

**NANYA TECHNOLOGY CORPORATION AND  
SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Three Months Ended March 31, 2022 and 2021**

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The independent auditors' review report and the accompanying consolidated 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' review report and consolidated financial statements, the Chinese version shall prevail.

## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of significant accounting policies	10~11
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	11
(6) Explanation of significant accounts	11~32
(7) Related-party transactions	33~35
(8) Pledged assets	35
(9) Commitments and contingencies	35~36
(10) Losses Due to Major Disasters	36
(11) Subsequent Events	36
(12) Other	36
(13) Other disclosures	
(a) Information on significant transactions	37~38
(b) Information on investees	39
(c) Information on investment in mainland China	39
(d) Information on major shareholders	40
(14) Segment information	40



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## Independent Auditors' Review Report

To the Board of Directors of Nanya Technology Corporation :

### Introduction

We have reviewed the accompanying consolidated balance sheets of Nanya Technology Corporation (the "Company") and its subsidiaries (together referred to as the "Group") as of March 31, 2022 and 2021, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Nanya Technology Corporation and its subsidiaries as of March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Hui-Chih Ko and Hsin-Yi Kuo.

KPMG

Taipei, Taiwan (Republic of China)  
May 4, 2022

**Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and 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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors’ report and the accompanying consolidated 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 consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Reviewed only, not audited in accordance with the generally accepted auditing standards as of March 31, 2022 and 2021**

**Nanya Technology Corporation and Subsidiaries**

**Consolidated Balance Sheets**

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

**(Expressed in Thousands of New Taiwan Dollars)**

		March 31, 2022		December 31, 2021		March 31, 2021				March 31, 2022		December 31, 2021		March 31, 2021	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Assets</b>															
<b>Current assets:</b>															
1100	Cash and cash equivalents (Note 6(a))	\$ 92,537,152	46	80,699,971	42	59,112,539	35	2170	Accounts payable	\$ 3,336,881	2	2,730,151	2	2,159,834	1
1150	Notes receivable, net (Notes 6(b)(p))	-	-	-	-	6,027	-	2180	Accounts payable to related parties (Note 7)	280,441	-	119,514	-	132,107	-
1170	Accounts receivable, net (Notes 6(b)(p))	10,877,024	5	11,568,536	6	8,701,485	5	2200	Other payables	6,080,264	3	6,648,006	4	4,117,517	3
1200	Other receivables (Notes 6(c))	1,057,082	1	989,699	1	1,536,140	1	2220	Other payables to related parties (Note 7)	1,339,897	1	1,237,215	1	1,240,790	1
1310	Inventories (Note 6(d))	11,878,524	6	11,611,235	7	12,332,671	7	2230	Current tax liabilities	6,012,351	3	4,722,861	2	1,668,551	1
1410	Prepayments (Note 6(e))	1,103,169	1	835,419	-	594,436	-	2280	Current lease liabilities (Notes 6(j) and 7)	218,595	-	214,928	-	180,785	-
1470	Other current assets	918,124	-	754,838	-	769,317	1	2399	Other current liabilities	963	-	18,887	-	1,221	-
	<b>Total current assets</b>	<b>118,371,075</b>	<b>59</b>	<b>106,459,698</b>	<b>56</b>	<b>83,052,615</b>	<b>49</b>		<b>Total current liabilities</b>	<b>17,269,392</b>	<b>9</b>	<b>15,691,562</b>	<b>9</b>	<b>9,500,805</b>	<b>6</b>
<b>Non-current assets:</b>															
1517	Non-current financial assets at fair value through other comprehensive income	11,065	-	11,071	-	-	-	2570	Deferred tax liabilities	83,431	-	28,549	-	28,998	-
1550	Investments accounted for using equity method (Note 6(f))	5,522,222	3	5,339,031	2	5,337,801	3	2580	Non-current lease liabilities (Notes 6(j) and 7)	1,478,189	1	1,509,673	1	1,588,055	1
1600	Property, plant and equipment (Notes 6(g)(v) and 7)	73,912,136	37	76,206,692	40	77,574,824	46	2640	Net defined benefit liability, non-current	637,839	-	641,238	-	561,850	-
1755	Right-of-use assets (Notes 6(h) and 7)	1,676,995	1	1,707,092	1	1,760,202	1	2670	Other non-current liabilities	490,868	-	571,773	-	801,772	-
1780	Intangible assets	951,365	-	1,013,517	1	1,196,961	1		<b>Total non-current liabilities</b>	<b>2,690,327</b>	<b>1</b>	<b>2,751,233</b>	<b>1</b>	<b>2,980,675</b>	<b>1</b>
1840	Deferred tax assets	212,770	-	296,088	-	316,773	-		<b>Total liabilities</b>	<b>19,959,719</b>	<b>10</b>	<b>18,442,795</b>	<b>10</b>	<b>12,481,480</b>	<b>7</b>
194D	Long-term financial lease payments receivable (Note 6(i))	193,192	-	254,305	-	428,373	-		<b>Equity (Note 6(m)):</b>						
1990	Other non-current assets (Note 8)	123,415	-	133,369	-	133,541	-	3110	Ordinary shares	30,970,709	16	30,968,749	16	30,964,349	18
	<b>Total non-current assets</b>	<b>82,603,160</b>	<b>41</b>	<b>84,961,165</b>	<b>44</b>	<b>86,748,475</b>	<b>51</b>	3140	Advance receipts for share capital	1,428	-	4,508	-	16,445	-
								3200	Capital surplus	32,808,033	16	32,804,505	17	32,736,594	19
								3310	Legal reserve	14,879,816	7	14,879,816	8	14,110,871	8
								3320	Special reserve	3,011,507	1	3,011,507	2	1,041,100	1
								3350	Unappropriated retained earnings	101,976,062	51	95,425,925	49	82,098,936	49
								3400	Other equity interest	(2,633,039)	(1)	(4,116,942)	(2)	(2,954,906)	(2)
								3500	Treasury shares	-	-	-	-	(693,779)	-
									<b>Total equity</b>	<b>181,014,516</b>	<b>90</b>	<b>172,978,068</b>	<b>90</b>	<b>157,319,610</b>	<b>93</b>
<b>Total assets</b>		<b>\$ 200,974,235</b>	<b>100</b>	<b>191,420,863</b>	<b>100</b>	<b>169,801,090</b>	<b>100</b>	<b>Total liabilities and equity</b>		<b>\$ 200,974,235</b>	<b>100</b>	<b>191,420,863</b>	<b>100</b>	<b>169,801,090</b>	<b>100</b>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Reviewed only, not audited in accordance with generally accepted auditing standards**

**Nanya Technology Corporation and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**For the three months ended March 31, 2022 and 2021**  
(Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

		For the three months ended March 31,			
		2022		2021	
		Amount	%	Amount	%
4000	<b>Operating revenue (Note 6(p))</b>	\$ 19,946,325	100	17,730,613	100
5000	<b>Operating costs (Notes 6(g)(h)(j)(k)(n)(q) and 7)</b>	<u>(11,195,898)</u>	<u>(56)</u>	<u>(12,568,601)</u>	<u>(71)</u>
	<b>Gross profit from operations</b>	<u>8,750,427</u>	<u>44</u>	<u>5,162,012</u>	<u>29</u>
	<b>Operating expenses (Notes 6(g)(h)(j)(k)(n)(q) and 7):</b>				
6100	Selling expenses	(196,475)	(1)	(178,304)	(1)
6200	Administrative expenses	(397,184)	(2)	(314,131)	(2)
6300	Research and development expenses	<u>(1,894,708)</u>	<u>(10)</u>	<u>(1,642,593)</u>	<u>(9)</u>
	<b>Total operating expenses</b>	<u>(2,488,367)</u>	<u>(13)</u>	<u>(2,135,028)</u>	<u>(12)</u>
	<b>Net operating income</b>	<u>6,262,060</u>	<u>31</u>	<u>3,026,984</u>	<u>17</u>
	<b>Non-operating income and expenses (Notes 6(f)(g)(i)(j)(r) and 7):</b>				
7100	Interest income	77,954	-	64,864	-
7010	Other income	514,382	4	-	-
7020	Other gains and losses, net	979,594	5	113,242	1
7050	Finance costs	(5,756)	-	(6,049)	-
7060	Share of profit of associates accounted for using equity method, net	<u>199,816</u>	<u>1</u>	<u>134,964</u>	<u>1</u>
	<b>Total non-operating income and expenses</b>	<u>1,765,990</u>	<u>10</u>	<u>307,021</u>	<u>2</u>
7900	<b>Profit before tax</b>	8,028,050	41	3,334,005	19
7950	<b>Income tax expenses (Note 6(l))</b>	<u>(1,477,913)</u>	<u>(8)</u>	<u>(629,672)</u>	<u>(4)</u>
	<b>Profit</b>	<u>6,550,137</u>	<u>33</u>	<u>2,704,333</u>	<u>15</u>
8300	<b>Other comprehensive income (Note 6(l)(m)):</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(6)	-	-	-
8320	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(16,625)	-	42,332	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>	<u>(16,630)</u>	<u>-</u>	<u>42,332</u>	<u>-</u>
8360	<b>Components of other comprehensive income that may be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	1,500,533	7	14,269	-
8399	Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Components of other comprehensive income that may be reclassified to profit or loss</b>	<u>1,500,533</u>	<u>7</u>	<u>14,269</u>	<u>-</u>
8300	<b>Other comprehensive income, net</b>	<u>1,483,903</u>	<u>7</u>	<u>56,601</u>	<u>-</u>
8500	<b>Comprehensive income</b>	<u>\$ 8,034,040</u>	<u>40</u>	<u>2,760,934</u>	<u>15</u>
	<b>Earnings per share (Note 6(o))</b>				
9750	<b>Basic earnings per share</b>	<u>\$ 2.11</u>		<u>0.88</u>	
9850	<b>Diluted earnings per share</b>	<u>\$ 2.10</u>		<u>0.88</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
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Nanya Technology Corporation and Subsidiaries  
 Consolidated Statements of Changes in Equity  
 For the three months ended March 31, 2022 and 2021  
 (Expressed in Thousands of New Taiwan Dollars)

