

**NANYA TECHNOLOGY CORPORATION AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2023 and 2022**

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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.

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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, 2023 and 2022, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2023 and 2022, 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 the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Hsin-Yi Kuo and Tzu-Hui Lee.

KPMG

Taipei, Taiwan (Republic of China)
May 3, 2023

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 Standards on Auditing as of March 31, 2023 and 2022

Nanya Technology Corporation and Subsidiaries

Consolidated Balance Sheets

March 31, 2023, December 31 and March 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

		March 31, 2023		December 31, 2022		March 31, 2022				March 31, 2023		December 31, 2022		March 31, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Assets								Liabilities and Equity							
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (Note 6(a))	\$ 65,002,067	33	73,593,262	36	92,537,152	46	2170	Accounts payable	\$ 3,619,519	2	5,395,353	3	3,336,881	2
1150	Notes receivable, net (Notes 6(c) and (p))	387	-	516	-	-	-	2180	Accounts payable to related parties (Note 7)	106,515	-	208,957	-	280,441	-
1170	Accounts receivable, net (Notes 6(c) and (p))	3,494,445	2	4,359,244	2	10,877,024	5	2200	Other payables	4,418,771	3	5,292,713	2	6,079,425	3
1200	Other receivables (Notes 6(d) and (i))	2,721,319	1	2,331,729	1	1,057,082	1	2216	Dividends payable (Note 6(l))	6,601,519	3	1,423	-	839	-
1210	Other receivables due from related parties (Note 7)	471,880	-	-	-	-	-	2220	Other payables to related parties (Note 7)	1,279,678	1	1,431,951	1	1,339,897	1
1310	Inventories (Note 6(e))	26,274,596	13	23,384,447	12	11,878,524	6	2230	Current tax liabilities	3,412,842	1	3,477,759	2	6,012,351	3
1410	Prepayments	927,726	1	967,609	1	1,103,169	1	2280	Current lease liabilities (Notes (j) and 7)	395,006	-	360,895	-	218,595	-
1470	Other current assets	813,661	-	875,510	-	918,124	-	2399	Other current liabilities	1,475	-	9,772	-	963	-
	Total current assets	<u>99,706,081</u>	<u>50</u>	<u>105,512,317</u>	<u>52</u>	<u>118,371,075</u>	<u>59</u>		Total current liabilities	<u>19,835,325</u>	<u>10</u>	<u>16,178,823</u>	<u>8</u>	<u>17,269,392</u>	<u>9</u>
Non-current assets:								Non-Current liabilities:							
1517	Non-current financial assets at fair value through other comprehensive income	16,798	-	16,566	-	11,065	-	2570	Deferred tax liabilities	4,000	-	4,034	-	83,431	-
1535	Non-current financial assets at amortized cost, net (Notes 6(b) and 8)	951,853	-	728,864	-	-	-	2580	Non-current lease liabilities (Notes 6(j) and 7)	4,506,331	3	4,200,447	2	1,478,189	1
1550	Investments accounted for using equity method (Note 6(f))	5,003,747	3	5,385,900	3	5,522,222	3	2640	Net defined benefit liability, non-current	528,741	-	530,688	-	637,839	-
1600	Property, plant and equipment (Notes 6(g), (v) and 7)	85,610,054	44	84,897,394	42	73,912,136	37	2670	Other non-current liabilities (Note 6(b))	579,730	-	363,708	-	490,868	-
1755	Right-of-use assets (Notes 6(h) and (v))	4,855,644	3	4,523,110	2	1,676,995	1		Total non-current liabilities	<u>5,618,802</u>	<u>3</u>	<u>5,098,877</u>	<u>2</u>	<u>2,690,327</u>	<u>1</u>
1780	Intangible assets	703,730	-	766,626	1	951,365	-		Total liabilities	<u>25,454,127</u>	<u>13</u>	<u>21,277,700</u>	<u>10</u>	<u>19,959,719</u>	<u>10</u>
1840	Deferred tax assets	762,255	-	333,267	-	212,770	-	3110	Equity (Note 6(m)):						
194D	Long-term financial lease payments receivable (Note 6(i))	-	-	-	-	193,192	-	3140	Ordinary shares	30,980,429	16	30,980,079	16	30,970,709	16
1990	Other non-current assets (Note 8)	145,341	-	71,706	-	123,415	-	3140	Advance receipts for share capital	-	-	736	-	1,428	-
	Total non-current assets	<u>98,049,422</u>	<u>50</u>	<u>96,723,433</u>	<u>48</u>	<u>82,603,160</u>	<u>41</u>	3200	Capital surplus	32,824,937	17	32,824,366	16	32,808,033	16
	Total assets	<u>\$ 197,755,503</u>	<u>100</u>	<u>202,235,750</u>	<u>100</u>	<u>200,974,235</u>	<u>100</u>	3310	Legal reserve	17,156,884	8	17,156,884	9	14,879,816	7
								3320	Special reserve	4,116,942	2	4,116,942	2	3,011,507	1
								3350	Unappropriated retained earnings	86,982,123	44	95,266,810	47	101,976,062	51
								3400	Other equity interest	240,061	-	612,233	-	(2,633,039)	(1)
									Total equity	<u>172,301,376</u>	<u>87</u>	<u>180,958,050</u>	<u>90</u>	<u>181,014,516</u>	<u>90</u>
									Total liabilities and equity	<u>\$ 197,755,503</u>	<u>100</u>	<u>202,235,750</u>	<u>100</u>	<u>200,974,235</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing
Nanya Technology Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
For the three months ended March 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

