Stock code: 3317

NIKO SEMICONDUCTOR CO., LTD. AND SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS WITH REPORT OF INDEPENDENT AUDITORS FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022

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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 balance sheets of Niko Semiconductor and its subsidiaries as of June 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended June 30, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the six months then ended June 30, 2023 and 2022, and the related notes to the consolidated financial statement, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Report by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope

Except as stated in the basic paragraph of the reserved conclusion, we conducted our audit in accordance with the ISRE 2410 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, 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 June 30, 2023 and 2022 were NT$ 203,567 thousands and NT$ 128,017 thousands respectively, accounting for 6.28% and 3.76% of the total consolidated assets respectively. The total liabilities were NT$ 7,328 thousands and NT$ 6,981 thousands respectively, accounting for 1.44% and 0.81% of the total consolidated liabilities respectively. The absolute value of the consolidated profit and loss for the three and six months ended June 30, 2023 and 2022 were NT$ 649 thousands, NT$ 2,003 thousands, NT$ 119 thousands and NT$ 6,206 thousands respectively, accounting for 1.57%, 1.37%, 0.14% and 2.08% 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, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Company as of June 30, 2023 and 2022, and of its consolidated financial performance for the three-month periods then ended June 30, 2023 and 2022, as well as of its consolidated financial performance and its consolidated cash flows for the six-month periods then ended June 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

KPMG Taiwan
Fu, Hong-Wen
Hong, Shi-Gang
August 8, 2023

<u>Notice to Readers</u>

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China. For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Niko Semiconductor and Subsidiaries
Consolidated Balance Sheet
June 30, 2023, December 31 and June 30, 2022

Unit: NT$ thousands

(The consolidated balance sheets as of June 30, 2023 and 2022 are reviewed, not audited)

		June 30, 2023		December 31, 2022		June 30, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets						
1100	Cash and equivalent cash (Note 6(1))	$ 1,156,171	36	1,201,443	35	1,264,552	37
1110	Financial assets measured at fair value through profits and losses - Current(Note 6(2))	-	-	317	-	-	-
1170	Net accounts receivable(Note 6(3)and(15))	792,107	24	737,473	22	985,254	29
1180	Accounts receivable – Net amount of Related parties(Note 6(3)、(15) and 7)	248	-	-	-	31,983	1
1200	Other receivables(Note 7)	16,956	-	18,186	-	17,728	-
130X	Inventory (Note 6(4))	640,538	20	813,024	24	531,820	16
1470	Other current assets(Note 9)	31,421	1	44,063	1	22,682	1
	Total current assets	2,637,441	81	2,814,506	82	2,854,019	84
	Non-current assets:						
1550	Investments by equity method(Note 6(5))	149,732	5	148,647	5	80,342	2
1600	Property, plant and equipment (Note 6(6) and 8)	305,731	10	304,723	9	300,555	9
1755	Use Right assets (Note 6(7))	3,398	-	4,664	-	4,011	-
1760	Net Investment property (Note 6(8) and 8)	70,667	2	70,970	2	71,273	2
1840	Deferred income tax assets	11,789	-	11,789	-	11,830	-
1900	Other non-current assets(Note 9)	64,821	2	74,689	2	82,573	3
	Total non-current assets	606,138	19	615,482	18	550,584	16
	Total assets	$ 3,243,579	100	3,429,988	100	3,404,603	100

		June 30, 2023		December 31, 2022		June 30, 2022	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities						
2120	Financial liabilities measured at fair value through profits and losses - Current(Note 6(2))	$ 3,817	-	-	-	-	-
2170	Accounts payable	221,552	7	432,458	13	415,837	12
2180	Accounts payable-Related parties (Note 7)	738	-	66	-	526	-
2200	Other payable (Note 7)	235,284	8	229,551	7	339,651	10
2230	Current income tax liabilities	38,893	1	81,668	2	88,826	3
2280	Lease liabilities - Current (Note 6(9))	2,308	-	2,321	-	1,566	-
2300	Other current liabilities (Note 6(15) and 7)	3,059	-	2,776	-	12,091	-
	Total current liabilities	505,651	16	748,840	22	858,497	25
	Non-current liabilities:						
2580	Lease liabilities - Non-current (Note 6(9))	1,195	-	2,431	-	2,490	-
2600	Other non-current liabilities	2,668	-	3,787	-	4,481	-
	Total non-current liabilities	3,863	-	6,218	-	6,971	-
	Total liabilities	509,514	16	755,058	22	865,468	25
	Equity attributable to the owner of the parent company:						
3110	Captital stock of common stock	612,515	19	612,515	18	612,515	18
3150	Common Stock Dividend Distributable(Note 6(13) and 11)	98,003	3	-	-	-	-
3200	Capital reserves	630,512	19	630,512	18	630,512	19
3310	Legal reserves	246,390	8	202,903	6	202,903	6
3320	Special reserves	3,288	-	3,645	-	3,645	-
3350	Undistributed earnings (Note 6(13))	1,147,118	35	1,228,643	36	1,092,641	32
3400	Other equity	(3,761)	-	(3,288)	-	(3,081)	-
	Total equity	2,734,065	84	2,674,930	78	2,539,135	75
	Total liabilities and equity	$ 3,243,579	100	3,429,988	100	3,404,603	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 Six months Ended June 30, 2023 and 2022

(Reviewed, not audited)

