

NIKO SEMICONDUCTOR CO., LTD.**PARENT COMPANY ONLY FINANCIAL STATEMENTS**

**With Independent Auditors' Report
For the Years Ended December 31, 2024 and 2023**

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The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of NIKO SEMICONDUCTOR CO., LTD.:

Opinion

We have audited the parent company only financial statements of NIKO SEMICONDUCTOR CO., LTD. ("the Company"), which comprise the parent company only balance sheet as of December 31, 2024 and 2023, the parent company only statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

We did not audit the financial statements of certain investments accounted for using equity method. Those financial statements were audited by other auditors, and our opinion, insofar as it relates to the amounts included for those investments, is based solely on the reports of other auditors. The recognized investments accounted for using equity method constituted 9% and 5% of the total assets, as of December 31, 2024 and 2023. The recognized share of profit or loss of associates accounted for using equity method constituted 4% and 0% of the profit before tax, for the years ended December 31, 2024 and 2023, respectively.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Valuation of inventories

Please refer to Note 4(g) for the accounting policy for inventories, Note 5 for significant accounting assumptions and judgments, and major sources of estimation uncertainty, and Note 6(d) for the details and related expenses for inventories.

Description of key audit matter:

Inventories are measured at the lower of cost or net realizable value. Due to rapid transformation of technology, new products and technological updates are affecting market demand, resulting in a risk that the cost of inventories may exceed their net realizable values. The condition of inventories to be sold will influence the result of valuation so consistent attention are required. In addition, the inventories are the significant account in the parent company only financial statement. Therefore, valuation of inventories is deemed to be one of the key audit matters in our audit of the parent company only financial statements.

How the matter was addressed in our audit:

Our audit procedures included: understanding the policies of evaluating the allowance and obsolescence of the inventories of the Company and inspecting whether existing inventory policies are applied; apply sampling procedures to verify the accuracy of inventory aging report and analyzing changes in inventory aging across periods; reviewing the reasonableness of management's past provisions for inventory losses, and comparing them with the methods and assumptions used for the current period's inventory loss provisions to assess their appropriateness; reviewing the post-period sales of inventory to evaluate the reasonableness of the inventory loss allowance estimates.

2. Acquisition of investments accounted for using the equity method

Please refer to Note 4(h) for the accounting policy for acquiring investments accounted for using the equity method, and Note 6(f) in the consolidated financial statements for detailed information.

Description of key audit matter:

To enhance the autonomy and completeness of the Group's product supply chain and strengthen its market competitive advantage, the Company participated in the cash capital increase of Super Group Semiconductor Co., Ltd. through its subsidiary, Jinrong Investment Co., Ltd., on August 12, 2024, by investing the amount of \$57,440 thousand, resulting in Jinrong Investment Co., Ltd.'s shareholding to increase from 36.69% to 70.28%, thereby gaining control over the company. Due to the significant impact of this transaction on investments accounted for using the equity method, the above acquisition investments accounted for using the equity method is deemed to be one of the key audit matters in our audit of the parent company only financial statements.

How the matter was addressed in our audit:

Our audit procedures included: understanding management's assessment of the aforementioned transaction; engaging internal experts to assist in reviewing the valuation methods and the reasonableness of key assumptions used by management in measuring the fair value in the Purchase Price Allocation; and examining the correctness of management's related accounting treatments to evaluate whether the transaction has been appropriately disclosed in the financial statements.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion of the Company.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are HUNG-WEN FU and SHYH-GANG HORNG.

KPMG

Taipei, Taiwan (Republic of China)

March 14, 2025

Notes to Readers

The accompanying parent company only financial statements are intended only to present the parent company only statement of financial position, financial performance and its cash flows in accordance with the 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)
NIKO SEMICONDUCTOR CO., LTD.

Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2024</u>		<u>December 31, 2023</u>				<u>December 31, 2024</u>		<u>December 31, 2023</u>	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 1,134,794	31	1,298,136	37	2120	Current financial liabilities at fair value through profit or loss (note 6(b))	\$ 2,729	-	-	-
1110	Current financial assets at fair value through profit or loss (note 6(b))	-	-	7,112	-	2170	Accounts payable	344,440	10	494,205	14
1170	Accounts receivable, net (notes 6(c) and (p))	867,106	24	748,043	21	2180	Accounts payable to related parties (note 7)	-	-	1,041	-
1180	Accounts receivable from related parties, net (notes 6(c), (p) and 7)	-	-	545	-	2200	Other payables (including related parties) (note 7)	149,682	4	146,389	4
1200	Other receivables (including related parties) (note 7)	16,822	-	16,494	-	2230	Current tax liabilities	13,056	-	19,983	1
130X	Inventories (note 6(d))	678,281	19	721,871	21	2250	Current provisions (notes 6(j) and 9)	38,901	1	-	-
1470	Other current assets (note 9)	20,088	1	28,671	1	2280	Current lease liabilities (note 6(i))	527	-	516	-
	Total current assets	<u>2,717,091</u>	<u>75</u>	<u>2,820,872</u>	<u>80</u>	2300	Other current liabilities	1,542	-	1,137	-
	Non-current assets:						Total current liabilities	<u>550,877</u>	<u>15</u>	<u>663,271</u>	<u>19</u>
1550	Investments accounted for using equity method (notes 6(e) and 7)	464,768	13	249,464	7		Non-Current liabilities:				
1600	Property, plant and equipment (notes 6(f) and 8)	306,776	8	311,991	9	2580	Non-current lease liabilities (note 6(i))	447	-	974	-
1755	Right-of-use assets (note 6(g))	963	-	1,488	-	2600	Other non-current liabilities (notes 6(l) and (m))	3,002	-	2,371	-
1760	Investment property (notes 6(h) and 8)	69,756	2	70,363	2		Total non-current liabilities	<u>3,449</u>	<u>-</u>	<u>3,345</u>	<u>-</u>
1840	Deferred tax assets (note 6(m))	20,485	1	14,786	-		Total liabilities	<u>554,326</u>	<u>15</u>	<u>666,616</u>	<u>19</u>
1900	Other non-current assets (notes 6(l) and 9)	54,110	1	60,374	2		Equity attributable to owners of parent:				
	Total non-current assets	<u>916,858</u>	<u>25</u>	<u>708,466</u>	<u>20</u>	3110	Ordinary shares (note 6(n))	810,000	22	710,518	20
						3200	Capital surplus (note 6(n))	674,954	19	630,512	18
						3310	Legal reserve (note 6(n))	267,337	7	246,390	7
						3320	Special reserve (note 6(n))	468	-	3,288	-
						3350	Unappropriated retained earnings (note 6(n))	1,329,129	37	1,272,482	36
						3400	Other equity interest	(2,265)	-	(468)	-
							Total equity	<u>3,079,623</u>	<u>85</u>	<u>2,862,722</u>	<u>81</u>
Total assets		<u>\$ 3,633,949</u>	<u>100</u>	<u>3,529,338</u>	<u>100</u>		Total liabilities and equity	<u>\$ 3,633,949</u>	<u>100</u>	<u>3,529,338</u>	<u>100</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
NIKO SEMICONDUCTOR CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(p) and 7)	\$ 2,468,261	100	2,464,539	100
5000	Operating costs (notes 6(d), (l), (q), 7 and 12)	<u>1,817,352</u>	<u>74</u>	<u>1,818,855</u>	<u>74</u>
	Gross profit from operations	<u>650,909</u>	<u>26</u>	<u>645,684</u>	<u>26</u>
	Operating expenses (notes 6(c), (i), (l), (q), 7 and 12):				
6100	Selling expenses	135,740	5	115,809	5
6200	Administrative expenses	104,673	4	102,182	4
6300	Research and development expenses	191,390	8	162,873	6
6450	Expected credit loss	<u>325</u>	<u>-</u>	<u>42</u>	<u>-</u>
	Total operating expenses	<u>432,128</u>	<u>17</u>	<u>380,906</u>	<u>15</u>
	Net operating income	<u>218,781</u>	<u>9</u>	<u>264,778</u>	<u>11</u>
	Non-operating income and expenses:				
7100	Interest income (note 6(r))	9,293	1	7,511	1
7010	Other income (note 7)	3,501	-	5,051	-
7020	Other gains and losses (notes 6(j) and (r))	(42,583)	(2)	6,576	-
7050	Finance costs (notes 6(i) and (r))	(26)	-	(5)	-
7060	Share of profit (loss) of subsidiaries accounted for using equity method	<u>52,990</u>	<u>2</u>	<u>(592)</u>	<u>-</u>
	Total non-operating income and expenses	<u>23,175</u>	<u>1</u>	<u>18,541</u>	<u>1</u>
	Profit before income tax	241,956	10	283,319	12
7950	Less: Income tax expenses (note 6(m))	<u>40,484</u>	<u>2</u>	<u>73,517</u>	<u>3</u>
	Profit	<u>201,472</u>	<u>8</u>	<u>209,802</u>	<u>9</u>
8300	Other comprehensive income (loss):				
8310	Items that may not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans (note 6(l))	2,090	-	(413)	-
8330	Share of other comprehensive income of subsidiaries and associates accounted for using equity method	(2,810)	-	3,012	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(m))	<u>(418)</u>	<u>-</u>	<u>83</u>	<u>-</u>
		<u>(1,138)</u>	<u>-</u>	<u>2,682</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	682	-	(239)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(m))	<u>(136)</u>	<u>-</u>	<u>47</u>	<u>-</u>
	Items that may be reclassified subsequently to profit or loss	<u>546</u>	<u>-</u>	<u>(192)</u>	<u>-</u>
8300	Other comprehensive income	<u>(592)</u>	<u>-</u>	<u>2,490</u>	<u>-</u>
	Total comprehensive income	<u>\$ 200,880</u>	<u>8</u>	<u>212,292</u>	<u>9</u>
	Earnings per share (note 6(o))				
	Basic earnings per share (NT dollars)	<u>\$ 2.49</u>		<u>2.59</u>	
	Diluted earnings per share (NT dollars)	<u>\$ 2.45</u>		<u>2.54</u>	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

