

Stock code: 3317

**NIKO SEMICONDUCTOR CO., LTD. AND
SUBSIDIARIES CONSOLIDATED FINANCIAL
STATEMENTS WITH REPORT OF
INDEPENDENT AUDITORS
FOR THE THREE-MONTH PERIODS
ENDED MARCH 31, 2022 AND 2021**

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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 Accountant's Review Report

The Board of Directors and Shareholders

Niko Semiconductor:

Foreword

We have audited the accompanying consolidated financial statement of Niko Semiconductor and its subsidiaries as of March 31, 2022 and 2021, and the consolidated statement of comprehensive income, changes in equity and cash flows, and the notes to the consolidated financial statement(including a summary of significant accounting policies) from January 1 to March 31 of 2022 and 2021. According to the Guidelines for the Preparation of Financial Report by Securities Issuers and IAS No. 34 Interim Financial Report approved and issued by the financial supervision and regulation Commission. It is the management's responsibility to prepare a presentation of consolidated financial report, and the accountant's responsibility is to draw a conclusion on the consolidated financial report based on the audit results.

Scope

Except as stated in the basic paragraph of the reserved conclusion, we conducted our audit in accordance with the SAS No.65 Auditing of Financial Statements. The procedures for reviewing consolidated financial reports include inquiry (mainly to personnel responsible for financial and accounting affairs), analytical procedures and other review procedures. As the scope of the reviewing work is obviously smaller than that of the auditing work, we may not be able to detect all the important matters that can be identified therefrom, and therefore cannot express the auditing opinions.

Basis for Opinion

As mentioned in note 4 (2) to the consolidated financial report, the non-significant subsidiaries listed in the aforementioned consolidated financial report are based on the financial reports of these invested companies that have not been reviewed by accountants during the same period. The total assets as of March 31, 2022 and 2021 were NT\$ 126,492 thousands and NT\$ 117,612 thousands respectively, accounting for 4.01% and 4.44% of the total consolidated assets respectively. The total liabilities were NT\$ 7,144 thousands and NT\$ 5,280 thousands respectively, accounting for 0.94% and 0.99% of the total consolidated liabilities respectively. The absolute value of the consolidated profit and loss from January 1 to March 31 in 2022 and 2021 were NT\$ 4,203 thousands and NT\$ 4,667 thousands respectively, accounting for 2.75% and 5.18% of the consolidated profit and loss respectively.

Reserved Conclusion

According to the results of our review, except that the financial reports of these invested companies mentioned in the basic paragraph of the reserved conclusion, if reviewed by us, may affect the consolidated financial reports, the aforementioned consolidated financial reports have been prepared in accordance with the Guidelines for the Preparation of Financial Reports by Securities Issuers and IAS No.34 Interim Financial Report approved by the Financial Supervisory Commission and issued in effect. The reports expressed fairly the consolidated financial position of Niko Semiconductor and its subsidiaries as of March 31, 2022 and 2021, and the consolidated financial performance and consolidated cash flow from January 1 to March 31, 2022 and 2021.

KPMG Taiwan
Fu, Hong-Wen
Hong, Shi-Gang
May 6, 2022

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

March 31, 2022, December 31 and March 31, 2021

Unit: NTS thousands

(The consolidated balance sheets as of March 31, 2022 and 2021 are reviewed, not audited)

Assets		March 31, 2022		December 31, 2021		March 31, 2021		Liabilities and equity		March 31, 2022		December 31, 2021		March 31, 2021	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets								Current liabilities							
1100	Cash and equivalent cash (Note 6(1))	\$ 1,091,509	35	1,189,955	38	850,655	32	2120	Financial liabilities measured at fair value through profits and losses - Current(Note 6(2))	\$ -	-	1,909	-	4,258	-
1110	Financial assets measured at fair value through profits and losses - Current(Note 6(2))	10,343	-	-	-	-	-	2170	Accounts payable	358,415	12	523,377	17	326,591	12
1170	Net accounts receivable(Note 6(3)and(15))	1,018,330	32	954,195	30	871,860	33	2180	Accounts payable-Related parties (Note 7)	635	-	2,047	-	923	-
1180	Accounts receivable – Net amount of Related parties(Note 6(3) 、(15) and 7)	34,984	1	30,864	1	63,682	3	2200	Other payable (Note 7)	279,139	9	202,873	7	145,026	6
1200	Other receivables(Note 7)	14,659	1	16,295	1	11,773	-	2230	Current income tax liabilities	104,363	3	67,425	2	45,382	2
130X	Inventory (Note 6(4))	414,366	13	393,774	13	369,676	14	2280	Lease liabilities - Current (Note 6(9))	1,572	-	1,498	-	2,252	-
1470	Other current assets(Note 8 and 9)	25,795	1	14,108	-	11,529	-	2300	Other current liabilities (Note 7)	11,444	-	9,081	-	3,300	-
	Total current assets	<u>2,609,986</u>	<u>83</u>	<u>2,599,191</u>	<u>83</u>	<u>2,179,175</u>	<u>82</u>		Total current liabilities	<u>755,568</u>	<u>24</u>	<u>808,210</u>	<u>26</u>	<u>527,732</u>	<u>20</u>
Non-current assets:								Non-current liabilities:							
1550	Investments by equity method(Note 6(5))	79,778	3	77,898	3	74,969	3	2580	Lease liabilities - Non-current (Note 6(9))	2,932	-	3,212	-	-	-
1600	Property, plant and equipment (Note 6(6) and 8)	289,500	9	290,434	9	291,633	11	2600	Other non-current liabilities	5,031	-	11,286	-	7,513	-
1755	Use Right assets (Note 6(7))	4,478	-	4,710	-	2,141	-		Total non-current liabilities	<u>7,963</u>	<u>-</u>	<u>14,498</u>	<u>-</u>	<u>7,513</u>	<u>-</u>
1760	Net Investment property (Note 6(8) and 8)	71,425	2	71,577	2	72,032	3		Total liabilities	<u>763,531</u>	<u>24</u>	<u>822,708</u>	<u>26</u>	<u>535,245</u>	<u>20</u>
1840	Deferred income tax assets	11,830	-	11,830	-	16,401	1	Equity attributable to the owner of the parent company:							
1900	Other non-current assets(Note 9)	89,295	3	80,635	3	10,406	-	3110	Capital stock of common stock	612,515	20	612,515	20	612,515	23
	Total non-current assets	<u>546,306</u>	<u>17</u>	<u>537,084</u>	<u>17</u>	<u>467,582</u>	<u>18</u>	3200	Capital reserves	630,512	20	630,512	20	630,512	24
	Total assets	<u>\$ 3,156,292</u>	<u>100</u>	<u>3,136,275</u>	<u>100</u>	<u>2,646,757</u>	<u>100</u>	3310	Legal reserves	167,537	5	167,537	5	149,013	6
								3320	Special reserves	3,306	-	3,306	-	3,594	-
								3350	Undistributed earnings (Note 6(13))	981,637	31	903,342	29	719,340	27
								3410	Exchange differences on the translation of foreign operating organizations	(2,746)	-	(3,645)	-	(3,462)	-
									Total equity	<u>2,392,761</u>	<u>76</u>	<u>2,313,567</u>	<u>74</u>	<u>2,111,512</u>	<u>80</u>
									Total liabilities and equity	<u>\$ 3,156,292</u>	<u>100</u>	<u>3,136,275</u>	<u>100</u>	<u>2,646,757</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-month periods ended March 31, 2022 and 2021
(Reviewed, not audited)