Unit: NT$ thousands

		For the Three months Ended June 30 ,				For the Six months Ended June 30,			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	**Operating income (Note 6(15) and 7)**	$ 583,908	100	733,158	100	1,180,966	100	1,500,464	100
5000	**Operating costs (Note 6(4), (11), (16), 7 and 12)**	432,119	74	490,701	67	885,553	75	1,018,443	68
	Gross operating profits	151,789	26	242,457	33	295,413	25	482,021	32
	Operating expenses (Note 6(3), (9),(11), (16), 7 and 12):								
6100	Sales promotion expenses	22,622	4	29,398	4	43,248	4	56,919	4
6200	Management expenses	30,441	5	49,335	7	54,448	4	93,991	6
6300	Research and development expenses	40,607	7	47,333	6	80,290	7	85,465	6
6450	Expected credit impairment loss (Reversal benefit)	34	-	(11)	-	82	-	41	-
	Total operating expenses	93,704	16	126,055	17	178,068	15	236,416	16
	Net operating profits	58,085	10	116,402	16	117,345	10	245,605	16
	Non-operating income and expenditure：								
7010	Other income (Note 6(17) and 7)	4,117	1	1,258	-	4,950	-	2,116	-
7020	Other profit and loss (Note 6(17))	7,109	1	79,635	11	(156)	-	136,189	10
7050	Financial costs (Note 6(9),(17))	(47)	-	(50)	-	(100)	-	(104)	-
7060	Share of interests of affiliated enterprises recognized by equity method (Note 6(5))	1,291	-	720	-	995	-	2,919	-
	Total non-operating income and expenditure	12,470	2	81,563	11	5,689	-	141,120	10
	Net profit before tax	70,555	12	197,965	27	123,034	10	386,725	26
7950	**Minus: Income tax expenses (Note 6(12))**	28,511	5	51,256	7	38,926	3	88,219	6
	Net profit	42,044	7	146,709	20	84,108	7	298,506	20
8300	**Other comprehensive income:**								
8310	**Items not reclassified to profit and loss**								
8320	Share of Other comprehensive income of affiliated enterprises recognized by equity method (Note 6(5))	(313)	-	-	-	(198)	-	-	-
8349	Income tax related to items not reclassified	-	-	-	-	-	-	-	-
	Total Items not reclassified to profit and loss	(313)	-	-	-	(198)	-	-	-
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	(409)	-	(335)	-	(275)	-	564	-
8399	Income tax related to items that may be reclassified	-	-	-	-	-	-	-	-
	Total items that may be reclassified to profit and loss in subsequent periods	(409)	-	(335)	-	(275)	-	564	-
8300	**Other comprehensive income**	(722)	-	(335)	-	(473)	-	564	-
	Total comprehensive income	**$ 41,322**	**7**	**146,374**	**20**	**83,635**	**7**	**299,070**	**20**
	Earnings per share (NTD) (Note 6(14))								
	Basic earnings per share (NTD)	**$ 0.69**		**2.39**		**1.37**		**4.87**	
	Diluted earnings per share (NTD)	**$ 0.68**		**2.35**		**1.34**		**4.74**	

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

Niko Semiconductor and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Six months Ended June 30, 2023 and 2022

(Reviewed, not audited)

Unit: NT$ thousands

				Equity attributable to owners of parent company					
				Retained Earnings			Items of Other Equity		
	Capital stock of common stock	Common Stock Dividend Distributable	Capital reserves	Legal reserves	Special reserves	Undistributed earnings	Exchange differences on the translation of foreign operating organizations	Unrealized profit or loss on financial assets measured at fair value through other comprehensive income	Total Equity
Balance on January 1, 2022	$ 612,515	-	630,512	167,537	3,306	903,342	(3,645)	-	2,313,567
Net profit	-	-	-	-	-	298,506	-	-	298,506
Other comprehensive income	-	-	-	-	-	-	564	-	564
Total comprehensive income	-	-	-	-	-	298,506	564	-	299,070
Appropriation and distribution of earnings:									
Withdrawn legal reserves	-	-	-	35,366	-	(35,366)	-	-	-
Withdrawn special reserves	-	-	-	-	339	(339)	-	-	-
Cash dividend of common stock	-	-	-	-	-	(73,502)	-	-	(73,502)
Balance on June 30, 2022	**$ 612,515**	**-**	**630,512**	**202,903**	**3,645**	**1,092,641**	**(3,081)**	**-**	**2,539,135**
Balance on January 1, 2023	$ 612,515	-	630,512	202,903	3,645	1,228,643	(2,619)	(669)	2,674,930
Net profit	-	-	-	-	-	84,108	-	-	84,108
Other comprehensive income	-	-	-	-	-	-	(275)	(198)	(473)
Total comprehensive income	-	-	-	-	-	84,108	(275)	(198)	83,635
Appropriation and distribution of earnings:									
Withdrawn legal reserves	-	-	-	43,487	-	(43,487)	-	-	-
Reverse special reserves	-	-	-	-	(357)	357	-	-	-
Cash dividend of common stock	-	-	-	-	-	(24,500)	-	-	(24,500)
Stock dividend of common stock	-	98,003	-	-	-	(98,003)	-	-	-
Balance on June 30, 2023	**$ 612,515**	**98,003**	**630,512**	**246,390**	**3,288**	**1,147,118**	**(2,894)**	**(867)**	**2,734,065**

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

Niko Semiconductor and Subsidiaries

Consolidated Statements of Cash Flows

For the Six months Ended June 30, 2023 and 2022

(Reviewed, not audited)

