

**NANYA TECHNOLOGY CORPORATION AND  
SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Six Months Ended June 30, 2023 and 2022**

Address: No.98, Nanlin Rd., Dake Vil., Taishan Dist., New Taipei City, Taiwan (R.O.C.)  
Telephone: (02)2904-5858

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

## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8
(4) Summary of significant accounting policies	9~10
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	10
(6) Explanation of significant accounts	10~35
(7) Related-party transactions	36~38
(8) Pledged assets	39
(9) Commitments and contingencies	39
(10) Losses Due to Major Disasters	40
(11) Subsequent Events	40
(12) Other	40
(13) Other disclosures	
(a) Information on significant transactions	41~43
(b) Information on investees	43
(c) Information on investment in mainland China	44
(d) Information on major shareholders	44
(14) Segment information	45



安侯建業聯合會計師事務所  
KPMG

台北市110615信義路5段7號68樓(台北101大樓)  
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666  
傳真 Fax + 886 2 8101 6667  
網址 Web kpmg.com/tw

## 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 June 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2023 and 2022, as well as the changes in equity and cash flows for the six months ended June 30, 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 June 30, 2023 and 2022, and of its consolidated financial performance for the three months and six months ended June 30, 2023 and 2022, as well as its consolidated cash flows for the six months ended June 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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)  
August 2, 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)

