

Stock code: 3317

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

Address: 12th Floor, No. 368, Gongjian Road, Xizhi District, New Taipei City
Telephone: (02)2642-6789

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 September 30, 2024 and 2023, the related consolidated statements of comprehensive income for the three and nine months ended September 30, 2024 and 2023, as well as the changes in equity and cash flows for the nine months ended September 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\$574,025 thousand and NT\$207,710 thousand, constituting 15.55% and 5.78% of the consolidated total assets; and the total liabilities amounting to NT\$106,388 thousand and NT\$8,374 thousand, constituting 17.35% and 1.09% of the consolidated total liabilities as of September 30, 2024 and 2023, respectively; as well as the total comprehensive income amounting to loss NT\$8,324 thousand, income NT\$3,128 thousand, income NT\$9,412 thousand and income NT\$3,009 thousand, constituting 18.22%, 3.35%, 6.43% and 1.70% of the consolidated comprehensive income for the three and nine months ended September 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 September 30, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three and nine months ended September 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
November 5, 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

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

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

Unit: NT\$ thousands

		September 30, 2024		December 31, 2023		September 30, 2023				September 30, 2024		December 31, 2023		September 30, 2023	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and equity		Amount	%	Amount	%	Amount	%
Current assets								Current liabilities							
1100	Cash and cash equivalents (Note 6(1))	\$ 1,549,489	42	1,377,454	39	1,409,036	39	2170	Accounts payable	\$ 328,850	9	494,205	14	489,209	14
1110	Current financial assets at fair value through profit or loss (Note 6(2))	4,206	-	7,112	-	-	-	2180	Accounts payable from related parties (Note 7)	-	-	1,041	-	2,377	-
1170	Accounts receivable, net (Note 6(3)and(17))	791,885	21	748,043	21	889,995	25	2200	Other payable(including related parties) (Note 7)	179,401	6	147,906	4	261,947	7
1180	Accounts receivable from related parties, net (Note 6(3) 、(17) and 7)	869	-	545	-	18	-	2230	Current tax liabilities	12,742	-	21,268	1	5,921	-
1200	Other receivables(including related parties) (Note 7)	17,105	-	17,098	1	21,313	1	2280	Current lease liabilities (Note 6(11))	2,186	-	2,699	-	2,201	-
130X	Inventories (Note 6(4))	687,472	20	721,871	20	627,376	17	2300	Other current liabilities (Note 6(6))	81,130	2	1,137	-	2,936	-
1470	Other current assets (Note 9)	30,869	1	28,672	1	38,171	1	Total current liabilities		604,309	17	668,256	19	764,591	21
Total current assets		3,081,895	84	2,900,795	82	2,985,909	83	Non-current liabilities:							
Non-current assets:								2580	Non-current lease liabilities (Note 6(11))	1,640	-	974	-	566	-
1550	Investments accounted for using equity method (Note 6(5))	90,802	3	170,603	5	152,261	4	2600	Other non-current liabilities	7,219	-	2,371	-	2,108	-
1600	Property, plant and equipment (Note 6(8) and 8)	369,282	10	313,827	9	309,579	9	Total non-current liabilities		8,859	-	3,345	-	2,674	-
1755	Right-of-use assets (Note 6(9))	3,777	-	3,575	-	2,662	-	Total liabilities		613,168	17	671,601	19	767,265	21
1760	Investment property (Note 6(10) and 8)	69,908	2	70,363	2	70,515	2	Equity attributable to owners of parent:							
1840	Deferred tax assets	15,894	-	14,786	-	11,789	-	3110	Ordinary shares (Note 6(15))	810,000	22	710,518	20	710,518	20
1900	Other non-current assets(Note 9)	59,301	1	60,374	2	62,101	2	3200	Capital surplus	630,512	17	630,512	18	630,512	18
Total non-current assets		608,964	16	633,528	18	608,907	17	3310	Legal reserves	267,337	7	246,390	7	246,390	7
								3320	Special reserves	468	-	3,288	-	3,288	-
								3350	Unappropriated retained earnings (Note 6(15))	1,273,733	35	1,272,482	36	1,237,770	34
								3400	Other equity interest	(2,155)	-	(468)	-	(927)	-
								Total equity attributable to owners of parent		2,979,895	81	2,862,722	81	2,827,551	79
								36XX	Non-controlling interests(Note 6(7))	97,796	2	-	-	-	-
								Total equity		3,077,691	83	2,862,722	81	2,827,551	79
Total assets		\$ 3,690,859	100	3,534,323	100	3,594,816	100	Total liabilities and equity		\$ 3,690,859	100	3,534,323	100	3,594,816	100

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 nine months ended September 30, 2024 and 2023
(Reviewed, not audited)