	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Other equity interest		Treasury shares	Total equity	
							Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income			
<b>Balance at January 1, 2021</b>	\$ 30,935,939	36,264	32,451,689	14,110,871	1,041,100	79,394,603	(2,893,732)	(117,775)	(3,011,507)	(1,146,932)	153,812,027
Net profit for the three months ended March 31, 2021	-	-	-	-	-	2,704,333	-	-	-	-	2,704,333
Other comprehensive loss for the three months ended March 31, 2021	-	-	-	-	-	-	14,269	42,332	56,601	-	56,601
Total comprehensive income for the three months ended March 31, 2021	-	-	-	-	-	2,704,333	14,269	42,332	56,601	-	2,760,934
Exercise of employee share options	28,410	(19,819)	52,599	-	-	-	-	-	-	-	61,190
Treasury shares transferred to employees	-	-	232,306	-	-	-	-	-	-	453,153	685,459
<b>Balance at March 31, 2021</b>	<b>\$ 30,964,349</b>	<b>16,445</b>	<b>32,736,594</b>	<b>14,110,871</b>	<b>1,041,100</b>	<b>82,098,936</b>	<b>(2,879,463)</b>	<b>(75,443)</b>	<b>(2,954,906)</b>	<b>(693,779)</b>	<b>157,319,610</b>
<b>Balance at January 1, 2021</b>	\$ 30,968,749	4,508	32,804,505	14,879,816	3,011,507	95,425,925	(3,985,925)	(131,017)	(4,116,942)	-	172,978,068
Net profit for the three months ended March 31, 2022	-	-	-	-	-	6,550,137	-	-	-	-	6,550,137
Other comprehensive income for the three months ended March 31, 2022	-	-	-	-	-	-	1,500,533	(16,630)	1,483,903	-	1,483,903
Total comprehensive income for the three months ended March 31, 2022	-	-	-	-	-	6,550,137	1,500,533	(16,630)	1,483,903	-	8,034,040
Exercise of employee share options	1,960	(3,080)	3,528	-	-	-	-	-	-	-	2,408
<b>Balance at March 31, 2022</b>	<b>\$ 30,970,709</b>	<b>1,428</b>	<b>32,808,033</b>	<b>14,879,816</b>	<b>3,011,507</b>	<b>101,976,062</b>	<b>(2,485,392)</b>	<b>(147,647)</b>	<b>(2,633,039)</b>	<b>-</b>	<b>181,014,516</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Reviewed only, not audited in accordance with generally accepted auditing standards**

**Nanya Technology Corporation and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**For the three months ended March 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	For the three months ended March 31,	
	2022	2021
<b>Cash flows from operating activities:</b>		
<b>Profit before tax</b>	\$ 8,028,050	3,334,005
<b>Adjustments:</b>		
Adjustments to reconcile profit:		
Depreciation expense	3,778,437	3,676,849
Amortization expense	64,859	64,934
Interest expense	5,756	6,049
Interest income	(77,954)	(64,864)
Share-based payments	-	233,245
Share of profit of associates accounted for using equity method	(199,816)	(134,964)
Gain or loss on disposal of property, plant and equipment	(3,564)	62
Impairment loss (reversal of impairment loss) on non-financial assets	51,785	(869)
Unrealized foreign exchange gain	(397,354)	(124,764)
<b>Total adjustments to reconcile profit</b>	<u>3,222,149</u>	<u>3,655,678</u>
<b>Changes in operating assets and liabilities:</b>		
Notes and accounts receivable (including related parties)	834,822	(779,094)
Other receivables	(38,765)	(21,864)
Inventories	(267,289)	1,794,311
Prepayments	(267,750)	(34,955)
Other current assets	(163,286)	190,631
Accounts payable (including related parties)	453,757	211,238
Other payables (including related parties)	(452,374)	115,969
Other current liabilities	(17,924)	(74,538)
Net defined benefit liability	(3,399)	(4,433)
Other non-current liabilities	1,347	1,736
<b>Total net changes in operating assets and liabilities</b>	<u>79,139</u>	<u>1,399,001</u>
Cash inflow generated from operations	11,329,338	8,388,684
Interest received	44,735	35,460
Interest paid	(5,781)	(6,079)
Income taxes paid	(50,414)	(30,440)
<b>Net cash flows from operating activities</b>	<u>11,317,878</u>	<u>8,387,625</u>
<b>Cash flows used in investing activities:</b>		
Acquisition of property, plant and equipment	(1,164,584)	(1,484,631)
Proceeds from disposal of property, plant and equipment	3,928	-
Increase in refundable deposits	8,307	(19,443)
Acquisition of intangible assets	(53,327)	(53,327)
Decrease in lease and installment receivables	66,083	66,083
Increase in other non-current assets	(316)	(3,458)
<b>Net cash flows used in investing activities</b>	<u>(1,139,909)</u>	<u>(1,494,776)</u>
<b>Cash flows used in financing activities:</b>		
Decrease in guarantee deposits received	(50,152)	(2,587)
Payment of lease liabilities	(53,658)	(44,478)
Exercise of employee share options	2,408	61,190
Treasury shares transferred to employees	-	452,214
<b>Net cash flows used (in) from financing activities</b>	<u>(101,402)</u>	<u>466,339</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>1,760,614</u>	<u>27,445</u>
<b>Net increase in cash and cash equivalents</b>	11,837,181	7,386,633
<b>Cash and cash equivalents at beginning of period</b>	80,699,971	51,725,906
<b>Cash and cash equivalents at end of period</b>	<u>\$ 92,537,152</u>	<u>59,112,539</u>

See accompanying notes to consolidated financial statements.



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
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**Nanya Technology Corporation and Subsidiaries**

**Notes to the Consolidated Financial Statements**

**March 31, 2022 and 2021**

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

**(1) Company history**

Nanya Technology Corporation (the “Company”) was legally established with the approval of the Ministry of Economic Affairs on March 4, 1995, with registered address at No.98 Nanlin Road Dake Vil., Taishan District, New Taipei City, Taiwan. The main operating activities of the Company and its subsidiary (the “Group”) are researching, developing, manufacturing and selling semiconductor products, and the import and export of its machinery, equipment and raw materials.

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

The consolidated financial statements were authorized for issuance by the Board of Directors on May 4, 2022.

**(3) New standards, amendments and interpretations adopted:**

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

- (b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

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

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

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IAS 1 “Disclosure of Accounting Policies”	The key amendments to IAS 1 include: <ul style="list-style-type: none"> <li>● requiring companies to disclose their material accounting policies rather than their significant accounting policies;</li> <li>● clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and</li> <li>● clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements.</li> </ul>	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.  The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(4) Summary of significant accounting policies:**

(a) Statement of compliance

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

The significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2021. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2021.

(b) Basis of consolidation

(i) List of subsidiaries included in the consolidated financial statements:

Investor	The name of subsidiaries	Business activity	Shareholding		
			March 31, 2022	December 31, 2021	March 31, 2021
The Company	NANYA TECHNOLOGY CORP. U.S.A	Sales of semiconductor products	100.00 %	100.00 %	100.00 %
The Company	NANYA TECHNOLOGY CORP. Delaware	Design of semiconductor products	100.00 %	100.00 %	100.00 %
The Company	NANYA TECHNOLOGY CORP. H.K.	Sales of semiconductor products	100.00 %	100.00 %	100.00 %
The Company	NANYA TECHNOLOGY CORP. Japan	Sales of semiconductor products	100.00 %	100.00 %	100.00 %
The Company	NANYA TECHNOLOGY INTERNATIONAL LTD.	General investment business	100.00 %	100.00 %	100.00 %
NANYA TECHNOLOGY CORP. H.K.	NANYA TECHNOLOGY CORP., Europe GmbH	Sales of semiconductor products	100.00 %	100.00 %	100.00 %
NANYA TECHNOLOGY CORP. H.K.	NANYA TECHNOLOGY CORP. Shenzhen	Sales of semiconductor products	100.00 %	100.00 %	100.00 %

(ii) Subsidiaries not included in the consolidated financial statements: None.

(c) Employee benefit

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, and was adjusted according to material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year.

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period and allocated to current and deferred taxes based on its proportionate size.

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34“Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2021. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2021.

**(6) Explanation of significant accounts:**

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2021. Please refer to Note 6 of the 2021 annual consolidated financial statements.

(a) Cash and cash equivalents

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Petty cash	\$ 31	83	111
Checking accounts and demand deposit	22,581,766	18,412,267	15,038,429
Cash equivalents:			
Time deposits	64,979,608	58,098,552	40,455,795
Commercial paper	3,432,557	2,378,765	3,151,814
Repurchase agreements collateralized by corporate bonds	<u>1,543,190</u>	<u>1,810,304</u>	<u>466,390</u>
	<u>\$ 92,537,152</u>	<u>80,699,971</u>	<u>59,112,539</u>

Time deposits are highly liquid investment that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, as well as are held for the purpose of meeting short term cash commitments rather than for investment or other purposes. Thereafter, they are classified as cash equivalents.