NIKO SEMICONDUCTOR CO., LTD.**Statements of Changes in Equity****For the years ended December 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	Ordinary shares	Capital surplus	Retained earnings			Other equity interest		Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	
Balance on January 1, 2023	\$ 612,515	630,512	202,903	3,645	1,228,643	(2,619)	(669)	2,674,930
Profit	-	-	-	-	209,802	-	-	209,802
Other comprehensive income	-	-	-	-	(330)	(192)	3,012	2,490
Total comprehensive income	-	-	-	-	209,472	(192)	3,012	212,292
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	43,487	-	(43,487)	-	-	-
Special reserve	-	-	-	(357)	357	-	-	-
Cash dividends of ordinary share	-	-	-	-	(24,500)	-	-	(24,500)
Stock dividends of ordinary share	98,003	-	-	-	(98,003)	-	-	-
Balance on December 31, 2023	710,518	630,512	246,390	3,288	1,272,482	(2,811)	2,343	2,862,722
Profit	-	-	-	-	201,472	-	-	201,472
Other comprehensive income	-	-	-	-	1,672	546	(2,810)	(592)
Total comprehensive income	-	-	-	-	203,144	546	(2,810)	200,880
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	20,947	-	(20,947)	-	-	-
Special reserve	-	-	-	(2,820)	2,820	-	-	-
Cash dividends of ordinary share	-	-	-	-	(28,421)	-	-	(28,421)
Stock dividends of ordinary share	99,482	-	-	-	(99,482)	-	-	-
The effect of disposal of associates accounted for using equity method	-	-	-	-	(467)	-	467	-
Changes in equity of investment accounted for using equity method	-	44,442	-	-	-	-	-	44,442
Balance on December 31, 2024	<u>\$ 810,000</u>	<u>674,954</u>	<u>267,337</u>	<u>468</u>	<u>1,329,129</u>	<u>(2,265)</u>	<u>-</u>	<u>3,079,623</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
NIKO SEMICONDUCTOR CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from (used in) operating activities:		
Profit before tax	\$ 241,956	283,319
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	29,920	25,726
Amortization expense	2,555	600
Expected credit loss	325	42
Interest expense	26	5
Interest income	(9,293)	(7,511)
Share of profit (loss) of subsidiaries accounted for using equity method	(52,990)	592
Loss (gain) on inventory valuation	(10,208)	45,262
Total adjustments to reconcile profit	(39,665)	64,716
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	7,112	(6,795)
Accounts receivable (including related parties)	(118,843)	(11,157)
Other receivable (including related parties)	(328)	1,047
Inventories	53,798	45,891
Other current assets	3,804	8,231
Long term prepaid expenses	12,001	19,391
Changes in operating assets	(42,456)	56,608
Accounts payable (including related parties)	(150,806)	62,722
Financial liabilities at fair value through profit or loss	2,729	-
Other payable (including related parties)	3,293	(80,262)
Provisions	38,901	-
Other current liabilities	405	(1,639)
Net defined benefit liability	1,433	(1,837)
Changes in operating liabilities	(104,045)	(21,016)
Total changes in operating assets and liabilities	(146,501)	35,592
Total adjustments	(186,166)	100,308
Cash inflow generated from operations	55,790	383,627
Interest received	9,293	7,511
Interest paid	(26)	(5)
Income taxes paid	(52,371)	(137,797)
Net cash flows from operating activities	12,686	253,336
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(120,000)	(50,000)
Acquisition of property, plant and equipment	(23,573)	(34,273)
Decrease in refundable deposits	2,512	1,680
Acquisition of intangible assets	(6,025)	(202)
Net cash flows used in investing activities	(147,086)	(82,795)
Cash flows from (used in) financing activities:		
Decrease in guarantee deposits	(5)	-
Payment of lease liabilities	(516)	(85)
Cash dividends paid	(28,421)	(24,500)
Net cash flows used in financing activities	(28,942)	(24,585)
Net increase (decrease) in cash and cash equivalents	(163,342)	145,956
Cash and cash equivalents at beginning of period	1,298,136	1,152,180
Cash and cash equivalents at end of period	\$ 1,134,794	1,298,136

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

NIKO SEMICONDUCTOR CO., LTD.

Notes to the Parent Company Only Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Niko Semiconductor Co., Ltd. (“the Company”) , formerly called Super GEM Co ., Ltd., was incorporated on October 8, 1998 under the approval of Ministry of Economic Affairs, Republic of China (“R.O.C.”). The Company changed the name to Niko Semiconductor Co ., Ltd. on April, 2001. The address of the Company is 12th floor, No.368, Gongjian Road, Xizhi District, New Taipei City, Taiwan (R.O.C.). The Company's 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. The Company's shares have been listed and traded on the Taipei Exchange (“TPEX”) since August 2007.

(2) Approval date and procedures of the financial statements:

The parent company only financial statements were authorized for issuance by the Board of Directors on March 14, 2025.

(3) New standards, amendments and interpretations adopted:

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent company only financial statements, from January 1, 2024:

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

- (b) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its parent company only financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

(Continued)

NIKO SEMICONDUCTOR CO., LTD.
Notes to the Parent Company Only Financial Statements

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

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

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

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NIKO SEMICONDUCTOR CO., LTD.
Notes to the Parent Company Only Financial Statements

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

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent company only financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(4) Summary of material accounting policies:

The material accounting policies presented in the parent company only financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

(a) Statement of compliance

These parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”).

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the parent company only financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) The defined benefit liabilities (assets) are measured at fair value of the plan assets, less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency is determined based on the primary economic environment in which the Company operates. The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

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NIKO SEMICONDUCTOR CO., LTD.
Notes to the Parent Company Only Financial Statements

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into functional currency using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

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

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

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

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

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

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NIKO SEMICONDUCTOR CO., LTD.
Notes to the Parent Company Only Financial Statements

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Accounts receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets classified as the same categories are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost or fair value through profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(Continued)

NIKO SEMICONDUCTOR CO., LTD.
Notes to the Parent Company Only Financial Statements

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (“ECL”) on financial assets measured at amortized cost (including cash and cash equivalents, accounts receivables, other receivable, guarantee deposit paid and other financial assets).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables is always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company’s historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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NIKO SEMICONDUCTOR CO., LTD.

Notes to the Parent Company Only Financial Statements

The Company considers a financial asset to be in default when the financial asset is more than 180 days past due or the borrower is unlikely to pay its credit obligations to the Company in full.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;
or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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NIKO SEMICONDUCTOR CO., LTD.
Notes to the Parent Company Only Financial Statements

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to offset the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(Continued)

NIKO SEMICONDUCTOR CO., LTD.
Notes to the Parent Company Only Financial Statements

(iii) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investments in subsidiaries

Investments in subsidiaries are accounted for using the equity method when preparing the parent company only financial reports. There is no difference between net income and comprehensive income in the Company's parent company only financial statements and net income and comprehensive income attributable to stockholders of the parent. The equity in the Company's parent company only financial statements and the equity attributable to stockholders of the parent in the Company's consolidated financial statements are also the same.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(i) Investment property

Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value, which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other income on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(Continued)

NIKO SEMICONDUCTOR CO., LTD.
Notes to the Parent Company Only Financial Statements

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straightline basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- 1) Buildings: 3~50 years
- 2) Office and other equipment: 2~6 years

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments, including in-substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised or penalty should be paid.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- 4) there is a change of its assessment on whether it will exercise a extension or termination option; or
- 5) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

(Continued)

NIKO SEMICONDUCTOR CO., LTD.
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The Company has elected not to recognize right-of-use assets and lease liabilities for leases of office equipment and parking lots that have short-term leases and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term.

(l) Intangible assets

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost, less accumulated amortization and any accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred. Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives of computer software are 3 years.

Amortization methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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NIKO SEMICONDUCTOR CO., LTD.
Notes to the Parent Company Only Financial Statements

(n) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(o) Revenue recognition — Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below:

(i) Sale of goods

The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(ii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

(Continued)

NIKO SEMICONDUCTOR CO., LTD.
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The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability (asset), which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense (income) and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profits (losses) and does not give rise to equal taxable and deductible temporary differences;

(Continued)

NIKO SEMICONDUCTOR CO., LTD.
Notes to the Parent Company Only Financial Statements

- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(s) Operating segments

Please refer to the Company's consolidated financial statements for the years ended December 31, 2024 and 2023, for further details.