		For the three months ended March 31,			
		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(p))	\$ 6,424,883	100	19,946,325	100
5000	Operating costs (Notes 6(e), (g), (h), (j), (k), (n), (q) and 7)	<u>(6,979,043)</u>	<u>(109)</u>	<u>(11,195,898)</u>	<u>(56)</u>
	Gross profit (loss) from operations	<u>(554,160)</u>	<u>(9)</u>	<u>8,750,427</u>	<u>44</u>
	Operating expenses (Notes 6(g), (h), (j), (k), (n), (q) and 7):				
6100	Selling expenses	(129,839)	(2)	(196,475)	(1)
6200	Administrative expenses	(421,381)	(7)	(397,184)	(2)
6300	Research and development expenses	<u>(1,779,983)</u>	<u>(27)</u>	<u>(1,894,708)</u>	<u>(10)</u>
	Total operating expenses	<u>(2,331,203)</u>	<u>(36)</u>	<u>(2,488,367)</u>	<u>(13)</u>
	Net operating (loss) income	<u>(2,885,363)</u>	<u>(45)</u>	<u>6,262,060</u>	<u>31</u>
	Non-operating income and expenses (Notes 6(f), (g), (i), (j), (r) and 7):				
7100	Interest income	720,370	11	77,954	-
7010	Other income	-	-	514,382	4
7020	Other gains and losses, net	31,707	-	979,594	5
7050	Finance costs	(17,901)	-	(5,756)	-
7060	Share of profit of associates accounted for using equity method, net	<u>38,730</u>	<u>1</u>	<u>199,816</u>	<u>1</u>
	Total non-operating income and expenses	<u>772,906</u>	<u>12</u>	<u>1,765,990</u>	<u>10</u>
7900	(Loss) profit before tax	<u>(2,112,457)</u>	<u>(33)</u>	<u>8,028,050</u>	<u>41</u>
7950	Income tax expenses (Note 6(l))	<u>427,770</u>	<u>7</u>	<u>(1,477,913)</u>	<u>(8)</u>
	(Loss) profit	<u>(1,684,687)</u>	<u>(26)</u>	<u>6,550,137</u>	<u>33</u>
8300	Other comprehensive income (Notes 6(l) and (m)):				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8316	Unrealized profit (loss) from investments in equity instruments measured at fair value through other comprehensive income	232	-	(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	46,104	1	(16,625)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>47</u>	<u>-</u>	<u>(1)</u>	<u>-</u>
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	<u>46,289</u>	<u>1</u>	<u>(16,630)</u>	<u>-</u>
8360	Components of other comprehensive (loss) income that may be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(418,461)	(7)	1,500,533	7
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>
	Components of other comprehensive (loss) income that may be reclassified to profit or loss	<u>(418,461)</u>	<u>(7)</u>	<u>1,500,533</u>	<u>7</u>
8300	Other comprehensive (loss) income, net	<u>(372,172)</u>	<u>(6)</u>	<u>1,483,903</u>	<u>7</u>
8500	Comprehensive (loss) income	<u>\$ (2,056,859)</u>	<u>(32)</u>	<u>8,034,040</u>	<u>40</u>
	Earnings (loss) per share (Note 6(o))				
9750	Basic (loss) earnings per share	<u>\$ (0.54)</u>		<u>2.11</u>	
9850	Diluted earnings per share	<u>\$ -</u>		<u>2.10</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing

Nanya Technology Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the three months ended March 31, 2023 and 2022
(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			Total equity
							Exchange differences on translation of foreign financial statements	(losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	
Balance at January 1, 2022	\$ 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
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
Balance at March 31, 2022	\$ 30,970,709	1,428	32,808,033	14,879,816	3,011,507	101,976,062	(2,485,392)	(147,647)	(2,633,039)	181,014,516
Balance at January 1, 2023	\$ 30,980,079	736	32,824,366	17,156,884	4,116,942	95,266,810	913,316	(301,083)	612,233	180,958,050
Net loss for the three months ended March 31, 2023	-	-	-	-	-	(1,684,687)	-	-	-	(1,684,687)
Other comprehensive income for the three months ended March 31, 2023	-	-	-	-	-	-	(418,461)	46,289	(372,172)	(372,172)
for the three months ended March 31, 2023	-	-	-	-	-	(1,684,687)	(418,461)	46,289	(372,172)	(2,056,859)
Appropriation and distribution of retained earnings:										
Cash dividends of ordinary share	-	-	-	-	-	(6,600,000)	-	-	-	(6,600,000)
Exercise of employee share options	350	(736)	571	-	-	-	-	-	-	185
Balance at March 31, 2023	\$ 30,980,429	-	32,824,937	17,156,884	4,116,942	86,982,123	494,855	(254,794)	240,061	172,301,376

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing

Nanya Technology Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the three months ended March 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended	
	March 31,	
	2023	2022
Cash flows from operating activities:		
(Loss) profit before tax	\$ (2,112,457)	8,028,050
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	3,694,444	3,778,437
Amortization expense	64,206	64,859
Interest expense	17,901	5,756
Interest income	(720,370)	(77,954)
Share of profit of associates accounted for using equity method	(38,730)	(199,816)
Gain on disposal of property, plant and equipment	(44,398)	(3,564)
Impairment loss (reversal of impairment loss) on non-financial assets	(27,307)	51,785
Unrealized foreign exchange loss (gain)	82,509	(397,354)
Total adjustments to reconcile profit	3,028,255	3,222,149
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	868,105	834,822
Other receivables (including related parties)	(342,643)	(38,765)
Inventories	(2,890,149)	(267,289)
Prepayments	39,883	(267,750)
Other current assets	61,849	(163,286)
Accounts payable (including related parties)	(375,166)	453,757
Other payables (including related parties)	(991,704)	(452,374)
Other current liabilities	(8,297)	(17,924)
Net defined benefit liability	(1,947)	(3,399)
Other non-current liabilities	(3,752)	1,347
Total net changes (from) in operating assets and liabilities	(3,643,821)	79,139
Cash inflow generated from operations	(2,728,023)	11,329,338
Interest received	617,589	44,735
Interest paid	(17,354)	(5,781)
Income taxes paid	(81,096)	(50,414)
Net cash flows (from) in operating activities	(2,208,884)	11,317,878
Cash flows used in investing activities:		
Acquisition of financial assets at amortized cost	(20)	-
Acquisition of property, plant and equipment	(5,816,996)	(1,164,584)
Proceeds from disposal of property, plant and equipment	73,711	3,928
Increase in refundable deposits	(74,885)	8,307
Acquisition of intangible assets	(53,327)	(53,327)
Decrease in lease and installment receivables	66,083	66,083
Increase in other non-current assets	(60)	(316)
Net cash flows used in investing activities	(5,805,494)	(1,139,909)
Cash flows used in financing activities:		
Decrease in guarantee deposits received	(468)	(50,152)
Payment of lease liabilities	(91,494)	(53,658)
Exercise of employee share options	185	2,408
Net cash flows used in financing activities	(91,777)	(101,402)
Effect of exchange rate changes on cash and cash equivalents	(485,040)	1,760,614
Net (decrease) increase in cash and cash equivalents	(8,591,195)	11,837,181
Cash and cash equivalents at beginning of period	73,593,262	80,699,971
Cash and cash equivalents at end of period	\$ 65,002,067	92,537,152

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2023 and 2022

Nanya Technology Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

March 31, 2023 and 2022

(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 3, 2023.

(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, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (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:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendments ¹ , new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

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.

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(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, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

(b) Basis of consolidation

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

Investor	The name of subsidiaries	Business activity	Shareholding		
			March 31, 2023	December 31, 2022	March 31, 2022
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.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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.

(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.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(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, 2022. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2022.