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (b) Notes accounts receivable

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Notes receivable - from non-operating activities	\$ -	-	6,027
Accounts receivable- measured at amortized cost	<u>10,877,024</u>	<u>11,568,536</u>	<u>8,701,485</u>
	<u><u>\$ 10,877,024</u></u>	<u><u>11,568,536</u></u>	<u><u>8,707,512</u></u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for notes and accounts receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information.

The loss allowance provision for notes and account receivable was determined as follows:

<b>March 31, 2022</b>			
<u>Due days</u>	<u>Accounts receivables gross carrying amount</u>	<u>Weighted average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 10,832,998	-	-
1 to 30 days past due	<u>44,026</u>	-	-
	<u><u>\$ 10,877,024</u></u>		<u><u>-</u></u>
<b>December 31, 2021</b>			
<u>Due days</u>	<u>Accounts receivables gross carrying amount</u>	<u>Weighted average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 11,384,699	-	-
1 to 30 days past due	<u>183,837</u>	-	-
	<u><u>\$ 11,568,536</u></u>		<u><u>-</u></u>
<b>March 31, 2021</b>			
<u>Due days</u>	<u>Notes and accounts receivables gross carrying amount</u>	<u>Weighted average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 8,644,332	-	-
1 to 30 days past due	<u>63,180</u>	-	-
	<u><u>\$ 8,707,512</u></u>		<u><u>-</u></u>

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group did not recognize any allowance for impairment as there were no uncollected notes and accounts receivable that were past due as of March 31, 2022, December 31, and March 31, 2021.

(c) Other receivables

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Tax refund receivable	\$ 725,473	681,008	1,187,121
Lease payment receivable	235,181	229,131	211,901
Interest receivable	50,229	28,029	42,666
Others	<u>46,199</u>	<u>51,531</u>	<u>94,452</u>
	<b><u>\$ 1,057,082</u></b>	<b><u>989,699</u></b>	<b><u>1,536,140</u></b>

Please refer to Note 6(s) for other information of credit risk.

(d) Inventories

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Raw materials	\$ 668,397	641,996	347,369
Work in progress	7,610,095	7,364,481	6,868,794
Finished goods	<u>3,600,032</u>	<u>3,604,758</u>	<u>5,116,508</u>
	<b><u>\$ 11,878,524</u></b>	<b><u>11,611,235</u></b>	<b><u>12,332,671</u></b>

The Group did not recognize any loss or gain from devaluation of inventories as there was no indication of impairment or net realizable value of inventories has increased because the circumstance that caused the inventory devaluation in prior period has improved on inventories for the three months ended March 31, 2022 and 2021.

(e) Prepayments and other current assets

(i) Prepayments

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Prepaid expense	\$ 675,818	817,713	519,516
Prepayments to purchases	<u>427,351</u>	<u>17,706</u>	<u>74,920</u>
	<b><u>\$ 1,103,169</u></b>	<b><u>835,419</u></b>	<b><u>594,436</u></b>

(ii) Other current assets

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(f) Investments accounted for using equity method

A summary of the Group's financial information for investments accounted for using the equity method at the reporting date was as follows:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Associates	<u>\$ 5,522,222</u>	<u>5,339,031</u>	<u>5,337,801</u>

The related information of the major associate to the Group was as follows:

<b>Name of Associates</b>	<b>Nature of Relationship to the Group</b>	<b>Registration Country</b>	<b>Percentage of ownership</b>		
			<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Formosa Advanced Technologies Co., Ltd. (FATC)	It mainly engages in assembling and testing of module products, as well as in the research and development of integrated circuits.	Taiwan	32.00 %	32.00 %	32.00 %

The fair value of major associates listed on the Stock Exchange was as follows:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Formosa Advanced Technologies Co., Ltd.	<u>\$ 18,131,111</u>	<u>17,290,889</u>	<u>17,865,778</u>

The aggregated financial information of the major associate was as follows:

The financial information of FATC was as follows:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Current assets	\$ 10,310,108	9,538,767	8,649,949
Non-current assets	4,498,754	4,693,324	5,530,141
Current liabilities	(1,569,508)	(1,402,448)	(1,321,571)
Non-current liabilities	<u>(528,152)</u>	<u>(527,629)</u>	<u>(549,828)</u>
Net asset	<u>\$ 12,711,202</u>	<u>12,302,014</u>	<u>12,308,691</u>
Net asset contributed to FATC	<u>\$ 12,711,202</u>	<u>12,302,014</u>	<u>12,308,691</u>

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Operating revenue	<u>\$ 2,562,634</u>	<u>2,534,354</u>
Profit	\$ 461,139	361,236
Other comprehensive loss	(51,951)	132,288
Total comprehensive income	<u>\$ 409,188</u>	<u>493,524</u>
Total comprehensive income contributed to FATC	<u>\$ 409,188</u>	<u>493,524</u>

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2022</b>	<b>2021</b>
Share of net assets of the major associate at January 1	\$ 3,936,645	3,780,854
Total comprehensive income contributed to the Group	<u>130,940</u>	<u>157,927</u>
Share of net assets of major associate at March 31	4,067,585	3,938,781
Add: good will	1,463,162	1,463,162
Less: unrealized profits on upstream sales net assets of the associates	<u>(8,525)</u>	<u>(64,142)</u>
Total carrying amount of the major associate	<u><u>\$ 5,522,222</u></u>	<u><u>5,337,801</u></u>

(g) Property, plant and equipment

	<u>Land</u>	<u>Building</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Under construction</u>	<u>Total</u>
<b>Cost:</b>						
<b>Balance as of January 1, 2022</b>	\$ 1,013,924	8,285,654	207,810,962	897,308	8,447,099	226,454,947
Additions	-	-	191,785	18,618	1,268,551	1,478,954
Disposals	-	-	(26,434)	(14,024)	-	(40,458)
Reclassification	-	-	5,780,274	-	(5,780,274)	-
Effect of exchange rate change	<u>-</u>	<u>(41)</u>	<u>1,902</u>	<u>2,555</u>	<u>-</u>	<u>4,416</u>
<b>Balance as of March 31, 2022</b>	<u><b>\$ 1,013,924</b></u>	<u><b>8,285,613</b></u>	<u><b>213,758,489</b></u>	<u><b>904,457</b></u>	<u><b>3,935,376</b></u>	<u><b>227,897,859</b></u>
<b>Balance as of January 1, 2021</b>	\$ 1,013,924	8,144,863	199,055,350	836,742	6,371,857	215,422,736
Additions	-	8,420	136,865	5,981	1,323,611	1,474,877
Disposals	-	-	(716)	(1,458)	-	(2,174)
Reclassification	-	12,097	4,210,820	19,479	(4,242,396)	-
Effect of exchange rate change	<u>-</u>	<u>(99)</u>	<u>(477)</u>	<u>(268)</u>	<u>-</u>	<u>(844)</u>
<b>Balance as of March 31, 2021</b>	<u><b>\$ 1,013,924</b></u>	<u><b>8,165,281</b></u>	<u><b>203,401,842</b></u>	<u><b>860,476</b></u>	<u><b>3,453,072</b></u>	<u><b>216,894,595</b></u>
<b>Accumulated depreciation / impairment:</b>						
<b>Balance as of January 1, 2022</b>	\$ -	2,932,021	146,598,881	717,353	-	150,248,255
Depreciation for the period	-	81,370	3,623,816	17,018	-	3,722,204
Impairment loss	-	-	51,785	-	-	51,785
Disposals	-	-	(26,071)	(14,023)	-	(40,094)
Effect of exchange rate change	<u>-</u>	<u>(38)</u>	<u>1,427</u>	<u>2,184</u>	<u>-</u>	<u>3,573</u>
<b>Balance as of March 31, 2022</b>	<u><b>\$ -</b></u>	<u><b>3,013,353</b></u>	<u><b>150,249,838</b></u>	<u><b>722,532</b></u>	<u><b>-</b></u>	<u><b>153,985,723</b></u>
<b>Balance as of January 1, 2021</b>	\$ -	2,609,251	132,426,497	658,368	-	135,694,116
Depreciation for the period	-	80,058	3,535,520	13,852	-	3,629,430
Disposals	-	-	(682)	(1,430)	-	(2,112)
Reclassification	-	-	(11,951)	11,951	-	-
Gain from impairment loss	-	-	(869)	-	-	(869)
Effect of exchange rate change	<u>-</u>	<u>(85)</u>	<u>(481)</u>	<u>(228)</u>	<u>-</u>	<u>(794)</u>
<b>Balance as of March 31, 2021</b>	<u><b>\$ -</b></u>	<u><b>2,689,224</b></u>	<u><b>135,948,034</b></u>	<u><b>682,513</b></u>	<u><b>-</b></u>	<u><b>139,319,771</b></u>
<b>Carrying amounts:</b>						
<b>Balance as of March 31, 2022</b>	<u><b>\$ 1,013,924</b></u>	<u><b>5,272,260</b></u>	<u><b>63,508,651</b></u>	<u><b>181,925</b></u>	<u><b>3,935,376</b></u>	<u><b>73,912,136</b></u>
<b>Balance as of December 31, 2021</b>	<u><b>\$ 1,013,924</b></u>	<u><b>5,353,633</b></u>	<u><b>61,212,081</b></u>	<u><b>179,955</b></u>	<u><b>8,447,099</b></u>	<u><b>76,206,692</b></u>
<b>Balance as of March 31, 2021</b>	<u><b>\$ 1,013,924</b></u>	<u><b>5,476,057</b></u>	<u><b>67,453,808</b></u>	<u><b>177,963</b></u>	<u><b>3,453,072</b></u>	<u><b>77,574,824</b></u>