Unit: NT\$ thousands

		For the three-month periods ended March 31,			
		2022		2021	
		Amount	%	Amount	%
4000	Operating income (Note 6(15) and 7)	\$ 767,306	100	746,564	100
5000	Operating costs (Note 6(4), (11), (16), 7 and 12)	527,742	69	531,590	71
	Gross operating profits	239,564	31	214,974	29
	Operating expenses (Note 6(3), (9),(11), (16), 7 and 12):				
6100	Sales promotion expenses	27,521	3	24,618	4
6200	Management expenses	44,656	6	46,463	6
6300	Research and development expenses	38,132	5	30,196	4
6450	Expected credit impairment loss	52	-	37	-
	Total operating expenses	110,361	14	101,314	14
	Net operating profits	129,203	17	113,660	15
	Non-operating income and expenditure :				
7010	Other income (Note 6(17) and 7)	858	-	737	-
7020	Other profit and loss (Note 6(17))	56,554	8	(4,822)	-
7050	Financial costs (Note 6(9),(17))	(54)	-	(33)	-
7060	Share of interests of affiliated enterprises recognized by equity method (Note 6(5))	2,199	-	3,140	-
	Total non-operating income and expenditure	59,557	8	(978)	-
	Net profit before tax	188,760	25	112,682	15
7950	Minus: Income tax expenses (Note 6(12))	36,963	5	22,507	3
	Net profit	151,797	20	90,175	12
8300	Other comprehensive income:				
8360	Items that may be reclassified to profit and loss in subsequent periods				
8361	Exchange differences on the translation of financial statements of foreign operating organizations	899	-	(156)	-
8399	Income tax related to items that may be reclassified	-	-	-	-
	Total items that may be reclassified to profit and loss in subsequent periods	899	-	(156)	-
8300	Other comprehensive income	899	-	(156)	-
	Total comprehensive income	\$ 152,696	20	90,019	12
	Earnings per share (NTD) (Note 6(14))				
	Basic earnings per share (NTD)	\$ 2.48		1.47	
	Diluted earnings per share (NTD)	\$ 2.42		1.44	

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

Niko Semiconductor and Subsidiaries
Consolidated Statements of Changes in Equity
For the three-month periods ended March 31, 2022 and 2021
(Reviewed, not audited)

Unit: NT\$ thousands

	Equity attributable to owners of parent company					Exchange differences on the translation of foreign operating organizations	Total Equity
	Capital stock of common stock	Capital reserves	Retained earnings		Undistribut ed Earnings		
			Legal reserves	Special reserves			
Balance on January 1, 2021	\$ 612,515	630,512	149,013	3,594	629,165	(3,306)	2,021,493
Net profit	-	-	-	-	90,175	-	90,175
Other comprehensive income	-	-	-	-	-	(156)	(156)
Total comprehensive income	-	-	-	-	90,175	(156)	90,019
Balance on March 31, 2021	<u>\$ 612,515</u>	<u>630,512</u>	<u>149,013</u>	<u>3,594</u>	<u>719,340</u>	<u>(3,462)</u>	<u>2,111,512</u>
Balance on January 1, 2022	\$ 612,515	630,512	167,537	3,306	903,342	(3,645)	2,313,567
Net profit	-	-	-	-	151,797	-	151,797
Other comprehensive income	-	-	-	-	-	899	899
Total comprehensive income	-	-	-	-	151,797	899	152,696
Appropriation and distribution of earnings:							
Cash dividend of common stock	-	-	-	-	(73,502)	-	(73,502)
Balance on March 31, 2022	<u>\$ 612,515</u>	<u>630,512</u>	<u>167,537</u>	<u>3,306</u>	<u>981,637</u>	<u>(2,746)</u>	<u>2,392,761</u>

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

Niko Semiconductor and Subsidiaries
Consolidated Statements of Cash Flows
For the three-month periods ended March 31, 2022 and 2021
(Reviewed, not audited)

	Unit: NT\$ thousands	
	For the three-month periods ended March 31,	
	2022	2021
Cash flows of business activities:		
Current net profit before tax	\$ 188,760	112,682
Items of adjustment:		
Income expense loss item		
Depreciation expenses	5,169	5,428
Amortization expenses	54	52
Expected credit impairment loss	52	37
Net (profit) loss of financial assets and liabilities by fair value through profit and loss	(12,252)	8,072
Interest expenses	54	33
Interest income	(8)	(9)
Share of interests of affiliated enterprises recognized by equity method	(2,199)	(3,140)
Loss of disposal of property, plant and equipment	9	-
Other	5,745	(6,840)
Total income expense loss item	(3,376)	3,633
Changes in assets and liabilities related to operating activities:		
Accounts receivable(including related parties)	(68,307)	(36,693)
Other receivables	1,636	(1,001)
Inventory	(26,337)	59,208
Other current assets	(8,901)	(6,011)
Long-term prepayment	(13,664)	-
Total net changes in assets related to operating activities	(115,573)	15,503
Accounts payable(including related parties)	(166,374)	52,996
Other payable	3,191	10,548
Other current liabilities	(3,349)	(771)
Net defined benefit liabilities	(556)	(556)
Total net changes in liabilities related to operating activities	(167,088)	62,217
Total net changes in assets and liabilities related to operating activities	(282,661)	77,720
Total items of adjustment	(286,037)	81,353
Cash inflow(outflow) from operations	(97,277)	194,035
Collected interest	8	9
Paid interest	(54)	(33)
Paid income tax	(25)	(3)
Net cash inflow(outflow) from operating activities	(97,348)	194,008
Cash flows of investment activities:		
Property, plant and equipment	(3,612)	(2,183)
Disposal of Property, plant and equipment	5	-
Decrease in refundable deposits	2,500	5,000
Obtain intangible assets	(333)	-
Net cash inflow(outflow) from investment activities	(1,440)	2,817
Cash flows from financing activities:		
Repayment of lease principal	(373)	(738)
Net cash outflow from financing activities	(373)	(738)
Impact of exchange rate changes on cash and equivalent cash	715	(135)
Current increase(decrease) of cash and equivalent cash	(98,446)	195,952
Beginning balance of cash and equivalent cash	1,189,955	654,703
Ending balance of cash and equivalent cash	\$ 1,091,509	850,655

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

Niko Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements
For the three-month periods ended March 31, 2022 and 2021
(Unless otherwise specified, all amounts are in unit of NT\$ thousands)
(Reviewed, not audited)

I. Company evaluation

Niko Semiconductor Co., Ltd. (hereinafter referred to as 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 its subsidiaries' (hereinafter referred to as the merged Company) 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. Date and Procedure of Adoption of Financial Report

The consolidated financial report was approved and released by the Board of Directors on May 6, 2022.