(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, 2022. Please refer to Note 6 of the 2022 annual consolidated financial statements.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(a) Cash and cash equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
Petty cash	\$ 67	64	31
Checking accounts and demand deposits	5,838,827	9,427,208	22,581,766
Cash equivalents:			
Time deposits	57,307,102	64,068,090	64,979,608
Commercial paper	523,460	-	3,432,557
Repurchase agreements collateralized by corporate bonds	<u>1,332,611</u>	<u>97,900</u>	<u>1,543,190</u>
	<u>\$ 65,002,067</u>	<u>73,593,262</u>	<u>92,537,152</u>

(b) Non-current financial assets at amortized cost

	March 31, 2023	December 31, 2022	March 31, 2022
Restricted Demand Deposits	\$ 223,786	772	-
Restricted Time Deposits	<u>728,067</u>	<u>728,092</u>	<u>-</u>
	<u>\$ 951,853</u>	<u>728,864</u>	<u>-</u>

The Group applied to the Minister of Economic Affairs (MOEA) for a research and development program subsidy in accordance with subsidy, Reward and Assistance Regulations for Promoting Industry Innovation of Ministry of Economic Affairs. As of March 31, 2023, the research grant amounting to \$223,003 was approved to be appropriated to the designated account by MOEA, and the subsidy was used for the research and development program expenditures purpose. The demand deposit cannot be withdrawn arbitrarily under the restriction terms of the regulations for making a withdrawal from the designated account. As a result, the Group recognized the deferred revenue-Government Grants as other non-current liabilities.

The Group has assessed that these time deposits are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on the principal amount outstanding. Therefore, these time deposits were classified as financial assets measured at amortized cost.

- (i) For credit risk, please refer to note 6(s).
- (ii) For the details of financial assets pledged as collateral, please refer to note 8.

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Notes and accounts receivable

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable - from non-operating activities	\$ 387	516	-
Accounts receivable- measured at amortized cost	<u>3,494,445</u>	<u>4,359,244</u>	<u>10,877,024</u>
	<u>\$ 3,494,832</u>	<u>4,359,760</u>	<u>10,877,024</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 accounts receivable was determined as follows:

March 31, 2023			
Due days	Notes and accounts receivables gross carrying amount	Weighted average loss rate	Loss allowance provision
Current	\$ 3,430,722	-	-
1 to 30 days past due	<u>64,110</u>	-	-
	<u>\$ 3,494,832</u>		<u>-</u>
December 31, 2022			
Due days	Accounts receivables gross carrying amount	Weighted average loss rate	Loss allowance provision
Current	\$ 4,072,381	-	-
1 to 30 days past due	286,646	-	-
31 to 60 days past due	57	-	-
Over 91 days past due	<u>676</u>	-	-
	<u>\$ 4,359,760</u>		<u>-</u>

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2022		
Due days	Accounts receivables gross carrying amount	Weighted average loss rate	Loss allowance provision
Current	\$ 10,832,998	-	-
1 to 30 days past due	44,026	-	-
	\$ 10,877,024		-

The Group did not recognize any allowance for impairment loss as there were no uncollected notes and accounts receivable that were past due as of March 31, 2023, December 31 and March 31, 2022.

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

(d) Other receivables

	March 31, 2023	December 31, 2022	March 31, 2022
Tax refund receivable	\$ 1,915,907	1,568,945	725,473
Lease payment receivable	193,192	254,305	235,181
Interest receivable	583,193	485,623	50,229
Others	29,027	22,856	46,199
	\$ 2,721,319	2,331,729	1,057,082

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

(e) Inventories

	March 31, 2023	December 31, 2022	March 31, 2022
Raw materials	\$ 857,559	1,105,157	668,397
Work in progress	9,180,948	8,670,605	7,610,095
Finished goods	16,236,089	13,608,685	3,600,032
	\$ 26,274,596	23,384,447	11,878,524

The Group did not recognize any loss or gain from devaluation of inventories as there was no indication of impairment loss 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, 2023 and 2022.

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The details of the cost of sales were as follows:

	For the three months ended March 31,	
	2023	2022
Inventory that has been sold	\$ 6,331,435	11,046,788
Unallocated production overheads	629,843	117,038
Others	17,765	32,072
	<u>\$ 6,979,043</u>	<u>11,195,898</u>

(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:

	March 31, 2023	December 31, 2022	March 31, 2022
Associates	<u>\$ 5,003,747</u>	<u>5,385,900</u>	<u>5,522,222</u>

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

Name of Associates	Nature of Relationship to the Group	Registration Country	Percentage of ownership		
			March 31, 2023	December 31, 2022	March 31, 2022
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:

	March 31, 2023	December 31, 2022	March 31, 2022
Formosa Advanced Technologies Co., Ltd.	<u>\$ 19,678,889</u>	<u>16,937,111</u>	<u>18,131,111</u>

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The financial information of FATC was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	\$ 10,770,043	10,767,938	10,310,108
Non-current assets	3,961,211	4,001,646	4,498,754
Current liabilities	(2,466,444)	(1,403,500)	(1,569,508)
Non-current liabilities	(637,185)	(654,795)	(528,152)
Net asset	<u><u>\$ 11,627,625</u></u>	<u><u>12,711,289</u></u>	<u><u>12,711,202</u></u>
Net asset contributed to non-controlling interest of Formosa Petrochemical Corporation	<u><u>\$ 7,906,785</u></u>	<u><u>8,643,676</u></u>	<u><u>8,774,557</u></u>
Net asset contributed to FATC	<u><u>\$ 3,720,840</u></u>	<u><u>4,067,613</u></u>	<u><u>3,936,645</u></u>

	For the three months ended March 31,	
	2023	2022
Operating revenue	<u><u>\$ 2,169,797</u></u>	<u><u>2,562,634</u></u>
Profit	\$ 231,593	461,139
Other comprehensive income (loss)	144,076	(51,951)
Total comprehensive income	<u><u>\$ 375,669</u></u>	<u><u>409,188</u></u>
Comprehensive income allocated to non-controlling interest of Formosa Petrochemical Corporation	<u><u>\$ 255,455</u></u>	<u><u>278,248</u></u>
Total comprehensive income contributed to FATC	<u><u>\$ 120,214</u></u>	<u><u>130,940</u></u>

	For the three months ended March 31,	
	2023	2022
Share of net assets of the major associate at January 1	\$ 4,067,613	3,936,645
Total comprehensive income allocated to the Group	120,214	130,940
Cash dividends contributed to the Group	(466,987)	-
Shares of net assets of major associate at March 31	3,720,840	4,067,585
Add: good will	1,463,162	1,463,162
Less: unrealized profits on upstream sales net assets of the associates	(180,255)	(8,525)
Total carrying amount of the major associate	<u><u>\$ 5,003,747</u></u>	<u><u>5,522,222</u></u>