## Nanya Technology Corporation and Subsidiaries

## Consolidated Balance Sheets

June 30, 2023, December 31 and June 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		June 30, 2023		December 31, 2022		June 30, 2022		Liabilities and Equity		June 30, 2023		December 31, 2022		June 30, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents (Note 6(a))	\$ 59,665,022	31	73,593,262	36	94,972,887	45	2170	Accounts payable	\$ 4,357,062	2	5,395,353	3	3,765,183	2
1150	Notes receivable, net (Notes 6(c) and (p))	-	-	516	-	1,962	-	2180	Accounts payable to related parties (Note 7)	88,930	-	208,957	-	237,880	-
1170	Accounts receivable, net (Notes 6(c) and (p))	4,498,583	2	4,359,244	2	10,094,430	5	2200	Other payables	4,706,530	2	5,292,713	2	6,899,435	4
1200	Other receivables (Notes 6(d) and (i))	2,783,397	2	2,331,729	1	1,282,017	1	2216	Dividends payable (Note 6(l))	6,601,497	4	1,423	-	11,470,841	5
1210	Other receivables due from related parties (Note 7)	466,987	-	-	-	353,778	-	2220	Other payables to related parties (Note 7)	744,879	-	1,431,951	1	1,490,458	1
1310	Inventories (Note 6(e))	28,033,890	15	23,384,447	12	14,133,360	7	2230	Current tax liabilities	513,880	1	3,477,759	2	3,108,640	2
1410	Prepayments	859,918	-	967,609	1	950,573	-	2280	Current lease liabilities (Notes (j) and 7)	379,081	-	360,895	-	347,357	-
1470	Other current assets	742,299	-	875,510	-	1,054,280	-	2399	Other current liabilities	1,868	-	9,772	-	79,070	-
	<b>Total current assets</b>	<u>97,050,096</u>	<u>50</u>	<u>105,512,317</u>	<u>52</u>	<u>122,843,287</u>	<u>58</u>		<b>Total current liabilities</b>	<u>17,393,727</u>	<u>9</u>	<u>16,178,823</u>	<u>8</u>	<u>27,398,864</u>	<u>14</u>
<b>Non-current assets:</b>								<b>Non-Current liabilities:</b>							
1517	Non-current financial assets at fair value through other comprehensive income	16,882	-	16,566	-	16,838	-	2570	Deferred tax liabilities	13,434	-	4,034	-	53,983	-
1535	Non-current financial assets at amortized cost, net (Notes 6(b) and 8)	800,675	-	728,864	-	-	-	2580	Non-current lease liabilities (Notes 6(j) and 7)	4,212,387	2	4,200,447	2	4,260,845	2
1550	Investments accounted for using equity method (Note 6(f))	5,114,688	2	5,385,900	3	5,271,302	3	2640	Net defined benefit liability, non-current	526,806	-	530,688	-	635,061	-
1600	Property, plant and equipment (Notes 6(g), (v) and 7)	85,558,454	44	84,897,394	42	76,336,251	37	2670	Other non-current liabilities (Note 6(b))	691,811	1	363,708	-	396,634	-
1755	Right-of-use assets (Notes 6(h) and (v))	4,537,828	2	4,523,110	2	4,584,476	2		<b>Total non-current liabilities</b>	<u>5,444,438</u>	<u>3</u>	<u>5,098,877</u>	<u>2</u>	<u>5,346,523</u>	<u>2</u>
1780	Intangible assets	1,077,380	1	766,626	1	891,162	-		<b>Total liabilities</b>	<u>22,838,165</u>	<u>12</u>	<u>21,277,700</u>	<u>10</u>	<u>32,745,387</u>	<u>16</u>
1840	Deferred tax assets	1,192,771	1	333,267	-	217,473	-	3110	Ordinary shares	30,980,429	16	30,980,079	16	30,971,219	15
194D	Long-term financial lease payments receivable (Note 6(i))	-	-	-	-	130,465	-	3140	Advance receipts for share capital	526	-	736	-	14,644	-
1990	Other non-current assets (Note 8)	123,220	-	71,706	-	251,155	-	3200	Capital surplus	32,824,937	17	32,824,366	16	32,808,951	16
	<b>Total non-current assets</b>	<u>98,421,898</u>	<u>50</u>	<u>96,723,433</u>	<u>48</u>	<u>87,699,122</u>	<u>42</u>	3310	Legal reserve	18,626,223	9	17,156,884	9	17,156,884	7