III. Application of newly issued and revised standards and interpretations

(I) Effect of adoption of the amendments and interpretations endorsed by the Financial Supervisory Commission ("FSC")

The merged Company adopted the following newly amended IFRS since January 1, 2022, which did not have a material impact on the consolidated financial statements.

- Amendment to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"
- Amendment to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"
- Annual Improvements to IFRSs 2018-2020 Cycle
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(II) New and amended standards and interpretations not yet endorsed by the FSC

The standards and interpretations issued and amended by the International Accounting Standards Board ("IASB") not yet endorsed by the FSC but may be relevant to the merged Company are as follows:

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

Newly Issued or Amended Standards	Major Amendments	Effective Date of Standards Issued by the IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	<p>The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current on the balance sheet.</p> <p>The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.</p>	January 1, 2023

The merged Company continues to evaluate the effect of the above standards and interpretations posed on the merged Company’s financial condition and management results. Related effects will be disclosed upon the completion of the evaluation.

The merged Company expects that the following other newly issued and amended standards not yet endorsed will impact the consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- Amendments to IFRS 17 “Insurance Contracts” and Amendments to IFRS 17
- Amendment to IAS 1 “Disclosure of Accounting Policies”
- Amendment to IAS 8 “Definition of Accounting Estimates”
- Amendment to IAS 12 “Deferred tax related to assets and liabilities arising from a single transaction”

IV. Summary of Major Accounting Policies

(I) Statement

The consolidated financial report is prepared in accordance with the securities issuer’s financial report preparation standards (hereinafter referred to as Standards) and the IAS No. 34 Interim Financial Report approved and issued by the FSC. This consolidated financial report does not include all necessary information to be disclosed in the entire annual consolidated financial report prepared in accordance with the IFRS, IAS, and Interpretation and Interpretation Announcement approved and issued by the FSC (hereinafter referred to as IFRS recognized by the FSC).

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

Except for the following, the major accounting policies adopted in this consolidated financial report are the same as those in the consolidated financial report of 2021. For relevant information, please refer to Note 4 to the consolidated financial report of 2021.

(II) Consolidated basis

Subsidiaries included in this consolidated financial report include:

Name of investment company	Name of subsidiary company	Nature of business	Holding equity percentage			Explanation
			March 31, 2022	December 31, 2021	March 31, 2021	
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.

(III) Tax

The merged company measures and discloses the tax expenses for the interim period in accordance with paragraph B12 of IAS No.34 Interim Financial Report.

Tax expense is measured by multiplying the net profit before tax for the reporting period by the management's best estimate of the expected effective tax rate for the whole year and is fully recognized as tax expense for the current period.

Where tax expenses are recognized directly in equity items or other comprehensive profit and loss items, the temporary difference between the book amount of related assets and liabilities for financial reporting purposes and their tax basis is measured by the applicable tax rate when expected to be realized or settled.

(IV) Employee benefits

The defined welfare plan pension for the interim period is calculated on the basis of the actuarial determination of the pension cost rate on the reporting date of the previous fiscal year from the beginning of the year to the end of the current period, and adjusted for major market fluctuations, major reductions, liquidations or other major one-off events after the reporting date.

V. Major Sources of Uncertainty in Major Accounting Judgments, Estimates and Assumptions

Management must make judgments, estimates and assumptions when preparing this consolidated financial report in accordance with the preparation standards and IAS No.34 Interim Financial Report recognized by the FSC, which will affect the adoption of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

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

When preparing the consolidated financial report, the major judgment and the main source of estimation uncertainty made by the management when adopting the accounting policies of the merged company are consistent with Note 5 to the consolidated financial report of 2021.

The accounting policies involved major judgments and has major impact on the amounts recognized in this consolidated financial report as followed:

Judgment on whether the invested company has substantial control

The merged company 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 merged company still unable to obtain more than half of the directors of Green Solution Technology. So it has a major influence on Green Solution Technology.

VI. Description of Important Accounting Items

Except for the following, there is no significant difference between the description of important accounting items in this consolidated financial report and the consolidated financial report of 2021. For relevant information, please refer to Note 6 to the consolidated financial report of 2021.

(I) Cash and equivalent cash

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Cash on hand and petty cash	\$ 168	174	245
Checks and demand deposits	1,091,341	1,189,781	850,410
	<u>\$ 1,091,509</u>	<u>1,189,955</u>	<u>850,655</u>

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Non-hedging derivative instruments			
Exchange transaction contract	<u>\$ 10,343</u>	<u>(1,909)</u>	<u>(4,258)</u>

As at March 31, 2022 and December 31 and March 31 of 2021 the details of derivative instruments of financial assets (liabilities) held for trading due to the non-application of hedge accounting are as follows:

<u>March 31, 2022</u>			
<u>Derivative financial commodities</u>	<u>Nominal principal (NT\$ thousands)</u>	<u>Maturity date</u>	<u>Delivery rate</u>
Exchange transaction contract-US\$ in/NT\$ out	US\$ 16,020	April 28, 2022~June 29, 2022	27.876~28.020
<u>December 31, 2021</u>			
<u>Derivative financial commodities</u>	<u>Nominal principal (NT\$ thousands)</u>	<u>Maturity date</u>	<u>Delivery rate</u>
Exchange transaction contract-US\$ in/NT\$ out	US\$ 12,110	January 28, 2022~February 25, 2022	27.721~27.873

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

March 31, 2021				
Derivative financial commodities	Nominal principal (NT\$ thousands)		Maturity date	Delivery rate
Exchange transaction contract-NT\$ in/US\$ out	US\$	28,480	April 6, 2021~April 20, 2021	27.962~28.483
Exchange transaction contract-US\$ in/NT\$ out	US\$	12,460	April 28, 2021~June 29, 2021	27.778~28.538

(III) Accounts receivable (including related parties)

	March 31, 2022	December 31, 2021	March 31, 2021
Accounts receivable	\$ 1,019,530	955,351	872,885
Accounts receivable-Related parties	35,054	30,926	63,810
Less: allowance for losses	<u>(1,270)</u>	<u>(1,218)</u>	<u>(1,153)</u>
	<u>\$ 1,053,314</u>	<u>985,059</u>	<u>935,542</u>

- The merged company adopts a simplified approach to estimate the expected credit loss for all Accounts receivable(including related parties), i.e. using the expected credit loss during the duration. For this measurement purpose, these accounts receivable(including related parties) are grouped according to the common credit risk characteristics representing the customer's ability to pay all due amounts according to the contract terms , and have incorporated forward-looking information like macro economy and related industry has been included. An analysis of the expected credit losses of the merged company's accounts receivable(including related parties) is as follows:

	March 31, 2022		
	Book amount of accounts receivable(including related parties)	Weighted average expected credit loss rate	Expected credit loss during allowance duration
Not overdue	\$ 1,051,758	0.1%~0.2%	1,231
1~30 days overdue	2,826	1%~2%	39
31~90 days overdue	-	10%~50%	-
91~180 days overdue	-	50%~70%	-
181~360 days overdue	<u>-</u>	100%	<u>-</u>
	<u>\$ 1,054,584</u>		<u>1,270</u>

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

	December 31, 2021		
	Book amount of accounts receivable(including related parties)	Weighted average expected credit loss rate	Expected credit loss during allowance duration
Not overdue	\$ 980,624	0.1%~0.2%	1,144
1~30 days overdue	5,464	1%~2%	55
31~90 days overdue	189	10%~50%	19
91~180 days overdue	-	50%~70%	-
181~360 days overdue	-	100%	-
	<u>\$ 986,277</u>		<u>1,218</u>

	March 31, 2021		
	Book amount of accounts receivable(including related parties)	Weighted average expected credit loss rate	Expected credit loss during allowance duration
Not overdue	\$ 934,174	0.1%~0.2%	1,111
1~30 days overdue	2,327	1%~2%	23
31~90 days overdue	194	10%~50%	19
91~180 days overdue	-	50%~70%	-
181~360 days overdue	-	100%	-
	<u>\$ 936,695</u>		<u>1,153</u>

2. The statement of changes in allowance losses for Accounts receivable(including related parties) of the merged company is as follows:

	For the three-month periods ended March 31,	
	2022	2021
Balance at beginning of period	\$ 1,218	1,116
Impairment losses recognized	52	37
Balance at ending of period	<u>\$ 1,270</u>	<u>1,153</u>

3. As of March 31, 2022, December 31 and March 31 of 2021, the Accounts receivable(including related parties) of the merged company has not been provided as pledge guarantee.

(IV) Inventory

	March 31, 2022	December 31, 2021	March 31, 2021
Raw materials	\$ 60,766	54,319	61,506
Work in process and semi-finished goods	247,459	233,772	201,877
Finished goods and commodity	106,141	105,683	106,293
	<u>\$ 414,366</u>	<u>393,774</u>	<u>369,676</u>

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

1. In addition to the cost of inventory sold, the composition of inventory-related expenses and losses recognized as cost of goods sold by the merged company is as follows:

	For the three-month periods ended March 31,	
	2022	2021
Inventory depreciation loss (Reversal benefit)	\$ 5,745	(6,840)

2. As of March 31, 2022, December 31 and March 31 of 2021, the inventory of the merged company has not been provided as pledge guarantee.

(V) Investments using equity method

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

	March 31, 2022	December 31, 2021	March 31, 2021
Affiliated enterprise	\$ 79,778	77,898	74,969

1. The profits and losses of affiliated enterprises enjoyed by the merged company are listed as follows:

	For the three-month periods ended March 31,	
	2022	2021
Share of profit of affiliated enterprises using equity method	\$ 2,199	3,140

2. As of March 31, 2022, December 31 and March 31 of 2021, the investment of the merged company using the equity method has not been provided as pledge guarantee.

(VI) Property, plant and equipment

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

	Land	Houses and building	Office equipment and other	Equipment to be inspected	Total
Cost:					
Balance on January 1, 2022	\$ 161,823	120,062	86,686	8,595	377,166
Increase	-	82	3,290	240	3,612
Reclassified into (out)	-	-	3,555	(3,555)	-
Disposal	-	(274)	(8,452)	-	(8,726)
Influence of exchange rate changes	-	102	616	-	718
Balance on March 31, 2022	\$ 161,823	119,972	85,695	5,280	372,770

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

	<u>Land</u>	<u>Houses and building</u>	<u>Office equipment and other</u>	<u>Equipment to be inspected</u>	<u>Total</u>
Balance on January 1, 2021	\$ 161,823	119,805	83,949	1,538	367,115
Increase	-	260	1,629	294	2,183
Reclassified into (out)	-	-	353	(353)	-
Disposal	-	-	-	-	-
Influence of exchange rate changes	-	(21)	(130)	-	(151)
Balance on March 31, 2021	<u>\$ 161,823</u>	<u>120,044</u>	<u>85,801</u>	<u>1,479</u>	<u>369,147</u>
Accumulated depreciation:					
Balance on January 1, 2022	\$ -	36,682	50,050	-	86,732
Depreciation in this year	-	962	3,657	-	4,619
Disposal	-	(274)	(8,443)	-	(8,717)
Influence of exchange rate changes	-	101	535	-	636
Balance on March 31, 2022	<u>\$ -</u>	<u>37,471</u>	<u>45,799</u>	<u>-</u>	<u>83,270</u>
Balance on January 1, 2021	\$ -	33,119	39,967	-	73,086
Depreciation in this year	-	957	3,601	-	4,558
Disposal	-	-	-	-	-
Influence of exchange rate changes	-	(21)	(109)	-	(130)
Balance on March 31, 2021	<u>\$ -</u>	<u>34,055</u>	<u>43,459</u>	<u>-</u>	<u>77,514</u>
Book amount:					
January 1, 2022	<u>\$ 161,823</u>	<u>83,380</u>	<u>36,636</u>	<u>8,595</u>	<u>290,434</u>
March 31, 2022	<u>\$ 161,823</u>	<u>82,501</u>	<u>39,896</u>	<u>5,280</u>	<u>289,500</u>
January 1, 2021	<u>\$ 161,823</u>	<u>86,686</u>	<u>43,982</u>	<u>1,538</u>	<u>294,029</u>
March 31, 2021	<u>\$ 161,823</u>	<u>85,989</u>	<u>42,342</u>	<u>1,479</u>	<u>291,633</u>

As of March 31, 2022 and December 31 and March 31 of 2021, the merged Company's property, plant and equipment have been used as bank loan and financing limit guarantees. Please refer to Note 8 for details.

(VII) Right-of-use assets

	<u>Houses and buildings</u>
Book value:	
January 1, 2022	<u>\$ 4,710</u>
March 31, 2022	<u>\$ 4,478</u>
January 1, 2021	<u>\$ 2,877</u>
March 31, 2021	<u>\$ 2,141</u>

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

Between January 1 to March 31, 2022, and 2021, there were no significant recognition or reversals of increases, disposals or impairments of right-of-use assets of the merged Company's leased offices and employee dormitories. 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 2021 Consolidated Financial Report.

(VIII) Investing property

Investing property is an office building leased to a third party by a merged company 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>Houses and building</u>	<u>Total</u>
Book amount:			
Balance on January 1, 2022	\$ 48,068	23,509	71,577
Balance on March 31, 2022	\$ 48,068	23,357	71,425
Balance on January 1, 2021	\$ 48,068	24,115	72,183
Balance on March 31, 2021	\$ 48,068	23,964	72,032

- Between January 1 to March 31, 2022, and 2021, there were no significant recognition or reversals of increases, disposals or impairments of the merged Company's investment properties. 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 2021 Consolidated Financial Report.
- There is no significant difference between the fair value of the investing property of the merged company and the information disclosed in Note 6 (8) of the consolidated financial report of 2021.