Unit: NT\$ thousands

		For the Three months Ended September 30,				For the Nine months Ended September 30,			
		2024		2023		2024		2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (Note 6(17) and 7)	\$ 668,273	100	705,885	100	1,782,464	100	1,886,851	100
5000	Operating costs (Note 6(4),(13),(18),7 and 12)	477,400	71	507,736	72	1,297,836	73	1,393,289	74
	Gross profits from operating	190,873	29	198,149	28	484,628	27	493,562	26
	Operating expenses (Note 6(3), (11),(13), (18), 7 and 12):								
6100	Selling expenses	23,035	3	26,071	3	67,867	4	69,319	3
6200	Administrative expenses	36,451	6	35,678	5	90,505	5	90,126	5
6300	Research and development expenses	53,258	8	47,162	7	147,195	8	127,452	7
6450	Expected credit loss (reversal)	128	-	168	-	75	-	250	-
	Total operating expenses	112,872	17	109,079	15	305,642	17	287,147	15
	Net operating profits	78,001	12	89,070	13	178,986	10	206,415	11
	Non-operating income and expenses:								
7010	Other income (Note 6(19) and 7)	1,022	-	996	-	7,801	1	5,946	-
7020	Other gains and losses (Note 6(5) and 19)	(9,209)	(1)	23,235	3	(3,447)	-	23,079	1
7050	Financial costs (Note 6(11),(19))	(25)	-	(36)	-	(80)	-	(136)	-
7060	Share of profit (loss) of associates accounted for using equity method (Note 6(5))	1,081	-	75	-	6,084	-	1,070	-
	Total non-operating income and expenses	(7,131)	(1)	24,270	3	10,358	1	29,959	1
	Net profit before tax	70,870	11	113,340	16	189,344	11	236,374	12
7950	Less: Income tax expenses (Note 6(14))	13,971	2	22,688	3	40,883	3	61,614	3
	Net profit	56,899	9	90,652	13	148,461	8	174,760	9
8300	Other comprehensive income (loss):								
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))	(11,468)	(2)	2,455	-	(2,810)	-	2,257	-
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	(11,468)	(2)	2,455	-	(2,810)	-	2,257	-
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translation of foreign operation's financial statements	267	-	379	-	656	-	104	-
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	267	-	379	-	656	-	104	-
8300	Other comprehensive income after tax	(11,201)	(2)	2,834	-	(2,154)	-	2,361	-
	Total comprehensive income	<u>\$ 45,698</u>	<u>7</u>	<u>93,486</u>	<u>13</u>	<u>146,307</u>	<u>8</u>	<u>177,121</u>	<u>9</u>
	Profit, attributable to:								
	Profit, attributable to owners of parent	\$ 56,186	9	90,652	13	147,748	8	174,760	9
	Profit, attributable to non-controlling interests (Note 6(7))	713	-	-	-	713	-	-	-
		<u>\$ 56,899</u>	<u>9</u>	<u>90,652</u>	<u>13</u>	<u>148,461</u>	<u>8</u>	<u>174,760</u>	<u>9</u>
	Comprehensive income attributable to:								
	Comprehensive income, attributable to owners of parent	\$ 44,985	7	93,486	13	145,594	8	177,121	9
	Comprehensive income, attributable to non-controlling interests(Note 6(7))	713	-	-	-	713	-	-	-
		<u>\$ 45,698</u>	<u>7</u>	<u>93,486</u>	<u>13</u>	<u>146,307</u>	<u>8</u>	<u>177,121</u>	<u>9</u>
	Earnings per share (NTD) (Note 6(16))								
	Basic earnings per share (NTD)	<u>\$ 0.69</u>		<u>1.12</u>		<u>1.82</u>		<u>2.16</u>	
	Diluted earnings per share (NTD)	<u>\$ 0.69</u>		<u>1.11</u>		<u>1.80</u>		<u>2.11</u>	

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

Niko Semiconductor and Subsidiaries
Consolidated Statements of Changes in Equity
For the nine months ended September 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 attributable to owners of parent	Non-controlling interests	Total Equity
						Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets at fair value through other comprehensive income			
	Ordinary shares	Capital surplus	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	-	2,674,930
Net profit	-	-	-	-	174,760	-	-	174,760	-	174,760
Other comprehensive income	-	-	-	-	-	104	2,257	2,361	-	2,361
Total comprehensive income	-	-	-	-	174,760	104	2,257	177,121	-	177,121
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)	-	(24,500)
Stock dividend of ordinary stock	98,003	-	-	-	(98,003)	-	-	-	-	-
Balance on September 30, 2023	\$ 710,518	630,512	246,390	3,288	1,237,770	(2,515)	1,588	2,827,551	-	2,827,551
Balance on January 1, 2024	\$ 710,518	630,512	246,390	3,288	1,272,482	(2,811)	2,343	2,862,722	-	2,862,722
Net profit	-	-	-	-	147,748	-	-	147,748	713	148,461
Other comprehensive income	-	-	-	-	-	656	(2,810)	(2,154)	-	(2,154)
Total comprehensive income	-	-	-	-	147,748	656	(2,810)	145,594	713	146,307
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)	-	(28,421)
Stock dividend of ordinary stock	99,482	-	-	-	(99,482)	-	-	-	-	-
Amounts affected by the disposal of associates accounted for using equity method	-	-	-	-	(467)	-	467	-	-	-
Merger to acquire non-controlling interests	-	-	-	-	-	-	-	-	97,083	97,083
Balance on September 30, 2024	\$ 810,000	630,512	267,337	468	1,273,733	(2,155)	-	2,979,895	97,796	3,077,691

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

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

Unit: NT\$ thousands

	For the nine months ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net profit before tax	\$ 189,344	236,374
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expenses	25,364	20,512
Amortization expenses	2,017	452
Expected credit and loss (Reversal)	75	250
Interest expenses	80	136
Interest income	(5,113)	(3,571)
Share of profit (loss) of associates accounted for using equity method	(6,084)	(1,070)
Losses on disposal of property, plant and equipment	-	60
Write-down of inventories (Reversal of write-downs)	(14,347)	39,224
Losses on disposal of investments	1,271	-
Total adjustments to reconcile profit	3,263	55,993
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	2,906	317
Accounts receivable(including related parties)	(39,696)	(152,790)
Other receivables(including related parties)	521	(3,127)
Inventories	48,746	146,424
Other current assets	(4,863)	536
Long-term prepayment	9,503	15,091
Changes in operating assets	17,117	6,451
Accounts payable(including related parties)	(166,476)	59,062
Other payables(including related parties)	19,400	32,186
Other current liabilities	1,370	160
Net defined benefit liabilities	(190)	(1,679)
Changes in operating liabilities	(145,896)	89,729
Total changes in operating assets and liabilities	(128,779)	96,180
Total adjustments	(125,516)	152,173
Cash inflow generated from operations	63,828	388,547
Interest received	5,113	3,571
Interest paid	(80)	(136)
Income taxes paid	(52,815)	(137,361)
Net cash flows from operating activities	16,046	254,621
Cash flows of investing activities:		
Cash inflow from merger	227,042	-
Acquisition of subsidiaries	(57,440)	-
Acquisition of property, plant and equipment	(19,915)	(23,262)
Disposal of Property, plant and equipment	-	32
Decrease in refundable deposit	2,512	2,500
Acquisition of intangible assets	(6,025)	(98)
Disposal of investments for using equity method	39,899	-
Net cash flows used in investing activities	186,073	(20,828)
Cash flows from financing activities:		
Decrease in deposits received	(5)	-
Payment of lease liabilities	(2,236)	(1,692)
Distribution of cash dividends	(28,421)	(24,500)
Net cash flows from financing activities	(30,662)	(26,192)
Effect of exchange rate changes on cash and cash equivalents	578	(8)
Net increase(decrease) in cash and cash equivalents	172,035	207,593
Cash and cash equivalents at beginning of period	1,377,454	1,201,443
Cash and cash equivalents at end of period	<u>\$ 1,549,489</u>	<u>1,409,036</u>