								3320	Special reserve	-	-	4,116,942	2	4,116,942	2
								3350	Unappropriated retained earnings	88,858,852	45	95,266,810	47	93,698,282	44
								3400	Other equity interest	1,342,862	1	612,233	-	(969,900)	-
									<b>Total equity</b>	<u>172,633,829</u>	<u>88</u>	<u>180,958,050</u>	<u>90</u>	<u>177,797,022</u>	<u>84</u>
<b>Total assets</b>		<u>\$ 195,471,994</u>	<u>100</u>	<u>202,235,750</u>	<u>100</u>	<u>210,542,409</u>	<u>100</u>	<b>Total liabilities and equity</b>		<u>\$ 195,471,994</u>	<u>100</u>	<u>202,235,750</u>	<u>100</u>	<u>210,542,409</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Nanya Technology Corporation and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**For the three months and six months ended June 30, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	For the three months ended				For the six months ended			
	June 30,				June 30,			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
4000	\$ 7,027,071	100	18,030,672	100	13,451,954	100	37,976,997	100
5000	(7,815,373)	(111)	(10,072,473)	(56)	(14,794,416)	(110)	(21,268,371)	(56)
	<u>(788,302)</u>	<u>(11)</u>	<u>7,958,199</u>	<u>44</u>	<u>(1,342,462)</u>	<u>(10)</u>	<u>16,708,626</u>	<u>44</u>
	<b>Operating expenses (Notes 6(g), (h), (j), (k), (n), (q) and 7):</b>							
6100	(137,656)	(2)	(205,030)	(1)	(267,495)	(2)	(401,505)	(1)
6200	(463,905)	(7)	(457,749)	(2)	(885,286)	(7)	(854,933)	(2)
6300	(1,794,668)	(25)	(1,931,132)	(11)	(3,574,651)	(26)	(3,825,840)	(10)
	<u>(2,396,229)</u>	<u>(34)</u>	<u>(2,593,911)</u>	<u>(14)</u>	<u>(4,727,432)</u>	<u>(35)</u>	<u>(5,082,278)</u>	<u>(13)</u>
	<u>(3,184,531)</u>	<u>(45)</u>	<u>5,364,288</u>	<u>30</u>	<u>(6,069,894)</u>	<u>(45)</u>	<u>11,626,348</u>	<u>31</u>
	<b>Net operating (loss) income</b>							
	<b>Non-operating income and expenses (Notes 6(f), (g), (i), (j), (r) and 7):</b>							
7100	776,892	11	180,278	1	1,497,262	11	258,232	1
7010	-	-	-	-	-	-	514,382	1
7020	380,728	5	1,378,724	8	412,435	3	2,358,318	6
7050	(20,105)	-	(9,465)	-	(38,006)	-	(15,221)	-
7060	126,558	2	191,340	1	165,288	1	391,156	1
	<u>1,264,073</u>	<u>18</u>	<u>1,740,877</u>	<u>10</u>	<u>2,036,979</u>	<u>15</u>	<u>3,506,867</u>	<u>9</u>
7900	(1,920,458)	(27)	7,105,165	40	(4,032,915)	(30)	15,133,215	40
7950	1,149,584	16	(530,442)	(3)	1,577,354	12	(2,008,355)	(5)
	<u>(770,874)</u>	<u>(11)</u>	<u>6,574,723</u>	<u>37</u>	<u>(2,455,561)</u>	<u>(18)</u>	<u>13,124,860</u>	<u>35</u>
8300	<b>Other comprehensive income (Notes 6(l) and (m)):</b>							
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>							
8316	84	-	(227)	-	316	-	(233)	-
8320	(15,618)	-	(88,482)	(1)	30,486	-	(105,107)	-
8349	16	-	(45)	-	63	-	(46)	-
	<u>(15,550)</u>	<u>-</u>	<u>(88,664)</u>	<u>(1)</u>	<u>30,739</u>	<u>-</u>	<u>(105,294)</u>	<u>-</u>
8360	<b>Components of other comprehensive (loss) income that may be reclassified to profit or loss</b>							
8361	1,118,351	16	1,751,803	10	699,890	5	3,252,336	8
8399	-	-	-	-	-	-	-	-
	<u>1,118,351</u>	<u>16</u>	<u>1,751,803</u>	<u>10</u>	<u>699,890</u>	<u>5</u>	<u>3,252,336</u>	<u>8</u>
8300	<u>1,102,801</u>	<u>16</u>	<u>1,663,139</u>	<u>9</u>	<u>730,629</u>	<u>5</u>	<u>3,147,042</u>	<u>8</u>
8500	<u>\$ 331,927</u>	<u>5</u>	<u>8,237,862</u>	<u>46</u>	<u>(1,724,932)</u>	<u>(13)</u>	<u>16,271,902</u>	<u>43</u>
	<b>Earnings (loss) per share (Note 6(o))</b>							
9750	\$	(0.25)		2.12		(0.79)		4.24
9850			\$	2.11				4.20

