2023
Major regional markets:				
Taiwan	\$ 85,772	68,533	163,043	163,762
Mainland China	487,532	504,070	919,715	992,210
Other countries	17,290	11,305	31,433	24,994
	<u>\$ 590,594</u>	<u>583,908</u>	<u>1,114,191</u>	<u>1,180,966</u>
Main products:				
Power MOSFET	\$ 589,084	581,395	1,111,680	1,175,075
Other	1,510	2,513	2,511	5,891
	<u>\$ 590,594</u>	<u>583,908</u>	<u>1,114,191</u>	<u>1,180,966</u>

2. Contract balance

	June 30, 2024	December 31, 2023	June 30, 2023
Accounts receivable(including related parties)	\$ 708,001	749,528	793,335
Less: allowance for impairment	(887)	(940)	(980)
Total	<u>\$ 707,114</u>	<u>748,588</u>	<u>792,355</u>

Please refer to Note 6 (3) for details of disclosure of Accounts receivable(including related parties) and its impairment.

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

(XVI) Employee's and directors' remuneration

According to the Company's Articles of Association, if there is any profit in the year, no less than 10% shall be allocated as employee remuneration and no more than 5% as director remuneration. The remuneration of employees is decided by the Board of Directors to be distributed in stock or cash, and the target of distribution includes employees of subordinate companies who meet certain conditions. However, if the Company still has accumulated losses, it shall reserve the compensation amount in advance, and then allocate the employee remuneration and the director remuneration according to the proportion mentioned in the preceding paragraph.

Details of remuneration to employees and directors for the three and six months ended June 30, 2024 and 2023 were as follows:

	For the Three months Ended June 30,		For the Six months Ended June 30,	
	2024	2023	2024	2023
Employee remuneration	\$ 10,631	11,831	20,200	20,788
Directors' remuneration	3,037	3,380	5,771	5,939
Total	<u>\$ 13,668</u>	<u>15,211</u>	<u>25,971</u>	<u>26,727</u>

The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during each period. The differences between the amounts distributed and those accrued in the financial statements, if any, are accounted for as changes in accounting estimate and recognized as profit or loss in the distribution year.

The Company's estimated compensation for employees in 2023 and 2022 were NT\$ 48,372 thousand and NT\$ 95,199 thousand respectively, while the compensation for directors and supervisors were NT\$ 13,820 thousand and NT\$ 27,200 thousand respectively, which was no difference from the actual distribution. Relevant information can be found at the Public Information Platform.

(XVII) Non-operating income and expenses

1. Other income

The details of other income were as follows:

	For the Three months Ended June 30,		For the Six months Ended June 30,	
	2024	2023	2024	2023
Other income	<u>\$ 5,518</u>	<u>4,117</u>	<u>6,779</u>	<u>4,950</u>

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

2. Other gains and losses

The details of other gains and losses were as follows:

	For the Three months Ended June 30,		For the Six months Ended June 30,	
	2024	2023	2024	2023
Net gains(losses) of foreign currency exchange	\$ (1,461)	12,580	7,204	3,995
Net gains(losses) on financial assets/liabilities measured at FVTPL	805	(5,286)	(1,128)	(3,817)
Other	(161)	(185)	(314)	(334)
	<u>\$ (817)</u>	<u>7,109</u>	<u>5,762</u>	<u>(156)</u>

3. Finance costs

The details of finance costs were as follows:

	For the Three months Ended June 30,		For the Six months Ended June 30,	
	2024	2023	2024	2023
Interest expense	\$ 24	47	55	100

(XVIII) Financial instruments

Except for the following paragraph, there were no significant changes in the fair value of the Group's financial instruments and the degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. Please refer to note 6(18) of the consolidated financial statements for the year ended December 31, 2023 for further information.

1. Credit risk

(1) Credit Risk Exposure

The book amount on financial assets represents the maximum exposure to credit risk.

(2) Credit Risk Concentration

On June 30, 2024, December 31 and June 30 of 2023, the Group received 49%, 42% and 47% of the total Accounts receivable from the top five sales customers respectively, thus causing the merged company to have a concentration of credit risks. In order to reduce credit risks, the merged company regularly and continuously evaluates the financial status of each of these customers and the recovery possibility of their accounts receivable. These customers have good profits and credit records in the past, and the merged company has not suffered any significant credit risk losses due to these customers during the reporting period.