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

Niko Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2024 and 2023
(Unless otherwise specified, all amounts are in unit of NT\$ 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 November 5, 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
			September 30, 2024	December 31, 2023	September 30, 2023	
The Company	Jinrong Investment Co., Ltd. (Jinrong Investment)	Holding company	100%	100%	100%	Note 1
The Company	Power Up Tech Co., Ltd. (Power Up)	Holding company	100%	100%	100%	Note 1
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 1
Jinrong Investment	Super Group Semiconductor Co., Ltd. (Super Group Semiconductor)	Integrated circuit design services and manufacturing	70.28%	36.69%	28.57%	Note 1 、 2

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

Note 1: The company is an immaterial subsidiary whose financial statements have not been reviewed.

Note 2: The Group participated in the cash capital increase of Super Group Semiconductor on August 12, 2024, and its shareholding increased from 36.69% to 70.28%, Super Group Semiconductor becoming a subsidiary of the Group. Please refer to Note 6.

(III) Business combination

The Group first obtained control of the other company through cash capital increase in the third quarter of 2024. Therefore, accounting policies related to business combinations began to apply in the third quarter of 2024.

The Group accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

If the acquiree's non-controlling interests are current ownership interests and the holders are entitled to a proportionate share of the enterprise's net assets when liquidation occurs, the merging company will choose to use the fair value on the acquisition date on a transaction-by-transaction basis. Value may be measured as the proportionate share of the current ownership instruments in the recognized amount of the acquiree's identifiable net assets. Other components of non controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs IFRS Accounting Standards endorsed by the FSC.

In a business combination achieved in stages, the Group remeasures its previously held interests in the acquiree at the fair value on the acquisition date, and any gains or losses arising therefrom will be recognized as profit or loss. The amount of changes in the value of the acquiree's equity that has been recognized in other comprehensive profits and losses before the acquisition date should be treated in the same way as if the Group directly disposes of its previously held interests. If the equity is disposed of, it should be reclassified to profit or loss, the amount is reclassified to profit or loss.

If the original accounting treatment of the business combination has not been completed before the end of the reporting period in which the merger transaction occurs, the Group will recognize the incomplete accounting treatment items at a provisional amount, and make retrospective adjustments or recognize additional amounts during the measurement period.

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

Asset or liability to reflect new information obtained during the measurement period about facts and circumstances that existed at the acquisition date. The measurement period shall not exceed one year from the acquisition date.

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

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

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

(V) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B 12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are measured by multiplying together the pre-tax income for the interim reporting period and the management's best estimate of effective annual tax rate. 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.

(VI) 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.

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

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) 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 of whether the Group has substantive control over its investees

The Group holds 17.09% of the outstanding voting shares of Green Solution Technology Co., Ltd. (hereinafter referred to as "Green Solution Technology"), and is the single largest shareholder of the investee. Although the remaining shares of Green Solution Technology are not concentrated in specific shareholders, the Group still cannot obtain more than half of the total number of Green Solution Technology's directors. Therefore, it is determined that the Group has significant influence on Green Solution Technology.

The following assumptions and estimation uncertainties have significant risks that will result in significant adjustments to the carrying amounts of assets and liabilities in the next financial reporting period. The relevant information is as follows:

Business combination

The fair value of the identifiable net assets acquired by the merged company due to the business combination is a tentative amount, and the final evaluation of these assets has yet to be completed. Please refer to Note 6 (6).

VI. Explanation of significant accounts

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2023 consolidated financial statements. Please refer to note 6 to the 2023 annual consolidated financial statements.

(I) Cash and cash equivalents

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand and petty cash	\$ 549	371	253
Checks and demand deposits	1,548,940	1,377,083	1,408,783
	<u>\$ 1,549,489</u>	<u>1,377,454</u>	<u>1,409,036</u>

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

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

	September 30, 2024	December 31, 2023	September 30, 2023
Derivative instrument not used for hedging			
Foreign exchange swap contracts	<u>\$ 4,206</u>	<u>7,112</u>	<u>-</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 September 30, 2024 and December 31, 2023:

September 30, 2024			
Derivative financial instruments	Nominal principal (NT\$ thousands)	Maturity date	Predetermined rate
Foreign exchange swap contracts- NT\$ in/ US\$ out	US\$ 14,240	October 15, 2024~ October 24, 2024	31.800~31.907
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

The Group held no derivatives as of September 30, 2023.

(III) Accounts receivable (including related parties)

	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable	\$ 792,900	748,983	891,143
Accounts receivable-Related parties	869	545	18
Less: Loss allowance	<u>(1,015)</u>	<u>(940)</u>	<u>(1,148)</u>
	<u>\$ 792,754</u>	<u>748,588</u>	<u>890,013</u>

- 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:

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

September 30, 2024			
	Carrying amounts of accounts receivable (including related parties)	Lifetime ECL rate	Loss allowance provision of lifetime ECL
Not overdue	\$ 790,897	0.1%~0.2%	983
1~30 days overdue	2,872	1%~2%	32
31~90 days overdue	-	10%~50%	-
91~180 days overdue	-	50%~70%	-
181~360 days overdue	-	100%	-
	\$ 793,769		1,015

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%	-
	\$ 749,528		940

September 30, 2023			
	Carrying amounts of accounts receivable (including related parties)	Lifetime ECL rate	Loss allowance provision of lifetime ECL
Not overdue	\$ 887,916	0.1%~0.2%	1,103
1~30 days overdue	3,245	1%~2%	45
31~90 days overdue	-	10%~50%	-
91~180 days overdue	-	50%~70%	-
181~360 days overdue	-	100%	-
	\$ 891,161		1,148

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

	For the nine months ended September 30	
	2024	2023
Balance on January 1	\$ 940	898
Impairment losses recognized	75	250
Balance on September 30	\$ 1,015	1,148

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

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

(IV) Inventories

	September 30, 2024	December 31, 2023	September 30, 2023
Raw materials	\$ 46,437	51,451	40,087
Work in process and semi-finished goods	440,495	463,268	412,541
Finished goods and merchandise	200,540	207,152	174,748
	<u>\$ 687,472</u>	<u>721,871</u>	<u>627,376</u>

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

	For the Three months Ended September 30,		For the Nine months Ended September 30,	
	2024	2023	2024	2023
Write-down of inventories (Reversal of write-downs)	<u>\$ (5,709)</u>	<u>1,238</u>	<u>(14,347)</u>	<u>39,224</u>

The sale of inventories for which depreciation losses were previously recognized or the gains from inventory depreciation recognized due to a rebound in product prices, and the inventory depreciation losses recognized due to the write-down of inventories to net realizable value, all have been included in cost of sales.