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**Nanya Technology Corporation and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**For the six months ended June 30, 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	Unrealized gains	(losses) on financial assets measured at fair value through other comprehensive income	
								Total other equity interest		
<b>Balance at January 1, 2022</b>	\$ 30,968,749	4,508	32,804,505	14,879,816	3,011,507	95,425,925	(3,985,925)	(131,017)	(4,116,942)	172,978,068
Net profit for the six months ended June 30, 2022	-	-	-	-	-	13,124,860	-	-	-	13,124,860
Other comprehensive income for the six months ended June 30, 2022	-	-	-	-	-	-	3,252,336	(105,294)	3,147,042	3,147,042
Total comprehensive income for the six months ended June 30, 2022	-	-	-	-	-	13,124,860	3,252,336	(105,294)	3,147,042	16,271,902
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	-	2,277,068	-	(2,277,068)	-	-	-	-
Special reserve appropriated	-	-	-	-	1,105,435	(1,105,435)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(11,470,000)	-	-	-	(11,470,000)
Exercise of employee share options	2,470	10,136	4,446	-	-	-	-	-	-	17,052
<b>Balance at June 30, 2022</b>	<b>\$ 30,971,219</b>	<b>14,644</b>	<b>32,808,951</b>	<b>17,156,884</b>	<b>4,116,942</b>	<b>93,698,282</b>	<b>(733,589)</b>	<b>(236,311)</b>	<b>(969,900)</b>	<b>177,797,022</b>
<b>Balance at January 1, 2023</b>	\$ 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 six months ended June 30, 2023	-	-	-	-	-	(2,455,561)	-	-	-	(2,455,561)
Other comprehensive income for the six months ended June 30, 2023	-	-	-	-	-	-	699,890	30,739	730,629	730,629
Total comprehensive income for the six months ended June 30, 2023	-	-	-	-	-	(2,455,561)	699,890	30,739	730,629	(1,724,932)
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	-	1,469,339	-	(1,469,339)	-	-	-	-
Special reserve reversed	-	-	-	-	(4,116,942)	4,116,942	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(6,600,000)	-	-	-	(6,600,000)
Exercise of employee share options	350	(210)	571	-	-	-	-	-	-	711
<b>Balance at June 30, 2023</b>	<b>\$ 30,980,429</b>	<b>526</b>	<b>32,824,937</b>	<b>18,626,223</b>	<b>-</b>	<b>88,858,852</b>	<b>1,613,206</b>	<b>(270,344)</b>	<b>1,342,862</b>	<b>172,633,829</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**Nanya Technology Corporation and Subsidiaries****Consolidated Statements of Cash Flows****For the six months ended June 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities:</b>		
<b>(Loss) profit before tax</b>	\$ (4,032,915)	15,133,215
<b>Adjustments:</b>		
Adjustments to reconcile profit:		
Depreciation expense	7,452,558	7,558,933
Amortization expense	153,393	129,718
Interest expense	38,006	15,221
Interest income	(1,497,262)	(258,232)
Share of profit of associates accounted for using equity method	(165,288)	(391,156)
Gain on disposal of property, plant and equipment	(65,503)	(28,451)
(Reversal of impairment loss) impairment loss on non-financial assets	(27,089)	67,631
Unrealized foreign exchange gain	(40,813)	(249,351)
Gain on lease modification	(171)	-
<b>Total adjustments to reconcile profit</b>	<b>5,847,831</b>	<b>6,844,313</b>
<b>Changes in operating assets and liabilities:</b>		
Notes and accounts receivable (including related parties)	(81,240)	1,525,190
Other receivables (including related parties)	(517,903)	(212,672)
Inventories	(4,649,443)	(2,522,125)
Prepayments	107,691	(115,154)
Other current assets	133,210	(299,442)
Accounts payable (including related parties)	(484,555)	83,447
Other payables (including related parties)	(1,253,635)	508,766
Other current liabilities	(7,904)	60,182
Net defined benefit liability	(3,882)	(6,177)
Other non-current liabilities	(2,858)	1,407
<b>Total net changes (from) in operating assets and liabilities</b>	<b>(6,760,519)</b>	<b>(976,578)</b>
Cash inflow generated from operations	(4,945,603)	21,000,950
Interest received	1,437,207	176,549
Interest paid	(35,902)	(11,444)
Income taxes paid	(2,241,218)	(3,522,415)
<b>Net cash flows (from) in operating activities</b>	<b>(5,785,516)</b>	<b>17,643,640</b>
<b>Cash flows used in investing activities:</b>		
Acquisition of financial assets at amortized cost	(41)	-
Acquisition of financial assets designated at fair value through other comprehensive income	-	(6,000)
Acquisition of property, plant and equipment	(8,624,626)	(6,543,610)
Proceeds from disposal of property, plant and equipment	95,038	31,937
Increase in refundable deposits	(50,204)	(121,312)
Acquisition of intangible assets	(258,373)	(165,958)
Decrease in lease and installment receivables	132,165	132,165
Increase in other non-current assets	(3,849)	(401)
<b>Net cash flows used in investing activities</b>	<b>(8,709,890)</b>	<b>(6,673,179)</b>
<b>Cash flows used in financing activities:</b>		
Decrease in guarantee deposits received	(6,065)	(53,560)
Payment of lease liabilities	(190,172)	(107,982)
Exercise of employee share options	711	17,052
<b>Net cash flows used in financing activities</b>	<b>(195,526)</b>	<b>(144,490)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>762,692</b>	<b>3,446,945</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(13,928,240)</b>	<b>14,272,916</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>73,593,262</b>	<b>80,699,971</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 59,665,022</b>	<b>94,972,887</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**Nanya Technology Corporation and Subsidiaries**