(Continued)



**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(h) Right-of-use assets

	<u>Land</u>	<u>Building</u>	<u>Total</u>
Cost :			
Balance at January 1, 2022	\$ 1,993,336	8,181	2,001,517
Additions	<u>26,136</u>	<u>-</u>	<u>26,136</u>
Balance at March 31, 2022	<u><b>\$ 2,019,472</b></u>	<u><b>8,181</b></u>	<u><b>2,027,653</b></u>
Balance at January 1, 2021	\$ 1,884,277	-	1,884,277
Additions	<u>17,429</u>	<u>-</u>	<u>17,429</u>
Balance at March 31, 2021	<u><b>\$ 1,901,706</b></u>	<u><b>-</b></u>	<u><b>1,901,706</b></u>
Accumulated depreciation:			
Balance at January 1, 2022	\$ 292,993	1,432	294,425
Depreciation for the period	<u>55,374</u>	<u>859</u>	<u>56,233</u>
Balance at March 31, 2022	<u><b>\$ 348,367</b></u>	<u><b>2,291</b></u>	<u><b>350,658</b></u>
Balance at January 1, 2021	\$ 94,085	-	94,085
Depreciation for the period	<u>47,419</u>	<u>-</u>	<u>47,419</u>
Balance at March 31, 2021	<u><b>\$ 141,504</b></u>	<u><b>-</b></u>	<u><b>141,504</b></u>
Carrying Amount:			
Balance at March 31, 2022	<u><b>\$ 1,671,105</b></u>	<u><b>5,890</b></u>	<u><b>1,676,995</b></u>
Balance at December 31, 2021	<u><b>\$ 1,700,343</b></u>	<u><b>6,749</b></u>	<u><b>1,707,092</b></u>
Balance at March 31, 2021	<u><b>\$ 1,760,202</b></u>	<u><b>-</b></u>	<u><b>1,760,202</b></u>

(i) Lease receivables

- (i) On June 18, 2009, the Group signed an amended long-term lease agreement with Inotera Memories, Inc. (its name was changed to Micron Technology Taiwan in March, 2017, referred to as "MTTW") on the lease of building, facilities and land located on 348, 348-1 and 348-3, Hwa Ya Section, Kueishan District, Taoyuan City. This amended lease agreement, which took effect retroactively from January 1, 2009, includes the renewal term. Initial lease term is from January 1, 2009 to December 31, 2018. However, MTTW is entitled to renew this amended lease agreement for an unlimited number of consecutive additional terms of five years each, by providing a written notice with the intention to renew the lease term commencing from January 1, 2019. MTTW has completed the renewal of its lease agreement, with a written notice on December 13, 2018. In addition, MTTW has an exclusive option to purchase the leased assets (including land, building and its facilities) for a total purchase price of USD50,000 thousand on and after January 1, 2024. Also, the rental receivable for the entire year of 2009 has been waived. Initial yearly rentals for the leased land was USD1,990 thousand and leased building (including facilities) was USD 13,010 thousand from January 1, 2010 to December 31, 2018; the first yearly renewal rentals for the leased land is USD1,990 thousand and building (including facilities) is USD8,010 thousand from January 1, 2019 to December 31, 2023; the subsequent yearly renewal rentals for the leased land will be USD1,990 thousand and building (including facilities) will be USD10 thousand commencing from January 1, 2024. The amended lease agreement for the building (including facilities) is treated as a capital lease because (a) the present value of the periodic rental payments made since the inception date is

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

at least 90% of the market value of the leased assets and (b) the lease term is equal to 75% or more of the total estimated economic life of the leased assets. The land is treated as an operating lease.

- (ii) The total lease receivable from the capital lease of the building (including facilities) was \$5,185,620 thousand; the implicit interest rate was 10.56%. The cost of the leased assets at the beginning of the lease period was \$2,656,223. The difference was recognized as unrealized interest revenue of \$2,529,397. For the three months ended March 31, 2022 and 2021, the Group recognized the interest revenue of \$11,019 and \$16,470, respectively, from the amortization of unrealized interest revenue.

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

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Less than one year	\$ 264,330	264,330	264,330
One to two years	198,247	264,330	264,330
Two to three years	-	-	198,247
Total lease payments receivable	462,577	528,660	726,907
Unearned finance income	(34,205)	(45,224)	(86,634)
Present value of lease payments receivable	<u>\$ 428,372</u>	<u>483,436</u>	<u>640,273</u>

For credit risk information, please refer to Note 6(s).

- (j) Lease liabilities

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Current	<u>\$ 218,595</u>	<u>214,928</u>	<u>180,785</u>
Non-current	<u>\$ 1,478,189</u>	<u>1,509,673</u>	<u>1,588,055</u>

For the maturity analysis, please refer to Note 6(s).

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Interest on lease liabilities	<u>\$ 5,756</u>	<u>6,035</u>
Expenses relating to short-term leases	<u>\$ 26,901</u>	<u>23,955</u>

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The amount recognized in the statement of cash flows of the Group was as follows:

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Total cash outflow for leases	<b>\$ 86,694</b>	<b>74,459</b>

(i) Land lease

The Group leases its land and building with a period of 2 to 10 years. The lease included an option to terminate the contract, which is exercisable only by the Group. The lease payment changes annually based on a local price index.

(ii) Other leases

The Group leases staff dorm, factory, parking lots and office spaces which are short-term leases. The Group applied the recognition exemptions and elected not to recognize its right-of-use assets and lease liabilities for these leases.

(k) Employee benefits

(i) Defined benefit plan

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2021 and 2020 .

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

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Operating cost	\$ 1,025	1,389
Operating expenses	715	972
Total	<b>\$ 1,740</b>	<b>2,361</b>

(ii) Defined contribution plans

The Group's expenses under the pension plan cost to the Bureau of local government were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Operating cost	\$ 24,515	23,199
Operating expenses	24,375	24,176
Total	<b>\$ 48,890</b>	<b>47,375</b>

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(l) Income tax

(i) The Group's income tax expenses recognized were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Current tax expense		
Current period	\$ 1,354,858	538,170
Adjustment for prior periods	(15,262)	29,748
Deferred tax expense	138,317	61,754
Tax expense	<b>\$ 1,477,913</b>	<b>629,672</b>

(ii) The Group's income tax loss recognized directly in other comprehensive income were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Items that will not be reclassified subsequently to profit or loss:		
Unrealized gains on equity investments at fair value through other comprehensive income	\$ <u>1</u>	<u>-</u>

(iii) The Company's tax returns have been examined by the ROC tax authority through 2020.

(m) Capital and other equity

Except as described below, there was no material change in equity for the three months ended March 31, 2022 and 2021. Please refer to Note 6(m) of the consolidated financial statements as of and for the year ended December 31, 2021 for the related detail disclosures on equity.

(i) Ordinary Share

On February 24, 2022, the Company's Board of Directors approved to issue the Company's ordinary shares deriving from the exercise of employee share options. The Company had issued 196 thousand, with an issuing prices of \$28.0 dollars per share, which totaled \$1,960. All issued shares were paid up upon issuance and the related process for registration had been completed.

For the first quarter of 2022, the Company's ordinary shares were derived from the exercise of employee share options. Accordingly, the Company had issued 51 thousand ordinary shares, at issuing prices of \$28.0 per share, which totaled \$1,428, which was recognized as advance receipts for share capital as of March 31, 2022.

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Capital surplus

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Premium from the issuance of stock	\$ 29,474,374	29,470,846	29,450,945
Treasury share transactions	274,385	274,385	229,425
Employee stock option plans	2,790,727	2,790,727	2,790,727
Expired employee share option plans	268,292	268,292	265,380
Past due unclaimed dividends	202	202	79
Change in net equity of associates accounted for using equity method	<u>53</u>	<u>53</u>	<u>38</u>
	<b><u>\$ 32,808,033</u></b>	<b><u>32,804,505</u></b>	<b><u>32,736,594</u></b>

(iii) Retain earning

According to the Company's Articles of Incorporation, the Company's annual net profit, after providing for income tax and covering the losses of previous years, is first set aside for legal reserve at the rate of 10% thereof until the accumulated balance of legal reserve equals the total issued capital and any special reserves pursuant to relevant laws and regulations. The remainder, plus the undistributed earnings of the previous years, are distributed or left undistributed for business purposes according to the resolution of the stockholders' dividend distribution plan, which are initially proposed by the Board of Directors and adopted by the shareholders in the annual stockholders' meeting.

As it belongs to a highly capital-intensive industry with strong growth potential, the Company adopts a dividend distribution policy which is in line with its plans for product line expansion and the demand of fund. This policy requires that the distribution of cash dividends shall not exceed 50% of the Company's total dividend distribution every year.

Earnings distribution

Earnings distribution for 2021 and 2020 were approved by the Board of Directors and the general meetings of shareholders held on February 24, 2022 and August 4, 2021, respectively. The relevant dividend distributions to shareholders were as follows:

	<b>For the year ended December 31, 2021</b>	
	<b>Dividends per share</b>	<b>Amount</b>
Dividends attributable to ordinary shareholders:		
Cash dividends	\$ 3.70	<u><u>11,470,000</u></u>

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>For the year ended December 31, 2020</b>	
	<b>Dividends per share</b>	<b>Amount</b>
Dividends attributable to ordinary shareholders:		
Cash dividends	\$ 1.30	<b>4,000,000</b>
(iv) Treasury shares		

The Company repurchased shares from the securities exchange market based on section 28(2) of the Securities and Exchange Act and the movement in treasury shares were as follows.