Unit: NT$ thousands

	For the Six months Ended June 30, 2023	For the Six months Ended June 30, 2022
Cash flows of business activities:		
Current net profit before tax	$ 123,034	386,725
Items of adjustment:		
Income expense loss item		
Depreciation expenses	13,388	10,435
Amortization expenses	302	126
Expected credit impairment loss	82	41
Interest expenses	100	104
Interest income	(3,434)	(443)
Share of interests of affiliated enterprises recognized by equity method	(995)	(2,919)
Loss of disposal on property, plant and equipment	60	9
Other	37,986	12,279
Total income expense loss item	47,489	19,632
Changes in assets and liabilities related to operating activities:		
Financial assets at fair value through profit or loss	4,134	(1,909)
Accounts receivable(including related parties)	(54,964)	(32,219)
Other receivables	1,230	(1,433)
Inventory	134,500	(150,325)
Other current assets	7,306	(2,771)
Long-term prepayment	12,500	(10,046)
Total net changes in assets related to operating activities	104,706	(198,703)
Accounts payable(including related parties)	(210,234)	(109,061)
Other payable	(18,976)	63,860
Other current liabilities	283	(2,702)
Net defined benefit liabilities	(1,119)	(1,115)
Total net changes in liabilities related to operating activities	(230,046)	(49,018)
Total net changes in assets and liabilities related to operating activities	(125,340)	(247,721)
Total items of adjustment	(77,851)	(228,089)
Cash inflow from operations	45,183	158,636
Collected interest	3,434	443
Paid interest	(100)	(104)
Paid income tax	(81,702)	(66,819)
Net cash inflow(outflow) from operating activities	(33,185)	92,156
Cash flows of investment activities:		
Property, plant and equipment	(13,042)	(19,413)
Disposal of Property, plant and equipment	32	5
Decrease in refundable deposits	2,500	2,514
Obtain intangible assets	(98)	(333)
Net cash outflow from investment activities	(10,608)	(17,227)
Cash flows from financing activities:		
Increase in deposits received	-	9
Repayment of lease principal	(1,146)	(754)
Net cash outflow from financing activities	(1,146)	(745)
Impact of exchange rate changes on cash and equivalent cash	(333)	413
Current increase(decrease) of cash and equivalent cash	(45,272)	74,597
Beginning balance of cash and equivalent cash	1,201,443	1,189,955
Ending balance of cash and equivalent cash	$ 1,156,171	1,264,552

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

Niko Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements
For the Six months Ended June 30, 2023 and 2022
(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' 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 August 8, 2023.

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, 2023, which did not have a material impact on the consolidated financial statements.

・Amendment to IAS 1 "Disclosure of Accounting Policies"
・Amendment to IAS 8 "Definition of Accounting Estimates"
・Amendments to IAS 12 "Deferred tax related to assets and liabilities arising from a single transaction"

(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:

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"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The requirement has removed for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance The amendments also clarify how a company classifies a liability that can	January 1, 2024

be settled in its own equity instruments
(e.g. convertible bond).

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 not have a major 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 "Non-current liabilities with covenant"
- Amendment to IFRS 16 "Lease liability in a Sale and Leaseback"
- Amendment to IAS 7 and IFRS 7 "supplier finance arrangements"
- Amendment to IAS 12 "International Tax Reform Pillar Two Model Rules"

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).

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 2022. For relevant information, please refer to Note 4 to the consolidated financial report of 2022.

(II) Consolidated basis

Subsidiaries included in consolidated financial report

			Holding equity percentage			
Name of investment company	**Name of subsidiary company**	**Nature of business**	**June 30, 2023**	**December 31, 2022**	**June 30, 2022**	**Explanation**
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 carrying 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.

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 2022.

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

<u>Judgment on whether the invested company has substantial control</u>

The 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 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 2022. For relevant information, please refer to Note 6 to the consolidated financial report of 2022.

(I) Cash and equivalent cash

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand and petty cash	$ 299	140	174
Checks and demand deposits	1,155,872	1,201,303	1,264,378
	$ 1,156,171	**1,201,443**	**1,264,552**

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

	June 30, 2023	December 31, 2022	June 30, 2022
Non-hedging derivative instruments			
Exchange transaction contract	**$ (3,817)**	**317**	**-**

As at June 30, 2022, the merged company didn't hold derivative instruments. As at June 30 of 2023 and December 31, 2022, the details of derivative instruments of financial assets held for trading due to the non-application of hedge accounting are as follows:

June 30, 2023

Derivative financial commodities	Nominal principal (NT$ thousands)	Maturity date	Delivery rate
Exchange transaction contract-NT$ in/US$ out	US$ 8,010	July 13, 2023~ July 14, 2023	30.610~30.654

December 31, 2022

Derivative financial commodities	Nominal principal (NT$ thousands)	Maturity date	Delivery rate
Exchange transaction contract-NT$ in/US$ out	US$ 18,690	January 9, 2023~ January 17, 2023	30.440~30.924

(III) Accounts receivable (including related parties)

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable	$ 793,086	738,371	986,449
Accounts receivable-Related parties	249	-	32,047
Less: allowance for losses	(980)	(898)	(1,259)
	$ 792,355	**737,473**	**1,017,237**

1. 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 in accordance with the terms of the contract, and have incorporated forward-looking information, including general economic and related industry information. An analysis of the expected credit losses of the merged company's accounts receivable (including related parties) is as follows:

	June 30, 2023		
	Book amount of accounts receivable(including related parties)	Weighted average expected credit loss rate	Expected credit loss during allowance duration
Not overdue	$ 792,092	0.1%~0.2%	963
1~30 days overdue	1,243	1%~2%	17
31~90 days overdue	-	10%~50%	-
91~180 days overdue	-	50%~70%	-
181~360 days overdue	-	100%	-
	$ 793,335		980

	December 31, 2022		
	Book amount of accounts receivable(including related parties)	Weighted average expected credit loss rate	Expected credit loss during allowance duration
Not overdue	$ 736,641	0.1%~0.2%	843
1~30 days overdue	1,408	1%~2%	15
31~90 days overdue	302	10%~50%	30
91~180 days overdue	20	50%~70%	10
181~360 days overdue	-	100%	-
	$ 738,371		898