2. As of September 30, 2024, December 31, 2023 and September 30, 2023, the inventories of the Group had not been pledged as collateral.

(V) Investments accounted for using equity method

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

	September 30, 2024	December 31, 2023	September 30, 2023
Associates	<u>\$ 90,802</u>	<u>170,603</u>	<u>152,261</u>

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

	For the Three months Ended September 30,		For the Nine months Ended September 30,	
	2024	2023	2024	2023
Net profit	\$ 1,081	75	6,084	1,070
Other comprehensive income	(11,468)	2,455	(2,810)	2,334
Comprehensive income	<u>\$ (10,387)</u>	<u>2,530</u>	<u>3,274</u>	<u>3,404</u>

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

2. Investments were accounted for by using the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed by CPA.
3. The Group originally held 36.69% shares of Super Group Semiconductor and had significant influence on the company and used the equity method to evaluate it. Later, it participated in the cash capital increase of Super Group Semiconductor in the third quarter of 2024 and obtaining control of the company. The controlling power of the company shall be included in the consolidated entity. Please refer to Note 6 (6).
4. In the third quarter of 2024, the Group disposed 7.8% of the shares in an associated enterprise "Green Solution Technology" and still held significant influence over the company. As a result of the transaction, an investment loss of NT\$1,271 thousand using the equity method was recognized in the account. Listed under other profits and losses, please refer to Note 6(19).
5. As of September 30, 2024, December 31 and September 30 of 2023, the investment of the Group using the equity method has not been provided as pledge guarantee.

(VI) Business combination, acquisition of subsidiary—Super Group Semiconductor

1. Obtain consideration for transfer of subsidiary

The Group participated in the cash capital increase of Super Group Semiconductor on August 12, 2024 (acquisition date). The capital increase amounted to NT\$57,440 thousand which increased the shareholding ratio of the Group from 36.69% to 70.28%. The Group obtained control of Super Group Semiconductor and include it as a consolidated entity from the date of acquisition. The main business of Super Group Semiconductor is integrated circuit design services and manufacturing. The Group acquired Super Group Semiconductor mainly to improve the autonomy and integrity of its own product supply chain and to strengthen the group's market competitive niche.

From the date of acquisition, the operating results of Super Group Semiconductor have been incorporated into the consolidated statement of comprehensive income. If the acquisition had occurred on January 1, 2024, the consolidated revenue would have been \$1,782,464 thousand and consolidated profit would have been \$153,198 thousand for the nine months ended September 30, 2024. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had occurred on January 1, 2024.

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

2. Identifiable assets acquired

The details of the fair value of the identifiable assets and liabilities assumed by Super Group Semiconductor acquired by the Group on the acquisition date are as follows:

Cash and cash equivalents	\$	227,042
Accounts receivable and notes receivable, net		4,545
Other receivables		528
Other current assets		424
Right-of-use assets		2,320
Property, plant and equipment		58,184
Intangible assets		1,529
Deferred tax assets		1,124
Other non-current assets		2,315
Investments accounted for using equity method		51,935
Accounts payable		(80)
Other payable		(12,095)
Current tax liabilities		(1,894)
Other current liabilities		(326)
Current lease liabilities		(1,078)
Non-current lease liabilities		(1,241)
Deferred tax liabilities		(6,571)
Fair value of the identifiable assets	<u>\$</u>	<u>326,661</u>

The above assets are yet to be finalized.

The Group will continue to review the above matters during the measurement period. If there is information discovered within one year from the acquisition date about facts and circumstances that existed at the acquisition date which leads to an adjustment to the above provision amounts, or any additional liability provisions as at the acquisition date, then the acquisition accounting will be revised.

- The Group participated in the cash capital increase of Super Group Semiconductor at NT\$10 per share. The tentative amount arising from the difference between the carrying amount of the acquiree's original equity and the fair value of the identifiable net assets acquired by the Group on the acquisition date is NT\$78,297 thousand, the Group will refer to the provisions of paragraph 45 of IFRS Accounting Standard No. 3 approved by the FSC and present the relevant provisional amount under other current liabilities in the consolidated balance sheet.

(VI) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

Subsidiaries	Main operation place	Percentage of non-controlling interests		
		September 30, 2024	December 31, 2023	September 30, 2023
Super Group Semiconductor	Taiwan	29.72%	-%	-%

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

The following information on the aforementioned subsidiaries has been prepared in accordance with the IFRS Accounting Standards endorsed by the FSC. Included in this information are the fair value adjustments made during the acquisition and the relevant difference in accounting principles between the Group and its subsidiaries as at the acquisition date. Intra-group transactions were not eliminated in this information.