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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>
Cost:						
Balance as of January 1, 2023	\$ 1,013,924	8,581,514	214,760,268	938,626	22,483,972	247,778,304
Additions	-	-	214,380	6,767	4,085,256	4,306,403
Disposals	-	-	(518,496)	(11,048)	-	(529,544)
Reclassification	-	364,213	1,815,708	(129)	(2,179,792)	-
Effect of exchange rate change	-	(9)	(244)	107	-	(146)
Balance as of March 31, 2023	\$ 1,013,924	8,945,718	216,271,616	934,323	24,389,436	251,555,017
Balance as of January 1, 2022	\$ 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	-	(41)	1,902	2,555	-	4,416
Balance as of March 31, 2022	\$ 1,013,924	8,285,613	213,758,489	904,457	3,935,376	227,897,859
Accumulated depreciation / impairment loss:						
Balance as of January 1, 2023	\$ -	3,258,420	158,859,971	762,519	-	162,880,910
Depreciation for the period	-	106,911	3,468,006	16,721	-	3,591,638
Reversal of impairment loss	-	-	(27,307)	-	-	(27,307)
Disposals	-	-	(489,183)	(11,048)	-	(500,231)
Reclassification	-	-	313	(313)	-	-
Effect of exchange rate change	-	(9)	(163)	125	-	(47)
Balance as of March 31, 2023	\$ -	3,365,322	161,811,637	768,004	-	165,944,963
Balance as of January 1, 2022	\$ -	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	-	(38)	1,427	2,184	-	3,573
Balance as of March 31, 2022	\$ -	3,013,353	150,249,838	722,532	-	153,985,723
Carrying amounts:						
Balance as of March 31, 2023	\$ 1,013,924	5,580,396	54,459,979	166,319	24,389,436	85,610,054
Balance as of December 31, 2022	\$ 1,013,924	5,323,094	55,900,297	176,107	22,483,972	84,897,394
Balance as of March 31, 2022	\$ 1,013,924	5,272,260	63,508,651	181,925	3,935,376	73,912,136

(h) Right-of-use assets

	<u>Land</u>	<u>Building</u>	<u>Machinery and equipment</u>	<u>Total</u>
Cost :				
Balance at January 1, 2023	\$ 5,074,689	8,181	48,848	5,131,718
Additions	411,039	-	24,301	435,340
Balance at March 31, 2023	\$ 5,485,728	8,181	73,149	5,567,058
Balance at January 1, 2022	\$ 1,993,336	8,181	-	2,001,517
Additions	26,136	-	-	26,136
Balance at March 31, 2022	\$ 2,019,472	8,181	-	2,027,653

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Building</u>	<u>Machinery and equipment</u>	<u>Total</u>
Accumulated depreciation:				
Balance at January 1, 2023	\$ 603,062	4,868	678	608,608
Depreciation for the period	<u>99,236</u>	<u>859</u>	<u>2,711</u>	<u>102,806</u>
Balance at March 31, 2023	<u>\$ 702,298</u>	<u>5,727</u>	<u>3,389</u>	<u>711,414</u>
Balance at January 1, 2022	\$ 292,993	1,432	-	294,425
Depreciation for the period	<u>55,374</u>	<u>859</u>	<u>-</u>	<u>56,233</u>
Balance at March 31, 2022	<u>\$ 348,367</u>	<u>2,291</u>	<u>-</u>	<u>350,658</u>
Carrying Amount:				
Balance at March 31, 2023	<u>\$ 4,783,430</u>	<u>2,454</u>	<u>69,760</u>	<u>4,855,644</u>
Balance at December 31, 2022	<u>\$ 4,471,627</u>	<u>3,313</u>	<u>48,170</u>	<u>4,523,110</u>
Balance at March 31, 2022	<u>\$ 1,671,105</u>	<u>5,890</u>	<u>-</u>	<u>1,676,995</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 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.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (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, 2023 and 2022, the Group recognized the interest revenue of \$4,970 and \$11,019, 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:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Less than one year	\$ 198,247	264,330	264,330
One to two years	-	-	198,247
Total lease payments receivable	198,247	264,330	462,577
Unearned finance income	<u>(5,055)</u>	<u>(10,025)</u>	<u>(34,205)</u>
Present value of lease payments receivable	<u>\$ 193,192</u>	<u>254,305</u>	<u>428,372</u>

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

- (j) Lease liabilities

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Current	\$ <u>395,006</u>	<u>360,895</u>	<u>218,595</u>
Non-current	\$ <u>4,506,331</u>	<u>4,200,447</u>	<u>1,478,189</u>

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

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Interest on lease liabilities	\$ <u>17,901</u>	<u>5,756</u>
Expenses relating to short-term leases	\$ <u>11,897</u>	<u>26,901</u>

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

	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Total cash outflow for leases	\$ <u>120,554</u>	<u>86,694</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Land lease

The Group leases its land and building with a period of 2 to 20 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 or low-value item 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, 2022 and 2023.

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

	For the three months ended March 31,	
	2023	2022
Operating cost	\$ 1,454	1,025
Operating expenses	1,015	715
Total	<u>\$ 2,469</u>	<u>1,740</u>

(ii) Defined contribution plans

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

	For the three months ended March 31,	
	2023	2022
Operating cost	\$ 25,954	24,515
Operating expenses	25,242	24,375
Total	<u>\$ 51,196</u>	<u>48,890</u>

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Income tax

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

	For the three months ended March 31,	
	2023	2022
Current tax expense		
Current period	\$ 1,323	1,354,858
Adjustment for prior periods	-	(15,262)
Deferred tax (income) expense	(429,093)	138,317
Income tax expense	\$ (427,770)	1,477,913

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

	For the three months ended March 31,	
	2023	2022
Items that will not be reclassified subsequently to profit or loss:		
Unrealized gains (losses) on equity investments at fair value through other comprehensive income	\$ 47	(1)

(iii) The Company's tax returns have been examined by the ROC tax authority through 2021.

(m) Capital and other equity

Except as described below, there was no material change in equity for the three months ended March 31, 2023 and 2022. Please refer to Note 6(n) of the consolidated financial statements as of and for the year ended December 31, 2022 for the related detail disclosures on equity.

(i) Ordinary Share

On February 22, 2023, 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 35 thousand shares, with the issuing prices of \$26.3 dollars per share respectively, which are totaled \$350,000. All issued shares were paid up upon issuance and the related process for registration had been completed.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Capital surplus

	March 31, 2023	December 31, 2022	March 31, 2022
Premium from the issuance of stock	\$ 29,491,194	29,490,623	29,474,374
Treasury share transactions	274,385	274,385	274,385
Employee stock option plans	2,790,727	2,790,727	2,790,727
Expired employee share option plans	268,292	268,292	268,292
Past due unclaimed dividends	264	264	202
Change in net equity of associates accounted for using equity method	75	75	53
	<u><u>\$ 32,824,937</u></u>	<u><u>32,824,366</u></u>	<u><u>32,808,033</u></u>

(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 Director, wherein the Board of Directors is authorized to distribute cash dividends after a resolution has been adopted by a majority vote at a board meeting attended by two-thirds of the directors, thereafter, to be reported during the shareholders' meeting; while the distribution of stock dividends shall be submitted to the shareholders' meeting for approval.