**Notes to the Consolidated Financial Statements**

**June 30, 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 August 2, 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”

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

The Group does not expect the following 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 IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- IFRS16 “Requirements for Sale and Leaseback Transactions”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IAS12 “International Tax Reform – Pillar Two Model Rules”

(Continued)



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

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

(a) Statement of compliance

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

The significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 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		
			June 30, 2023	December 31, 2022	June 30, 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.

(c) Employee benefit

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

(Continued)

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

(d) Income taxes

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

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

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.

(a) Cash and cash equivalents

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Petty cash	\$ 69	64	28
Checking accounts and demand deposits	5,602,460	9,427,208	20,498,571
Cash equivalents:			
Time deposits	52,993,683	64,068,090	71,065,777
Commercial paper	1,068,810	-	2,258,618
Repurchase agreements collateralized by corporate bonds	-	97,900	1,149,893
	<u>\$ 59,665,022</u>	<u>73,593,262</u>	<u>94,972,887</u>

(Continued)

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

(b) Non-current financial assets at amortized cost

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Restricted Demand Deposits	\$ 72,469	772	-
Restricted Time Deposits	728,206	728,092	-
	<b>\$ 800,675</b>	<b>728,864</b>	<b>-</b>

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 June 30, 2023, the research grant amounted to \$223,003 was approved by the Ministry of Economic Affairs to be transferred to the designated account for grants, and \$151,594 thousand had been appropriated based on the actual payment. 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.

(c) Notes and accounts receivable

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Notes receivable - from non-operating activities	\$ -	516	1,962
Accounts receivable- measured at amortized cost	4,498,583	4,359,244	10,094,430
	<b>\$ 4,498,583</b>	<b>4,359,760</b>	<b>10,096,392</b>

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.

(Continued)

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

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

<b>June 30, 2023</b>			
<b>Due days</b>	<b>Accounts receivables gross carrying amount</b>	<b>Weighted average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 4,422,711	-	-
1 to 30 days past due	75,872	-	-
	<b><u>\$ 4,498,583</u></b>		<b><u>-</u></b>
<b>December 31, 2022</b>			
<b>Due days</b>	<b>Notes and accounts receivables gross carrying amount</b>	<b>Weighted average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 4,072,381	-	-
1 to 30 days past due	286,646	-	-
31 to 60 days past due	57	-	-
Over 91 days past due	676	-	-
	<b><u>\$ 4,359,760</u></b>		<b><u>-</u></b>
<b>June 30, 2022</b>			
<b>Due days</b>	<b>Notes and accounts receivables gross carrying amount</b>	<b>Weighted average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 9,672,718	-	-
1 to 30 days past due	421,239	-	-
31 to 60 days past due	2,435	-	-
	<b><u>\$ 10,096,392</u></b>		<b><u>-</u></b>

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 June 30, 2023, December 31 and June 30, 2022.

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

(Continued)

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

## (d) Other receivables

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Tax refund receivable	\$ 2,076,244	1,568,945	920,880
Lease payment receivable	130,465	254,305	241,390
Interest receivable	537,355	485,623	89,128
Others	39,333	22,856	30,619
	<b><u>\$ 2,783,397</u></b>	<b><u>2,331,729</u></b>	<b><u>1,282,017</u></b>

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

## (e) Inventories

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Raw materials	\$ 584,961	1,105,157	764,800
Work in progress	9,798,033	8,670,605	7,952,031
Finished goods	17,650,896	13,608,685	5,416,529
	<b><u>\$ 28,033,890</u></b>	<b><u>23,384,447</u></b>	<b><u>14,133,360</u></b>

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 and six months ended June 30, 2023 and 2022.