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(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing the parent company only financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the company's risk management and climate-related commitments where appropriate. Revisions to estimates are recognised prospectively in the period of the change and future periods.

The accounting policies adopted in the parent only financial statement do not involve significant judgment.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

(a) Valuation of inventories

As inventories are measured at the lower of cost or net realizable value, the Company estimates the amount due to inventories' obsolescence and unmarketable items at the reporting date and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories.

(b) Recognition and measurement of provisions and contingent liabilities

Provision for unsettled claims is recognized when it is probable that it will result in an outflow of the Company's resources and the amount can be reasonably estimated. Since the ultimate resolution of claims cannot be predicted with certainty, the final outcome or the actual cash outflow may be materially different from the estimated liability. Please refer to note 6(j) and note 9(e) for further description.

The Company's accounting policies include measuring financial and non financial assets and liabilities at fair value through profit or loss.

The Company's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value.

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NIKO SEMICONDUCTOR CO., LTD.
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The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- (a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (c) Level 3: inputs for the assets or liability that are not based on observable market data.

(6) Explanation of significant accounts:

- (a) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand	\$ 354	315
Checking deposits and demand deposits	1,134,440	1,297,821
	<u>\$ 1,134,794</u>	<u>1,298,136</u>

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

	December 31, 2024	December 31, 2023
Derivative instruments not used for hedging		
Foreign exchange swap contracts	\$ <u>(2,729)</u>	<u>7,112</u>

The Company held the following derivative instruments, without the application of hedge accounting, were classified as held-for-trading financial assets (liabilities) as of December 31, 2024 and 2023:

December 31, 2024			
Derivative financial instruments	Nominal amount (in thousands)	Maturity date	Predetermined rate
Foreign exchange swap contracts – swap in NTD/ swap out USD	USD 15,130	2025.01.13~2025.01.22	32.459~32.615
December 31, 2023			
Derivative financial instruments	Nominal amount (in thousands)	Maturity date	Predetermined rate
Foreign exchange swap contracts – swap in NTD/ swap out USD	USD 12,460	2024.01.10~2024.01.18	31.144~31.270

(Continued)

NIKO SEMICONDUCTOR CO., LTD.
Notes to the Parent Company Only Financial Statements

(c) Accounts receivable (including related parties)

	December 31, 2024	December 31, 2023
Accounts receivable	\$ 868,371	748,983
Accounts receivable—related parties	-	545
Less: allowance for doubtful accounts	<u>(1,265)</u>	<u>(940)</u>
	<u>\$ 867,106</u>	<u>748,588</u>

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

	December 31, 2024		
	Carrying amounts of accounts receivable (including related parties)	Weighted- average ECL rate	Loss allowance provision of lifetime ECL
Current	\$ 863,155	0.1%~0.2%	1,076
1 to 30 days past due	4,126	1%~2%	77
31 to 90 days past due	1,090	10%~50%	112
91 to 180 days past due	-	50%~70%	-
181 to 360 days past due	-	100%	-
	<u>\$ 868,371</u>		<u>1,265</u>

	December 31, 2023		
	Carrying amounts of accounts receivable (including related parties)	Weighted- average ECL rate	Loss allowance provision of lifetime ECL
Current	\$ 748,227	0.1%~0.2%	916
1 to 30 days past due	1,301	1%~2%	24
31 to 90 days past due	-	10%~50%	-
91 to 180 days past due	-	50%~70%	-
181 to 360 days past due	-	100%	-
	<u>\$ 749,528</u>		<u>940</u>

(Continued)

NIKO SEMICONDUCTOR CO., LTD.
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- (ii) The movements in the allowance for accounts receivable (including related parties) were as follows:

	2024	2023
Balance on January 1	\$ 940	898
Recognition of expected credit loss	<u>325</u>	<u>42</u>
Balance on December 31	<u>\$ 1,265</u>	<u>940</u>

- (iii) As of December 31, 2024 and 2023, the Company did not provide any accounts receivable (including related-parties) as collateral.

(d) Inventories

	December 31, 2024	December 31, 2023
Raw materials	\$ 55,953	51,451
Work in process and semi-finished goods	425,955	463,268
Finished goods and merchandises	<u>196,373</u>	<u>207,152</u>
	<u>\$ 678,281</u>	<u>721,871</u>

- (i) Except for the cost of inventories that have been sold, the Company recognized the following items as cost of goods sold:

	2024	2023
Write-down of inventories (Reversal of write-down)	<u>\$ (10,208)</u>	<u>45,262</u>

Reversal of inventory writer-down, resulting from the sale of previously write-down of inventory and the recovery of merchandises' prices, as well as the losses from inventory write-down to net realizable value, were recognized as cost of sales.

- (ii) As of December 31, 2024 and 2023, the Company did not provide any of the aforementioned inventories as collateral.

(e) Investments accounted for using equity method

The Company's investments accounted for using the equity method at the reporting dates were as follows:

	December 31, 2024	December 31, 2023
Subsidiaries	<u>\$ 464,768</u>	<u>249,464</u>

- (i) Please refer to the Company's consolidated financial statements for the year ended December 31, 2024, for detailed information.

- (ii) As of December 31, 2024 and 2023, the Company did not provide any of the aforementioned investments as collateral.

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NIKO SEMICONDUCTOR CO., LTD.
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(f) Property, plant and equipment

The cost, and depreciation of the property, plant and equipment of the Company were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Office and other equipment</u>	<u>Testing equipment</u>	<u>Total</u>
Cost:					
Balance on January 1, 2024	\$ 161,823	114,226	112,399	15,041	403,489
Additions	-	1,081	13,683	8,809	23,573
Reclassifications	-	4,700	17,819	(22,519)	-
Balance on December 31, 2024	<u>\$ 161,823</u>	<u>120,007</u>	<u>143,901</u>	<u>1,331</u>	<u>427,062</u>
Balance on January 1, 2023	\$ 161,823	114,728	94,536	5,093	376,180
Additions	-	127	14,305	19,841	34,273
Reclassifications	-	-	9,893	(9,893)	-
Disposals	-	(629)	(6,335)	-	(6,964)
Balance on December 31, 2023	<u>\$ 161,823</u>	<u>114,226</u>	<u>112,399</u>	<u>15,041</u>	<u>403,489</u>
Accumulated Depreciation:					
Balance on January 1, 2024	\$ -	35,761	55,737	-	91,498
Depreciation	-	3,909	24,879	-	28,788
Balance on December 31, 2024	<u>\$ -</u>	<u>39,670</u>	<u>80,616</u>	<u>-</u>	<u>120,286</u>
Balance on January 1, 2023	\$ -	33,516	39,914	-	73,430
Depreciation	-	2,874	22,158	-	25,032
Disposals	-	(629)	(6,335)	-	(6,964)
Balance on December 31, 2023	<u>\$ -</u>	<u>35,761</u>	<u>55,737</u>	<u>-</u>	<u>91,498</u>
Carring amounts:					
Balance on December 31, 2024	<u>\$ 161,823</u>	<u>80,337</u>	<u>63,285</u>	<u>1,331</u>	<u>306,776</u>
Balance on December 31, 2023	<u>\$ 161,823</u>	<u>78,465</u>	<u>56,662</u>	<u>15,041</u>	<u>311,991</u>
Balance on January 1, 2023	<u>\$ 161,823</u>	<u>81,212</u>	<u>54,622</u>	<u>5,093</u>	<u>302,750</u>

As of December 31, 2024 and 2023, property, plant and equipment of the Company were pledged as collateral, please refer to note 8.

(g) Right-of-use assets

The Company leases company car. Movements of the cost and accumulated depreciation of right-of-use assets were as follows:

	<u>Vehicles</u>
Cost:	
Balance on January 1, 2024 (Balance on December 31, 2024)	<u>\$ 1,575</u>
Balance on January 1, 2023	\$ -
Additions	<u>1,575</u>
Balance on December 31, 2023	<u>\$ 1,575</u>

(Continued)

NIKO SEMICONDUCTOR CO., LTD.
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	<u>Vehicles</u>
Accumulated Depreciation:	
Balance on January 1, 2024	\$ 87
Depreciation	<u>525</u>
Balance on December 31, 2024	<u>\$ 612</u>
Balance on January 1, 2023	\$ -
Depreciation	<u>87</u>
Balance on December 31, 2023	<u>\$ 87</u>
Carrying amount:	
Balance on December 31, 2024	<u>\$ 963</u>
Balance on December 31, 2023	<u>\$ 1,488</u>
Balance on January 1, 2023	<u>\$ -</u>

(h) Investment property

Investment property is an office building leased to related parties by operating lease. Each of the investment properties contains an initial non-cancellable period between 1 and 3 years. The rental income of leased investment property is a fixed amount. Please refer to note 6(k) for further information.