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.

1) Legal reserve

When the Group incurs no loss, it may, in pursuant to a resolution to be adopted by a shareholders' meeting, distribute its legal reserve by issuing new shares or by cash. Only the portion of legal reserve which exceeds 25 percent of the paid in capital may be distributed.

2) Special Reserve

In accordance with Ruling issued by the FSC, a portion of current period earnings and undistributed prior period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Earnings distribution

Earnings distribution for 2022 and 2021 were approved by the board of directors and the general meetings of shareholders held on February 22, 2023 and May 26, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

	For the year ended December 31, 2022	
	Dividends per share	Amount
Dividends attributable to ordinary shareholders:		
Cash dividends	\$ 2.13	6,600,000
	For the year ended December 31, 2021	
	Dividends per share	Amount
Dividends attributable to ordinary shareholders:		
Cash dividends	\$ 3.70	11,470,000

(iv) Other equity (net of tax)

	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, 2023	\$ 913,316	(301,083)	612,233
Exchange differences on translation of foreign financial statements	(418,461)	-	(418,461)
Unrealized gains from financial of assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	46,104	46,104
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	185	185
Balance as of March 31, 2022	\$ 494,855	(254,794)	240,061

(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, 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 loss from financial of assets measured at fair value through other comprehensive income, associate accounted for using equity method	-	(5)	(5)
Balance as of March 31, 2022	<u>\$ (2,485,392)</u>	<u>(147,647)</u>	<u>(2,633,039)</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, 2023 and 2022. Please refer to Note 6(o) of consolidated financial statements as of and for the year ended December 31, 2022 for related disclosures on share-based payment transactions.

(i) Relevant information of employee stock option plans

The Company:

	For the three months ended March 31,			
	2023		2022	
	Weighted- average exercise (price TWD)	Number of options (Units)	Weighted- average exercise (price TWD)	Number of options (Units)
Outstanding as of January 1,	\$ 26.35	631	28.02	1,631
Options exercised	26.30	(7)	28.00	(86)
Outstanding as of March 31,	26.35	<u>624</u>	28.02	<u>1,545</u>
Options exercisable as of March 31,	26.35	<u>624</u>	28.02	<u>1,545</u>

(ii) Remuneration cost

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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(o) Earnings (loss) per share

	For the three months ended March 31,	
	2023	2022
Basic earnings per share:		
Net (loss) profit attributable to the Company's ordinary shareholders	\$ <u>(1,684,687)</u>	<u>6,550,137</u>
Weighted-average number of ordinary shares outstanding	<u>3,098,042</u>	<u>3,097,088</u>
Basic (losses) earnings per share (dollar)	\$ <u>(0.54)</u>	<u>2.11</u>
Diluted earnings per share:		
Net profit attributable to the Company's ordinary shareholders (basic and diluted)		\$ <u>6,550,137</u>
Effect of dilutive potential ordinary shares		
Weighted-average number of ordinary shares (basic)		3,097,088
Effect of employee share option		994
Effect of employee remuneration		<u>18,493</u>
Weighted-average number of ordinary shares (diluted)		<u>3,116,575</u>
Diluted earnings per share (dollar)		\$ <u>2.10</u>

The Company did not calculate the diluted loss per share for the three months ended March 31, 2023, due to the net loss resulted in anti diluted effects to the employee share option and employee stock remuneration issued by the Company.

(p) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31, 2023		
	Manufacturing department	Overseas sales department	Total
Geographic markets of primary destination:			
Taiwan	\$ 1,760,457	143,268	1,903,725
Japan	-	219,855	219,855
Malaysia	28,438	123,797	152,235
China	2,303,483	753,242	3,056,725
USA	456	37,110	37,566
Thailand	50,713	180,895	231,608
Germany	-	288,664	288,664
Singapore	92,349	2,177	94,526
Poland	-	44,441	44,441
Other countries	49,504	346,034	395,538
	<u>\$ 4,285,400</u>	<u>2,139,483</u>	<u>6,424,883</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended March 31, 2023		
	Manufacturing department	Overseas sales department	Total
Major products line:			
Dynamic Random Access Memory (DRAM)	\$ 4,263,663	2,139,209	6,402,872
Others	<u>21,737</u>	<u>274</u>	<u>22,011</u>
	<u>\$ 4,285,400</u>	<u>2,139,483</u>	<u>6,424,883</u>

	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
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
Singapore	182,663	126,135	308,798
Other countries	<u>53,406</u>	<u>887,912</u>	<u>941,318</u>
	<u>\$ 13,983,710</u>	<u>5,962,615</u>	<u>19,946,325</u>
Major products line:			
Dynamic Random Access Memory (DRAM)	\$ 13,958,424	5,962,362	19,920,786
Others	<u>25,286</u>	<u>253</u>	<u>25,539</u>
	<u>\$ 13,983,710</u>	<u>5,962,615</u>	<u>19,946,325</u>

(ii) Contract balances

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable	\$ 387	516	-
Accounts receivable	<u>3,494,445</u>	<u>4,359,244</u>	<u>10,877,024</u>
	<u>\$ 3,494,832</u>	<u>4,359,760</u>	<u>10,877,024</u>

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

(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 remuneration which is calculated based on 1% to 12% of the Company's net income before tax before deduction of employee remuneration, and after offsetting accumulated deficits, if any, should be distributed as employee remunerations. Employees who are entitled to receive the above-mentioned employee remuneration, in shares or cash, include the employees of the subsidiaries of the Company who meet certain specific requirements.

For the three months ended March 31, 2023, the Company did not estimate the remuneration to employees due to the Company had a net loss before tax.

The estimated employee remuneration which was charged to profit or loss under operating costs or expense amounted to \$0 and \$450,000 for the three months ended March 31, 2023 and 2022 respectively. This employee remuneration was estimated based on the Company's net income before tax before deducting any employee remuneration, 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.

There is no difference between the estimated amounts of employee remuneration for the years ended December 31, 2022 and 2021, and the financial statements for the years ended December 31, 2022 and 2021, which were approved by the Company's Board of Directors. Related information would be available at the Market Observation Post System website.