1. Super Group Semiconductor's financial information

	September 30, 2024
Current assets	\$ 278,707
Non-current assets	75,064
Current liabilities	(18,609)
Non-current liabilities	(6,103)
Net assets	\$ 329,059
Non-controlling interests	\$ 97,796

	August 12, 2024~ September 30, 2024
Sales revenue	\$ 12,038
Net income	\$ 2,399
Other comprehensive income	-
Comprehensive income	\$ 2,399
Profit, attributable to non-controlling interests	\$ 713
Comprehensive income, attributable to non-controlling interests	\$ 713

	August 12, 2024~ September 30, 2024
Net cash flows from operating activities	\$ 6,875
Net cash flows from investing activities	38,411
Net cash flows from financing activities	(186)
Effect of exchange rate changes on cash and cash equivalents	\$ 45,100
Dividends to NCI	\$ -

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

(VIII) 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
Acquired by merger		29,333	14,913	13,938	-	58,184
Additions		-	1,081	10,740	8,094	19,915
Reclassified into (out)		-	4,700	16,919	(21,619)	-
Effect of changes in exchange rate		-	-	724	-	724
Balance on September 30, 2024	\$	<u>191,156</u>	<u>134,921</u>	<u>170,717</u>	<u>1,515</u>	<u>498,309</u>
Balance on January 1, 2023	\$	161,823	114,728	111,196	5,173	392,920
Additions		-	127	9,124	14,011	23,262
Reclassified into (out)		-	-	9,734	(9,734)	-
Disposal		-	(275)	(6,934)	-	(7,209)
Effect of changes in exchange rate		-	-	27	-	27
Balance on September 30, 2023	\$	<u>161,823</u>	<u>114,580</u>	<u>123,147</u>	<u>9,450</u>	<u>409,000</u>
Accumulated depreciation:						
Balance on January 1, 2024	\$	-	35,762	69,897	-	105,659
Depreciation		-	2,816	19,910	-	22,726
Effect of changes in exchange rate		-	-	642	-	642
Balance on September 30, 2024	\$	<u>-</u>	<u>38,578</u>	<u>90,449</u>	<u>-</u>	<u>129,027</u>
Balance on January 1, 2023	\$	-	33,517	54,680	-	88,197
Depreciation		-	2,155	16,193	-	18,348
Disposal		-	(275)	(6,874)	-	(7,149)
Effect of changes in exchange rate		-	-	25	-	25
Balance on September 30, 2023	\$	<u>-</u>	<u>35,397</u>	<u>64,024</u>	<u>-</u>	<u>99,421</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>
September 30, 2024	\$	<u>191,156</u>	<u>96,343</u>	<u>80,268</u>	<u>1,515</u>	<u>369,282</u>
January 1, 2023	\$	<u>161,823</u>	<u>81,211</u>	<u>56,516</u>	<u>5,173</u>	<u>304,723</u>
September 30, 2023	\$	<u>161,823</u>	<u>79,183</u>	<u>59,123</u>	<u>9,450</u>	<u>309,579</u>

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

As of September 30, 2024, December 31 and September 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.

(IX) Right-of-use assets

Details of changes in costs and accumulated depreciation of the Group's right-of-use assets are as follows:

	Vehicles	Buildings	Total
Cost:			
Balance on January 1, 2024	\$ 1,575	6,176	7,751
Acquired by merger	2,320	-	2,320
Effect of changes in exchange rate	-	279	279
Balance on September 30, 2024	\$ 3,895	6,455	10,350
Balance on January 1, 2023	\$ -	6,583	6,583
Lease modification	-	(291)	(291)
Effect of changes in exchange rate	-	9	9
Balance on September 30, 2023	\$ -	6,301	6,301
Accumulated depreciation:			
Balance on January 1, 2024	\$ 87	4,089	4,176
Depreciation	576	1,607	2,183
Effect of changes in exchange rate	-	214	214
Balance on September 30, 2024	\$ 663	5,910	6,573
Balance on January 1, 2023	\$ -	1,919	1,919
Depreciation	-	1,709	1,709
Effect of changes in exchange rate	-	11	11
Balance on September 30, 2023	\$ -	3,639	3,639
Carrying amounts:			
January 1, 2024	\$ 1,488	2,087	3,575
September 30, 2024	\$ 3,232	545	3,777
January 1, 2023	\$ -	4,664	4,664
September 30, 2023	\$ -	2,662	2,662

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

(X) Investment property

Investment property comprises office buildings that are leased to third parties under operating leases as well as properties that are owned by the Group. The leases of investment properties contain an initial non-cancellable lease term of 1 to 3 years. For all investment property leases, the rental income is fixed under the contracts. Please refer to Note 6 (12) 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 September 30, 2024	\$ 48,068	21,840	69,908
Balance on January 1, 2023	\$ 48,068	22,902	70,970
Balance on September 30, 2023	\$ 48,068	22,447	70,515

1. There were no significant additions, disposal, or recognition and reversal of impairment losses of investment property for the nine months ended September 30, 2024 and 2023. Information on depreciation for the period is discussed in note 12. Please refer to note 6(8) to the 2023 annual consolidated financial statements for other related information.
2. The fair value of investment property was not significantly different from those disclosed in note 6(8) to the annual consolidated financial statements for the year ended December 31, 2023.
3. As of September 30, 2024, December 31 and September 30 of 2023, the Group's investment property have been used as bank loan and financing limit guarantees. Please refer to Note 8.

(XI) Lease liabilities

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Current	\$ 2,186	2,699	2,201
Non-current	\$ 1,640	974	566

1. For maturity analysis, please refer to Note 6 (20) Financial Instruments.
2. The amounts recognized in profit or loss were as follows:

	<u>For the Three months Ended September 30,</u>	<u>For the Nine months Ended September 30,</u>		
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Interest expense on lease liabilities	\$ 25	36	80	136
Expenses relating to short-term leases and leases of low-value assets	\$ 272	195	705	634

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

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

	For the nine months ended September 30	
	2024	2023
Rental paid in operating activities	\$ (705)	(634)
Interest on lease liabilities paid in operating activities	(80)	(136)
Payment made on lease liabilities in financing activities	(2,236)	(1,692)
Total cash outflow for leases	<u>\$ (3,021)</u>	<u>(2,462)</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.

(XII) Operating lease

The Group leases out its investment property. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(10) for information on operating leases of investment property. A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date, is as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Less than 1 year	\$ 2,897	2,887	2,896
1 to 2 years	1,190	2,861	2,866
2 to 3 years	-	476	1,190
3 to 4 years	-	-	-
4 to 5 years	-	-	-
More than 5 years	-	-	-
Total undiscounted payments	<u>\$ 4,087</u>	<u>6,224</u>	<u>6,952</u>

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

(XIII) 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.

	For the Three months Ended September 30,		For the Nine months Ended September 30,	
	2024	2023	2024	2023
Operating costs	\$ -	10	-	30
Selling expenses	-	7	-	22
Administrative expenses	-	82	8	246
Research and development expenses	-	10	-	30
	<u>\$ -</u>	<u>109</u>	<u>8</u>	<u>328</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.