In accordance with the requirements of the Company Act of Taiwan, the Company does not hold any shareholders' rights before transferring its treasury shares.

	<b>Reasons for repurchase of shares Transferring to employees</b>	
	<b>thousand shares</b>	<b>Amount</b>
Balance as of January 1, 2022 (Balance as of March 31, 2022)	-	\$ -
Balance as of January 1, 2021	20,000	\$ 1,146,932
Transfer for the period	(7,902)	(453,153)
Balance as of March 31, 2021	<b>12,098</b>	<b>\$ 693,779</b>

(v) Other equity (net of tax)

	<b>Exchange differences on translation of foreign financial statements</b>	<b>Unrealized loss on financial assets measured at fair value through other comprehensive income</b>	<b>Total</b>
Balance as of January 1, 2022	\$ (3,985,925)	(131,017)	(4,116,942)
Exchange differences on translation of foreign financial statements	1,500,533	-	1,500,533
Unrealized losses from financial of assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	(16,625)	(16,625)
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(5)	(5)
Balance as of March 31, 2022	<b>\$ (2,485,392)</b>	<b>(147,647)</b>	<b>(2,633,039)</b>

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	Exchange differences on translation of foreign financial statements	Unrealized loss on financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2021	\$ (2,893,732)	(117,775)	(3,011,507)
Exchange differences on translation of foreign financial statements	14,269	-	14,269
Unrealized loss from financial of assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	42,332	42,332
Balance as of March 31, 2021	<u>\$ (2,879,463)</u>	<u>(75,443)</u>	<u>(2,954,906)</u>

(n) Share-based payment transactions

Except as described below, there was no material change on the share-based payment transactions for the three months ended March 31, 2022 and 2021. Please refer to Note 6(n) of consolidated financial statements as of and for the year ended December 31, 2021 for related disclosures on share-based payment transactions.

(i) Relevant information of employee stock option plans and the transfer of treasury stock

The Company:

	For the three months ended March 31,			
	2022		2021	
	Weighted- average exercise price TWD)	Number of options (Units)	Weighted- average exercise price TWD)	Number of options (Units)
Outstanding as of January 1,	\$ 28.02	1,631	28.51	4,462
Options granted	-	-	57.40	8,000
Options exercised	28.00	(86)	51.23	(10,049)
Options expired	-	-	57.40	(98)
Outstanding as of March 31,	28.02	<u>1,545</u>	28.52	<u>2,315</u>
Options exercisable as of March 31,	28.02	<u>1,545</u>	28.52	<u>2,315</u>

(ii) Compensation cost

	For the three months ended March 31,	
	2022	2021
Compensation cost arising from treasury shares transferred to employees	\$ -	<u>233,245</u>

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(o) Earnings per share

	For the three months ended March 31,	
	2022	2021
<b>Basic earnings per share:</b>		
Net profit attributable to the Company's ordinary shareholders	\$ <u>6,550,137</u>	<u>2,704,333</u>
Weighted-average number of ordinary shares outstanding	<u>3,097,088</u>	<u>3,081,387</u>
Basic earnings per share (dollar)	\$ <u>2.11</u>	<u>0.88</u>
<b>Diluted earnings per share:</b>		
Net profit attributable to the Company's ordinary shareholders (basic and diluted)	\$ <u>6,550,137</u>	<u>2,704,333</u>
Effect of dilutive potential ordinary shares		
Weighted-average number of ordinary shares (basic)	3,097,088	3,081,387
Effect of employee share option	994	1,957
Effect of employee remuneration	<u>18,493</u>	<u>4,971</u>
Weighted-average number of ordinary shares (diluted)	<u>3,116,575</u>	<u>3,088,315</u>
Diluted earnings per share (dollar)	\$ <u>2.10</u>	<u>0.88</u>

(p) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31, 2022		
	Manufacturing department	Overseas sales department	Total
Geographic markets of primary destination:			
Taiwan	\$ 6,116,204	402,243	6,518,447
Japan	-	778,234	778,234
Malaysia	153,435	340,362	493,797
Korea	24,556	113,134	137,690
China	7,174,145	2,167,940	9,342,085
USA	22	373,159	373,181
Thailand	303,835	526,978	830,813
Germany	-	359,652	359,652
Vietnam	-	92,414	92,414
Singapore	182,663	126,135	308,798
Other countries	<u>28,850</u>	<u>682,364</u>	<u>711,214</u>
	<u>\$ 13,983,710</u>	<u>5,962,615</u>	<u>19,946,325</u>

(Continued)



**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>For the three months ended March 31, 2022</b>		
	<b>Manufacturing department</b>	<b>Overseas sales department</b>	<b>Total</b>
Major products line:			
Dynamic Random Access Memory (DRAM)	\$ 13,958,424	5,962,362	19,920,786
Others	25,286	253	25,539
	<b>\$ 13,983,710</b>	<b>5,962,615</b>	<b>19,946,325</b>

	<b>For the three months ended March 31, 2021</b>		
	<b>Manufacturing department</b>	<b>Overseas sales department</b>	<b>Total</b>
Geographic markets of primary destination:			
Taiwan	\$ 6,209,338	366,173	6,575,511
Japan	-	549,722	549,722
Malaysia	50,541	293,260	343,801
Korea	18,874	55,682	74,556
China	6,991,686	1,566,352	8,558,038
USA	9,199	107,154	116,353
Thailand	172,946	323,858	496,804
Germany	-	230,304	230,304
Vietnam	6,201	172,760	178,961
Singapore	31,558	50,495	82,053
Other countries	65,729	458,781	524,510
	<b>\$ 13,556,072</b>	<b>4,174,541</b>	<b>17,730,613</b>

Major products line:			
Dynamic Random Access Memory (DRAM)	\$ 13,518,589	4,174,286	17,692,875
Others	37,483	255	37,738
	<b>\$ 13,556,072</b>	<b>4,174,541</b>	<b>17,730,613</b>

## (ii) Contract balances

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Notes receivable- from non-operating activities	\$ -	-	6,027
Accounts receivable	10,877,024	11,568,536	8,701,485
	<b>\$ 10,877,024</b>	<b>11,568,536</b>	<b>8,707,512</b>

For details on notes and accounts receivable, and loss allowance for impairment, please refer to note 6(b).

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(q) Remuneration to employees

According to the Company's articles of incorporation, if the Company makes a profit, it should appropriate for employee compensation which is calculated based on 1% to 12% of the Company's net income before tax before deduction of employee compensation, and after offsetting accumulated deficits, if any, should be distributed as employee compensations. Employees who are entitled to receive the above-mentioned employee compensation, in shares or cash, include the employees of the subsidiaries of the Company who meet certain specific requirements.

The estimated employee remuneration which was charged to profit or loss under operating costs or expense amounted to \$450,000 and \$102,329 for the three months ended March 31, 2022 and 2021 respectively. This employee remuneration was estimated based on the Company's net income before tax before deducting any employee compensation, according to the earnings allocation method as stated under the Company's articles of association. If there is any difference between the actual amounts and the estimated amounts of employee remuneration to employees after the financial reports are issued, the management of the Company is expecting that the differences will be treated as a change in accounting estimates and recognized through profit or loss in the following year. Related information would be available at the Market Observation Post System website.

There is no difference between the estimated amounts of employee remuneration for the year ended December 31, 2021 and 2020, and the financial statements for the year ended December 31, 2021 and 2020, which were approved by the Company's Board of Directors.

(r) Non-operating income and expenses

(i) Interest income

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Interest income from bank deposits and short-term notes	\$ 66,935	48,394
Interest income from financial lease receivables	11,019	16,470
	<b>\$ 77,954</b>	<b>64,864</b>

(ii) Other income

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Gains on reversal of overestimated payables	\$ 514,382	-

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

In 2016, the original Joint Venture agreement entered into by the Company, together with Micron Technology Inc. and its related party, was terminated after Micron Semiconductor Co. had completed its share-swap with Micron Technology Taiwan(MTTW). At the same year, the Company and MTTW had mutually agreed to sign a cooperation agreement, wherein the Company will cover 50% of the expense of the actual amount for improving specific environmental safety and factory facilities during the mutually operating period of the joint venture agreement. Thereafter, the Company had recognized the estimated above expenses in that year. In the first quarter of 2022, the Company had eventually settled the differences between the estimated share costs and the actual amounts, in which it recognized the differences as a change in accounting estimates in the current year.

(iii) Other gains and losses

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Withholding tax refund	\$ -	42,693
Foreign exchange gains	1,001,434	37,757
Reversal of impairment losses (impairment losses) on non-financial assets	(51,785)	869
Gain (Loss) on disposal of property, plant and equipment	3,564	(62)
Others	26,381	31,985
	<b>\$ 979,594</b>	<b>113,242</b>

(iv) Finance costs

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Amortization Interest of lease liability	\$ 5,756	6,035
Others	-	14
	<b>\$ 5,756</b>	<b>6,049</b>

(s) Financial instruments

Except for the content mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note6(s) of the consolidated financial statements for the year ended December 31, 2021.

(i) Credit risk of receivables

For credit risk exposure of notes and accounts receivables, please refer to note 6(b).

Other financial assets at amortized cost includes other receivables, time deposits and refundable deposits.

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Considering that the Group deals only with other external parties with good credit standing and with the above investment grade financial institutions, all of the above financial assets are considered to have low credit risk.

As of March 31, 2022, December 31 and March 31, 2021, no allowance for impairment was provided because there was no indication of credit-impaired for the 12-month ECL or lifetime ECL allowance for other financial assets measured at amortized cost.