(r) Non-operating income and expenses

(i) Interest income

	For the three months ended March 31,	
	2023	2022
Interest income from bank deposits and short-term notes	\$ 715,400	66,935
Interest income from financial lease receivables	4,970	11,019
	\$ 720,370	77,954

(ii) Other income

	For the three months ended March 31,	
	2023	2022
Gains on reversal of overestimated payables	\$ -	514,382

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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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

	For the three months ended March 31,	
	2023	2022
Gain on disposal of property, plant and equipment	\$ 44,398	3,564
Foreign exchange gains (losses)	(78,432)	1,001,434
Reversal of impairment losses (impairment losses) on non financial assets	27,307	(51,785)
Others	38,434	26,381
	\$ 31,707	979,594

(iv) Finance costs

	For the three months ended March 31,	
	2023	2022
Amortization interest of lease liability	\$ 17,901	5,756
	\$ 17,901	5,756

(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(t) of the consolidated financial statements for the year ended December 31, 2022

(i) Credit risk of receivables

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

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, 2023, December 31 and March 31, 2022, no allowance for impairment loss 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>
March 31, 2023							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 3,726,034	3,726,034	3,726,034	-	-	-	-
Dividend payable	6,601,519	6,601,519	6,601,519	-	-	-	-
Other payables (including related parties)	5,698,449	5,698,449	5,698,449	-	-	-	-
Lease liabilities (including current portion)	<u>4,901,337</u>	<u>5,489,742</u>	<u>233,107</u>	<u>232,210</u>	<u>452,167</u>	<u>1,299,424</u>	<u>3,272,834</u>
	<u>\$ 20,927,339</u>	<u>21,515,744</u>	<u>16,259,109</u>	<u>232,210</u>	<u>452,167</u>	<u>1,299,424</u>	<u>3,272,834</u>
December 31, 2022							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 5,604,310	5,604,310	5,604,310	-	-	-	-
Dividend payable	\$ 1,423	1,423	1,423	-	-	-	-
Other payables (including related parties)	6,724,664	6,724,664	6,724,664	-	-	-	-
Lease liabilities (including current portion)	<u>4,561,342</u>	<u>5,115,567</u>	<u>213,177</u>	<u>213,052</u>	<u>419,628</u>	<u>1,179,545</u>	<u>3,090,165</u>
	<u>\$ 16,891,739</u>	<u>17,445,964</u>	<u>12,543,574</u>	<u>213,052</u>	<u>419,628</u>	<u>1,179,545</u>	<u>3,090,165</u>
March 31, 2022							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 3,617,322	3,617,322	3,617,322	-	-	-	-
Dividend payable	839	839	839	-	-	-	-
Other payables (including related parties)	7,419,322	7,419,322	7,419,322	-	-	-	-
Lease liabilities (including current portion)	<u>1,696,784</u>	<u>1,790,262</u>	<u>119,974</u>	<u>119,974</u>	<u>238,950</u>	<u>639,348</u>	<u>672,016</u>
	<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>

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

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Market risk

1) Exposure to currency risk

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

	March 31, 2023			December 31, 2022			March 31, 2022		
	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 assets:									
Monetary items									
USD	\$ 344,627	30.454	10,495,271	634,116	30.708	19,472,434	1,023,490	28.622	29,294,331
JPY	299,167	0.2293	68,599	939,418	0.2306	216,630	1,122,690	0.2345	263,271
EUR	74	33.1576	2,454	84	32.7026	2,747	50	31.8722	1,594
HKD	6,038	3.8748	23,396	66	3.9345	260	11,422	3.6497	41,687
Financial liabilities:									
Monetary items									
USD	\$ 127,141	30.454	3,871,952	159,944	30.708	4,911,560	142,145	28.622	4,068,474
JPY	970,387	0.2293	222,510	4,399,149	0.2306	1,014,444	1,420,622	0.2345	333,136
EUR	5,062	33.1576	167,844	125,752	32.7026	4,112,417	11,173	31.8722	356,108

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, 2023 and 2022 would have decreased and increased the net income before tax by \$63,274 and \$248,432 for the three months ended March 31, 2023 and 2022, 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, 2023 and 2022, foreign exchange gains and losses (including realized and unrealized portions) amounted to \$(78,432) and \$1,001,434, respectively.

(iv) Other market price risk

For the years ended March 31, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	For the three months ended March 31,	
	2023	2022
Prices of securities at the reporting date	Other comprehensive income after tax	Other comprehensive income after tax
Increase 1%	\$ 134	89
Decrease 1%	(134)	(89)

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) 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, 2023				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income:					
Equity instruments without a market price measured at fair value	\$ 16,798	-	-	16,798	16,798
Financial assets measured at amortized cost					
Cash and cash equivalents	65,002,067	-	-	-	-
Financial assets measured at cost	951,853	-	-	-	-
Notes and accounts receivable	3,494,832	-	-	-	-
Other receivables (including related parties)	3,000,007	-	-	-	-
Lease payments receivable	193,192	-	-	-	-
Subtotal	<u>72,641,951</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 72,658,749</u>	<u>-</u>	<u>-</u>	<u>16,798</u>	<u>16,798</u>
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 3,726,034	-	-	-	-
Dividend payable	6,601,519	-	-	-	-
Other payables (including related parties)	5,698,449	-	-	-	-
Lease liabilities (including current portion)	4,901,337	-	-	-	-
Total	<u>\$ 20,927,339</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	December 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 a market price measured at fair value	\$ 16,566	-	-	16,566	16,566
Financial assets measured at amortized cost					
Cash and cash equivalents	73,593,262	-	-	-	-
Financial assets measured at cost	728,864	-	-	-	-
Notes and accounts receivable	4,359,760	-	-	-	-
Other receivables	2,077,424	-	-	-	-
Lease payments receivable	254,305	-	-	-	-
Subtotal	<u>81,013,615</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 81,030,181</u>	<u>-</u>	<u>-</u>	<u>16,566</u>	<u>16,566</u>

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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	December 31, 2022				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 5,604,310	-	-	-	-
Dividend payable	1,423	-	-	-	-
Other payables (including related parties)	6,724,664	-	-	-	-
Lease liabilities (including current portion)	4,561,342	-	-	-	-
Total	<u>\$ 16,891,739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	March 31, 2022				
	Book Value	Fair Value			Total
	Level 1	Level 2	Level 3		
Financial assets at fair value through other					
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	<u>104,664,450</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 104,675,515</u>	<u>-</u>	<u>-</u>	<u>11,065</u>	<u>11,065</u>
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 3,617,322	-	-	-	-
Dividend payable	839	-	-	-	-
Other payables (including related parties)	7,419,322	-	-	-	-
Lease liabilities (including current portion)	1,696,784	-	-	-	-
Total	<u>\$ 12,734,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Transfer between levels

For the three months ended March 31, 2023 and 2022, there was no transfer from financial assets.

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance as of January 1, 2023	\$ 16,566
Total gains recognized in other comprehensive income	232
Balance as of March 31, 2023	\$ 16,798
Balance as of January 1, 2022	\$ 11,071
Total losses recognized in other comprehensive income	(6)
Balance as of March 31, 2022	\$ 11,065

For the three months ended March 31, 2023 and 2022, total gains or losses that were included in “unrealized gains or losses from existing financial assets at fair value through other comprehensive income” were as follows:

	For the three months ended March 31	
	2023	2022
Total gains (losses) recognized in other comprehensive income, and presented in “unrealized gains or losses from financial assets at fair value through other comprehensive income”	\$ 232	(6)

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.