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

2. Liquidity risk

The following table shows the contractual maturity of financial liabilities, including estimated interest but excluding the impact of net agreements.

	<u>Carrying amount</u>	<u>Contractual cash flow</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
June 30, 2024							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 408,369	408,369	408,369	-	-	-	-
Other payable(including related parties)	202,247	202,247	202,247	-	-	-	-
Lease liabilities	2,368	2,459	1,447	280	551	181	-
Derivative financial liabilities	1,128						
Outflow	-	288,569	288,569	-	-	-	-
Inflow	-	(287,441)	(287,441)	-	-	-	-
	\$ 614,112	614,203	613,191	280	551	181	-
December 31, 2023							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 495,246	495,246	495,246	-	-	-	-
Other payable(including related parties)	147,906	147,906	147,906	-	-	-	-
Lease liabilities	3,673	3,873	1,444	1,416	557	456	-
Deposits received	11	11	-	-	-	-	11
	\$ 646,836	647,036	644,596	1,416	557	456	11
June 30, 2023							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 222,290	222,290	222,290	-	-	-	-
Other payable	235,284	235,284	235,284	-	-	-	-
Lease liabilities	3,503	3,763	1,281	1,255	1,227	-	-
Deposits received	11	11	-	-	-	-	11
Derivative financial liabilities	3,817						
Outflow	-	249,147	249,147	-	-	-	-
Inflow	-	(245,330)	(245,330)	-	-	-	-
	\$ 464,905	465,165	462,672	1,255	1,227	-	11

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

The Group's capital, working capital and bank financing amount are sufficient to fulfill all contractual obligations, so there is no liquidity risk due to the inability to raise funds to fulfill contractual obligations. In addition, the unused loan amount of the Group on June 30, 2024, December 31 and June 30 of 2023 totaled NT\$ 982,675 thousand, NT\$ 962,608 thousand and NT\$ 967,610 thousand respectively.

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

3. Market risk

(1) Currency risk

The Group's significant exposure to foreign currency risk was as follows:

	June 30, 2024			December 31, 2023			June 30, 2023			
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	
<u>Financial assets</u>										
<u>Monetary items</u>										
USD	\$	28,395	32.450	921,403	33,402	30.705	1,025,619	30,721	31.140	956,653
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD		13,005	32.450	422,000	16,416	30.705	504,046	7,322	31.140	228,004

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, accounts payable, and other payables that are denominated in foreign currency. A weakening (strengthening) of 1% of the NT\$ against the USD, as of June 30, 2024 and 2023, would have increased or decreased the net profit before tax by \$4,994 thousand and \$7,286 thousand, respectively. The analysis is performed on the same basis for both periods.

The exchange rate information for the exchange gains and losses (both realized and unrealized) of the monetary items of the Group into the functional currency NT\$ (i.e. the expressive currency of the Group) is as follows:

Functional currency	For the Three months Ended June 30,				For the Six months Ended June 30,			
	2024		2023		2024		2023	
	Exchange gains and losses	Average exchange rate	Exchange gains and losses	Average exchange rate	Exchange gains and losses	Average exchange rate	Exchange gains and losses	Average exchange rate
NTD	\$ (1,605)	1	12,248	1	6,974	1	3,815	1
RMB	144	4.458	332	4.373	230	4.412	180	4.407
	<u>\$ (1,461)</u>		<u>12,580</u>		<u>7,204</u>		<u>3,995</u>	

4. Interest rate risk

The Group has not undertaken the debt with floating interest rate, while the financial assets with floating interest rate are bank deposits. The cash flow risk arising from changes in market interest rate is not significant after assessment, so sensitivity analysis has not been conducted.