(IX) Lease liabilities

The book amount of leasing liabilities of the merged company are as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Current	\$ 1,572	1,498	2,252
Non-current	\$ 2,932	3,212	-

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

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

	For the three-month periods ended March 31,	
	2022	2021
Interest expense on lease liabilities	\$ <u>54</u>	<u>33</u>
Rental charges for short-term leases and low-value assets	\$ <u>365</u>	<u>190</u>

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

	For the three-month periods ended March 31,	
	2022	2021
Rental payments for operating activities	\$ (365)	(190)
Interest payments on lease liabilities for operating activities	(54)	(33)
Repayment of lease principal for financing activities	<u>(373)</u>	<u>(738)</u>
Total cash outflow from leases	\$ <u>(792)</u>	<u>(961)</u>

4. Lease of houses and buildings

The merged company leased the houses and buildings as office space and employee dormitories with a lease period of normally three years.

5. Other leases

The merged company 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 merged company chooses to apply the exemption provisions instead of recognizing its related right-of-use assets and lease liabilities.

(X) Operating lease

The merged company 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:

	March 31, 2022	December 31, 2021	March 31, 2021
Less than 1 year	\$ 2,636	2,864	2,860
1 to 2 years	3	476	2,619
2 to 3 years	-	-	-
3 to 4 years	-	-	-
4 to 5 years	-	-	-
More than 5 years	<u>-</u>	<u>-</u>	<u>-</u>
Total undiscounted payments	\$ <u>2,639</u>	<u>3,340</u>	<u>5,479</u>

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

(XI) Employee benefits

1. Determine the welfare plan

Since there were no major market fluctuations, major reductions, liquidations or other major one-off events after the end of the previous fiscal year, the merged company adopted the pension costs determined by actuarial calculations on December 31, 2021 and 2020 to measure and disclose the pension costs during the interim period.

	For the three-month periods ended March 31,	
	2022	2021
Operating costs	\$ 11	11
Selling expenses	7	7
Administrative expenses	84	85
Research and development expenses	10	10
	\$ 112	113

2. Determine the allocation plan

The pension expenses under the merged Company's Defined Pension Contribution Plan are as follows. The merged Company'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-month periods ended March 31,	
	2022	2021
Operating costs	\$ 469	460
Selling expenses	328	277
Administrative expenses	365	548
Research and development expenses	649	606
	\$ 1,811	1,891

(XII) Tax

1. Details of tax expenses of the merged company are as follows:

	For the three-month periods ended March 31,	
	2022	2021
Current tax expense	\$ 36,963	22,507

2. The merged Company's tax expenses of equity have not been recognized in January 1 to March 31 of 2022 and 2021 directly.

3. The merged Company's tax expenses under other comprehensive profit and loss have not been recognized in January 1 to March 31 of 2022 and 2021.

4. The merged Company's profit-making enterprise tax settlement declaration has been approved by the tax collection authority as follows:

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

	<u>Approved Year</u>
The Company	Has been approved to 2020
Jinrong Investment	Has been approved to 2020

(XIII) Capital and other equity

Except for the following, there was no significant change in the capital and other equity of the company between January 1 to March 31 of 2022 and 2021. For relevant information, please refer to Note 6 (13) of the consolidated financial report of 2021.

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.

(2) Distribution of earnings

The Company's motion for earnings distribution for 2021 proposed by the Board of Directors on March 18, 2022, and the motion for earnings distribution for 2020 resolved by the shareholders' meeting on August 24, 2021, the dividends distributed to owners is as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Share allotment rate (yuan)</u>	<u>Amount</u>	<u>Share allotment rate (yuan)</u>	<u>Amount</u>
Dividends to ordinary owners:				
Cash	\$ 1.2	<u>73,502</u>	1.0	<u>61,252</u>

(XIV) Earnings per share

The calculation of the merged company's basic earnings per share and diluted earnings per share is as follows:

	<u>For the three-month periods ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Basic earnings per share:		
Current net profit attributable to the Company	<u>\$ 151,797</u>	<u>90,175</u>
Weighted average number of ordinary shares in circulation(thousand shares)	<u>61,252</u>	<u>61,252</u>
Earnings per share (yuan)	<u>\$ 2.48</u>	<u>1.47</u>

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

	<u>For the three-month periods ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Dilute earnings per share:		
Current net profit attributable to the Company	\$ <u>151,797</u>	<u>90,175</u>
Weighted average number of ordinary shares in circulation(thousand shares)(dilution)	<u>62,846</u>	<u>62,449</u>
Earnings per share (yuan)	\$ <u>2.42</u>	<u>1.44</u>
Weighted average number of ordinary shares in circulation (thousand shares)(dilution):		
Weighted average number of ordinary shares in circulation (basic)	61,252	61,252
Impact of employee remuneration	<u>1,594</u>	<u>1,197</u>
Weighted average number of ordinary shares in circulation (dilution)	<u>62,846</u>	<u>62,449</u>

(XV) Revenue from customer contracts

1. Breakdown of income

	<u>For the three-month periods ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Major regional markets:		
Taiwan	\$ 185,474	197,959
Mainland China	572,586	539,802
Other countries	<u>9,246</u>	<u>8,803</u>
	<u>\$ 767,306</u>	<u>746,564</u>
Main products:		
Power MOSFET	\$ 720,797	681,363
Other	<u>46,509</u>	<u>65,201</u>
	<u>\$ 767,306</u>	<u>746,564</u>

2. Contract balance

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Accounts receivable(including related parties)	\$ 1,054,584	986,277	936,695
Less: allowance for losses	<u>(1,270)</u>	<u>(1,218)</u>	<u>(1,153)</u>
Total	<u>\$ 1,053,314</u>	<u>985,059</u>	<u>935,542</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) Remuneration of employees, directors and supervisors

According to the Articles of Association of the Company, if there is any profit in the year, no less than 10% shall be allocated as employee remuneration and no more than 5% as supervisor 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 supervisor remuneration according to the proportion mentioned in the preceding paragraph.

The estimated amounts of remuneration for employees of the Company in January 1 to March 31 of 2022 and 2021 were NT\$ 35,386 thousands and NT\$ 21,108 thousands respectively. The estimated amounts of remuneration for directors and supervisors were NT\$ 11,795 thousands and NT\$ 7,036 thousands respectively. This was estimated based on the amount of the company's net profit before tax deduction of employees', directors' and supervisors' compensation, multiplied by the distribution percentage of employees' compensation and directors' and supervisors' compensation stipulated in the Articles of Association. And report it as the operating cost or operating expense for that period. If there is any difference between the actual distribution and the estimated amount for the next year, the change shall be treated according to the accounting estimation and recognized as the profit and loss for the next year.

The Company's estimated compensation for employees in 2021 and 2020 were NT\$ 76,395 thousands and NT\$ 44,477 thousands respectively, while the compensation for directors and supervisors were NT\$ 21,827 thousands and NT\$ 14,826 thousands respectively, which was no difference from the actual distribution. Relevant information can be found at the Public Information Platform.