(ii) Liquidity risk

The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments:

	<u>Carrying amount</u>	<u>Contractual cash flow</u>	<u>Within 6 months</u>	<u>6-12months</u>	<u>1-2years</u>	<u>2-5years</u>	<u>Over 5 years</u>
<b>March 31, 2022</b>							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 3,617,322	3,617,322	3,617,322	-	-	-	-
Other payables (including related parties)	7,420,161	7,420,161	7,420,161	-	-	-	-
Lease liabilities (including current portion)	1,696,784	1,790,262	119,974	119,974	238,950	639,348	672,016
	<u>\$ 12,734,267</u>	<u>12,827,745</u>	<u>11,157,457</u>	<u>119,974</u>	<u>238,950</u>	<u>639,348</u>	<u>672,016</u>
<b>December 31, 2021</b>							
Non-derivative financial liabilities							
Accounts Payable (including related parties)	\$ 2,849,665	2,849,665	2,849,665	-	-	-	-
Other payable (including related parties)	7,885,221	7,885,221	7,885,221	-	-	-	-
Lease liabilities (including current portion)	1,724,601	1,822,315	118,330	118,330	236,536	636,911	712,208
	<u>\$ 12,459,487</u>	<u>12,557,201</u>	<u>10,853,216</u>	<u>118,330</u>	<u>236,536</u>	<u>636,911</u>	<u>712,208</u>
<b>March 31, 2021</b>							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 2,291,941	2,291,941	2,291,941	-	-	-	-
Other payables (including related parties)	5,358,307	5,358,307	5,358,307	-	-	-	-
Lease liabilities (including current portion)	1,768,840	1,882,264	101,744	101,744	203,488	610,464	864,824
	<u>\$ 9,419,088</u>	<u>9,532,512</u>	<u>7,751,992</u>	<u>101,744</u>	<u>203,488</u>	<u>610,464</u>	<u>864,824</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(iii) Market risk

1) Exposure to currency risk

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

	<u>March 31, 2022</u>			<u>December 31, 2021</u>			<u>March 31, 2021</u>		
	<u>Foreign currency (in thousands)</u>	<u>Exchange rate (dollars)</u>	<u>New Taiwan Dollars</u>	<u>Foreign currency (in thousands)</u>	<u>Exchange rate (dollars)</u>	<u>New Taiwan Dollars</u>	<u>Foreign currency (in thousands)</u>	<u>Exchange rate (dollars)</u>	<u>New Taiwan Dollars</u>
Financial assets:									
Monetary items									
USD	\$ 1,023,490	28.622	29,294,331	878,053	27.690	24,313,288	488,187	28.531	13,928,463
JPY	1,122,690	0.2345	263,271	2,385,202	0.2404	573,403	181,158	0.2582	46,775
EUR	50	31.8722	1,594	113	31.3610	3,544	37	33.3849	1,235
HKD	11,422	3.6497	41,687	1,012	3.5446	3,587	29	3.6656	106

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	March 31, 2022			December 31, 2021			March 31, 2021		
	Foreign currency (in thousands)	Exchange rate (dollars)	New Taiwan Dollars	Foreign currency (in thousands)	Exchange rate (dollars)	New Taiwan Dollars	Foreign currency (in thousands)	Exchange rate (dollars)	New Taiwan Dollars
Financial liabilities:									
Monetary items									
USD	\$ 142,145	28.622	4,068,474	133,898	27.690	3,707,636	118,024	28.531	3,367,343
JPY	1,420,622	0.2345	333,136	1,046,703	0.2404	251,627	828,252	0.2582	213,855
EUR	11,173	31.8722	356,108	9,066	31.3613	284,322	225	33.3849	7,512

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange fluctuations on cash and cash equivalents, accounts receivable, accounts payable and other payable (including related parties) which are denominated in different foreign currencies. A 1% appreciation and depreciation of the TWD against the USD, JPY, EUR and HKD as of March 31, 2022 and 2021 would have decreased and increased the net income before tax by \$248,432 and \$103,879 for the three months ended March 31, 2022 and 2021, respectively. This analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis as prior year.

Since the Group has many kinds of functional currency, the information on foreign exchange loss on monetary items is disclosed by total amount. For the three months ended March 31, 2022 and 2021, foreign exchange gains and losses (including realized and unrealized portions) amounted to \$1,001,434 and \$37,757, respectively.

(iv) Fair value information

1) Types and fair value of financial instruments

The Group's financial assets measured at fair value through other comprehensive income was measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities (including the information on fair value hierarchy; but excluding financial instruments were not measured at fair value whose carrying amount were reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required) were as follows:

	March 31, 2022				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income:					
Equity instruments without an market price measured at fair value	\$ 11,065	-	-	11,065	11,065
Financial assets measured at amortized cost					
Cash and cash equivalents	92,537,152	-	-	-	-
Accounts receivable	10,877,024	-	-	-	-
Other receivables	821,902	-	-	-	-
Lease payments receivable (including current portion)	428,372	-	-	-	-
Subtotal	104,664,450	-	-	-	-
Total	<u>\$ 104,675,515</u>	<u>-</u>	<u>-</u>	<u>11,065</u>	<u>11,065</u>

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

		March 31, 2022				
		Fair Value				
	Book Value	Level 1	Level 2	Level 3	Total	
Financial liabilities measured at amortized cost						
Accounts payable (including related parties)	\$ 3,617,322	-	-	-	-	-
Other payables (including related parties)	7,420,161	-	-	-	-	-
Lease liabilities (including current portion)	1,696,784	-	-	-	-	-
Total	<u>\$ 12,734,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		December 31, 2021				
		Fair Value				
	Book Value	Level 1	Level 2	Level 3	Total	
Financial assets at fair value through other comprehensive income:						
Equity instruments without an market price measured at fair value	\$ 11,071	-	-	11,071	11,071	11,071
Financial assets measured at amortized cost						
Cash and cash equivalents	80,699,971	-	-	-	-	-
Accounts receivable	11,568,536	-	-	-	-	-
Other receivables	760,568	-	-	-	-	-
Lease payments receivable (including current position)	483,436	-	-	-	-	-
Subtotal	<u>93,512,511</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 93,523,582</u>	<u>-</u>	<u>-</u>	<u>11,071</u>	<u>11,071</u>	<u>11,071</u>
Financial liabilities measured at amortized cost						
Accounts payable (including related parties)	\$ 2,849,665	-	-	-	-	-
Other payables (including related parties)	7,885,221	-	-	-	-	-
Lease liabilities (including current portion)	1,724,601	-	-	-	-	-
Total	<u>\$ 12,459,487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		March 31, 2021				
		Fair Value				
	Book Value	Level 1	Level 2	Level 3	Total	
Financial assets measured at amortized cost						
Cash and cash equivalents	\$ 59,112,539	-	-	-	-	-
Notes and accounts receivable	8,707,512	-	-	-	-	-
Other receivables	1,324,240	-	-	-	-	-
Lease payments receivable (including current portion)	640,273	-	-	-	-	-
Total	<u>\$ 69,784,564</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost						
Accounts payable (including related parties)	\$ 2,291,941	-	-	-	-	-
Other payables (including related parties)	5,358,307	-	-	-	-	-
Lease liabilities (including current portion)	1,768,840	-	-	-	-	-
Total	<u>\$ 9,419,088</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Valuation techniques for financial instruments measured at fair value

The category and attribute of the Group's financial instruments without an active market were as follows:

- Equity instruments without an active market price: Measurements of fair value of financial instruments without an active market price are calculated using the net asset value method, which is measured according to the main assumption based on the equity value of the investee's net asset. The estimation has already been adjusted in accordance with the discount on the lack of marketability of the equity stock

3) Transfer between levels

For the three months ended March 31, 2022 and 2021, there was no transfer from financial assets.

4) Reconciliation of Level 3 fair values

	<b>Fair value through other comprehensive income</b> <hr/> <b>Unquoted equity instruments</b> <hr/>
Balance as of January 1, 2022	\$ 11,071
Total losses recognized in other comprehensive income	<u>(6)</u>
Balance as of March 31, 2022	<u>\$ 11,065</u>
Balances as of January 1, 2021 (Balances as of March 31, 2021)	<u>\$ -</u>

For the three months ended March 31, 2022 and 2021, total losses that were included in “unrealized losses from existing financial assets at fair value through other comprehensive income” were as follows:

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Total losses recognized in other comprehensive income, and presented in “unrealized losses from financial assets at fair value through other comprehensive income”	<b>\$ (5)</b>	<b>-</b>

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

The Group's financial instruments that use Level 3 inputs to measure fair value "fair value through other comprehensive income – equity investments".

The Group's investment in equity instruments without an active market have only one significant unobservable input.

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income equity investments without an active market	Asset method	·Net asset value ·The discount rate due to lack of marketability as of March 31, 2022 was 5%	·The higher the discount for lack of marketability, the lower the fair value.

- 6) Fair value measurement in Level 3 - sensitivity analysis of the possible alternative assumptions

The valuation models and assumptions used to measure the fair value of the financial instruments is reasonable. However, the use of different valuation models or assumptions may result in different measurements. The effects of changes in assumptions for financial instruments, whose fair value measurements were categorized as Level 3, were as follows:

			<u>Effects of changes in fair value on other comprehensive income</u>	
			<u>Increase or decrease</u>	<u>Favorable change</u> <u>Unfavorable change</u>
<b>March 31, 2022</b>	<u>Inputs</u>	<u>Increase or decrease</u>	<u>Favorable change</u>	<u>Unfavorable change</u>
Financial assets at fair value through other comprehensive income equity investments without an active market	Discount for lack of marketability	1%	116	(116)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(Continued)



**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(t) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note 6(t) of the consolidated financial statements for the year ended December 31, 2021.