5. Fair value information

(1) Kinds of financial instruments and fair value

The carrying amount and fair value of the Group's financial assets and liabilities,

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

	June 30, 2023				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 1,156,171				
Accounts receivable (including related parties)	792,355				
Other receivable(including related parties)	16,956				
Refundable deposits	<u>5,068</u>				
Total	<u>\$ 1,970,550</u>				
Financial liabilities at FVTPL –current	<u>\$ 3,817</u>	-	-	3,817	3,817
Financial liabilities measured at amortized cost:					
Accounts payable (including related parties)	\$ 222,290				
Other payable(including related parties)	235,284				
Lease liabilities	3,503				
Guarantee deposits	<u>11</u>				
Total	<u>\$ 461,088</u>				

(2) Fair value valuation techniques for financial instruments measured at fair value

The fair value of derivatives is calculated by public quotation. When a public quotation cannot be obtained, the fair value of the contract is calculated based on the spot exchange rate and the exchange points respectively on the respective expiration dates of the contract.

(3) In the three months ended June 30, 2024 and 2023, there were no transfers between Levels.

(4) Reconciliation of Level 3 fair values

	Financial assets/ liabilities at FVTPL
January 1, 2024	\$ 7,112
Purchase/disposal/settlement	(7,112)
Recognized in profit or loss	<u>(1,128)</u>
June 30, 2024	<u>\$ (1,128)</u>
January 1, 2023	\$ 317
Purchase/disposal/settlement	(317)
Recognized in profit or loss	<u>(3,817)</u>
June 30, 2023	<u>\$ (3,817)</u>

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

The above total gains or losses are reported in series as “Other gains and losses”. Among them, the assets held as at June 30, 2024 and 2023 are as follows:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Total gains or losses		
Recognized in gain or loss (reported in “Other gains and losses”)	\$ <u>(1,128)</u>	<u>(3,817)</u>

(5) Quantified information on significant unobservable inputs (Level 3) used in fair value Measurement

The fair value measurements of the Group which are categorized within level 3 are classified as financial assets at FVTPL – derivative financial instruments. This source of fair value is a third party quotation, so it is not intended to disclose sensitivity analysis of significant unobservable input values.

(XIX) Financial risk management

The Group’s objectives and policies on financial risk management are consistent with note 6(19) of the consolidated financial statement ended December 31, 2023.

(XX) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2023. Also, management believes that there were no significant changes in the Group’s capital management information as disclosed for the year ended December 31, 2023. Please refer to note 6(20) of the consolidated financial statements for the year ended December 31, 2023 for further details.

(XXI) Changes of liabilities from financing activities

Reconciliation of liabilities arising from financing activities was as follows:

	<u>January 1, 2024</u>	<u>Cash flows</u>	<u>Changes of non-cash</u>	<u>June 30, 2024</u>
Lease liabilities	\$ 3,673	(1,357)	52	2,368
Guarantee deposits	11	(11)	-	-
Total liabilities from financial activities	<u>\$ 3,684</u>	<u>(1,368)</u>	<u>52</u>	<u>2,368</u>

	<u>January 1, 2023</u>	<u>Cash flows</u>	<u>Changes of non-cash</u>	<u>June 30, 2023</u>
Lease liabilities	\$ 4,752	(1,146)	(103)	3,503
Guarantee deposits	11	-	-	11
Total liabilities from financial activities	<u>\$ 4,763</u>	<u>(1,146)</u>	<u>(103)</u>	<u>3,514</u>

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

VII. Related-party transactions

(I) Names and relationship of the related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements:

Name	Relationship
Cai Feng Investments Co., Ltd. (Cai Feng Investments)	Substantive related party
Super Group Semiconductor Co., Ltd. (Super Group Semiconductor)	Associate
Green Solution Technology Co., Ltd. (Green Solution Technology)	"
Chang Kuan Investments Co., Ltd. (Chang Kuan Investments)	Its chairman is the same person as the company
Liang Jia Investments Co., Ltd. (Liang Jia Investments)	"
Liang Yuan Investments Co., Ltd. (Liang Yuan Investments)	"

(II) Significant transactions with related parties

1. Sales to related parties

The amounts of significant sales by the Group to related parties and the outstanding balances were as follows:

	Sales				Accounts receivable from related parties		
	For the Three months Ended June 30,		For the Six months Ended June 30,		June 30, 2024	December 31, 2023	June 30, 2023
	2024	2023	2024	2023			
Associates:							
Other Associates	\$ 1,425	231	2,023	231	1,504	545	249
Less: allowance for losses	-	-	-	-	-	-	(1)
	<u>\$ 1,425</u>	<u>231</u>	<u>2,023</u>	<u>231</u>	<u>1,504</u>	<u>545</u>	<u>248</u>

There is no significant difference between the sales conditions of the Group and the general sales price. From January 1 to June 30, 2024 and 2023, the payment conditions were 90 days for monthly close, and the average customer was about 30 days for monthly close to 120 days for the next monthly close.