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance on January 1, 2024 (Balance on December 31, 2024)	<u>\$ 48,068</u>	<u>30,941</u>	<u>79,009</u>
Balance on January 1, 2023 (Balance on December 31, 2023)	<u>\$ 48,068</u>	<u>30,941</u>	<u>79,009</u>
Accumulated Depreciation:			
Balance on January 1, 2024	\$ -	8,646	8,646
Depreciation	<u>-</u>	<u>607</u>	<u>607</u>
Balance on December 31, 2024	<u>\$ -</u>	<u>9,253</u>	<u>9,253</u>
Balance on January 1, 2023	\$ -	8,039	8,039
Depreciation	<u>-</u>	<u>607</u>	<u>607</u>
Balance on December 31, 2023	<u>\$ -</u>	<u>8,646</u>	<u>8,646</u>
Carrying amounts:			
Balance on December 31, 2024	<u>\$ 48,068</u>	<u>21,688</u>	<u>69,756</u>
Balance on December 31, 2023	<u>\$ 48,068</u>	<u>22,295</u>	<u>70,363</u>
Balance on January 1, 2023	<u>\$ 48,068</u>	<u>22,902</u>	<u>70,970</u>
Fair value:			
Balance on December 31, 2024			<u>\$ 139,308</u>
Balance on December 31, 2023			<u>\$ 139,308</u>

(Continued)

NIKO SEMICONDUCTOR CO., LTD.
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The fair value of investment properties (as measured or disclosed in the financial statements) was based on a valuation by a qualified independent appraiser who has recent valuation experience in the location and category of the investment property being valued. The inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3.

Fair value was measured using the market approach. If there is no active market for the investment properties, the valuation is based on the estimated cash flows expected to be received from leasing the properties. These cash flows are then discounted using yield rates that reflects the specific risks inherent to those net cash flows, in order to determine the value of the property. The range of yield rates applied to the net annual rentals used to determine the fair value of properties in 2024 and 2023 was as follows:

<u>Region</u>	<u>2024</u>	<u>2023</u>
Xizhi Dist., New Taipei City	<u>1.27%~1.47%</u>	<u>1.27%~1.47%</u>

As of December 31, 2024 and 2023, investment property of the Company was pledged as collateral, please refer to note 8.

(i) Lease liabilities

Lease liabilities of the Company were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current	<u>\$ 527</u>	<u>516</u>
Non-current	<u>\$ 447</u>	<u>974</u>

(i) For the maturities analysis, please refer to note 6(s) financial instruments.

(ii) The amount recognized in profit or loss were as follows:

	<u>2024</u>	<u>2023</u>
Interest on lease liabilities	<u>\$ 26</u>	<u>5</u>
Expenses relating to short-term leases and leases of low-value assets	<u>\$ 619</u>	<u>616</u>

(iii) The amounts recognized in the statement of cash flows for the Company were as follows:

	<u>2024</u>	<u>2023</u>
Rental paid in operating activities	\$ (619)	(616)
Interest on lease liabilities paid in operating activities	(26)	(5)
Payment made on lease liabilities in financing activities	(516)	(85)
Total cash outflow for leases	<u>\$ (1,161)</u>	<u>(706)</u>

(iv) Vehicle lease

The Company leases vehicles for official use with lease terms of three years.

(Continued)

NIKO SEMICONDUCTOR CO., LTD.
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(v) Other leases

The Company leases office equipment and parking space with lease terms of one to five years. These leases are short-term or leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(j) Provisions-current

	<u>Unsettled claims</u>
Balance on January 1, 2024	\$ -
Provisions made during the year	<u>38,901</u>
Balance on December 31, 2024	<u>\$ 38,901</u>

The provision for unsettled claims is related to the Company's sale of power MOSFETs to a non-related party. Due to issues with some products, compensation negotiations are underway, wherein the Company accounted for the most likely amount.

(k) Operating lease

The Company leases out its investment property. The Company has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(h).

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Less than one year	\$ 2,882	2,904
One to two years	476	2,863
Two to three years	-	476
Three to four years	-	-
Four to five years	-	-
More than five years	<u>-</u>	<u>-</u>
Total undiscounted lease payments	<u>\$ 3,358</u>	<u>6,243</u>

(Continued)

NIKO SEMICONDUCTOR CO., LTD.
Notes to the Parent Company Only Financial Statements

(l) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2024	December 31, 2023
Present value of defined benefit obligations	\$ 25,950	25,581
Fair value of plan assets	(27,639)	(24,924)
Net defined benefit liability (asset)	<u><u>\$ (1,689)</u></u>	<u><u>657</u></u>

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive payments based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company contributes pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$27,639 thousand at the end of the reporting period. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of defined benefit obligations

The movements in present value of defined benefit obligations for the Company were as follows:

	2024	2023
Defined benefit obligation on January 1	\$ 25,581	24,256
Current service costs and interest expense	257	831
Remeasurement of net defined liability expense	112	494
Defined benefit obligation on December 31	<u><u>\$ 25,950</u></u>	<u><u>25,581</u></u>

(Continued)

NIKO SEMICONDUCTOR CO., LTD.
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3) Movements in the fair value of plan assets

The movements in the fair value of plan assets for the Company were as follows:

	<u>2024</u>	<u>2023</u>
Fair value of plan assets on January 1	\$ 24,924	22,175
Contribution paid	264	2,274
Interest income	249	394
Return on plan assets (excluding interest income)	<u>2,202</u>	<u>81</u>
Fair value of plan assets on December 31	<u><u>\$ 27,639</u></u>	<u><u>24,924</u></u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	<u>2024</u>	<u>2023</u>
Service costs	\$ -	424
Net interest on net defined benefit liability (asset)	<u>8</u>	<u>13</u>
	<u><u>\$ 8</u></u>	<u><u>437</u></u>

	<u>2024</u>	<u>2023</u>
Operating costs	\$ -	40
Selling expenses	-	29
Administrative expenses	8	328
Research and development expenses	<u>-</u>	<u>40</u>
	<u><u>\$ 8</u></u>	<u><u>437</u></u>

5) Remeasurement of the net defined benefit liabilities (asset) recognized in other comprehensive income

The Company's remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income were as follows:

	<u>2024</u>	<u>2023</u>
Cumulated amount on January 1	\$ 2,738	2,325
Recognized (reversal) during the period	<u>(2,090)</u>	<u>413</u>
Cumulated amount on December 31	<u><u>\$ 648</u></u>	<u><u>2,738</u></u>

(Continued)

NIKO SEMICONDUCTOR CO., LTD.
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6) Actuarial assumptions

The following are the Company's principal actuarial assumptions:

	<u>2024</u>	<u>2023</u>
Discount rate	2.000 %	1.625 %
Future salary increase rate	2.000 %	2.000 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date was \$264 thousand.

The weighted-average duration of the defined benefit plans is 12.43 years.

7) Sensitivity analysis

When computing the present value of the defined benefit obligations, the Company uses judgments and estimations to determine the actuarial assumptions, including discount rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligations as of December 31, 2024 and 2023, would have been as follows:

	Influence on the defined benefit obligations	
	<u>Increased 0.25%</u>	<u>Decreased 0.25%</u>
December 31, 2024		
Discount rate	\$ <u>(141)</u>	<u>150</u>
Future salary increase rate	\$ <u>147</u>	<u>(138)</u>
December 31, 2023		
Discount rate	\$ <u>(159)</u>	<u>163</u>
Future salary increase rate	\$ <u>161</u>	<u>(155)</u>

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. Many assumption changes may affect each other in practice. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities (assets) in the balance sheets.

There was no change in the method and assumptions used in the preparation of the sensitivity analysis for 2024 and 2023.

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NIKO SEMICONDUCTOR CO., LTD.
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(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Company recognized pension costs under the defined contribution method amounted to \$6,067 thousand and \$6,025 thousand for the years ended December 31, 2024 and 2023, respectively.

(m) Income tax

(i) Income tax expense

Components of income tax expenses were as follows:

	2024	2023
Current tax expense	\$ 45,444	76,376
Deferred tax benefit	(4,960)	(2,859)
Income tax expenses	<u>\$ 40,484</u>	<u>73,517</u>

(ii) The Company had no income taxes recognized directly in equity.

(iii) Tax expenses (benefit) recognized in other comprehensive income or loss were as follows:

	2024	2023
Items that may not be reclassified to profit or loss:		
Remeasurement from defined benefit plans	<u>\$ 418</u>	<u>(83)</u>
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations' financial statements	<u>\$ 136</u>	<u>(47)</u>

(iv) Reconciliation of income tax expense and profit before tax was as follows:

	2024	2023
Profit before income tax	\$ 241,956	283,319
Income tax using the Company's domestic tax rate	48,391	56,664
Domestic investment gains recognized under equity method	(9,509)	258
Surtax on unappropriated earnings	3,172	13,444
Changes in unrecognized deductible temporary differences and others	(1,570)	3,151
	<u>\$ 40,484</u>	<u>73,517</u>

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NIKO SEMICONDUCTOR CO., LTD.
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(v) Deferred tax assets and liabilities

- 1) Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2024	December 31, 2023
Deductible temporary differences	\$ <u>16,721</u>	<u>19,035</u>

The deductible temporary differences are not probable to be realized. Therefore, they were not recognized as deferred tax assets.