(u) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2021. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2021. Please refer to Note 6(u) of the consolidated financial statements for the year ended December 31, 2021 for further details.

(v) The investing and financing activities on non-cash transactions

The Group's investing and financing activities on non-cash transactions for the three months ended March 31, 2022 and 2021 were as follows:

(i) Acquisition of right-of-use assets by lease, please refer to Note6(h).

(ii)

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Acquisition of property, plant and equipment	\$ 1,478,954	1,474,877
Add: Payables on equipment at beginning of period	785,854	693,313
Less: Payables on equipment at end of period	(1,100,224)	(683,559)
Cash Paid	<b>\$ 1,164,584</b>	<b>1,484,631</b>

(iii) Reconciliation of liabilities arising from financing activities was as follow:

	<b>Non-Cash changes</b>					
	<b>January 1, 2022</b>	<b>Cash flow</b>	<b>Change in an index of lease payment</b>	<b>Increased</b>	<b>Increased by other payables</b>	<b>March 31, 2022</b>
Lease liabilities	\$ 1,724,601	(53,658)	26,136	(295)	-	1,696,784
Guarantee deposits	70,506	(50,152)	-	-	4	20,358
	<b>\$ 1,795,107</b>	<b>(103,810)</b>	<b>26,136</b>	<b>(295)</b>	<b>4</b>	<b>1,717,142</b>

  

	<b>Non-Cash changes</b>					
	<b>January 1, 2021</b>	<b>Cash flow</b>	<b>Change in an index of lease payment</b>	<b>Increased</b>	<b>Increased by other payables</b>	<b>March 31, 2021</b>
Lease liabilities	\$ 1,796,084	(44,478)	17,429	(195)	-	1,768,840
Guarantee deposits	134,518	(2,587)	-	-	(3,263)	128,668
	<b>\$ 1,930,602</b>	<b>(47,065)</b>	<b>17,429</b>	<b>(195)</b>	<b>(3,263)</b>	<b>1,897,508</b>

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(7) Related-party transactions:**

(a) Names and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Formosa Advanced Technologies Co., Ltd. (referred to as "FATC")	The Group's associates
Formosa Petrochemical Corporation	The Group's other related parties
Nan Ya Photonics Incorporation	The Group's other related parties
Formosa Sumco Technology Corporation	The Group's other related parties
Formosa Technologies Corporation	The Group's other related parties
Formosa Biomedical Technology Corp.	The Group's other related parties
Formosa Plastics Corporation	The Group's other related parties
Formosa Waters Technology Co., Ltd.	The Group's other related parties
Nan Ya Plastics Corporation	The entity with significant influence over the Group
Min Chi University of Technology	The Group's other related parties

(b) Significant transactions with related parties

(i) Purchase from related parties

<u>Relationship</u>	<u>Purchases</u>		<u>Accounts payable to related parties</u>		
	<u>For the three months ended March 31,</u>		<u>December</u>		
	<u>2022</u>	<u>2021</u>	<u>March 31, 2022</u>	<u>31, 2021</u>	<u>March 31, 2021</u>
Entities with significant influence over the Group	\$ 135,854	28,815	111,064	12,764	10,476
Associates	1,675	731	-	-	-
Other related parties:					
Formosa Sumco Technology Corporation	218,853	166,981	153,157	97,938	112,087
Other related parties	68,350	65,704	16,220	8,812	9,544
	<u>\$ 424,732</u>	<u>262,231</u>	<u>280,441</u>	<u>119,514</u>	<u>132,107</u>

The terms and pricing of purchase transactions with related parties above were not significantly different from those offered by other vendors. The payment terms ranged from one to two months, which were no different from the payment terms given by other vendors.

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Consigned out for processing

<u>Relationship</u>	<u>Amount</u>		<u>Other payables to related parties</u>		
	<u>For the three months ended</u>		<u>March 31,</u>	<u>December</u>	<u>March 31,</u>
	<u>March 31,</u>				
Associates	\$ <u>2,065,415</u>	<u>1,922,073</u>	<u>1,330,704</u>	<u>1,221,034</u>	<u>1,239,200</u>

The term of transactions with the related parties above is 60 days after the end of each month when processed consigned goods are received.

(iii) Property transactions

Acquisition of equipment

<u>Relationship</u>	<u>Other payables to related parties</u>		
	<u>March 31,</u>	<u>December</u>	<u>March 31,</u>
	<u>2022</u>	<u>31, 2021</u>	<u>2021</u>
Entities with significant influence over the Group	\$ 5,058	8,093	1,590
Other related parties	<u>4,135</u>	<u>8,088</u>	<u>-</u>
	<u>\$ 9,193</u>	<u>16,181</u>	<u>1,590</u>

(iv) Leases

<u>Relationship</u>	<u>Acquisition price</u>	
	<u>For the three months ended</u>	
	<u>March 31,</u>	
	<u>2022</u>	<u>2021</u>
Entities with significant influence over the Group	\$ <u>18,084</u>	<u>16,484</u>

The rentals charged to the entities with significant influence over the Company are determined based on the local market prices, and rents are paid montly. The Group entered into 9 to 10 years lease agreements between July and August 2020, as well as a 3-year lease agreement in July 2017, with Nan Ya Plastics Corporation, at the total values of \$2,015,018 and \$617,862, respectively. Also, for the three months ended March 31, 2022 and 2021, the Group recognized the amounts of \$5,506 and \$6,035, respectively, as interest expenses. Furthermore, on March 31, 2022, December 31 and March 31, 2021, the balances of lease liabilities amounted to \$1,613,710, \$1,633,479 and \$1,768,840, respectively.

The Group entered into a 3-year lease agreement in December 2021 with Min Chi University of Technology, at the total values of \$50,198. Also, for the three months ended March 31, 2022, the Group recognized the amount of \$126, as interest expense. Furthermore, on March 31, 2022, December 31 and March 31, 2021, the balance of lease liabilities amounted to \$45,298, \$49,352 and \$0, respectively.

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

For the details of right of use asset, please refer to Note6(h).

(v) Others

<u>Relationship</u>	<u>Other income</u>	
	<u>For the six months ended</u>	
	<u>March 31</u>	
	<u>2022</u>	<u>2021</u>
Associates	\$ <u>92</u>	<u>301</u>

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<u>For the three months ended</u>	
	<u>March 31,</u>	
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 12,101	12,534
Share-based payment	-	-
	<u>\$ 12,101</u>	<u>12,534</u>

Please refer to Note 6(n) for the details of share-based payment.

**(8) Pledged assets:**

The Group's assets pledged to secure loans are as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>
		<u>2022</u>	<u>2021</u>	<u>2021</u>
Other non-current assets	Office leasing	\$ <u>5,566</u>	<u>5,391</u>	<u>5,559</u>

**(9) Commitments and contingencies:**

(a) Significant commitments

	<u>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>
	<u>2022</u>	<u>2021</u>	<u>2021</u>
Guarantees for importation goods provided by bank	\$ 835,000	835,000	935,000
Unused letters of credit	<u>423,879</u>	<u>112,321</u>	<u>29,396</u>
Total	<u>\$ 1,258,879</u>	<u>947,321</u>	<u>964,396</u>

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Contingent liabilities

- (i) In 2000, the Company was charged by Brazil's Ministry of Justice as being involved in the International Monopolies, which influences Brazil's DRAM market. Consequently, the Company, other large international companies and individuals are investigated at the same time. The lawsuit was in a court hearing. The Company has engaged counsels to properly handle it to ensure the Company's rights.
- (ii) In November 2019, Monterey Research LLC (Monterey) filed a lawsuit against Nanya Technology Corp. (Nanya) and two of its subsidiaries, Nanya Technology Corp., USA (NTC USA) and Nanya Technology Corp., Delaware (NTC Delaware), to the US District Court of Delaware for patent infringement. The Company has engaged counsels to properly handle it to ensure the Company's rights.

**(10) Losses Due to Major Disasters: None**

**(11) Subsequent Events: None**

**(12) Other:**

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

	For the three months ended March 31, 2022			For the three months ended March 31, 2021		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salaries	871,635	664,810	1,536,445	777,235	647,179	1,424,414
Labor and health insurance	53,426	47,387	100,813	51,903	47,423	99,326
Pension expenses	25,540	25,090	50,630	24,588	25,148	49,736
Remuneration for directors	-	1,550	1,550	-	1,560	1,560
Other personnel expenses	18,065	8,524	26,589	17,722	8,156	25,878
Depreciation expenses	3,632,522	145,915	3,778,437	3,557,315	119,534	3,676,849
Amortization expenses	64,859	-	64,859	64,934	-	64,934

(b) Seasonal operation:

The Group's operation is not affected by seasonal or cyclical factor.