	June 30, 2022		
	Book amount of accounts receivable(including related parties)	Weighted average expected credit loss rate	Expected credit loss during allowance duration
Not overdue	$ 1,011,227	0.1%~0.2%	1,152
1~30 days overdue	7,269	1%~2%	107
31~90 days overdue	-	10%~50%	-
91~180 days overdue	-	50%~70%	-
181~360 days overdue	-	100%	-
	$ 1,018,496		1,259

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

	For the Six months Ended June 30,	
	2023	2022
Balance at beginning of period	$ 898	1,218
Impairment losses recognized	82	41
Balance at end of period	$ 980	1,259

3. As of June 30, 2023, December 31 and June 30 of 2022, the Accounts receivable (including related parties) of the merged company has not been provided as pledge guarantee.

(IV) Inventory

	June 30, 2023	December 31, 2022	June 30, 2022
Raw materials	$ 51,170	63,895	55,837
Work in process and semi-finished goods	393,378	523,880	300,869
Finished goods and commodity	195,990	225,249	175,114
	$ 640,538	**813,024**	**531,820**

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 Company is as follows:

	For the Three months Ended June 30,		For the Six months Ended June 30,	
	2023	2022	2023	2022
Inventory depreciation loss	$ 12,749	6,534	37,986	12,279

2. As of June 30, 2023, December 31 and June 30 of 2022, 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:

	June 30, 2023	December 31, 2022	June 30, 2022
Associated enterprise	**$ 149,732**	**148,647**	**80,342**

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

	For the Three months Ended June 30,		For the Six months Ended June 30,	
	2023	2022	2023	2022
Net profit	$ 1,291	720	995	2,919
Other comprehensive income	(236)	-	(121)	-
Comprehensive income	$ 1,055	720	874	2,919

2. As of June 30, 2023, December 31 and June 30 of 2022, 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
Costs:						
Balance on January 1, 2023	$	161,823	114,728	111,196	5,173	392,920
Increase		-	-	2,858	10,184	13,042
Reclassified into (out)		-	-	3,247	(3,247)	-
Disposal		-	(275)	(2,876)	-	(3,151)
Impact of exchange rate changes		-	-	(466)	1	(465)
Balance on June 30, 2023	$	161,823	114,453	113,959	12,111	402,346
Balance on January 1, 2022	$	161,823	120,062	86,686	8,595	377,166
Increase		-	82	8,531	10,800	19,413
Reclassified into (out)		-	-	3,555	(3,555)	-
Disposal		-	(2,744)	(8,728)	-	(11,472)
Impact of exchange rate changes		-	60	361	-	421
Balance on June 30, 2022	$	161,823	117,460	90,405	15,840	385,528
Accumulated depreciation:						
Balance on January 1, 2023	$	-	33,517	54,680	-	88,197
Depreciation this year		-	1,437	10,481	-	11,918
Disposal		-	(275)	(2,816)	-	(3,091)
Impact of exchange rate changes		-	-	(409)	-	(409)
Balance on June 30, 2023	$	-	34,679	61,936	-	96,615
Balance on January 1, 2022	$	-	36,682	50,050	-	86,732
Depreciation this year		-	1,766	7,565	-	9,331
Disposal		-	(2,744)	(8,719)	-	(11,463)
Impact of exchange rate changes		-	59	314	-	373
Balance on June 30, 2022	$	-	35,763	49,210	-	84,973
Book amount:						
January 1, 2023	$	161,823	81,211	56,516	5,173	304,723
June 30, 2023	$	161,823	79,774	52,023	12,111	305,731
January 1, 2022	$	161,823	83,380	36,636	8,595	290,434
June 30, 2022	$	161,823	81,697	41,195	15,840	300,555

As of June 30, 2023, December 31 and June 30 of 2022, the property, plant and equipment of the merged company have been used as bank loan and financing limit guarantees. Please refer to Note 8 for details.

(VII) Right-of-use assets

		Houses and buildings
Book value:		
January 1, 2023	$	4,664
June 30, 2023	$	3,398
January 1, 2022	$	4,710
June 30, 2022	$	4,011

Between January 1 to June 30, 2023 and 2022, there were no significant recognition or reversals of increases, disposals or impairments of right-of-use assets of the merged Company's leased offices. 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 2022 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.

	Land	Houses and building	Total
Book amount:			
Balance on January 1, 2023	$ 48,068	22,902	70,970
Balance on June 30, 2023	$ 48,068	22,599	70,667
Balance on January 1, 2022	$ 48,068	23,509	71,577
Balance on June 30, 2022	$ 48,068	23,205	71,273

1. Between January 1 to June 30, 2023, and 2022, there were no significant recognition or reversals of additions, 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 2022 Consolidated Financial Report.
2. 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 2022.

(IX) Lease liabilities

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

	June 30, 2023	December 31, 2022	June 30, 2022
Current	$ 2,308	2,321	1,566
Non-current	$ 1,195	2,431	2,490

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

	For the Three months Ended June 30,		For the Six months Ended June 30,	
	2023	2022	2023	2022
Interest expense on lease liabilities	$ 47	50	100	104
Rental charges for short-term leases and low-value assets	$ 182	167	439	532

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

	For the Six months Ended June 30, 2023	For the Six months Ended June 30, 2022
Rental payments for operating activities	$ (439)	(532)
Interest payments on lease liabilities for operating activities	(100)	(104)
Repayment of lease principal for financing activities	(1,146)	(754)
Total cash outflow from leases	**$ (1,685)**	**(1,390)**

4. Lease of houses and buildings

The merged company leased the houses and buildings as office space 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. An analysis of the expiration of lease payments to report the total amount of undiscounted lease payments received in the future is shown in the following table:

	June 30, 2023	December 31, 2022	June 30, 2022
Less than 1 year	$ 2,904	2,870	1,935
1 to 2 years	2,870	2,857	-
2 to 3 years	1,905	2,857	-
3 to 4 years	-	476	-
4 to 5 years	-	-	-
More than 5 years	-	-	-
Total undiscounted payments	**$ 7,679**	**9,060**	**1,935**

(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, 2022 and 2021 to measure and disclose the pension costs during the interim period.