- 2) As of December 31, 2024 and 2023, the Company had no unrecognized deferred tax liabilities.
- 3) Changes in the amount of deferred tax assets and liabilities were as follows:

Deferred tax liabilities:

	Unrealized foreign exchange gains	Gain on valuation of financial assets	Others	Total
Balance on January 1, 2024	\$ -	1,422	281	1,703
Recognized in profit or loss	<u>2,664</u>	<u>(1,422)</u>	<u>51</u>	<u>1,293</u>
Balance on December 31, 2024	\$ <u>2,664</u>	<u>-</u>	<u>332</u>	<u>2,996</u>
Balance on January 1, 2023	\$ 1,632	63	-	1,695
Recognized in profit or loss	<u>(1,632)</u>	<u>1,359</u>	<u>281</u>	<u>8</u>
Balance on December 31, 2023	\$ <u>-</u>	<u>1,422</u>	<u>281</u>	<u>1,703</u>

Deferred tax assets:

	Unrealized foreign exchange loss	Loss on inventory valuation	Provisions	Others	Total
Balance on January 1, 2024	\$ (1,316)	(10,428)	-	(3,042)	(14,786)
Recognized in profit or loss	1,316	816	(7,780)	(605)	(6,253)
Recognized in other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>554</u>	<u>554</u>
Balance on December 31, 2024	\$ <u>-</u>	<u>(9,612)</u>	<u>(7,780)</u>	<u>(3,093)</u>	<u>(20,485)</u>
Balance on January 1, 2023	\$ -	(8,851)	-	(2,938)	(11,789)
Recognized in profit or loss	<u>(1,316)</u>	<u>(1,577)</u>	<u>-</u>	<u>26</u>	<u>(2,867)</u>
Recognized in other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>(130)</u>	<u>(130)</u>
Balance on December 31, 2023	\$ <u>(1,316)</u>	<u>(10,428)</u>	<u>-</u>	<u>(3,042)</u>	<u>(14,786)</u>

- (vi) The Company's income tax returns have been examined by the R.O.C. tax authority through the years to 2022.

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(n) Capital and other equity

(i) Share capital

As of December 31, 2024 and 2023, the number of authorized ordinary shares both were 100,000 thousand shares with par value of \$10 (dollars) per share and amounted to \$1,000,000 thousand. As of December 31, 2024 and 2023, 81,000 thousand and 71,052 thousand shares of ordinary shares were issued, respectively, and all issued shares were paid up upon issuance.

Reconciliation of shares outstanding were as follows:

(In thousand of shares)

	Ordinary Shares	
	2024	2023
Balance on January 1	71,052	61,252
Capital increase from retained earnings	9,948	9,800
Balance on December 31	81,000	71,052

Based on the resolutions approved during the general meetings of the shareholders held on June 13, 2024 and June 7, 2023, the Company issued 9,948 thousand and 9,800 thousand new shares from its retained earnings, amounting to \$99,482 thousand and \$98,003 thousand, with the base dates set on August 26, 2024 and August 30, 2023, respectively. The above transactions had been approved by the Financial Supervisory Commission, and the relevant statutory registration procedures have since been completed.

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2024	December 31, 2023
Additional paid-in capital	\$ 626,757	626,757
Changes in equity of investments accounted under equity method	44,442	-
Treasury share transactions	3,755	3,755
	\$ 674,954	630,512

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According to the R.O.C. Company Act, capital surplus can only be used to offset an accumulated deficit, and then the realized capital surplus can be distributed as stock dividends or cash dividends according to the stockholders' original percentage of ownership. The aforementioned realized capital surplus includes capital surplus resulting from premium upon the issuance of capital stock and donation gains. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the increase in capital by transferring the paid-in capital in excess of the par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, until the accumulated legal reserve has equaled the total capital of the Corporation; then set aside a special reserve in accordance with the relevant laws when necessary. Any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval. The abovementioned distribution plan, by the way of cash dividends, should be approved by the Corporation's Board of Directors and reported to the shareholders' meeting, and need not be submitted to the shareholders' meeting for recognition.

1) Legal reserve

As stipulated by the R.O.C. Company Act, 10% of the Company's net profit after income tax shall be appropriated as legal reserve until the accumulated legal reserve has equalled total capital of the Corporation. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(Continued)

NIKO SEMICONDUCTOR CO., LTD.
Notes to the Parent Company Only Financial Statements

3) Earnings distribution

The amounts of cash dividends on the 2023 earnings distribution had been approved during the board meeting on March 12, 2024. The other items on earnings distribution had been approved during the shareholders' meeting on June 13, 2024. The amounts of cash dividends on the 2022 earnings distribution had been approved during the board meeting on March 17, 2023. The other items on earnings distribution had been approved during the shareholders' meeting on June 7, 2023. The relevant dividend distributions to shareholders were as follows:

	2023		2022	
	Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 0.4	28,421	0.4	24,500
Shares	1.4	<u>99,482</u>	1.6	<u>98,003</u>
Total		<u>\$ 127,903</u>		<u>122,503</u>

The amount of cash dividends on the 2024 earnings distribution, and the amount of shares dividends on 2024 earnings distribution, had been approved and proposed, respectively, during the board meeting on March 14, 2025, as follows:

	2024	
	Amount per share	Total amount
Dividends distributed to ordinary shareholders:		
Cash	\$ 0.4	32,400
Shares	1.1	<u>90,000</u>
Total		<u>\$ 122,400</u>

(o) Earnings per share

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

	2024	2023
Basic earnings per share:		
Profit attribute to the Company	<u>\$ 201,472</u>	<u>209,802</u>
Weight-average number of ordinary shares outstanding (basic/thousand shares)	<u>81,000</u>	<u>81,000</u>
Earnings per share (dollars)	<u>\$ 2.49</u>	<u>2.59</u>

(Continued)

NIKO SEMICONDUCTOR CO., LTD.
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	<u>2024</u>	<u>2023</u>
Diluted earnings per share:		
Profit attributed to the Company	\$ <u>201,472</u>	<u>209,802</u>
Weight-average number of ordinary shares outstanding (diluted/thousand shares)	<u>82,246</u>	<u>82,474</u>
Earnings per share (dollars)	\$ <u>2.45</u>	<u>2.54</u>
Weight-average number of ordinary shares outstanding (diluted/thousand shares):		
Weight-average number of ordinary shares outstanding (basic/thousand shares)	81,000	81,000
Effect of employee remuneration	<u>1,246</u>	<u>1,474</u>
Weight-average number of ordinary shares outstanding (diluted/thousand shares)	<u>82,246</u>	<u>82,474</u>

(p) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>For the years ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Primary geographical Markets:		
Taiwan	\$ 373,359	337,286
China	2,017,279	2,074,822
Other	<u>77,623</u>	<u>52,431</u>
	<u>\$ 2,468,261</u>	<u>2,464,539</u>
Major products:		
Power MOSFET	\$ 2,464,673	2,452,211
Other	<u>3,588</u>	<u>12,328</u>
	<u>\$ 2,468,261</u>	<u>2,464,539</u>

(ii) Contract balances

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Accounts receivable (including related parties)	\$ 868,371	749,528	738,371
Less: allowance for impairment	<u>(1,265)</u>	<u>(940)</u>	<u>(898)</u>
Total	<u>\$ 867,106</u>	<u>748,588</u>	<u>737,473</u>

For the impairment of accounts receivable (including related parties), please refer to Note 6(c).

(Continued)

NIKO SEMICONDUCTOR CO., LTD.
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(q) Remuneration to employees and directors

In accordance with the Articles of Incorporation, the Company should contribute a minimum of 10% of its annual profits as employee compensation and a maximum of 5% as remuneration for directors. Employee compensation may be distributed in shares and cash, which would be resolved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's subsidiaries who meet certain conditions. However, if the Company has accumulated deficits, the amount thereof should be reserved to offset the deficit first, and then allocate the employee remuneration and the director remuneration according to the proportion mentioned in the preceding paragraph.

For the years ended December 31, 2024 and 2023, the Company estimated its employee remuneration amounting to \$45,367 thousand and \$48,372 thousand, and directors' and supervisors' remuneration amounting to \$15,122 thousand and \$13,820 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during each period. Related information would be available at the Market Observation Post System website. The differences between the amounts distributed for the years ended 2024 and those accrued in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in 2025. The actual amounts appropriated and the estimated amounts in the financial statements were the same in 2023.

(r) Non-operating income and expenses

(i) Interest income

The Company's interest income was as follows:

	<u>2024</u>	<u>2023</u>
Interest income	\$ <u>9,293</u>	<u>7,511</u>

(ii) Other income

The Company's other income was as follows:

	<u>2024</u>	<u>2023</u>
Other income	\$ <u>3,501</u>	<u>5,051</u>

(Continued)

NIKO SEMICONDUCTOR CO., LTD.
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(iii) Other gains and losses

The Company's other gain and losses were as follows:

	<u>2024</u>	<u>2023</u>
Net foreign exchanges losses	\$ (354)	(1,688)
Net gains (losses) on valuation of financial assets (liabilities) at fair value through profit or loss	(2,729)	7,112
Provision loss	(38,901)	-
Others	(599)	1,152
	<u>\$ (42,583)</u>	<u>6,576</u>

(iv) Finance costs

The Company's finance costs were as follows:

	<u>2024</u>	<u>2023</u>
Interest expense	\$ <u>26</u>	<u>5</u>

(s) Financial instruments

(i) Credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk. As of December 31, 2024 and 2023, the maximum exposure to credit risk amounted to \$2,022,098 thousand and \$2,076,218 thousand, respectively.

A credit risk is the risk of having financial losses arising from counterparties failing to meet their required contract obligation. The major potential credit risks are from defaults from counterparties who fail to meet their required contract obligation.