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

**(13) Other disclosures:**

## (a) Information on significant transactions:

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the three months ended March 31, 2022:

- (i) Loans to other parties: None
- (ii) Guarantees and endorsements for other parties: None
- (iii) Securities held at the reporting date (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance			Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	
The Company	Mesh Cooperative Ventures Fund LP	-	Financial assets at fair value through other comprehensive income — non-current	-	11,065	2.46 %	11,065

- (iv) Information regarding purchase or sale of securities for the period exceeding \$300 million or 20% of the capital stock: None
- (v) Acquisition of individual real estate with amount exceeding \$300 million or 20% of the Company's paid-in capital: None
- (vi) Disposal of individual real estate with amount exceeding \$300 million or 20% of the Company's paid-in capital: None
- (vii) Related-party transaction for purchases and sales for which amounts exceeding \$100 million or 20% of the Company's paid-in capital:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Nanya Technology Corp., U.S.A.	Subsidiary	(Sale)	(2,820,549)	(14.37)%	O/A 60-90Days	-	-	2,297,879	20.74%	(Note)
The Company	Nanya Technology Corp., Japan	Subsidiary	(Sale)	(1,359,259)	(6.93)%	O/A 180Days	-	-	930,602	8.40%	(Note)
The Company	Nanya Technology Corp., Europe GmbH	Subsidiary	(Sale)	(1,416,032)	(7.22)%	O/A 60-90Days	-	-	891,801	8.05%	(Note)
Nanya Technology Corp., U.S.A	Nanya Technology Corp	The parent company	Purchase	2,820,549	100.00%	O/A 60-90 Days	-	-	(2,297,879)	(100.00)%	(Note)
Nanya Technology Corp., Japan	Nanya Technology Corp	The parent company	Purchase	1,359,259	100.00%	O/A 180Days	-	-	(930,602)	(100.00)%	(Note)
Nanya Technology Corp., Europe GmbH	Nanya Technology Corp	The parent company	Purchase	1,416,032	100.00%	O/A 60-90Days	-	-	(891,801)	(100.00)%	(Note)
The Company	Formosa Sumco Technology Corporation	Other related parties	Purchase	218,853	6.36%	O/A 60Days	-	-	(153,157)	(4.23)%	-
The Company	Nanya Plastic Corporation	The entities with significant influence over the Group	Purchase	135,854	3.95%	Payment after arrival and inspection of good	-	-	(111,064)	(3.07)%	-

Note: The transactions were written off in the consolidated financial statements.

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(viii) Receivables from related parties with amounts exceeding \$100 million or 20% of the Company's paid-in capital:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance of accounts receivable from related parties	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	Nanya Technology Corp., U.S.A.	Subsidiary	2,297,879	4.36	-	-	1	-
The Company	Nanya Technology Corp., Japan	Subsidiary	930,602	6.38	-	-	1	-
The Company	Nanya Technology Europe GmbH	Subsidiary	891,801	5.57	-	-	1	-

Note: The transactions were written off in the consolidated financial statements.

(ix) Trading in derivative instruments: None

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
0	Nanya Technology Corp.	Nanya Technology Corp., U.S.A	1	Sales	2,820,549	On the basis of general conditions	14.14%
0	Nanya Technology Corp.	Nanya Technology Corp., Japan	1	Sales	1,359,259	On the basis of general conditions	6.81%
0	Nanya Technology Corp.	Nanya Technology Europe GmbH	1	Sales	1,416,032	On the basis of general conditions	7.10%
0	Nanya Technology Corp.	Nanya Technology Corp., U.S.A	1	Accounts receivable	2,297,879	On the basis of general conditions	1.14%
0	Nanya Technology Corp.	Nanya Technology Corp., Japan	1	Accounts receivable	930,602	On the basis of general conditions	0.46%
0	Nanya Technology Corp.	Nanya Technology Europe GmbH	1	Accounts receivable	891,801	On the basis of general conditions	0.44%

Note 1: Assigned numbers represent the following:

1. 0 represents the parent company.
2. The subsidiaries are represented numerically starting from 1.

Note 2: The terms of transactions are defined as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to Subsidiary.

Note 3: The business relationship and significant transactions between the parent company and the subsidiary only disclose the importations of sales and account receivable, did not repeat about the purchase and account payable.

Note 4: The transactions were written off in the consolidated financial statements.

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

## (b) Information on investees (excluding information on investees in Mainland China):

The following is the information on investees for the three months ended March 31, 2022:

(In Thousands of New Taiwan Dollars / Thousands Shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2022			Net income of investee	Share of profits of investee	Note
				March 31, 2022	December 31, 2021	Shares	Percentage of ownership	Carrying value			
The Company	Nanya Technology Corp., U.S.A.	U.S.A	Sales of semiconductor products	20,392	20,392	2.4	100.00 %	173,752	3,979	3,979	(Note1)
The Company	Nanya Technology Corp., Delaware	U.S.A	Design of semiconductor products	36,005	36,005	-	100.00 %	193,598	4,135	4,135	(Note1)
The Company	Nanya Technology Corp., HK	Hong Kong	Sales of semiconductor products	66,271	66,271	19.7	100.00 %	94,531	15,719	15,719	(Note1)
The Company	Nanya Technology Corp., Japan	Japan	Sales of semiconductor products	20,161	20,161	1	100.00 %	324,748	88,363	88,363	(Note1)
The Company	Nanya Technology International, Ltd.	British Virgin Island	General investment business	48,145,600	48,145,600	1.6	100.00 %	45,912,887	48,639	48,639	(Note 1)
The Company	Formosa Advanced Technologies Co., Ltd.	Yunlin	Assembling, testing and producing modules for IC	5,099,482	5,099,482	141,511	32.00 %	5,522,222	461,139	199,816	(Note 2)
Nanya Technology Corp., HK	Nanya Technology Europe GmbH	Germany	Sales of semiconductor products	30,056	30,056	-	100.00 %	94,625	21,021	21,021	(Note1)

Note: (1) The transactions were written off in the consolidated financial statements.

(2) Investment accounted for using equity method.

## (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, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Nanya Technology Corp., Shenzhen	Sales of semiconductor products	28,193 (USD985 thousand)	(2)	28,193 (USD985 thousand)	-	-	28,193 (USD985 thousand)	(5,678)	100.00%	(5,678) (Note 2)	18,071	-

Note 1 : Three types of investments were as follows:

- (1) Investing directly in Mainland China
- (2) Investing the companies in Mainland China through third parties.
- (3) Others

Note 2 : The financial statements were reviewed by a certified public accountant of the Taiwanese parent company.

Note3 : The transactions were written off in the consolidated financial statements.

## (ii) Limitation on investment in Mainland China:

(In Thousands of New Taiwan Dollars)

Accumulated Investment in Mainland China as of March 31, 2022 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment (Note 2)
28,193 (USD985 thousand)	28,193 (USD985 thousand)	108,608,710

Note 1 : The exchange rate of New Taiwan dollars to US dollars on March 31, 2022 was USD1 : TWD 28.622

Note 2 : 60% of net equity.

## (iii) Significant transactions: None

(Continued)



**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(d) Information on major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Nan Ya Plastics Corporation		907,303,775	29.29 %
Formosa Chemicals & Fibre Corporation		334,815,409	10.81 %
Formosa Plastics Corporation		334,815,409	10.81 %
Formosa Petrochemical Corp		334,815,409	10.81 %

Note 1: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical ordinary shares and preference shares (including treasury shares) on the last business date of each quarter. The actual registered non-physical shares may be different from the capital shares disclosed in the financial statement due to different calculation basis.

Note 2: If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

**(14) Segment information:**

For the three months ended March 31, 2022						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 5,962,615	-	13,983,710	-	-	19,946,325
From sales among intersegments	8,965	84,584	5,639,868	-	(5,733,417)	-
Total revenue	<u>\$ 5,971,580</u>	<u>84,584</u>	<u>19,623,578</u>	<u>-</u>	<u>(5,733,417)</u>	<u>19,946,325</u>
Reportable segment profit or loss	<u>\$ 108,425</u>	<u>4,135</u>	<u>8,027,686</u>	<u>48,639</u>	<u>(160,835)</u>	<u>8,028,050</u>
For the three months ended March 31, 2021						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 4,174,541	-	13,556,072	-	-	17,730,613
From sales among intersegments	13,666	96,510	4,083,039	-	(4,193,215)	-
Total revenue	<u>\$ 4,188,207</u>	<u>96,510</u>	<u>17,639,111</u>	<u>-</u>	<u>(4,193,215)</u>	<u>17,730,613</u>
Reportable segment profit or loss	<u>\$ 128,270</u>	<u>4,792</u>	<u>3,333,757</u>	<u>42,482</u>	<u>(175,296)</u>	<u>3,334,005</u>
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Reportable segment assets						
Balance at March 31, 2022	<u>\$ 4,859,179</u>	<u>197,438</u>	<u>200,917,906</u>	<u>45,912,887</u>	<u>(50,913,175)</u>	<u>200,974,235</u>
Balance at December 31, 2021	<u>\$ 5,474,495</u>	<u>204,459</u>	<u>191,326,808</u>	<u>44,369,801</u>	<u>(49,954,700)</u>	<u>191,420,863</u>
Balance at March 31, 2021	<u>\$ 3,438,108</u>	<u>180,892</u>	<u>169,775,015</u>	<u>34,427,903</u>	<u>(38,020,828)</u>	<u>169,801,090</u>
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Others divisions	Adjustments and eliminated	Total
Reportable segment liabilities						
Balance at March 31, 2022	<u>\$ 4,241,015</u>	<u>3,840</u>	<u>19,903,390</u>	<u>-</u>	<u>(4,188,526)</u>	<u>19,959,719</u>
Balance at December 31, 2021	<u>\$ 4,964,224</u>	<u>21,250</u>	<u>18,348,740</u>	<u>-</u>	<u>(4,891,419)</u>	<u>18,442,795</u>
Balance at March 31, 2021	<u>\$ 2,917,181</u>	<u>3,945</u>	<u>12,455,405</u>	<u>-</u>	<u>(2,895,051)</u>	<u>12,481,480</u>