	For the Three months Ended September 30,		For the Nine months Ended September 30,	
	2024	2023	2024	2023
Operating costs	\$ 452	459	1,366	1,362
Selling expenses	332	328	996	973
Administrative expenses	408	362	1,182	1,115
Research and development expenses	842	695	2,270	2,041
	<u>\$ 2,034</u>	<u>1,844</u>	<u>5,814</u>	<u>5,491</u>

(XIV) Income taxes

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

	For the Three months Ended September 30,		For the Nine months Ended September 30,	
	2024	2023	2024	2023
Current tax expense	<u>\$ 13,971</u>	<u>22,688</u>	<u>40,883</u>	<u>61,614</u>

2. There was no income tax recognized directly in equity for the three months and nine months ended September 30, 2024 and 2023.

3. There were no income tax recognized in other comprehensive income for the three months and nine months ended September 30, 2024 and 2023.

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

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

	<u>Approved Year</u>
The Company	Has been approved to 2022
Jinrong Investment	Has been approved to 2022
Super Group Semiconductor	Has been approved to 2022

(XV) Capital and other equity

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

1. Ordinary shares

On September 30, 2024, December 31 and September 30 of 2023, the total rated share capital of the Company was NT\$1,000,000 thousand, and the denomination of each share was in NT\$ 10, both are 100,000 thousand shares. The aforesaid total rated share capital is ordinary shares, and the issued shares are 81,000 thousand shares, 71,052 thousand shares and 71,052 thousand shares, the issued share capital are NT\$810,000 thousand, NT\$710,518 thousand and NT\$710,518 thousand, all issued shares have been collected.

The company's adjustment table for the number of shares outstanding is as follows:

	(expressed in thousands shares)	
	ordinary stock	
	For the Nine months Ended September 30,	
	2024	2022
Beginning balance on January 1	71,052	61,252
Surplus transferred to capital increase	9,948	9,800
End balance on September 30	81,000	71,052

A resolution was passed during the general meeting of shareholders held on June 13, 2024 to transfer the retained earnings of NT\$99,482 thousand to capital increase and issue 9,948 thousand new shares. The base date for capital increase was August 26, 2024 and the change registration has been completed.

2. 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

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

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.

3. 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 distributed to ordinary owners:				
Cash	\$ 0.4	28,421	0.4	24,500
Stock	1.4	99,482	1.6	98,003
Total		<u>\$ 127,903</u>		<u>\$ 122,503</u>

(XVI) Earnings per share

The Group's basic earnings per share and diluted earnings per share were calculated as follows:

	For the Three months Ended September 30,		For the Nine months Ended September 30,	
	2024	2023	2024	2023
Basic earnings per share:				
Net profit attributable to the Company	<u>\$ 56,186</u>	<u>90,652</u>	<u>147,748</u>	<u>174,760</u>
Weighted-average number of ordinary shares (thousand shares)	<u>81,000</u>	<u>81,000</u>	<u>81,000</u>	<u>81,000</u>
Basic earnings per share (NT dollars)	<u>\$ 0.69</u>	<u>1.12</u>	<u>1.82</u>	<u>2.16</u>
Dilute earnings per share:				
Net profit attributable to the Company	<u>\$ 56,186</u>	<u>90,652</u>	<u>147,748</u>	<u>174,760</u>
Weighted-average number of ordinary shares (thousand shares)(diluted)	<u>81,650</u>	<u>81,928</u>	<u>81,994</u>	<u>82,710</u>
Diluted earnings per share (NT dollars)	<u>\$ 0.69</u>	<u>1.11</u>	<u>1.80</u>	<u>2.11</u>

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

	For the Three months Ended September 30,		For the Nine months Ended September 30,	
	2024	2023	2024	2023
Weighted-average number of ordinary shares (thousand shares)(diluted):				
Weighted-average number of ordinary shares (basic)	81,000	81,000	81,000	81,000
Estimated effect of employee stock bonuses	650	928	994	1,710
Weighted-average number of ordinary shares (diluted)	<u>81,650</u>	<u>81,928</u>	<u>81,994</u>	<u>82,710</u>

(XVII) Revenue from customer contracts

1. Disaggregation of revenue

	For the Three months Ended September 30,		For the Nine months Ended September 30,	
	2024	2023	2024	2023
Major regional markets:				
Taiwan	\$ 102,742	100,808	265,785	264,570
Mainland China	545,403	588,345	1,465,118	1,580,555
Other countries	20,128	16,732	51,561	41,726
	<u>\$ 668,273</u>	<u>705,885</u>	<u>1,782,464</u>	<u>1,886,851</u>
Main products:				
Power MOSFET	\$ 667,224	702,716	1,778,904	1,877,791
Other	1,049	3,169	3,560	9,060
	<u>\$ 668,273</u>	<u>705,885</u>	<u>1,782,464</u>	<u>1,886,851</u>

2. Contract balance

	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable(including related parties)	\$ 793,769	749,528	891,161
Less: allowance for impairment	(1,015)	(940)	(1,148)
Total	<u>\$ 792,754</u>	<u>748,588</u>	<u>890,013</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)

(XVIII) Remunerations to employees and directors

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 nine months ended September 30, 2024 and 2023 were as follows:

	For the Three months Ended September 30,		For the Nine months Ended September 30,	
	2024	2023	2024	2023
Employee remuneration	\$ 12,160	19,356	32,360	40,144
Directors' remuneration	3,475	5,531	9,246	11,470
Total	<u>\$ 15,635</u>	<u>24,887</u>	<u>41,606</u>	<u>51,614</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.