(XVII) Non-operating income and expenditure

1. Other income

Details of other income of the merged company are as follows:

	For the three-month periods ended March 31,	
	2022	2021
Other income	\$ 858	737

2. Other profit or loss

Details of other profit or loss of the merged company are as follows:

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

	For the three-month periods ended March 31,	
	2022	2021
Net profit (loss) of foreign currency exchange	\$ 46,572	(446)
Net profit (loss) of financial assets(liabilities) measured at fair value through profit or loss	10,343	(4,258)
Other	(361)	(118)
	<u>\$ 56,554</u>	<u>(4,822)</u>

3. Finance costs

Details of the finance costs of the merged company are as follows:

	For the three-month periods ended March 31,	
	2022	2021
Interest expense	<u>\$ 54</u>	<u>33</u>

(XVIII) Financial instruments

Except for the following, there is no significant change in the fair value of financial instruments of the merged company and the exposure to credit risk, liquidity risk and market risk due to financial instruments. Please refer to the note 6 (18) to the consolidated financial report for 2021 for relevant 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 March 31, 2022 and December 31 and March 31 of 2021, the merged company received 43%, 49% and 43% 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.

2. Liquidity risk

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

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

	<u>Book amount</u>	<u>Contracted 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>
March 31, 2022							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 359,050	359,050	359,050	-	-	-	-
Other payable	279,139	279,139	279,139	-	-	-	-
Lease liabilities	4,504	5,109	971	953	1,849	1,336	-
Deposits received	<u>5,717</u>	<u>5,717</u>	<u>-</u>	<u>5,712</u>	<u>-</u>	<u>-</u>	<u>5</u>
	\$ 648,410	649,015	639,160	6,665	1,849	1,336	5
December 31, 2021							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 525,424	525,424	525,424	-	-	-	-
Other payable	202,873	202,873	202,873	-	-	-	-
Lease liabilities	4,710	5,401	945	928	1,801	1,727	-
Deposits received	5,704	5,704	-	-	5,699	-	5
Derivative financial liabilities	1,909						
Outflow	-	338,814	338,814	-	-	-	-
Inflow	<u>-</u>	<u>(336,905)</u>	<u>(336,905)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	\$ 740,620	741,311	731,151	928	7,500	1,727	5
March 31, 2021							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 327,514	327,514	327,514	-	-	-	-
Other payable	145,026	145,026	145,026	-	-	-	-
Lease liabilities	2,252	2,297	1,531	766	-	-	-
Deposits received	5	5	-	-	-	-	5
Derivative financial liabilities	4,258	-	-	-	-	-	-
Outflow	-	1,161,310	1,161,310	-	-	-	-
Inflow	<u>-</u>	<u>(1,157,052)</u>	<u>(1,157,052)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	\$ 479,055	479,100	478,329	766	-	-	5

The merged Company does not expect the timing of cash flows for the maturity analysis will occur significantly earlier or the actual amounts will be significantly different.

The merged company'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 merged company on March 31, 2022 and December 31 and March 31 of 2021 totaled NT\$ 939,688 thousands, NT\$ 928,820 thousands and NT\$ 947,653 thousands respectively.

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

3. Market risk

(1) Exchange rate risk

The financial assets and liabilities of the merged company exposed to significant foreign currency exchange rate risks are as follows:

	March 31, 2022			December 31, 2021			March 31, 2021			
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	
<u>Financial assets</u>										
<u>Monetary items</u>										
USD	\$	72,874	28.625	2,086,029	45,494	27.680	1,259,272	35,638	28.535	1,016,926
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD		12,680	28.625	362,954	19,555	27.680	541,286	11,664	28.535	332,826

The exchange rate risk of the merged company mainly comes from cash denominated in foreign currency and equivalent cash, accounts receivable, other receivables, accounts payable and other payables, etc. Foreign currency exchange gains and losses are generated during conversion. On March 31, 2022 and 2021, when NT\$ depreciates or appreciates by 1% relative to US\$, while all other factors remain unchanged, the net profit before tax for January 1 to March 31 of 2022 and 2021 will increase or decrease by NT\$ 17,231 thousands and NT\$ 6,841 thousands respectively. The two phases of analysis adopt the same basis.

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

<u>Functional currency</u>	For the three-month periods ended March 31,			
	2022		2021	
	Exchange gains and losses	Average exchange rate	Exchange gains and losses	Average exchange rate
NTD	\$ 46,661	1	(497)	1
RMB	(89)	4.406	51	4.344
	<u>\$ 46,572</u>		<u>(446)</u>	

4. Interest rate risk

The merged company 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.

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

5. Fair value information

(1) Types and fair value of financial instruments

The book and fair value of the financial assets and financial liabilities of the merged company (including fair value grade information, but the book amount of financial instruments not measured at fair value is a reasonable approximation of fair value, and the lease liabilities are not required to disclose fair value information) are shown as follows:

	March 31, 2022				
	Book amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss - Current	\$ 10,343	-	-	10,343	10,343
Financial assets at amortized cost :					
Cash and equivalent cash	\$ 1,091,509				
Accounts receivable (including related parties)	1,053,314				
Other receivable	14,659				
Refundable deposits	7,583				
Total	<u>\$ 2,167,065</u>				
Financial liabilities at amortized cost :					
Accounts payable (including related parties)	\$ 359,050				
Other payable	279,139				
Lease liabilities	4,504				
Deposits received	5,717				
Total	<u>\$ 648,410</u>				
	December 31, 2021				
	Book amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at amortized cost :					
Cash and equivalent cash	\$ 1,189,955				
Accounts receivable (including related parties)	985,059				
Other receivable	16,295				
Refundable deposits	10,083				
Total	<u>\$ 2,201,392</u>				
Financial liabilities at fair value through profit or loss - Current	\$ 1,909	-	-	1,909	1,909
Financial liabilities at amortized cost :					
Accounts payable (including related parties)	\$ 525,424				
Other payable	202,873				
Lease liabilities	4,710				
Deposits received	5,704				
Total	<u>\$ 738,711</u>				

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

	March 31, 2021				
	Book amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at amortized cost :					
Cash and equivalent cash	\$ 850,655				
Accounts receivable (including related parties)	935,542				
Other receivable	11,773				
Refundable deposits	10,077				
Restricted bank deposits	3,744				
Total	<u>\$ 1,811,791</u>				
Financial liabilities at fair value through profit or loss - Current					
	<u>\$ 4,258</u>	<u>-</u>	<u>-</u>	<u>4,258</u>	<u>4,258</u>
Financial liabilities at amortized cost :					
Accounts payable (including related parties)	\$ 327,514				
Other payable	145,026				
Lease liabilities	2,252				
Deposits received	5				
Total	<u>\$ 474,797</u>				

(2) Fair value evaluation technology for measuring financial instruments by 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) The merged company did not have any fair value level transfer from January 1 to December 31, 2022 and 2021.