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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, 2023, December 31 and March 31, 2022, the significant unobservable inputs were 10%, 5% and 5%, respectively	·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>Inputs</u>	<u>Increase or decrease</u>	<u>Effects of changes in fair value on other comprehensive income</u>	
			<u>Favorable change</u>	<u>Unfavorable change</u>
March 31, 2023				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Discount for lack of marketability	1%	187	(187)
December 31, 2022				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Discount for lack of marketability	1%	174	(174)
March 31, 2022				
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.

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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(u) of the consolidated financial statements for the year ended December 31, 2022.

(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, 2022. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2022. Please refer to Note 6(v) of the consolidated financial statements for the year ended December 31, 2022 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, 2023 and 2022 were as follows:

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

(ii)

	For the three months ended March 31,	
	2023	2022
Acquisition of property, plant and equipment	\$ 4,306,403	1,478,954
Add: Payables on equipment at beginning of period	3,508,900	785,854
Less: Payables on equipment at end of period	(1,998,307)	(1,100,224)
Cash Paid	\$ 5,816,996	1,164,584

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	January 1, 2023	Cash flow	Non-Cash changes			March 31, 2023
			Change in an index of lease payment	Increased	Increased by other payables	
Lease liabilities	\$ 4,561,342	(91,494)	411,039	24,301	(3,851)	4,901,337
Guarantee deposits	23,188	(468)	-	-	-	22,720
	<u>\$ 4,584,530</u>	<u>(91,962)</u>	<u>411,039</u>	<u>24,301</u>	<u>(3,851)</u>	<u>4,924,057</u>

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

(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

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2022</u>
Entities with significant influence over the Group	\$ 35,117	135,854	13,512	15,148	111,064
Associates	7,268	1,675	-	-	-
Other related parties:					
Formosa Sumco Technology Corporation	79,694	218,853	78,925	179,353	153,157
Other related parties	<u>64,879</u>	<u>68,350</u>	<u>14,078</u>	<u>14,456</u>	<u>16,220</u>
	<u>\$ 186,958</u>	<u>424,732</u>	<u>106,515</u>	<u>208,957</u>	<u>280,441</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.

(ii) Consigned out for processing

<u>Relationship</u>	<u>Amount</u>		<u>Other payables to related parties</u>		
	<u>For the three months ended March 31,</u>		<u>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2022</u>
Associates	<u>\$ 1,723,770</u>	<u>2,065,415</u>	<u>1,265,123</u>	<u>1,414,240</u>	<u>1,330,704</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>Acquisition price</u>		<u>Other payables to related parties</u>		
	<u>For the three months ended March 31,</u>		<u>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2022</u>
Entities with significant influence over the Group	\$ -	-	4,485	4,485	5,058
Other related parties	16,780	-	10,070	13,226	4,135
	<u>\$ 16,780</u>	<u>-</u>	<u>14,555</u>	<u>17,711</u>	<u>9,193</u>

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Leases

Relationship	Acquisition price	
	For the three months ended	
	March 31,	
	2023	2022
Entities with significant influence over the Group	\$ <u>4,857</u>	<u>18,084</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 monthly.

The Group entered into a 20-year lease agreements in June and October 2022, as well as a 9-to-10-year lease agreement between July and August 2020, with Nan Ya Plastics Corporation, at the total values of \$3,556,784 and \$2,015,018, respectively. Also, for the three months ended March 31, 2023 and 2022, the Group recognized the amounts of \$17,466 and \$5,506, respectively, as interest expenses. Furthermore, on March 31, 2023, December 31 and March 31, 2022, the balances of lease liabilities amounted to \$4,780,717 thousand, \$4,454,312 thousand and \$1,613,710, 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, 2023 and 2022, the Group recognized the amount of \$83 and \$126, as interest expense. Furthermore, on March 31, 2023, December 31 and March 31, 2022, the balance of lease liabilities amounted to \$28,977 thousand, \$33,073 thousand and \$45,298, respectively.

(v) Others

Relationship	Other income	
	For the three months ended	
	March 31	
	2023	2022
Associates	\$ <u>71</u>	<u>92</u>

Relationship	Notes receivable from related parties	
	March 31, 2023	March 31, 2022
	Associates	<u>4,893</u>

(vi) Dividends

Relationship	Notes receivable from related parties		
	March 31, 2023	December 31, 2022	March 31, 2022
	Associates	\$ <u>466,987</u>	<u>-</u>

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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(c) Key management personnel remuneration

Key management personnel remuneration comprised:

	For the nine months ended March 31,	
	2023	2022
Short-term employee benefits	\$ 11,839	12,101

(8) Pledged assets:

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

Pledged assets	Object	March 31, 2023	December 31, 2022	March 31, 2022
Other non-current assets	Office leasing	\$ -	-	5,566
Non-current financial assets at amortized cost	Performance guarantee	728,850	728,864	-
		\$ 728,850	728,864	5,566

(9) Commitments and contingencies:

(a) Significant commitments

	March 31, 2023	December 31, 2022	March 31, 2022
Guarantees for importation goods provided by bank	\$ 1,035,000	1,035,000	835,000
Performance guarantees provided by bank	223,003	-	-
Issuance of promissory note for the performance guarantees of research and development programs	500,000	-	-
Unused letters of credit	916,395	346,484	423,879
Acquisition of property, plant and equipment	21,703,343	22,590,421	-
Total	\$ 24,377,741	23,971,905	1,258,879

(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.
- (iii) In February, 2023, Polaris Innovations Limited (Polaris) filed a lawsuit against the Company, to the US District Court of East Texas 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, 2023			For the three months ended March 31, 2022		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salaries	575,739	505,198	1,080,937	871,635	664,810	1,536,445
Labor and health insurance	56,154	49,529	105,683	53,426	47,387	100,813
Pension expenses	27,408	26,257	53,665	25,540	25,090	50,630
Remuneration for directors	-	2,040	2,040	-	1,550	1,550
Other personnel expenses	16,943	8,095	25,038	18,065	8,524	26,589
Depreciation expenses	3,528,416	166,028	3,694,444	3,632,522	145,915	3,778,437
Amortization expenses	64,206	-	64,206	64,859	-	64,859

(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, 2023:

- (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 (%)	Fair value	
The Company	Mesh Cooperative Ventures Fund LP	-	Financial assets at fair value through other comprehensive income — non-current	-	16,798	2.46 %	16,798	