The details of the cost of sales were as follows:

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Inventory that has been sold	\$ 7,588,957	9,941,727	13,920,392	20,988,515
Unallocated production overheads	201,176	99,591	831,019	216,629
Others	25,240	31,155	43,005	63,227
	<b><u>\$ 7,815,373</u></b>	<b><u>10,072,473</u></b>	<b><u>14,794,416</u></b>	<b><u>21,268,371</u></b>

(Continued)

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

(f) Investments accounted for using equity method

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

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Associates	<u>\$ 5,114,688</u>	<u>5,385,900</u>	<u>5,271,302</u>

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

<b>Name of Associates</b>	<b>Nature of Relationship to the Group</b>	<b>Registration Country</b>	<b>Percentage of ownership</b>		
			<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Formosa Advanced Technologies Co., Ltd. (FATC)	It mainly engages in assembling and testing of module products, as well as in the research and development of integrated circuits.	Taiwan	32.00 %	32.00 %	32.00 %

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

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Formosa Advanced Technologies Co., Ltd.	<u>\$ 19,369,333</u>	<u>16,937,111</u>	<u>17,512,000</u>

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

The financial information of FATC was as follows:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Current assets	\$ 10,643,061	10,767,938	11,226,749
Non-current assets	3,899,155	4,001,646	4,075,767
Current liabilities	(2,098,431)	(1,403,500)	(2,753,582)
Non-current liabilities	(634,059)	(654,795)	(534,488)
Net asset	<u>\$ 11,809,726</u>	<u>12,711,289</u>	<u>12,014,446</u>
Net asset contributed to non-controlling interest of Formosa Petrochemical Corporation	<u>\$ 8,030,613</u>	<u>8,643,676</u>	<u>8,169,823</u>
Net asset contributed to FATC	<u>\$ 3,779,113</u>	<u>4,067,613</u>	<u>3,844,623</u>

(Continued)

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

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Operating revenue	\$ 1,880,837	2,699,094	4,050,634	5,261,728
Profit	\$ 230,908	685,307	462,501	1,146,446
Other comprehensive (loss) income	(48,807)	(276,508)	95,269	(328,459)
Total comprehensive income	\$ 182,101	408,799	557,770	817,987
Comprehensive income allocated to non-controlling interest of Formosa Petrochemical Corporation	\$ 123,828	277,983	379,283	556,231
Total comprehensive income contributed to FATC	\$ 58,273	130,816	178,487	261,756
			<b>For the six months ended June 30,</b>	
			<b>2023</b>	<b>2022</b>
Share of net assets of the major associate at January 1			\$ 4,067,613	3,936,645
Total comprehensive income allocated to the Group			178,487	261,756
Cash dividends contributed to the Group			(466,987)	(353,778)
Shares of net assets of major associate at March 31			3,779,113	3,844,623
Add: good will			1,463,162	1,463,162
Less: unrealized profits on upstream sales net assets of the associates			(127,587)	(36,483)
Total carrying amount of the major associate			\$ 5,114,688	5,271,302

(g) Property, plant and equipment

Cost:	Land	Building	Machinery and equipment	Other equipment	Under construction	Total
Additions	-	-	336,634	8,944	7,561,728	7,907,306
Disposals	-	-	(601,059)	(12,409)	-	(613,468)
Reclassification	-	573,037	4,970,227	(129)	(5,543,135)	-
Effect of exchange rate change	-	(110)	(560)	(131)	-	(801)
<b>Balance as of June 30, 2023</b>	<b>\$ 1,013,924</b>	<b>9,154,441</b>	<b>219,465,510</b>	<b>934,901</b>	<b>24,502,565</b>	<b>255,071,341</b>
<b>Balance as of January 1, 2022</b>	\$ 1,013,924	8,285,654	207,810,962	897,308	8,447,099	226,454,947
Additions	-	-	543,693	38,956	7,050,545	7,633,194
Disposals	-	-	(350,091)	(25,044)	-	(375,135)
Reclassification	-	-	6,651,664	88	(6,651,752)	-
Effect of exchange rate change	-	(159)	2,308	2,170	-	4,319
<b>Balance as of June 30, 2022</b>	<b>\$ 1,013,924</b>	<b>8,285,495</b>	<b>214,658,536</b>	<b>913,478</b>	<b>8,845,892</b>	<b>233,717,325</b>

(Continued)