1) Accounts receivable and other receivables

As of December 31, 2024 and 2023, the total accounts receivable from the Company top five customers accounted for 52% and 42%, respectively, indicating a concentration of credit risk for the Company. In order to reduce credit risk, the Company assesses the financial status of each customer and the possibility of collection of receivables on a regular basis. The above-mentioned customers are profitable and have a good credit record; hence, and the Company did not suffer any significant credit loss from those customers during the financial reporting period.

2) Investments

The credit risk exposure in bank deposits and other financial instruments are measured and monitored by the Company's finance department. As the Company only deals with banks with good credit standing. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

(Continued)

NIKO SEMICONDUCTOR CO., LTD.
Notes to the Parent Company Only Financial Statements

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	<u>Carrying amount</u>	<u>Contractual cash flows</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>
December 31, 2024							
Non derivative financial liabilities:							
Accounts payable (including related parties)	\$ 344,440	344,440	344,440	-	-	-	-
Other payable (including related parties)	149,682	149,682	149,682	-	-	-	-
Lease liabilities	974	993	271	271	451	-	-
Guarantee deposits	6	6	-	6	-	-	-
Derivative financial liabilities:	2,729						
Outflow	-	495,301	495,301	-	-	-	-
Inflow	-	(492,572)	(492,572)	-	-	-	-
	<u><u>\$ 497,831</u></u>	<u><u>497,850</u></u>	<u><u>497,122</u></u>	<u><u>277</u></u>	<u><u>451</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
December 31, 2023							
Non derivative financial liabilities:							
Accounts payable (including related parties)	\$ 495,246	495,246	495,246	-	-	-	-
Other payable (including related parties)	146,389	146,389	146,389	-	-	-	-
Lease liabilities	1,490	1,580	285	282	557	456	-
Guarantee deposits	11	11	-	-	-	-	11
	<u><u>\$ 643,136</u></u>	<u><u>643,226</u></u>	<u><u>641,920</u></u>	<u><u>282</u></u>	<u><u>557</u></u>	<u><u>456</u></u>	<u><u>11</u></u>

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

The Company's capital, working capital, and bank credit facilities are sufficient to meet all contractual obligations, thus eliminating liquidity risk due to an inability to raise funds. Additionally, as of December 31, 2024 and 2023, the unused credit lines amounted to \$986,528 thousand and \$962,608 thousand, respectively.

(Continued)

NIKO SEMICONDUCTOR CO., LTD.
Notes to the Parent Company Only Financial Statements

(iii) Market risk

1) Exposure to foreign currency risk

The Company's significant exposure of financial assets and liabilities to foreign currency risk was as follows:

	December 31, 2024			December 31, 2023		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>						
Monetary items-USD	\$ 32,042	32.785	1,050,509	32,208	30.705	988,960
<u>Financial liabilities</u>						
Monetary items-USD	10,720	32.785	351,453	16,386	30.705	503,125

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises mainly from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, accounts payable, and other payable denominated in foreign currency. An weakening (strengthening) of 1% of the NTD against USD as of December 31, 2024 and 2023, with other factors remaining constant, would have increased or decreased the profit before income tax by \$6,991 thousand and \$4,858 thousand for the years ended December 31, 2024 and 2023, respectively. The analysis for both periods was performed on the same basis.

3) Foreign exchange gain or loss on monetary items

The information on the amount of the Company's foreign exchange gain or loss on monetary items (including realized and unrealized) translated to the functional currency, and on the exchange rate translated to the functional currency of the parent company (the presentation currency), NTD, was as follows:

	2024		2023	
	Foreign exchange gain or loss	Average exchange rate	Foreign exchange gain or loss	Average exchange rate
<u>Functional currencies</u>				
NTD	\$ <u>(354)</u>	1	<u>(1,688)</u>	1

(iv) Interest rate analysis

The Company's financial assets with floating-rate were bank deposits and there were no financial liabilities with floating-rate. The Company believes that the cash flow risk arising from the fluctuation in interest rates was not significant and the sensitivity analysis of interest rate was not required.

(Continued)

NIKO SEMICONDUCTOR CO., LTD.
Notes to the Parent Company Only Financial Statements

(v) Fair value of financial instruments

1) Types of financial instrument and fair value hierarchy

The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, disclosure of fair value information is not required.

	December 31, 2024				
	Carrying amounts	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 1,134,794				
Accounts receivable (including related parties)	867,106				
Other receivables (including related parties)	16,822				
Refundable deposit	<u>3,376</u>				
Total	<u>\$ 2,022,098</u>				
Financial liabilities at fair value through profit or loss-current	<u>\$ 2,729</u>	-	-	2,729	2,729
Financial liabilities measured at amortized cost:					
Accounts payable (including related parties)	\$ 344,440				
Other payable (including related parties)	149,682				
Lease liabilities	974				
Guarantee deposits	<u>6</u>				
Total	<u>\$ 495,102</u>				

(Continued)

NIKO SEMICONDUCTOR CO., LTD.
Notes to the Parent Company Only Financial Statements

		December 31, 2023			
		Carrying amounts	Fair Value		
			Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss-current		<u>\$ 7,112</u>	-	-	7,112
Financial assets measured at amortized cost:					
Cash and cash equivalents	\$ 1,298,136				
Accounts receivable (including related parties)	748,588				
Other receivables (including related parties)	16,494				
Refundable deposits	<u>5,888</u>				
Total	<u>\$ 2,076,218</u>				
Financial liabilities measured at amortized cost:					
Accounts payable (including related parties)	\$ 495,246				
Other payable (including related parties)	146,389				
Guarantee deposits	1,490				
Lease liabilities	<u>11</u>				
Total	<u>\$ 643,136</u>				

2) Valuation techniques for financial instruments measured at fair value.

The fair value of derivative instruments is based on quoted prices. When quoted prices are unavailable, the fair value is calculated based on the spot exchange rate and exchange points on the respective maturity date.

- 3) There were no transfers between fair value levels for the years ended December 31, 2024 and 2023.
- 4) Reconciliation of Level 3 fair values

	Financial assets and liabilities at fair value through profit or loss
Balance on January 1, 2024	\$ 7,112
Acquisition / disposal	(7,112)
Recognized in profit or loss	<u>(2,729)</u>
Balance on December 31, 2024	<u>\$ (2,729)</u>

(Continued)

NIKO SEMICONDUCTOR CO., LTD.
Notes to the Parent Company Only Financial Statements

	Financial assets and liabilities at fair value through profit or loss
Balance on January 1, 2023	\$ 317
Acquisition / disposal	(317)
Recognized in profit or loss	7,112
Balance on December 31, 2023	<u>\$ 7,112</u>

The aforementioned total gains and losses were recognized in “other gains and losses”. The gains or losses related to the assets or liabilities held on December 31, 2024 and 2023 were as follows:

	December 31, 2024	December 31, 2023
Total gains or losses		
Recognized in profit or loss (recognized as other gains and losses)	<u>\$ (2,729)</u>	<u>7,112</u>

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

The Company’s financial instruments that use Level 3 inputs to measure fair value include “financial assets and liabilities at fair value through profit or loss—derivative financial investments”. The fair value of these financial instruments resulted from the quotation of a third party. Therefore, the Company did not disclose the information about significant unobservable inputs and sensitivity analysis.

(t) Financial risk management

(i) Overview

The Company has exposure to the following risks arising from financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

For detailed information on exposure to each of the above risks, objectives, policies, and processes of risk measurement and management, and on quantitative disclosures, please refer to note 6(s).

(Continued)

NIKO SEMICONDUCTOR CO., LTD.
Notes to the Parent Company Only Financial Statements

(ii) Structure of risk management

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors monitors management to ensure compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board of Directors is assisted in its oversight role by an internal auditor. The internal auditor undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(u) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence, and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings, and other equity.

The Company sets its objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return to stockholders, to safeguard the interest of related parties, and to maintain an optimal capital structure to reduce the cost of capital. The Company's debt ratio as of December 31, 2024 and 2023, were 15% and 19%, respectively.

As of December 31, 2024, the Company has not changed its capital management method.

(v) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2024	Cash flows	Non-cash change	December 31, 2024
Lease liabilities	\$ 1,490	(516)	-	974
Guarantee deposits	11	(5)	-	6
Total liabilities from financing activities	<u>\$ 1,501</u>	<u>(521)</u>	<u>-</u>	<u>980</u>
	January 1, 2023	Cash flows	Non-cash change	December 31, 2023
Lease liabilities	\$ -	(85)	1,575	1,490
Guarantee deposits	11	-	-	11
Total liabilities from financing activities	<u>\$ 11</u>	<u>(85)</u>	<u>1,575</u>	<u>1,501</u>

(Continued)

NIKO SEMICONDUCTOR CO., LTD.
Notes to the Parent Company Only Financial Statements

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are the subsidiaries and related parties that have had transactions with the Company during the periods covered in the parent company only financial statements:

<u>Name of related party</u>	<u>Relationship with the Company</u>
Jinrong Investment Co., Ltd. (Jinrong Investment)	A subsidiary of the Company
Power Up Tech Co., Ltd. (Power Up)	"
Wuxi Super GEM Micro Electric Co., Ltd (Wuxi Super GEM)	"
Super Group Semiconductor Co., Ltd. (Super Group Semiconductor)	" (note)
Caifeng Investment Co., Ltd. (Caifeng Investment)	A substantial related party
Green Solution Technology Co., Ltd. (Green Solution Technology)	An associate
Chang Kuan Investments Co., Ltd. (Chang Kuan Investments)	The entity's chairman is the same person as the company
Liang Jia Investments Co., Ltd. (Liang Jia Investments)	"
Liang Yuan Investments Co., Ltd. (Liang Yuan Investments)	"

Note: Super Group Semiconductor was originally an affiliate of the Company. However, it became one of the Company's subsidiaries after the subsidiary, Jinrong Investment, acquired control over it on August 12, 2024.