(XIX) Non-operating income and expenses

1. Other income

The details of other income were as follows:

	For the Three months Ended September 30,		For the Nine months Ended September 30,	
	2024	2023	2024	2023
Other income	<u>\$ 1,022</u>	<u>996</u>	<u>7,801</u>	<u>5,946</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 September 30,		For the Nine months Ended September 30,	
	2024	2023	2024	2023
Losses on disposals of investments	\$ (1,271)	-	(1,271)	-
Net gains(losses) of foreign currency exchange	(13,107)	17,870	(5,903)	21,865
Net gains(losses) on financial assets/liabilities measured at FVTPL	5,334	3,817	4,206	-
Other	(165)	1,548	(479)	1,214
	<u>\$ (9,209)</u>	<u>23,235</u>	<u>(3,447)</u>	<u>23,079</u>

3. Finance costs

The details of finance costs were as follows:

	For the Three months Ended September 30,		For the Nine months Ended September 30,	
	2024	2023	2024	2023
Interest expense	<u>\$ 25</u>	<u>36</u>	<u>80</u>	<u>136</u>

(XX) 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 September 30, 2024, December 31 and September 30 of 2023, the Group received 49%, 42% and 45% 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.

	Carrying amount	Contractual cash flow	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
September 30, 2024							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 328,850	328,850	328,850	-	-	-	-
Other payable(including related parties)	179,401	179,401	179,401	-	-	-	-
Lease liabilities	3,826	3,900	1,413	829	1,519	139	-
Deposits received	6	6	-	6	-	-	-
	\$ 512,083	512,157	509,664	835	1,519	139	-
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
September 30, 2023							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 491,586	491,586	491,586	-	-	-	-
Other payable	261,947	261,947	261,947	-	-	-	-
Lease liabilities	2,767	2,941	1,196	1,170	575	-	-
Deposits received	11	11	-	-	-	-	11
	\$ 756,311	756,485	754,729	1,170	575	-	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 September 30, 2024, December 31 and September 30 of 2023 totaled NT\$ 973,475 thousand, NT\$ 962,608 thousand and NT\$ 980,605 thousand respectively.

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

3. Currency risk

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

	September 30, 2024				December 31, 2023			September 30, 2023		
	Foreign currency	Exchange rate	NTD		Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>										
<u>Monetary items</u>										
USD	\$	27,817	31.650	880,412	33,402	30.705	1,025,619	37,664	32.270	1,215,427
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD		10,554	31.650	334,044	16,416	30.705	504,046	15,611	32.270	503,754

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 September 30, 2024 and 2023, would have increased or decreased the net profit before tax by \$5,464 thousand and \$7,117 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 September 30,				For the Nine months Ended September 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	\$ (12,961)	1	17,862	1	(5,987)	1	21,677	1
RMB	(146)	4.5045	8	4.367	84	4.443	188	4.394
	<u>\$ (13,107)</u>		<u>17,870</u>		<u>(5,903)</u>		<u>21,865</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, including the information on fair value hierarchy were as follows; however, for financial

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

instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

September 30, 2024					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at FVTPL –current	\$ 4,206	-	-	4,206	4,206
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 1,549,489				
Accounts receivable (including related parties)	792,754				
Other receivable(including related parties)	17,105				
Refundable deposits	5,691				
Total	\$ 2,365,039				
Financial liabilities measured at amortized cost:					
Accounts payable (including related parties)	\$ 328,850				
Other payable(including related parties)	179,401				
Lease liabilities	3,826				
Deposits received	6				
Total	\$ 512,083				
December 31, 2023					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at FVTPL- current	\$ 7,112	-	-	7,112	7,112
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 1,377,454				
Accounts receivable (including related parties)	748,588				
Other receivable(including related parties)	17,098				
Refundable deposits	5,888				
Total	\$ 2,149,028				
Financial liabilities measured at amortized cost:					
Accounts payable (including related parties)	\$ 495,246				
Other payable(including related parties)	147,906				
Lease liabilities	3,673				
Deposits received	11				
Total	\$ 646,836				

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

		September 30, 2023				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost:						
Cash and cash equivalents	\$	1,409,036				
Accounts receivable (including related parties)		890,013				
Other receivable(including related parties)		21,313				
Refundable deposits		5,068				
Total	\$	2,325,430				
Financial liabilities measured at amortized cost:						
Accounts payable (including related parties)	\$	491,586				
Other payable(including related parties)		261,947				
Lease liabilities		2,767				
Deposits received		11				
Total	\$	756,311				

(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 nine months ended September 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	4,206
September 30, 2024	<u>\$ 4,206</u>
January 1, 2023	\$ 317
Purchase/disposal/settlement	(317)
Recognized in profit or loss	-
September 30, 2023	<u>\$ -</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 September 30, 2024 and 2023 are as follows:

	September 30, 2024	September 30, 2023
Total gains or losses		
Recognized in gain or loss (reported in “Other gains and losses”)	\$ 4,206	-

(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.

(XXI) 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.

(XXII) 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.

(XXIII) Changes of liabilities from financing activities

Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2024	Cash flows	Changes of non-cash	September 30, 2024
Lease liabilities	\$ 3,673	(2,236)	2,389	3,826
Deposits received	11	(5)	-	6
Total liabilities from financial activities	<u>\$ 3,684</u>	<u>(2,241)</u>	<u>2,389</u>	<u>3,832</u>

	January 1, 2023	Cash flows	Changes of non-cash	September 30, 2023
Lease liabilities	\$ 4,752	(1,692)	(293)	2,767
Deposits received	11	-	-	11
Total liabilities from financial activities	<u>\$ 4,763</u>	<u>(1,692)</u>	<u>(293)</u>	<u>2,778</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 (Note1)
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)	"

Note1: The Group obtained control of Super Group Semiconductor on August 12, 2024 and became a subsidiary of the Group. Related party transactions were disclosed until August 12, 2024.