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

	<u>Land</u>	<u>Building</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Under construction</u>	<u>Total</u>
<b>Accumulated depreciation / impairment loss:</b>						
Balance as of January 1, 2023	\$ -	3,258,420	158,859,971	762,519	-	162,880,910
Depreciation for the period	-	200,102	7,010,985	32,840	-	7,243,927
Reversal of impairment loss	-	-	(27,089)	-	-	(27,089)
Disposals	-	-	(571,524)	(12,409)	-	(583,933)
Reclassification	-	15,476	(15,163)	(313)	-	-
Effect of exchange rate change	-	(107)	(646)	(175)	-	(928)
<b>Balance as of June 30, 2023</b>	<b>\$ -</b>	<b>3,473,891</b>	<b>165,256,534</b>	<b>782,462</b>	<b>-</b>	<b>169,512,887</b>
Balance as of January 1, 2022	\$ -	2,932,021	146,598,881	717,353	-	150,248,255
Depreciation for the period	-	162,737	7,236,596	34,473	-	7,433,806
Impairment loss	-	-	67,631	-	-	67,631
Disposals	-	-	(346,607)	(25,042)	-	(371,649)
Effect of exchange rate change	-	(147)	1,421	1,757	-	3,031
<b>Balance as of June 30, 2022</b>	<b>\$ -</b>	<b>3,094,611</b>	<b>153,557,922</b>	<b>728,541</b>	<b>-</b>	<b>157,381,074</b>
<b>Carrying amounts:</b>						
Balance as of June 30, 2023	\$ 1,013,924	5,680,550	54,208,976	152,439	24,502,565	85,558,454
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 June 30, 2022	\$ 1,013,924	5,190,884	61,100,614	184,937	8,845,892	76,336,251

## (h) Right-of-use assets

	<u>Land</u>	<u>Building</u>	<u>Machinery and equipment</u>	<u>Total</u>
<b>Cost :</b>				
Balance at January 1, 2023	\$ 5,074,689	8,181	48,848	5,131,718
Additions	174,774	-	48,575	223,349
Balance at June 30, 2023	<b>\$ 5,249,463</b>	<b>8,181</b>	<b>97,423</b>	<b>5,355,067</b>
Balance at January 1, 2022	\$ 1,993,336	8,181	-	2,001,517
Additions	3,002,511	-	-	3,002,511
Balance at June 30, 2022	<b>\$ 4,995,847</b>	<b>8,181</b>	<b>-</b>	<b>5,004,028</b>
<b>Accumulated depreciation:</b>				
Balance at January 1, 2023	\$ 603,062	4,868	678	608,608
Depreciation for the period	200,143	1,718	6,770	208,631
Balance at June 30, 2023	<b>\$ 803,205</b>	<b>6,586</b>	<b>7,448</b>	<b>817,239</b>
Balance at January 1, 2022	\$ 292,993	1,432	-	294,425
Depreciation for the period	123,409	1,718	-	125,127
Balance at June 30, 2022	<b>\$ 416,402</b>	<b>3,150</b>	<b>-</b>	<b>419,552</b>
<b>Carrying Amount:</b>				
Balance at June 30, 2023	\$ 4,446,258	1,595	89,975	4,537,828
Balance at December 31, 2022	\$ 4,471,627	3,313	48,170	4,523,110
Balance at June 30, 2022	\$ 4,579,445	5,031	-	4,584,476

(Continued)



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

(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.
- (ii) The total lease receivable from the capital lease of the building (including facilities) was \$5,185,620; 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 and six months ended June 30, 2023 and 2022, the Group recognized the interest revenue of \$3,355, \$9,565, \$8,325 and \$20,584, respectively, from the amortization of unrealized interest revenue.

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

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Less than one year	\$ 132,165	264,330	264,330
One to two years	-	-	132,165
Total lease payments receivable	132,165	264,330	396,495
Unearned finance income	(1,700)	(10,025)	(24,640)
Present value of lease payments receivable	<u>\$ 130,465</u>	<u>254,305</u>	<u>371,855</u>

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

(Continued)

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

(j) Lease liabilities

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Current	<u>\$ 379,081</u>	<u>360,895</u>	<u>347,357</u>
Non-current	<u>\$ 4,212,387</u>	<u>4,200,447</u>	<u>4,260,845</u>

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

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Interest on lease liabilities	<u>\$ 19,814</u>	<u>9,465</u>	<u>37,715</u>	<u>15,221</u>
Expenses relating to short-term leases	<u>\$ 12,781</u>	<u>20,060</u>	<u>24,678</u>	<u>46,961</u>

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

	<b>For the six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
Total cash outflow for leases	<u>\$ 252,565</u>	<u>170,757</u>

(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.