(4) List of changes in the Level 3

	<u>Financial assets (liabilities) at fair value through profit or loss</u>
January 1, 2022	\$ (1,909)
Purchase/disposal/settlement	1,909
Recognized in profit or loss	<u>10,343</u>
March 31, 2022	<u>\$ 10,343</u>
January 1, 2021	\$ 3,814
Purchase/disposal/settlement	(3,814)
Recognized in profit or loss	<u>(4,258)</u>
March 31, 2021	<u>\$ (4,258)</u>

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

The above total profits or losses are reported in series as “Other profits and losses”. Among them, the assets or liabilities held as at March 31, 2022 and 2021 are as follows:

	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Total profits or losses		
Recognized in profit or loss (reported in “Other profits and losses”)	<u>\$ 10,343</u>	<u>(4,258)</u>

(5) Quantitative information on fair value measurement of significant unobservable input values (Level 3)

The fair value measurement of the merged company is classified into level 3 of financial assets and liabilities at fair value through profit or loss - 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 financial risk management objectives and policies of the merged company have not changed significantly from those disclosed in Note 6 (19) of the consolidated financial report of 2021.

(XX) Capital management

The capital management objectives, policies and procedures of the merged company are consistent with those disclosed in the consolidated financial report of 2021. In addition, there is no significant change in the aggregate quantitative data of capital management items and those disclosed in the consolidated financial report of 2021. Please refer to note 6(20) to consolidated financial report of 2021 for relevant information.

(XXI) Changes in liabilities from financial activities

Adjustments to changes in liabilities from financial activities are shown in the following table:

	<u>January 1, 2022</u>	<u>Cash flows</u>	<u>Changes of non-cash</u>		<u>March 31, 2022</u>
			<u>Interest expense</u>	<u>Exchange rate changes</u>	
Lease liabilities	\$ 4,710	(733)	54	113	4,504
Deposits received	5,704	-	-	13	5,717
Total liabilities from financial activities	<u>\$ 10,414</u>	<u>(733)</u>	<u>54</u>	<u>126</u>	<u>10,221</u>

	<u>January 1, 2021</u>	<u>Cash flows</u>	<u>Changes of non-cash</u>		<u>March 31, 2021</u>
			<u>Interest expense</u>	<u>Exchange rate changes</u>	
Lease liabilities	\$ 3,008	(738)	33	(51)	2,252
Deposits received	5	-	-	-	5
Total liabilities from financial activities	<u>\$ 3,013</u>	<u>(738)</u>	<u>33</u>	<u>(51)</u>	<u>2,257</u>

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

VII. Related Party Transactions

(I) Name and relationship of related parties

During the period covered by this consolidated financial report, the following related parties had transactions with the merged company:

Name of related party	Relations with merged company
Super Group Semiconductor Co., Ltd. (Super Group Semiconductor)	Substantive parties
Cai Feng Investments Co., Ltd. (Cai Feng Investments)	"
Green Solution Technology Co., Ltd. (Green Solution Technology)	Affiliated enterprise
Wuxi U-NIKC Semiconductor Corp., Ltd. (Wuxi U-NIKC Semiconductor)	Affiliated enterprise (Green Solution Technology's subsidiaries)
Wuxi U-NIKC Semiconductor (Hong Kong) Corp., Ltd. (Wuxi U-NIKC Semiconductor (Hong Kong))	"

(II) Major transactions with related parties

1. Sale to related parties

The merged company's sales amount to related parties and its outstanding balance are as follows:

	Sales		Accounts receivable from related parties		
	For the three-month periods ended March 31,		March 31,	December 31,	March 31,
	2022	2021	2022	2021	2021
Affiliated enterprises:					
Other Affiliated enterprises	\$ 32,452	63,011	35,054	30,926	63,810
Less: allowance for losses	-	-	(70)	(62)	(128)
	<u>\$ 32,452</u>	<u>63,011</u>	<u>34,984</u>	<u>30,864</u>	<u>63,682</u>

There is no significant difference between the sales conditions of the merged company and the general sales price. From January 1 to March 31, 2022 and 2021, 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.

The merged company charged trial production fees of new products from other Affiliated enterprise. As of March 31, 2022 and December 31 and March 31 of 2021, the unearned revenue has been NT\$ 2,726 thousands, NT\$ 2,636 thousands and NT\$ 0 thousands respectively under other current liabilities.

2. Purchase from related parties

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

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

	Purchase		Accounts payable		
	For the three-month periods ended March 31,		March 31, 2022	December 31, 2021	March 31, 2021
	2022	2021			
Affiliated enterprises:					
Green Solution Technology	\$ 2,469	5,590	635	2,047	923

In order to provide customers with a complete power management plan, the merged company 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 March 31, 2022 and 2021 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 labor services from related parties

	Transaction amount		Other payable		
	For the three-month periods ended March 31,		March 31, 2022	December 31, 2021	March 31, 2021
	2022	2021			
Other related parties:					
Super Group Semiconductor - Product development project fees	\$ 1,500	1,800	1,575	2,310	1,890
Super Group Semiconductor - Product royalty fees	10,538	14,438	4,476	9,757	4,398
	<u>\$ 12,038</u>	<u>16,238</u>	<u>6,051</u>	<u>12,067</u>	<u>6,288</u>

As of March 31, 2022 and December 31 and March 31 of 2021, the new product development contracts and outsourcing design contracts signed by the merged company 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.

4. Rental income

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

	Transaction amount		Other receivable		
	For the three-month periods ended March 31,		March 31, 2022	December 31, 2021	March 31, 2021
	2022	2021			
Affiliated enterprises:					
Green Solution Technology	\$ 714	714	250	250	250
Other related parties:					
Other related parties	4	4	15	11	15
	<u>\$ 718</u>	<u>718</u>	<u>265</u>	<u>261</u>	<u>265</u>

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

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

(III) Main management personnel transactions

Remuneration for main management personnel includes:

	For the three-month periods ended March 31,	
	2022	2021
Short-term employee welfare	\$ 13,114	8,655
Post-retirement welfare	112	113
Resignation welfare	-	-
Other long-term welfare	-	-
Share-based payment	-	-
	<u>\$ 13,226</u>	<u>8,768</u>

VIII. Pledged Assets

Details of the book value of the assets provided by the merged company as collateral are as follows:

Assets name	Pledge guarantee target	March 31, 2022	December 31, 2021	March 31, 2021
Restricted bank deposits-Current	Performance bond	\$ -	-	3,744
Property, plant and equipment	Bank loan	97,394	97,394	97,394
- Land				
- Houses and buildings	"	47,226	47,533	48,455
Investing property - Land	"	48,068	48,068	48,068
- Houses and buildings	"	<u>23,357</u>	<u>23,509</u>	<u>23,964</u>
		<u>\$ 216,045</u>	<u>216,504</u>	<u>221,625</u>

IX. Major Contingent Liabilities and Unrecognized Contractual Commitments

(1) The amount of guarantee notes issued by the merged company to the supplier as guarantee for payment of the goods is as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Guaranteed notes	<u>\$ 10,000</u>	<u>10,000</u>	<u>10,000</u>

(II) The amount of guaranteed promissory notes issued by the merged company as a result of signing loan limit and financial commodity trading limit with financial institutions is as follows.