(b) Significant related parties transactions

(i) Sale of goods to related parties

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

	<u>Sales</u>		<u>Accounts receivable— related parties</u>	
	<u>2024</u>	<u>2023</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Associates:				
Other associates	\$ <u>2,880</u>	<u>793</u>	<u>-</u>	<u>545</u>

The selling price offered to related parties approximated the market price, and the credit terms. For the years ended December 31, 2024 and 2023, the credit terms to related parties were both 90 days. The trading terms to other customers are 30 days and 120 days.

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NIKO SEMICONDUCTOR CO., LTD.
Notes to the Parent Company Only Financial Statements

(ii) Purchase of goods from related parties

The amounts of purchases by the Company to related parties and the outstanding balances were as follows:

	Purchases		Accounts payables	
	2024	2023	December 31, 2024	December 31, 2023
Associates:				
Other associates	\$ <u>24</u>	<u>8,655</u>	<u>-</u>	<u>1,041</u>

The Company provides customers with comprehensive power management solutions and purchases customized products from related parties. The purchase prices of these products are not comparable to those of similar products from general suppliers. For the years ended December 31, 2024 and 2023, the payment terms for related parties are 30 days, while the payment terms for general suppliers range from 30 to 90 days.

(iii) Purchase of services from related parties

	Purchase of service		Other payable	
	2024	2023	December 31, 2024	December 31, 2023
Subsidiaries				
Power Up— handles after-sales service and quality control expenditure of products	\$ 27,808	26,913	1,016	952
Super Group Semiconductor— Product development project fees	17,500	9,700	4,305	3,255
Super Group Semiconductor— Product royalty fees	<u>50,101</u>	<u>45,767</u>	<u>5,331</u>	<u>7,988</u>
	<u>\$ 95,409</u>	<u>82,380</u>	<u>10,652</u>	<u>12,195</u>

As of December 31, 2024 and 2023, the new product development contracts and outsourcing design contracts signed by the company and its related parties have not yet been recognized as contractual commitments due to not reaching the agreed development and design stage. Please refer to note 9 for details.

(Continued)

NIKO SEMICONDUCTOR CO., LTD.
Notes to the Parent Company Only Financial Statements

(iv) Rental income

The rental income generated from leasing offices to related parties was as follows

	<u>Transaction amount</u>		<u>Other receivables</u>	
	<u>2024</u>	<u>2023</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Subsidiary:				
Jinrong Investment	\$ 17	17	35	17
Associate:				
Green Solution Technology	2,857	2,857	250	250
Other related parties	<u>63</u>	<u>47</u>	<u>66</u>	<u>36</u>
	<u>\$ 2,937</u>	<u>2,921</u>	<u>351</u>	<u>303</u>

The Company receives rent in accordance with the contractual agreement. The rent amount is determined through mutual negotiation between both parties.

(v) Acquisition of subsidiary equity

Based on a resolution approved by the Board of Directors on August 2, 2024, the Company increased the capital of the Company's subsidiary, Jinrong Investment, by \$120,000 thousands, with August 7, 2024, as the effective date of the capital increase.

Based on a resolution approved by the Board of Directors on November 7, 2023, the Company increased the capital of the Company's subsidiary, Jinrong Investment, by \$50,000 thousands, with November 30, 2023, as the effective date of the capital increase.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 28,281	26,919
Post-employment benefits	8	437
Termination benefits	-	-
Other long-term benefits	-	-
Share-based payments	<u>-</u>	<u>-</u>
	<u>\$ 28,289</u>	<u>27,356</u>

(Continued)

NIKO SEMICONDUCTOR CO., LTD.
Notes to the Parent Company Only Financial Statements

(8) Pledged assets:

The carrying amounts of pledged assets as collateral were as follows:

<u>Asset Name</u>	<u>Pledged to secure</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Property, plant and equipment — Land	Bank loan	\$ 97,394	97,394
— Buildings	"	43,846	45,075
Investment property — Land	"	48,068	48,068
— Buildings	"	21,688	22,295
		<u><u>\$ 210,996</u></u>	<u><u>212,832</u></u>

(9) Significant commitments and contingencies:

- (a) Guarantee notes, provided as part of agreements with financial institutions to acquire credit lines and transaction limits of financial instruments were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Credit lines and transaction limits of financial instruments	<u><u>\$ 1,104,908</u></u>	<u><u>1,075,476</u></u>

- (b) As of December 31, 2024 and 2023, the amounts of \$39,600 thousand and \$36,100 thousand, respectively, have not yet been invoiced to the Company under the new product development contracts and outsourced design project contracts because the supplier did not reach the agreed development and design stages. Additionally, the Company has agreed with the above new product development contracts, where it states that when the products enter the mass production stage, royalties will be paid based on the relevant wafer procurement quantities and agreed prices.
- (c) On May 30, 2018, the Company signed a capacity guarantee procurement contract with the supplier. Due to the agreed minimum procurement quantity, the Company is required to pay the deposits of \$2,500 thousand and \$5,000 thousand, which had been fully paid and recognized under other current assets and other non-current assets as of December 31, 2024 and 2023, respectively.
- (d) The Company signed a capacity guarantee purchase contract with the supplier on May 7, 2021, November 30, 2021, and January 28, 2022. Due to the agreed purchase quantities, the Company is required to pay advance payments. As of December 31, 2024 and 2023, the prepaid amounts were \$57,031 thousand and \$69,032 thousand, respectively. These amounts are recognized under other current assets and other non-current assets.
- (e) Contingent liability

The Company sold power MOSFETs to a non-related party, and due to some product issues, both parties are currently in negotiations.

The Company has recognized a provision for unsettled claims based on reliable estimates. Please refer to Note 6(j).

(Continued)

NIKO SEMICONDUCTOR CO., LTD.
Notes to the Parent Company Only Financial Statements

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

(12) Others:

(a) The summary of employee benefits, depreciation, and amortization, by function, was as follows:

		For the year ended December 31					
By function		2024			2023		
		Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
By item							
Salary		39,262	136,275	175,537	40,047	141,481	181,528
Labor and health insurance		4,602	10,435	15,037	3,553	8,053	11,606
Pension		1,707	4,368	6,075	1,750	4,712	6,462
Remuneration of directors		-	18,557	18,557	-	17,195	17,195
Others		2,304	5,162	7,466	2,196	4,796	6,992
Depreciation		10,407	19,513	29,920	8,469	17,257	25,726
Amortization		-	2,555	2,555	-	600	600

The following were the additional information on the Company's employees and employee benefits for the years ended December 31, 2024 and 2023:

	2024	2023
Numbers of employees	<u>132</u>	<u>133</u>
Numbers of directors, but not employees concurrently	<u>4</u>	<u>4</u>
The average employee benefits	<u>\$ 1,595</u>	<u>1,601</u>
The average salaries and wages	<u>\$ 1,371</u>	<u>1,407</u>
Adjustment of the average salaries and wages	<u>(2.56)%</u>	<u>(22.78)%</u>
Remuneration of supervisors	<u>\$ -</u>	<u>-</u>

The following was the information about the Company's remuneration policy (including directors, managers and employees):

(i) Directors and managers:

The remuneration policy of directors is stipulated in Article 15 of the Articles of incorporation. The remuneration policy of managers is based on their academic experience and references to industry salary levels, and evaluates their responsibilities, achievement of goals and contribution to the company's positions. It also evaluates the company's operating results for the year. This policy is submitted to the Compensation Committee for review annually and then to the Board of Directors for resolution.

If the Company's annual final accounts are profitable, the remuneration of directors and employees shall be calculated according to Article 19 of the Articles of incorporation. The Compensation Committee reviews and proposes recommendations based on the Company's operating performance and industry distribution, which are then discussed and resolved by the Board of Directors and reported to the shareholders' meeting.

(Continued)

NIKO SEMICONDUCTOR CO., LTD.
Notes to the Parent Company Only Financial Statements

(ii) Employee

1) Salary

According to their academic background, professional knowledge and expertise skills, years of professional experience, salary market, company operating conditions and organizational structure, the remuneration is determined. It is also adjusted as necessary in response to market salary dynamics, overall economic and industry conditions, and changes in government regulations.

2) Year-end bonus

The year-end bonus is allocated according to the company's operating conditions. The performance evaluation results of employees serve as the reference for the distribution of year-end bonuses.

3) Annual salary adjustment

Annual salary adjustments are based on market and industry salary levels, company operating conditions, and individual performance evaluations.

4) Employee compensation

When the company has profits in the annual final accounts, a portion is allocated as employee remuneration according to the Article 19 of the Company's Articles of incorporation. The distribution is based on the employee's department, individual performance, and years of service.