	For the Three months Ended June 30,		For the Six months Ended June 30,	
	2023	2022	2023	2022
Operating costs	$ 10	10	20	21
Selling expenses	8	8	15	15
Administrative expenses	82	83	164	167
Research and development expenses	10	10	20	20
	$ 110	**111**	**219**	**223**

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 months Ended June 30,		For the Six months Ended June 30,	
	2023	2022	2023	2022
Operating costs	$ 447	472	903	941
Selling expenses	311	364	645	692
Administrative expenses	365	390	753	755
Research and development expenses	659	676	1,346	1,325
	$ 1,782	**1,902**	**3,647**	**3,713**

(XII) Tax

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

	For the Three months Ended June 30,		For the Six months Ended June 30,	
	2023	2022	2023	2022
Current tax expense	**$ 28,511**	**51,256**	**38,926**	**88,219**

2. The merged Company's tax expenses of equity have not been recognized directly in April 1 to June 30 of 2023 and 2022, and January 1 to June 30 of 2023 and 2022.
3. The merged Company's tax expenses under other comprehensive profit and loss have not been recognized in April 1 to June 30 of 2023 and 2022, and January 1 to June 30 of 2023 and 2022.
4. The merged Company's profit-making enterprise tax settlement declaration has been approved by the tax collection authority as follows:

	Approved Year
The Company	**Has been approved to 2021**
Jinrong Investment	**Has been approved to 2021**

(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 June 30 of 2023 and 2022. For relevant information, please refer to Note 6 (13) of the consolidated financial report of 2022.

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 of the amount of cash dividends for 2022 resolved by the Board of Directors on March 17, 2023, other earnings distribution items were resolved by the shareholders' meeting on June 7, 2023. And the earnings distribution of the amount of cash dividends for 2021 resolved by the Board of Directors on March 18, 2022, other earnings distribution items were resolved by the shareholders' meeting on June 8, 2022, the dividends distributed to owners is as follows:

	2022		2021	
	Share allotment rate (yuan)	**Amount**	**Share allotment rate (yuan)**	**Amount**
Dividends to ordinary owners:				
Cash	$ 0.4	24,500	1.2	73,502
Stock	1.6	98,003	-	-
Total		$ 122,503		$ 73,502

(XIV) Earnings per share

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

	For the Three months Ended June 30,		For the Six months Ended June 30,	
	2023	**2022**	**2023**	**2022**
Basic earnings per share:				
Current net profit attributable to the Company	$ 42,044	146,709	84,108	298,506

	For the Three months Ended June 30,		For the Six months Ended June 30,	
	2023	2022	2023	2022
Weighted average number of ordinary shares in circulation(thousand shares)	61,252	61,252	61,252	61,252
Earnings per share (yuan)	$ 0.69	2.39	1.37	4.87
Dilute earnings per share:				
Current net profit attributable to the Company	$ 42,044	146,709	84,108	298,506
Weighted average number of ordinary shares in circulation(thousand shares)(dilution)	61,649	62,495	62,535	63,042
Earnings per share (yuan)	$ 0.68	2.35	1.34	4.74
Weighted average number of ordinary shares in circulation (thousand shares)(dilution):				
Weighted average number of ordinary shares in circulation (basic)	61,252	61,252	61,252	61,252
Impact of employee stock remuneration	397	1,243	1,283	1,790
Weighted average number of ordinary shares in circulation (dilution)	61,649	62,495	62,535	63,042

2.Proposed Earnings per share

The Company's motion for stock grants resolved by the shareholders' meeting on June 7, 2023 and took August 30, 2023 as the base date for the capital increase. If the stock grants occurs before the approval and issuance of this consolidated financial report, the proposed retrospectively adjusted earnings per share will be as follows:

	For the Three months Ended June 30,		For the Six months Ended June 30,	
	2023	2022	2023	2022
Basic earnings per share	$ 0.59	2.06	1.18	4.20
Dilute earnings per share	$ 0.59	2.03	1.16	4.10

(XV) Revenue from customer contracts

1. Breakdown of income

	For the Three months Ended June 30, 2023	For the Three months Ended June 30, 2022	For the Six months Ended June 30, 2023	For the Six months Ended June 30, 2022
Major regional markets:				
Taiwan	$ 68,533	166,091	163,762	351,565
Mainland China	504,070	557,147	992,210	1,129,733
Other countries	11,305	9,920	24,994	19,166
	$ 583,908	733,158	1,180,966	1,500,464
Main products:				
Power MOSFET	$ 581,395	680,407	1,175,075	1,401,204
Other	2,513	52,751	5,891	99,260
	$ 583,908	733,158	1,180,966	1,500,464

2. Contract balance

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable(including related parties)	$ 793,335	738,371	1,018,496
Less: allowance for losses	(980)	(898)	(1,259)
Total	$ 792,355	737,473	1,017,237
Contract liabilities	$ 2,382	2,139	5,685

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

The beginning balance of contract liabilities on January 1, 2023 and 2022 was recognized as revenue from January 1 to June 30, 2023 and 2022 of NT$ 190 thousands and NT$ 3,879 thousands respectively.