(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 September 30,		For the Nine months Ended September 30,		September 30, 2024	December 31, 2023	September 30, 2023
	2024	2023	2024	2023			
Associates:							
Other Associates	\$ <u>857</u>	<u>17</u>	<u>2,880</u>	<u>248</u>	<u>869</u>	<u>545</u>	<u>18</u>

There is no significant difference between the sales conditions of the Group and the general sales price. From January 1 to September 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 September 30,		For the Nine months Ended September 30,		September 30, 2024	December 31, 2023	September 30, 2023
	2024	2023	2024	2023			
Associates:							
Other Associates	\$ -	3,169	24	6,729	-	1,041	2,377

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 September 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 September 30,		For the Nine months Ended September 30,		September 30, 2024	December 31, 2023	September 30, 2023
	2024	2023	2024	2023			
Associates:							
Super Group Semiconductor							
- Product development project fees	\$ -	600	10,800	6,600	-	3,255	630
Super Group Semiconductor							
- Product royalty fees	4,329	13,442	26,235	33,392	-	7,988	9,313
	<u>\$ 4,329</u>	<u>14,042</u>	<u>37,035</u>	<u>39,992</u>	<u>-</u>	<u>11,243</u>	<u>9,943</u>

As of September 30, 2024, December 31 and September 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 September 30,		For the Nine months Ended September 30,		September 30, 2024	December 31, 2023	September 30, 2023
	2024	2023	2024	2023			
Associates:							
Green Solution Technology	\$ 714	714	2,143	2,143	250	250	250
Other related parties:							
Other related parties	17	13	46	34	48	36	23
	<u>\$ 731</u>	<u>727</u>	<u>2,189</u>	<u>2,177</u>	<u>298</u>	<u>286</u>	<u>273</u>

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

5. Acquired a subsidiary

In the third quarter of 2024 the Group participated in the cash capital increase of Super Group Semiconductor and paid of NT\$ 21,461 thousand and NT\$ 35,979 thousand on July 19 and August 9, 2024 respectively, totaling NT\$57,440 thousand, enabling the Group to gain control of the company on August 12 (the base date of the capital increase). Please refer to Note 6(6) for details.

(III) Key management personnel compensation

Key management personnel compensation comprised:

	For the Three months Ended September 30,		For the Nine months Ended September 30,	
	2024	2023	2024	2023
Short-term employee benefits	\$ 6,746	8,802	19,126	21,298
Post-retirement benefits	-	109	8	328
Resignation benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Share-based payments	-	-	-	-
	<u>\$ 6,746</u>	<u>8,911</u>	<u>19,134</u>	<u>21,626</u>

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

VIII. Assets pledged as security

The carrying amounts of pledged assets were as follows:

Assets name	Pledge guarantee target	September 30, 2024	December 31, 2023	September 30, 2023
Property, plant and equipment	Bank loan			
- Land		\$ 97,394	97,394	97,394
- Houses and buildings	"	44,153	45,075	45,382
Investing property - Land	"	48,068	48,068	48,068
- Houses and buildings	"	21,840	22,295	22,447
		<u>\$ 211,455</u>	<u>212,832</u>	<u>213,291</u>

IX. Significant 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:

	September 30, 2024	December 31, 2023	September 30, 2023
Loan limit and financial commodities trading limit	<u>\$ 1,088,848</u>	<u>1,075,476</u>	<u>1,078,259</u>

- (II) As of December 31 and September 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\$ 36,100 thousand and NT\$ 32,200 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 September 30, 2024, December 31 and September 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 September 30, 2024, December 31 and September 30 of 2023, the prepaid amount has been NT\$ 59,530 thousand, NT\$ 69,032 thousand and NT\$ 73,332 thousand respectively under other current assets and other non-current assets.

X. Losses Due to Major Disasters: None.

XI. Subsequent Events: None.

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

XII. Other

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

Function Item	For the three months ended September 30, 2024			For the three months ended September 30, 2023		
	operating costs	operating expenses	Total	operating costs	operating expenses	Total
Employee benefits						
Salary	10,352	46,344	56,696	11,751	56,893	68,644
Labor and health insurance	869	2,221	3,090	925	2,106	3,031
Pension	452	1,582	2,034	469	1,484	1,953
Other	626	1,597	2,223	622	1,409	2,031
Depreciation	3,009	7,161	10,170	2,153	4,971	7,124
Amortization	-	758	758	-	150	150

Function Item	For the nine months ended September 30, 2024			For the nine months ended September 30, 2023		
	operating costs	operating expenses	Total	operating costs	operating expenses	Total
Employee benefits						
Salary	30,303	126,524	156,827	31,978	135,609	167,587
Labor and health insurance	3,443	8,326	11,769	2,718	6,630	9,348
Pension	1,366	4,456	5,822	1,392	4,427	5,819
Other	1,762	4,277	6,039	1,704	3,926	5,630
Depreciation	7,404	17,960	25,364	6,372	14,140	20,512
Amortization	-	2,017	2,017	-	452	452

XIII. Other disclosures

(I) Information on significant transactions

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the nine months ended September 30, 2024:

1. Loans to other parties: None.
2. Guarantees and endorsements for other parties: None.
3. Securities held as of September 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

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

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 September 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	20,800	Before the 25th of the following month	1.17%
0	"	"	Transactions between parent company and subsidiary	Other payable	981	"	0.03%
1	Power Up Tech Co. Ltd.	Wuxi Super GEM Microelectronics Co., Ltd.	Inter-subsidiary transactions	Operating costs	20,223	"	1.13%
1	"	"	Inter-subsidiary transactions	Other payable	950	"	0.03%
2	The Company	Super Group Semiconducto	Transactions between parent company and subsidiary	Operating costs	9,438	"	0.53%
2	"	"	Transactions between parent company and subsidiary	Operating expenses	2,600	"	0.15%
2	"	"	Transactions between parent company and subsidiary	Other payable	7,370	"	0.20%

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 nine months ended September 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
				September 30, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying value			
The Company	Jinrong Investment Co., Ltd.	Taiwan	Holding company	270,000	150,000	27,000,000	100.00%	332,086	7,860	7,860	Note 1
"	Power Up Tech Co., Ltd.	Samoa	Holding company	30,744	30,744	1,930,000	100.00%	46,076	2,992	2,992	"
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%	80,036	22,208	3,340	Note 2
"	Super Group Semiconductor	"	Integrated Circuit Design Service, Manufacturing	121,320	63,880	7,028,000	70.28%	231,264	15,926	4,430	Note 1 & Note 2
Super Group Semiconducto	Green Solution Technology Co., Ltd.	"	Manufacturing and Product Design of Electronic Components	8,779	-	613,709	2.05%	10,766	22,208	-	Note 2

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:

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

Unit: NT\$ 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 September 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	1,582	100.00%	1,582	16,097	-

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.

2. Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of September 30, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
61,463	61,463	1,787,937

3. Major transactions with mainland invested companies:

From January 1 to September 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.		4,538,961	5.60%

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 September 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.