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by "the Regulations" for the Company for the year ended December 31, 2024:

- (i) Loans to other parties:None
- (ii) Guarantees and endorsements for other parties:None
- (iii) Securities held as of December 31, 2024 (excluding investment in subsidiaries, associates and joint ventures):None
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:None
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None

(Continued)

NIKO SEMICONDUCTOR CO., LTD.
Notes to the Parent Company Only Financial Statements

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$300 million or 20% of the capital stock:None

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:None

(ix) Trading in derivative instruments:Please refer to note 6(b).

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2024 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars/Shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying value			
The Company	Jinrong Investment	Taiwan	Holding company	270,000	150,000	27,000,000	100.00 %	416,400	47,547	47,547	Note1
"	Power Up	Samoa	Holding company	30,744	30,744	1,930,000	100.00 %	48,368	5,443	5,443	"
Jinrong Investment	Green Solution Technology	Taiwan	Electronic Component Manufacturing and Product Design	48,875	48,875	4,511,514	15.04 %	83,174	41,839	6,293	Note2
"	Super Group Semiconductor	Taiwan	Integrated Circuit Design Services and Manufacturing	121,320	63,880	7,028,000	70.28 %	233,931	20,328	7,098	Note1
Super Group Semiconductor	Green Solution Technology	Taiwan	Electronic Component Manufacturing and Product Design	5,203	43,098	363,709	1.21 %	6,781	41,839	401	Note2

Note1:Subsidiary of the Company.

Note2:Associate of the Company.

(c) Information on investment in mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2024	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (note)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Wuxi Super GEM	Manufacturing, development, and sales of metal-oxide-semiconductor (MOS) products, providing quality control and testing services for products; sales of self-produced products	33,966	Note	61,463	-	-	61,463	2,570	100.00%	2,570	16,926	-

Note: Indirect investment through a third location entity, Power Up Tech Co., Ltd..

(Continued)

NIKO SEMICONDUCTOR CO., LTD.
Notes to the Parent Company Only Financial Statements

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
61,463	61,463	1,847,774

(iii) Significant transactions:

The Company has entrusted Wuxi Super Gem via Power Up Tech Co., Ltd. to handle product after-sales service and quality control. Related expenses for the years ended December 31, 2024 and 2023 were \$27,036 thousand and \$26,166 thousand respectively.

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Liang Jia Investment Co., Ltd.		4,538,961	5.60 %

(14) Segment information:

Please refer to the Company's consolidated financial statements for the year ended December 31, 2024, for details.

(Continued)

NIKO SEMICONDUCTOR CO., LTD.

Statement of cash and cash equivalents

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Cash on hand		\$ 354
Checking accounts and demand deposits	NTD	952,302
	USD5,556 thousand; Exchange rate 32.785	182,138
		<u>\$ 1,134,794</u>

Statement of accounts receivable

Customers	Description	Amount
Accounts receivable:		
Corporation A0291	Operating revenue of non-related parties	\$ 116,676
Corporation M0758	"	115,454
Corporation H0716	"	91,632
Corporation K0665	"	63,555
Corporation W0741	"	62,746
Corporation H0713	"	48,686
Other (Note)		<u>369,622</u>
Total		868,371
Less: Allowance for doubtful accounts		<u>(1,265)</u>
Net accounts receivable		<u>\$ 867,106</u>

Note: The amounts of the individual items which below 5% of the account are not listed separately.

NIKO SEMICONDUCTOR CO., LTD.

Statement of inventories

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Item	Cost	Net realize value
Finished goods and merchandises	\$ 227,329	
Less: Provision for finished goods and merchandises	(30,956)	
	<u>196,373</u>	<u>265,792</u>
Work in process and semi-finished goods	510,438	
Less: Provision for work in process and semi-finished goods	(84,483)	
	<u>425,955</u>	<u>579,320</u>
Raw material	60,662	
Less: Provision for raw material	(4,709)	
	<u>55,953</u>	<u>55,953</u>
Net amount	<u><u>\$ 678,281</u></u>	<u><u>901,065</u></u>

Statement of other current assets

Item	Description	Amount
Prepayments to suppliers		\$ 16,587
Refundable Deposits		2,500
Other (note)		<u>1,001</u>
		<u><u>\$ 20,088</u></u>

Note: The amounts of the individual items which below 5% of the account are not listed separately.

NIKO SEMICONDUCTOR CO., LTD.
Statement of changes in investments accounted for using the equity method
For the year ended December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

Name of investee	Beginning Balance		Additions		Disposal		Other adjustments		Ending Balance			Market price or total amount of net value	Pledged or guaranteed
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount (note)	Number of shares	Percentage of shareholding	Amount		
Jinrong Investment Co., Ltd	15,000	\$ 207,036	12,000	120,000	-	-	-	89,364	27,000	100 %	416,400	416,400	None
Power Up Tech Co., Ltd.	1,930	42,428	-	-	-	-	-	5,940	1,930	100 %	48,368	48,368	None
		<u>\$ 249,464</u>		<u>120,000</u>		<u>-</u>		<u>95,304</u>			<u>464,768</u>	<u>464,768</u>	

Note: Investment profit and losses, accumulated translation adjustment, realized gross profit of sales and shares of other comprehensive income of subsidiaries and changes in equity of investments accounted for using the equity method are recognized.

NIKO SEMICONDUCTOR CO., LTD.
**Statement of changes in property, plant and
equipment**
For the year ended December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(f) for property, plant and equipment.

Statement of changes in investment property

Please refer to note 6(h) for investment property.

Statement of other non-current assets

Item	Description	Amount
Long-term prepaid expenses	Prepayment for guaranteed purchase	\$ 47,036
Intangible Assets	Computer software	4,508
Other (note)		2,566
		\$ 54,110

Note: The amounts of the individual items which below 5% of the account are not listed separately.

NIKO SEMICONDUCTOR CO., LTD.

Statement of account payables

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Accounts payable:		
Supplier 23029	Purchase from non-related parties	\$ 110,891
Supplier 21015	"	79,196
Supplier 21002	"	27,694
Supplier 13003	"	26,872
Supplier 21039	"	18,898
Supplier 27006	"	18,281
Others (note)		<u>62,608</u>
Total		<u><u>\$ 344,440</u></u>

Note: The amounts of the individual items which below 5% of the account are not listed separately.

Statement of other payables

Item	Description	Amount
Remuneration due to employees, directors and supervisors		\$ 60,864
Expense payables	Project development expense, freight, insurance expense and import expense, etc.	40,926
Accrued payroll and year-end bonus	Salary, year-end bonus and unused leave bonus, etc.	35,185
Accounts payable for service	Professional service fees	<u>12,707</u>
		<u><u>\$ 149,682</u></u>

NIKO SEMICONDUCTOR CO., LTD.**Statement of provisions - current****December 31, 2024****(Expressed in thousands of New Taiwan Dollars)**

Please refer to note 6(j) for provision-current.

Statement of operating revenue**For the year ended December 31, 2024**

Item	Quantity (thousands)	Amount
Power MOSFET (Metal-Oxide-Semiconductor Field-Effect Transistor)	1,289,289	\$ 2,505,323
Other	1,652	<u>3,595</u>
Total		2,508,918
Less: Sales return and discount		<u>40,657</u>
Net operating revenues		<u><u>\$ 2,468,261</u></u>

NIKO SEMICONDUCTOR CO., LTD.

Statement of operating costs

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Raw material on January 1, 2024	\$ 55,802
Add: Purchases of raw material	193,511
Less: Research and development usage	(2,870)
Raw material on December 31, 2024	<u>(60,662)</u>
Direct raw material	185,781
Manufacturing overhead	<u>1,515,166</u>
Manufacturing cost	1,700,947
Add: Semi-finished products and work-in-process on January 1, 2024	556,259
Purchases of Semi-finished products	87,893
Less: Sales of semi-finished products	(2,221)
Research and development usage	(20,611)
Semi-finished products and work-in-process on December 31, 2024	<u>(510,438)</u>
Cost of finished goods	1,811,829
Add: Finished goods on January 1, 2024	238,948
Purchases of finished goods	5
Less: Others	(671)
Finished goods on December 31, 2024	<u>(226,448)</u>
Cost of goods sold of finished goods	<u>1,823,663</u>
Merchandises on January 1, 2024	1,218
Add: Purchases of merchandises	24
Others	19
Less: Merchandises on December 31, 2024	<u>(881)</u>
Cost of goods sold of merchandises	<u>380</u>
Cost of goods sold of semi-finished products	2,221
Other operating costs	<u>(8,912)</u>
Operating costs	\$ <u><u>1,817,352</u></u>

NIKO SEMICONDUCTOR CO., LTD.

Statement of selling, administrative, research and development expenses

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Item	Selling expenses	Administrative expenses	Research and development expenses
Salaries	\$ 23,078	66,404	65,350
Service	46,306	7,142	572
Trail manufacturing expense	-	-	55,495
Export expense	42,369	5	787
Depreciation expense	18	5,825	13,670
Outsourced project expense	-	-	17,500
Warehouse management service fee	10,848	-	-
Other expense (individual amount not exceeding 5%)	13,121	25,297	38,016
Total	<u>\$ 135,740</u>	<u>104,673</u>	<u>191,390</u>