The change in contract liabilities is mainly attributable to the difference between the time when the merged company transfers the product to the customer to satisfy the performance obligation and the time when the customer pays.

(XVI) Remuneration of employees, directors and supervisors

The company re-elected directors at the shareholders' meeting on June 8, 2022, and an audit committee established by independent directors will replace the supervisory authority, and the relevant provisions of the company's articles of association will be revised.

According to the Company’s revised 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. According to the original 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 director and 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, director and supervisor remuneration according to the proportion mentioned in the preceding paragraph.

The estimation of employee, director and supervisor's remuneration for the three and six months ended June 30, 2023 and 2022 is as follows:

	For the Three months Ended June 30,		For the Six months Ended June 30,	
	2023	**2022**	**2023**	**2022**
Employee remuneration	$ 11,831	37,069	20,788	72,455
Director and Supervisor remuneration	3,380	12,357	5,939	24,152
Total	**$ 15,211**	**49,426**	**26,727**	**96,607**

Employee, director and supervisor's remuneration are based on the net profit before tax of the Company for the period before deducting the remuneration of employees, directors and supervisors multiplied by the remuneration of employees, directors and supervisors as stipulated in the Articles of Association of the Company. This is also reported as the operating cost or operating expenses for the 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 2022 and 2021 were NT$ 95,199 thousands and NT$ 76,395 thousands respectively, while the compensation for directors and supervisors were NT$ 27,200 thousands and NT$ 21,827 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 months Ended June 30,		For the Six months Ended June 30,	
	2023	**2022**	**2023**	**2022**
Other income	$ 4,117	1,258	4,950	2,116

2. Other profit or loss

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

	For the Three months Ended June 30,		For the Six months Ended June 30,	
	2023	**2022**	**2023**	**2022**
Net profit of foreign currency exchange	$ 12,580	90,157	3,995	136,729
Net loss of financial assets (liabilities) measured at fair value through profit or loss	(5,286)	(10,343)	(3,817)	-
Other	(185)	(179)	(334)	(540)
	$ 7,109	79,635	(156)	136,189

3. Finance costs

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

	For the Three months Ended June 30,		For the Six months Ended June 30,	
	2023	**2022**	**2023**	**2022**
Interest expense	$ 47	50	100	104

(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 of 2022 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 June 30, 2023, December 31 and June 30 of 2022, the merged company received 47%, 53% and 49% 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.

	Book amount	Contracted cash flow	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
June 30, 2023							
Non-derivative financial liabilities							
Accounts payable (including related parties)	$ 222,290	222,290	222,290	-	-	-	-
Other payable	235,284	235,284	235,284	-	-	-	-
Lease liabilities	3,503	3,763	1,281	1,255	1,227	-	-
Deposits received	11	11	-	-	-	-	11
Derivative financial liabilities	3,817						
Outflow	-	249,147	249,147	-	-	-	-
Inflow	-	(245,330)	(245,330)	-	-	-	-
	$ 464,905	465,165	462,672	1,255	1,227	-	11
December 31, 2022							
Non-derivative financial liabilities							
Accounts payable (including related parties)	$ 432,524	432,524	432,524	-	-	-	-
Other payable	229,551	229,551	229,551	-	-	-	-
Lease liabilities	4,752	5,220	1,346	1,319	2,555	-	-
Deposits received	11	11	-	-	-	-	11
	$ 666,838	667,306	663,421	1,319	2,555	-	11
June 30, 2022							
Non-derivative financial liabilities							
Accounts payable (including related parties)	$ 416,363	416,363	416,363	-	-	-	-
Other payable	339,651	339,651	339,651	-	-	-	-
Lease liabilities	4,056	4,554	948	930	1,803	873	-
Deposits received	5,726	5,726	5,712	11	-	-	3
	$ 765,796	766,294	762,674	941	1,803	873	3

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, operating 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 total amount of unused loan of the merged company on June 30, 2023, December 31 and June 30 of 2022 were NT$ 967,610 thousands, NT$ 962,665 thousands and NT$ 952,280 thousands respectively.

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:

	June 30, 2023			December 31, 2022			June 30, 2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets									
Monetary items									
USD	$ 30,721	31.140	956,653	36,171	30.710	1,110,797	48,346	29.720	1,436,830
Financial liabilities									
Monetary items									
USD	7,322	31.140	228,004	14,456	30.710	443,944	14,308	29.720	425,225

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 June 30, 2023 and 2022, when NT$ depreciates or appreciates by 1% relative to US$, while all other factors remain unchanged, the net profit before tax for January 1 to June 30 of 2023 and 2022 will increase or decrease by NT$ 7,286 thousands and NT$ 10,116 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:

	For the Three months Ended June 30,				For the Six months Ended June 30,			
	2023		2022		2023		2022	
Functional currency	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	$ 12,248	1	89,411	1	3,815	1	136,072	1
RMB	332	4.373	746	4.447	180	4.407	657	4.426
	$ 12,580		90,157		3,995		136,729	

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.