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

2. Purchase from related parties

The purchase amount and outstanding balance of the Group from related parties are as follows:

	Purchase				Accounts payable		
	For the Three months Ended June 30,		For the Six months Ended June 30,		June 30, 2024	December 31, 2023	June 30, 2023
	2024	2023	2024	2023			
Associates:							
Other Associates	\$ -	2,567	24	3,560	-	1,041	738

In order to provide customers with a complete power management plan, the Group purchases customized products from related parties. There is no competitive purchase price of the products from the ordinary manufactures. The payment terms from January 1 to June 30, 2024 and 2023 were 30 days for monthly close, while the payment terms of ordinary manufacturers are about 30 days to 90 days for monthly close.

3. Purchase services from related parties

	Transaction amount				Other payable		
	For the Three months Ended June 30,		For the Six months Ended June 30,		June 30, 2024	December 31, 2023	June 30, 2023
	2024	2023	2024	2023			
Associates:							
Super Group Semiconductor							
- Product development project fees	\$ 5,000	2,600	10,800	6,000	5,250	3,255	2,600
Super Group Semiconductor							
- Product royalty fees	11,872	10,797	21,906	19,950	8,588	7,988	3,518
	\$ 16,872	13,397	32,706	25,950	13,838	11,243	6,118

As of June 30, 2024, December 31 and June 30 of 2023, the new product development contracts and outsourcing design contracts signed by the Group and its related parties have not yet been recognized due to the failure to reach the agreed development and design stage. Please refer to Note 9 for details.

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

4. Rental income

Rental income of the Group arising from leasing offices to related parties is as follows:

	Transaction amount				Other receivable		
	For the Three months Ended June 30,		For the Six months Ended June 30,		June 30, 2024	December 31, 2023	June 30, 2023
	2024	2023	2024	2023			
Associates:							
Green Solution Technology	\$ 715	715	1,429	1,429	250	250	250
Other related parties:							
Other related parties	16	12	29	21	30	36	9
	<u>\$ 731</u>	<u>727</u>	<u>1,458</u>	<u>1,450</u>	<u>280</u>	<u>286</u>	<u>259</u>

The Group collects rent according to the contract, and the relevant rent is determined by negotiation between the two parties.

(III) Key management personnel compensation

Key management personnel compensation comprised:

	For the Three months Ended June 30,		For the Six months Ended June 30,	
	2024	2023	2024	2023
	Short-term employee benefits	\$ 6,353	6,666	12,380
Post-retirement benefits	-	110	8	219
Resignation benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Share-based payments	-	-	-	-
	<u>\$ 6,353</u>	<u>6,776</u>	<u>12,388</u>	<u>12,715</u>

VIII. Pledged Assets

The carrying amounts of pledged assets were as follows:

Assets name	Pledge guarantee target	June 30, 2024	December 31, 2023	June 30, 2023
Property, plant and equipment	Bank loan	\$ 97,394	97,394	97,394
- Land				
- Houses and buildings	"	44,460	45,075	45,690
Investing property - Land	"	48,068	48,068	48,068
- Houses and buildings	"	21,992	22,295	22,599
		<u>\$ 211,914</u>	<u>212,832</u>	<u>213,751</u>

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

IX. Commitments and contingencies

- (I) The guaranteed notes provided by the Group as a result of signing loan limit and financial commodity trading limit with financial institutions is as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Loan limit and financial commodities trading limit	\$ <u>1,100,168</u>	<u>1,075,476</u>	<u>1,062,947</u>