	March 31, 2022	December 31, 2021	March 31, 2021
Loan limit and financial commodities trading limit	<u>\$ 1,020,281</u>	<u>1,007,760</u>	<u>1,019,089</u>

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

- (III) As of March 31, 2022 and December 31 and March 31 of 2021, the amounts of new product development contracts and outsourcing design contracts signed by the merged company that have not yet reached the agreed development and design stage and have not yet applied to the merged company are NT\$ 29,500 thousands, NT\$ 28,000 thousands and NT\$ 27,400 thousands respectively; In addition, the merged company 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.
- (IV) The merged company 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 March 31, 2022 and December 31 and March 31 of 2021, the deposit amount has been NT\$ 7,500 thousands, NT\$ 10,000 thousands and NT\$ 10,000 thousands respectively under other current assets and other non-current assets.
- (V) The merged company signed a capacity guarantee purchase contract with the supplier on May 7 and November 30, 2021, and due to the agreement on the purchase amount, the amount shall be paid in advance. As of March 31, 2022 and December 31, 2021, both of the prepaid amount has been NT\$ 82,066 thousands respectively under other current assets and other non-current assets.
- (VI) The merged company signed a capacity guarantee purchase contract with the supplier on January 28, 2022, and due to the agreement on the purchase amount, the amount shall be paid in advance. As of March 31, 2022, the prepaid amount has been NT\$ 13,664 thousands respectively under other non-current assets.

X. Major disaster losses: None.

XI. Major post-date events: None.

XII. Other

The functions of employee benefits, depreciation, depletion and amortization expenses are summarized as follows:

Function	For the three-month periods ended March 31, 2022			For the three-month periods ended March 31, 2021		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Quality						
Staff welfare expenses						
Salary expense	14,469	66,509	80,978	11,613	55,913	67,526
Labor and health insurance expenses	1,040	2,349	3,389	996	2,352	3,348
Pension expenses	480	1,443	1,923	470	1,534	2,004
Other employee welfare expenses	614	1,374	1,988	611	1,471	2,082
Depreciation expense	1,341	3,828	5,169	1,383	4,045	5,428
Amortization expense	-	54	54	-	52	52

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

XIII. Note to disclosure

(I) Information on major transactions

Relevant information on major transactions to be disclosed by the merged company from January 1 to March 31 of 2022 in accordance with the preparation standards is as follows:

1. Loan of funds to others: None.
2. Endorsement and guarantee for others: None.
3. Holding of securities at the end of the period (excluding investment subsidiaries, affiliated enterprises and equity joint ventures): None.
4. Cumulative purchase or sale of the same securities amounts to NT\$ 300 million or more than 20% of the paid-in capital: None.
5. The amount of property acquired amounts to NT\$ 300 million or more than 20% of the paid-in capital: None.
6. The amount of property disposed of amounts to NT\$ 300 million or more than 20% of the paid-in capital: None.
7. Where the amount of purchases and sales to related parties amounts to NT\$100 million or more than 20% of the paid-in capital: None.
8. Receivables from related parties amount to NT\$ 100 million or more than 20% of paid-in capital: None.
9. Engaging in derivative transactions: Please refer to note 6 (2) for details.
10. Business relations and important transactions between parent and subsidiary companies:

No.	Name of trader	Transaction object	Relations with traders	Transaction from January 1 to March 31, 2022			
				Item	Amount	Transaction condition	Ratio to consolidated total operating income or total assets
0	The Company	Power Up Tech Co., Ltd.	Transactions between parent company and subsidiary	Operating expenses	6,071	Before the 25th of the following month	0.79%
0	"	"	Transactions between parent company and subsidiary	Other payable	601	"	0.02%
1	Power Up Tech Co. Ltd.	Wuxi Super GEM Microelectronics Co., Ltd.	Inter-subsidiary transactions	Operating costs	5,903	"	0.77%
1	"	"	Inter-subsidiary transactions	Other payable	573	"	0.02%

Note: Related transactions have been written off when preparing the consolidated financial report.

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

(II) Information related to reinvestment:

Information on the Company's reinvestments from January 1 to March 31 of 2022 is as follows (excluding mainland China invested companies):

Unit: NT\$ thousands/share

Investing company Name	Invested company Name	Area	Major business Item	Original investment amount		Final holding			Invested company Current profit and loss	Current recognized Investment profit and loss	Note
				At end of current period	End of last year	Shares	Ratio	Book amount			
The Company	Jinrong Investment Co., Ltd.	Taiwan	Holding company	51,000	51,000	5,100,000	100.00%	79,897	2,184	2,194	Note 1
"	Power Up Tech Co., Ltd.	Samoa	Holding company	30,744	30,744	1,930,000	100.00%	39,281	1,120	1,120	"
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%	80,433	16,913	2,189	Note 2

Note 1: The Company's subsidiary. It has been written off when preparing the consolidated financial report.

Note 2: Jinrong Investment's affiliated enterprise.

(III) Information on Mainland China Investment:

1. Relevant information such as the name and main business items of the invested company in mainland China:

Unit: NT\$ thousands

Name of mainland Invested Company	Major business items	Paid-in capital	Investing mode	Accumulated investment amount remitted from Taiwan at beginning of current period	Amount of investment remitted or recovered in current period		Accumulated investment amount remitted from Taiwan at end of current period	Invested company Current profit and loss	Shareholding ratio of Company's direct or indirect investment	Investment profits and losses recognized for current period	Book value of final investment	Remitted back investment income as of end of current period
					remitted	recovered						
Wuxi Super GEM Microelectronics Co., Ltd.	Metal oxide semiconductor manufacturing, development and sales business, product quality monitoring and testing services; Selling self-produced products	46,906	Note 1	61,463	-	-	61,463	536	100.00%	536	22,563	-

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

Note 2: The investment industry above has been written off when preparing the consolidated financial report.

2. Limit of investment in mainland region:

Accumulated investment remitted from Taiwan to mainland region at end of current period	Investment amount approved by MOEAIC	Investment limit in mainland regulated by MOEAIC
61,463	61,463	1,435,656

3. Major transactions with mainland invested companies:

Through Power Up Tech Co., Ltd, the Company entrusted Wuxi Super GEM Microelectronics to handle the after-sales service, quality control and storage management of the products on its behalf. The related expenditures from January 1 to March 31 of 2022 and 2021 were NT\$ 5,903 thousands and NT\$ 7,158 thousands.

The above transactions has been written off when preparing the consolidated financial report..

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

(IV) Information on Major Shareholders:

Name of major shareholder	Shares	Holding share	Holding proportion
Liangjia Investments Co., Ltd.		3,345,257	5.46%

XIV. Department Information

(I) General information

The main revenue of the merged company comes from the sales of power MOSFET, and the main operating decision-makers of the merged company use the overall operating results as the basis for evaluating performance. According to this, the merged company is a single operating department, and the operating department information of January 1 to March 31 of 2022 and 2021 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 merged company is consistent with the consolidated financial report. Please refer to the consolidated balance sheet and consolidated income statement for details.