5. Fair value information

(1) Types and fair value of financial instruments

The book amount and fair value of the financial assets and financial liabilities of the merged company (including fair value grade information, but if the book amount of financial instruments not measured by fair value is a reasonable approximation of fair value, and lease liabilities, fair value information don not need to be disclosed according to regulations) are shown as follows:

	June 30, 2023				
		Fair value			
	Book amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at amortized cost：					
Cash and equivalent cash	$ 1,156,171				
Accounts receivable (including related parties)	792,355				
Other receivable	16,956				
Refundable deposits	5,068				
Total	**$ 1,970,550**				
Financial liabilities at fair value through profit or loss - Current	**$ 3,817**	-	-	3,817	3,817
Financial liabilities at amortized cost：					
Accounts payable (including related parties)	$ 222,290				
Other payable	235,284				
Lease liabilities	3,503				
Deposits received	11				
Total	**$ 461,088**				

	December 31, 2022				
		Fair value			
	Book amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss - Current	**$ 317**	**-**	**-**	317	317
Financial assets at amortized cost：					
Cash and equivalent cash	$ 1,201,443				
Accounts receivable (including related parties)	737,473				
Other receivable	18,186				
Refundable deposits	7,568				
Total	**$ 1,964,670**				
Financial liabilities at amortized cost					
Accounts payable (including related parties)	$ 432,524				
Other payable	229,551				
Lease liabilities	4,752				
Deposits received	11				
Total	**$ 666,838**				

	June 30, 2022				
		Fair value			
	Book amount	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost：					
Cash and equivalent cash	$ 1,264,552				
Accounts receivable (including related parties)	1,017,237				
Other receivable	17,728				
Refundable deposits	7,569				
Total	**$ 2,307,086**				
Financial liabilities at amortized cost：					
Accounts payable (including related parties)	$ 416,363				
Other payable	339,651				
Lease liabilities	4,056				
Deposits received	5,726				
Total	**$ 765,796**				

(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) There was no transfer of fair value hierarchy from January 1 to June 30 of 2023 and 2022.

(4) Schedule of Level 3 changes

	Financial assets (liabilities) at fair value through profit or loss
January 1, 2023	$ 317
Purchase/disposal/settlement	(317)
Recognized in profit or loss	(3,817)
June 30, 2023	$ (3,817)
January 1, 2022	$ (1,909)
Purchase/disposal/settlement	1,909
Recognized in profit or loss	-
June 30, 2022	$ -

The above total profits or losses are reported in series as "Other profits and losses". Among them, the assets or liabilities held as at June 30, 2023 and 2022 are as follows:

	June 30, 2023	June 30, 2022
Total profits or losses		
Recognized in profit or loss (reported in "Other profits and losses")	$ (3,817)	-

(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 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 2022.

(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 2022. 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 2022. Please refer to note 6(20) to consolidated financial report of 2022 for relevant information.

(XXI) Changes in liabilities from financial activities

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

	January 1, 2023	Cash flows	Changes of non-cash: Interest expense	Changes of non-cash: Exchange rate changes	June 30, 2023
Lease liabilities	$ 4,752	(1,146)	100	(203)	3,503
Deposits received	11	-	-	-	11
Total liabilities from financial activities	$ 4,763	(1,146)	100	(203)	3,514

	January 1, 2022	Cash flows	Changes of non-cash: Interest expense	Changes of non-cash: Exchange rate changes	June 30, 2022
Lease liabilities	$ 4,710	(754)	104	(4)	4,056
Deposits received	5,704	9	-	13	5,726
Total liabilities from financial activities	$ 10,414	(745)	104	9	9,782

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
Cai Feng Investments Co., Ltd. (Cai Feng Investments)	Substantive parties
Super Group Semiconductor Co., Ltd. (Super Group Semiconductor)	Affiliated enterprise(Note)
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)	〃
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)	〃

Note: Super Group Semiconductor was substantive parties of the merged company. Since the merged company obtained 28.57% of its shares on September 30, 2022, it became an affiliated enterprise of the merged company.

(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 months Ended June 30,		For the Six months Ended June 30,		June 30, 2023	December 31, 2022	June 30, 2022
	2023	2022	2023	2022			
Affiliated enterprise:							
Other affiliated enterprise	$ 231	29,970	231	62,422	249	-	32,047
Less: allowance for losses	-	-	-	-	(1)	-	(64)
	$ 231	29,970	231	62,422	248	-	31,983

There is no significant difference between the terms of sale of the merged company to its related parties and the general selling price. The payment terms for January 1 to June 30 of 2023 and 2022 are 90 days, while the average customer is about 30 days to 150 days .

The merged company charged trial production fees of new products from other affiliated enterprise. As of June 30 of 2022, the unearned revenue has been NT$ 2,830 thousands respectively under other current liabilities. None on June 30, 2023 and December 31, 2022.

2. Purchase from related parties

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

	Purchase				Accounts payable		
	For the Three months Ended June 30,		For the Six months Ended June 30,		June 30, 2023	December 31, 2022	June 30, 2022
	2023	2022	2023	2022			
Affiliated enterprise:							
Other affiliated enterprises	$ 2,567	1,761	3,560	4,230	738	66	526

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 terms of payment for January 1 to June 30 of 2023 and 2022 are 30 days, while the terms of payment for ordinary manufacturers are about 30 to 90 days.