(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:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Factory construction	April 28, 2021~ April 15, 2022	19,726,000	5,249,691	Yung Ching Construction Co., Ltd. and 6 other companies	Non-related parties	-	-	-	-	Based on market price	For purposes of production and operating	
The Company	Factory construction	April 19, 2022	5,227,880	718,398	Li Jin Engineering Co., Ltd	Non-related parties	-	-	-	-	Based on market price	For purposes of production and operating	
The Company	Factory construction	May 30, 2022	920,000	45,850	Lien Rong Construction Co., Ltd.	Non-related parties	-	-	-	-	Based on market price	For purposes of production and operating	
The Company	Factory construction	August 1, 2022	2,089,560	246,158	Kwang-Lien Construction Co., Ltd.	Non related parties	-	-	-	-	Based on market price	For purposes of production and operating	

(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)	(687,988)	(10.79)%	O/A 60-90Days	-		381,952	11.99%	(Note)
The Company	Nanya Technology Corp., Japan	Subsidiary	(Sale)	(577,281)	(9.05)%	O/A 180Days	-		78,048	2.45%	(Note)
The Company	Nanya Technology Corp., Europe GmbH	Subsidiary	(Sale)	(782,622)	(12.27)%	O/A 60-90Days	-		605,820	19.02%	(Note)
Nanya Technology Corp., U.S.A	Nanya Technology Corp	The parent company	Purchase	687,988	100.00%	O/A 60-90 Days	-		(381,952)	(100.00)%	(Note)
Nanya Technology Corp., Japan	Nanya Technology Corp	The parent company	Purchase	577,281	100.00%	O/A 180Days	-		(78,048)	(100.00)%	(Note)

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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)	
Nanya Technology Corp., Europe GmbH	Nanya Technology Corp	The parent company	Purchase	782,622	100.00%	O/A 60-90Days	-		(605,820)	(100.00)%	(Note)

Note: The transactions were written off in the 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	381,952	4.06	-	-	228,458	-
The Company	Nanya Technology Europe GmbH	Subsidiary	605,820	4.38	-	-	339,770	-

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	687,988	On the basis of general conditions	10.71%
0	Nanya Technology Corp.	Nanya Technology Corp., Japan	1	Sales	577,281	On the basis of general conditions	8.99%
0	Nanya Technology Corp.	Nanya Technology Europe GmbH	1	Sales	782,622	On the basis of general conditions	12.18%
0	Nanya Technology Corp.	Nanya Technology Corp. HK	1	Sales	44,922	On the basis of general conditions	0.70%
1	Nanya Technology Corp. Delaware	Nanya Technology Corp.	2	Sales	86,542	On the basis of general conditions	1.35%
0	Nanya Technology Corp.	Nanya Technology Corp., U.S.A	1	Accounts receivable	381,952	On the basis of general conditions	0.19%
0	Nanya Technology Corp.	Nanya Technology Corp., Japan	1	Accounts receivable	78,048	On the basis of general conditions	0.04%
0	Nanya Technology Corp.	Nanya Technology Europe GmbH	1	Accounts receivable	605,820	On the basis of general conditions	0.31%
0	Nanya Technology Corp.	Nanya Technology Corp. HK	1	Accounts receivable	34,042	On the basis of general conditions	0.02%
1	Nanya Technology Corp. Delaware	Nanya Technology Corp.	2	Accounts receivable	32,345	On the basis of general conditions	0.02%

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.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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(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, 2023:

(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, 2023			Net income of investee	Share of profits of investee	Note
				March 31, 2023	December 31, 2022	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 %	231,928	4,893	4,893	(Note1)
The Company	Nanya Technology Corp., Delaware	U.S.A	Design of semiconductor products	36,005	36,005	-	100.00 %	223,990	5,144	5,144	(Note1)
The Company	Nanya Technology Corp., HK	Hong Kong	Sales of semiconductor products	66,271	66,271	19.7	100.00 %	90,961	(1,829)	(1,829)	(Note1)
The Company	Nanya Technology Corp., Japan	Japan	Sales of semiconductor products	20,161	20,161	1	100.00 %	402,196	1,535	1,535	(Note1)
The Company	Nanya Technology International, Ltd.	British Virgin Island	General investment business	48,145,600	48,145,600	1.6	100.00 %	50,350,975	583,415	583,415	(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 %	5,003,747	231,593	38,730	(Note 2)
Nanya Technology Corp., HK	Nanya Technology Europe GmbH	Germany	Sales of semiconductor products	30,056	30,056	-	100.00 %	88,873	2,691	2,691	(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 (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Nanya Technology Corp., Shenzhen	Sales of semiconductor products	29,997 (USD985 thousand)	(2)	29,997 (USD985 thousand)	-	-	29,997 (USD985 thousand)	(4,911)	100.00%	(4,911)	20,050	-

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 thee 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, 2023 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment (Note 2)
29,997 (USD985 thousand)	29,997 (USD985 thousand)	103,380,826

Note 1 : The exchange rate of New Taiwan dollars to US dollars on March 31, 2023 was USD1 : TWD 30.454

Note 2 : 60% of net equity.

(iii) Significant transactions: None

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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	29.28 %
Formosa Chemicals & Fibre Corporation		334,815,409	10.80 %
Formosa Plastics Corporation		334,815,409	10.80 %
Formosa Petrochemical Corp		334,815,409	10.80 %

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, 2023						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 2,139,483	-	4,285,400	-	-	6,424,883
From sales among intersegments	7,257	86,542	2,092,813	-	(2,186,612)	-
Total revenue	<u>\$ 2,146,740</u>	<u>86,542</u>	<u>6,378,213</u>	<u>-</u>	<u>(2,186,612)</u>	<u>6,424,883</u>
Reportable segment profit or loss	<u>\$ 5,921</u>	<u>5,144</u>	<u>(2,113,779)</u>	<u>583,415</u>	<u>(593,158)</u>	<u>(2,112,457)</u>
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>
Reportable segment assets						
Balance at March 31, 2023	<u>\$ 1,879,360</u>	<u>227,854</u>	<u>197,733,044</u>	<u>50,350,975</u>	<u>(52,435,730)</u>	<u>197,755,503</u>
Balance at December 31, 2022	<u>\$ 2,751,734</u>	<u>240,549</u>	<u>202,143,677</u>	<u>50,181,697</u>	<u>(53,081,907)</u>	<u>202,235,750</u>
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>
Reportable segment liabilities						
Balance at March 31, 2023	<u>\$ 1,153,946</u>	<u>3,864</u>	<u>25,431,666</u>	<u>-</u>	<u>(1,135,349)</u>	<u>25,454,127</u>
Balance at December 31, 2022	<u>\$ 2,028,410</u>	<u>19,887</u>	<u>21,185,627</u>	<u>-</u>	<u>(1,956,224)</u>	<u>21,277,700</u>
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>

(Continued)