- (II) As of June 30, 2024, December 31 and June 30 of 2023, the amounts of new product development contracts and outsourcing design contracts signed by the Group that have not yet reached the agreed development and design stage and have not yet applied to the Group are NT\$ 38,500 thousand, NT\$ 36,100 thousand and NT\$ 32,800 thousand respectively; In addition, the Group agreed in the new product development contract that when the product enters the mass production stage, it shall pay the royalty fee according to the relevant wafer purchase quantity and the agreed price.
- (III) The Group signed a capacity guarantee purchase contract with the supplier on May 30, 2018, and due to the agreement on the minimum purchase amount, the deposit amount shall be paid. As of June 30, 2024, December 31 and June 30 of 2023, the deposit amount has been NT\$ 2,500 thousand, NT\$ 5,000 thousand and NT\$ 5,000 thousand respectively under other current assets and other non-current assets.
- (VI) The Group signed a capacity guarantee purchase contract with the supplier on May 7, 2021, November 30, 2021, and January 28, 2022, and due to the agreement on the purchase amount, the amount shall be paid in advance. As of June 30, 2024, December 31 and June 30 of 2023, the prepaid amount has been NT\$ 61,807 thousand, NT\$ 69,032 thousand and NT\$ 75,923 thousand respectively under other current assets and other non-current assets.

X. Losses Due to Major Disasters: None.

XI. Subsequent Events:

- (I) The Company's motion for earnings transferred to capital increase resolved by the shareholders' meeting on June 13, 2024. Stock grants for 140.013374 shares of per thousand shares with a par value of NT\$ 10 per share, total amount NT\$ 99,482 thousands. It was approved by the Securities and Futures Bureau of the Financial Supervisory Commission and took August 26, 2024 as the base date for the capital increase resolved by the Board of Directors on August 2, 2024.
- (II) On June 13, 2024, the Company passed the resolution of the board of directors through its subsidiary Jinrong Investment Co., Ltd. (hereinafter referred to as "Jinrong Investment") to participate in Super Group Semiconductor Co., Ltd. (hereinafter referred to as "Super Group

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

Semiconductor”)’s cash capital increase, and acquired 2,146 thousand shares on July 19, 2024, with an investment amount of NT\$ 21,461 thousand. On August 2, 2024, the Company passed a resolution of the board of directors through its subsidiary Jinrong Investment to subscribe for the unsubscribed shares of Super Group Semiconductor’ cash capital increase. It is expected to obtain 3,598 thousand shares, with an investment amount of NT\$ 35,979 thousand. The above-mentioned After the transaction is completed, it is expected to have control over Super Group Semiconductor. As of the issuance date of this consolidated financial report, this transaction has not yet been completed.

XII. Other

A summary of employee benefit, depreciation, and amortization expenses by function, was as follows:

Function	For the three months ended June 30, 2024			For the three months ended June 30, 2023		
	operating costs	operating expenses	Total	operating costs	operating expenses	Total
Employee benefits						
Salary	10,013	39,796	49,809	10,308	42,681	52,989
Labor and health insurance	878	2,011	2,889	859	1,972	2,831
Pension	455	1,448	1,903	457	1,435	1,892
Other	573	1,370	1,943	536	1,250	1,786
Depreciation	2,427	5,294	7,721	2,104	4,590	6,694
Amortization	-	629	629	-	150	150

Function	For the six-months ended June 30, 2024			For the six months ended June 30, 2023		
	operating costs	operating expenses	Total	operating costs	operating expenses	Total
Employee benefits						
Salary	19,951	80,180	100,131	20,227	78,716	98,943
Labor and health insurance	2,574	6,105	8,679	1,793	4,524	6,317
Pension	914	2,874	3,788	923	2,943	3,866
Other	1,136	2,680	3,816	1,082	2,517	3,599
Depreciation	4,395	10,799	15,194	4,219	9,169	13,388
Amortization	-	1,259	1,259	-	302	302

XIII. Other disclosures

(I) Information on significant transactions

The followings were the information on significant transactions required by the Regulations for the Group:

1. Loans to other parties: None.
2. Guarantees and endorsements for other parties: None.

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

3. Securities held as of June 30, 2024 (excluding investment in subsidiaries, associates and joint ventures): None.
4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the Company's paid-in capital: None.
5. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the Company's issued capital: None.
6. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the Company's issued capital: None.
7. Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the Company's issued capital: None.
8. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the Company's paid-in capital: None.
9. Trading in derivative instruments: Please refer to note 6 (2).
10. Business relationships and significant intercompany transactions:

No.	Name of company	Name of counterparty	Nature of relationship	Intercompany transactions from January 1 to June 30, 2024			
				Account name	Amount	Trading terms	Percentage of consolidated total operating revenues or total assets
0	The Company	Power Up Tech Co., Ltd.	Transactions between parent company and subsidiary	Operating expenses	13,828	Before the 25th of the following month	1.24%
0	"	"	Transactions between parent company and subsidiary	Other payable	1,006	"	0.03%
1	Power Up Tech Co. Ltd.	Wuxi Super GEM Microelectronics Co., Ltd.	Inter-subsidiary transactions	Operating costs	13,444	"	1.21%
1	"	"	Inter-subsidiary transactions	Other payable	974	"	0.03%

Note: Related transactions have been eliminated during the preparation of the consolidated financial statements.

(II) Information on investees:

The following is the information on investees for the six months ended June 30, 2024 (excluding information on investees in Mainland China)

Unit: NT\$ thousands/share

Name of Investor	Name of Investee	Location	Main businesses and products	Original investment amount		Final holding			Net income(losses) of investee	Share of profits/losses of investee	Note
				June 30, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying value			
The Company	Jinrong Investment Co., Ltd.	Taiwan	Holding company	150,000	150,000	15,000,000	100.00%	220,885	5,191	5,191	Note 1
"	Power Up Tech Co., Ltd.	Samoa	Holding company	30,744	30,744	1,930,000	100.00%	46,314	3,497	3,497	"
Jinrong Investment Co., Ltd.	Green Solution Technology Co., Ltd.	Taiwan	Manufacturing and Product Design of Electronic Components	48,875	48,875	4,511,514	15.04%	79,297	17,293	2,601	Note 2
"	Super Group Semiconductor	Taiwan	Integrated Circuit Design Service, Manufacturing	63,880	63,880	1,284,000	36.69%	104,967	6,549	2,402	"

Note 1: The Company's subsidiary. It has been eliminated during the preparation of the consolidated financial statements.

Note 2: The associate of Jinrong Investment.

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

(III) Information on investment in Mainland China:

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

Unit: NTS thousands

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of Investment	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2024	Net income (losses) of the Investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Wuxi Super GEM Microelectronics Co., Ltd.	Metal oxide semiconductor manufacturing, development and sales business, product quality monitoring and testing services; Selling self-produced products	33,966	Note 1	61,463	-	-	61,463	1,475	100.00%	1,475	15,723	-

Note 1: Indirect investment through third place Power Up Tech Co., Ltd.

Note 2: Related investments have been eliminated during the preparation of the consolidated financial statements.

The above investment income (losses) in mainland China, the information related to subsidiaries came from financial reports prepared by the investees, not reviewed by auditors.

- Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of June 30, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
61,463	61,463	1,760,946

- Major transactions with mainland invested companies:

From January 1 to June 30 of 2024, the direct or indirect major transactions between the Group and mainland invested companies, Please refer to note 13(1) "Business Relationships and Important Transactions between Parent and Subsidiaries" for details. The above transaction has been written off when preparing the consolidated financial report.

(IV) Major shareholders:

Name of major shareholder	Shares	Holding share	Holding proportion
Liangjia Investments Co., Ltd.		3,880,498	5.46%

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

XIV. Department Information

(I) General information

The main revenue of the Group comes from the sales of power MOSFET, and the main operating decision-makers of the Group use the overall operating results as the basis for evaluating performance. According to this, the Group is a single operating department, and the operating department information of January 1 to June 30 of 2024 and 2023 is consistent with the consolidated financial report information.

(II) Information on department profits and losses, department assets, and their measurement basis and reconciliation shall be reported.

Information on department profit and loss, department assets and department liabilities of the Group is consistent with the consolidated financial report. Please refer to the consolidated balance sheet and consolidated income statement for details.