3. Purchase labor services from related parties

	Transaction amount				Other payable		
	For the Three months Ended June 30,		For the Six months Ended June 30,		June 30, 2023	December 31, 2022	June 30, 2022
	2023	2022	2023	2022			
Affiliated enterprise:							
Super Group Semiconductor - Product development project fees	$ 2,600	2,800	6,000	4,300	2,600	6,615	2,940
Super Group Semiconductor - Product royalty fees	10,797	13,606	19,950	24,144	3,518	7,141	4,229
	$ 13,397	16,406	25,950	28,444	6,118	13,756	7,169

As of June 30, 2023, December 31 and June 30 of 2022, 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 months Ended June 30,		For the Six months Ended June 30,				
	2023	2022	2023	2022	June 30, 2023	December 31, 2022	June 30, 2022
Affiliated enterprise:							
Green Solution Technology	$ 715	715	1,429	1,429	250	250	250
Other related parties:							
Other related parties	12	7	21	11	9	23	5
	$ 727	722	1,450	1,440	259	273	255

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

(III) Main management personnel transactions

Remuneration for main management personnel includes:

	For the Three months Ended June 30,		For the Six months Ended June 30,	
	2023	2022	2023	2022
Short-term employee welfare	$ 6,666	11,777	12,496	24,891
Post-retirement welfare	110	111	219	223
Resignation welfare	-	-	-	-
Other long-term welfare	-	-	-	-
Share-based payment	-	-	-	-
	$ 6,776	11,888	12,715	25,114

VIII. Pledged Assets

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

Assets name	Pledge object	June 30, 2023	December 31, 2022	June 30, 2022
Property, plant and equipment-Land	Bank loan	$ 97,394	97,394	97,394
- Houses and buildings	〃	45,690	46,304	46,919
Investing property - Land	〃	48,068	48,068	48,068
- Houses and buildings	〃	22,599	22,902	23,205
		$ 213,751	214,668	215,586

IX. Major Contingent Liabilities and Unrecognized Contractual Commitments

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

	June 30, 2023	December 31, 2022	June 30, 2022
Loan limit and financial commodities trading limit	$ 1,062,947	1,057,121	1,034,790

(II) As of June 30, 2023, December 31 and June 30 of 2022, 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$ 32,800 thousands, NT$ 34,600 thousands and NT$ 30,400 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.

(III) 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 June 30, 2023, December 31 and June 30 of 2022, the deposit amount has been NT$ 5,000 thousands, NT$ 7,500 thousands and NT$ 7,500 thousands respectively under other current assets and other non-current assets.

(IV) The merged company signed a capacity guarantee purchase contract with the supplier on May 7, 2021, November 30, 2021 and January 28, 2022, and due to the agreement on the purchase amount, the amount shall be paid in advance. As of June 30, 2023, December 31 and June 30, 2022, the prepaid amount has been NT$ 75,923 thousands, $ 88,423 thousands and $ 92,113 thousands respectively under other current assets and other non-current assets.

X. Major disaster losses: None.

XI. Major post-date events:

The Company's motion for earnings transferred to capital increase resolved by the shareholders' meeting on June 7, 2023. Stock grants for 160 shares of every thousand shares with a par value of NT$ 10 per share, total amount NT$ 98,003 thousands. It was approved by the Securities and Futures Bureau of the Financial Supervisory Commission and took August 30, 2023 as the base date for the capital increase resolved by the Board of Directors on August 8, 2023.

XII. Other

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

Function / Quality	For the Three months Ended June 30, 2023			For the Three months Ended June 30, 2022		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Staff welfare expenses						
Salary expense	10,308	42,681	52,989	14,682	71,169	85,851
Labor and health insurance expenses	859	1,972	2,831	870	1,958	2,828
Pension expenses	457	1,435	1,892	482	1,531	2,013
Other employee welfare expenses	536	1,250	1,786	600	1,368	1,968
Depreciation expense	2,104	4,590	6,694	1,353	3,913	5,266
Amortization expense	-	150	150	-	72	72

Function / Quality	For the Six months Ended June 30, 2023			For the Six months Ended June 30, 2022		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Staff welfare expenses						
Salary expense	20,227	78,716	98,943	29,151	137,678	166,829
Labor and health insurance expenses	1,793	4,524	6,317	1,910	4,307	6,217
Pension expenses	923	2,943	3,866	962	2,974	3,936
Other employee welfare expenses	1,082	2,517	3,599	1,214	2,742	3,956
Depreciation expense	4,219	9,169	13,388	2,694	7,741	10,435
Amortization expense	-	302	302	-	126	126

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 June 30 of 2023 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 for the Six months Ended June 30, 2023			
				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	13,214	Before the 25th of the following month	1.12%
0	〃	〃	Transactions between parent company and subsidiary	Other payable	965	〃	0.03%
1	Power Up Tech Co. Ltd.	Wuxi Super GEM Microelectronics Co., Ltd.	Inter-subsidiary transactions	Operating costs	12,847	〃	1.09%
1	〃	〃	Inter-subsidiary transactions	Other payable	934	〃	0.03%

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 June 30 of 2023 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: At end of current period	Original investment amount: End of last year	Final holding: Shares	Final holding: Ratio	Final holding: Book amount	Invested company Current profit and loss	Current recognized Investment profit and loss	Note
The Company	Jinrong Investment Co., Ltd.	Taiwan	Holding company	100,000	100,000	10,000,000	100.00%	155,151	(273)	(241)	Note 1
〃	Power Up Tech Co., Ltd.	Samoa	Holding company	30,744	30,744	1,930,000	100.00%	42,046	627	627	〃
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%	75,070	(7,637)	(1,148)	Note 2
〃	Super Group Semiconductor	Taiwan	Integrated Circuit Design Service, Manufacturing	45,000	45,000	1,000,000	28.57%	74,662	7,389	2,111	〃

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: remitted	Amount of investment remitted or recovered in current period: recovered	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
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	Note1	61,463	-	-	61,463	1,266	100.00%	1,266	11,980	-

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	1,640,439

3. Major transactions with mainland invested companies:

From January 1 to June 30 of 2023, the direct or indirect major transactions between the merged company and mainland invested companies, Please refer to note 13(1) "Business Relationships and Important Transactions between Parent and Subsidiaries" for details. The above transactions are written off in the preparation of consolidated financial reports.

(IV) Information on Major Shareholders:

Shares Name of major shareholder	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. 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 June 30 of 2023 and 2022 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.