(Continued)

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

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

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Operating cost	\$ 1,461	1,042	2,915	2,067
Operating expenses	<u>1,008</u>	<u>698</u>	<u>2,023</u>	<u>1,413</u>
Total	<u><b>\$ 2,469</b></u>	<u><b>1,740</b></u>	<u><b>4,938</b></u>	<u><b>3,480</b></u>

(ii) Defined contribution plans

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

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Operating cost	\$ 26,671	25,619	52,625	50,134
Operating expenses	<u>23,397</u>	<u>22,078</u>	<u>48,639</u>	<u>46,453</u>
Total	<u><b>\$ 50,068</b></u>	<u><b>47,697</b></u>	<u><b>101,264</b></u>	<u><b>96,587</b></u>

(l) Income tax

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

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Current tax (profit) expense				
Current period	\$ (456,304)	1,365,741	(844,513)	2,720,599
Adjustment for prior periods	(1,266,984)	(1,197,242)	(1,266,984)	(1,212,504)
Surtax on undistributed earnings	537,049	395,908	537,049	395,908
Deferred tax (income) expense	<u>36,655</u>	<u>(33,965)</u>	<u>(2,906)</u>	<u>104,352</u>
Income tax (profit) expense	<u><b>\$ (1,149,584)</b></u>	<u><b>530,442</b></u>	<u><b>(1,577,354)</b></u>	<u><b>2,008,355</b></u>

(Continued)

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

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

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2023	2022	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	\$ <u>16</u>	<u>(45)</u>	<u>63</u>	<u>(46)</u>

- (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 six months ended June 30, 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 May 24, 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.

- (ii) Capital surplus

	June 30, 2023	December 31, 2022	June 30, 2022
Premium from the issuance of stock	\$ 29,491,194	29,490,623	29,475,292
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
	<b>\$ 32,824,937</b>	<b>32,824,366</b>	<b>32,808,951</b>

(Continued)

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

(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.

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:

	<b>For the year ended December 31, 2022</b>	
	<b>Dividends per share</b>	<b>Amount</b>
Dividends attributable to ordinary shareholders:		
Cash dividends	\$ 2.13	<b>6,600,000</b>

(Continued)

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

		<b>For the year ended December 31, 2021</b>	
		<b>Dividends per share</b>	<b>Amount</b>
Dividends attributable to ordinary shareholders:			
Cash dividends	\$	3.70	<b>11,470,000</b>
 (iv) Other equity (net of tax)			
		<b>Exchange differences on translation of foreign financial statements</b>	<b>Unrealized loss on financial assets measured at fair value through other comprehensive income</b>
		<b>Total</b>	
Balance as of January 1, 2023	\$	913,316	(301,083)
Exchange differences on translation of foreign financial statements		699,890	-
Unrealized gains from financial of assets measured at fair value through other comprehensive income, associates accounted for using equity method		-	30,486
Unrealized gains from financial assets measured at fair value through other comprehensive income		-	253
Balance as of June 30, 2023	\$	<b>1,613,206</b>	<b>(270,344)</b>
			<b>1,342,862</b>
 Balance as of January 1, 2022	 \$	 (3,985,925)	 (131,017)
Exchange differences on translation of foreign financial statements		3,252,336	-
Unrealized losses from financial of assets measured at fair value through other comprehensive income, associates accounted for using equity method		-	(105,107)
Unrealized losses from financial of assets measured at fair value through other comprehensive income		-	(187)
Balance as of June 30, 2022	\$	<b>(733,589)</b>	<b>(236,311)</b>
			<b>(969,900)</b>

(n) Share-based payment transactions

Except as described below, there was no material change on the share-based payment transactions for the six months ended June 30, 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.

(Continued)

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

(i) Relevant information of employee stock option plans

The Company:

	For the six months ended June 30,			
	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	(27)	28.00	(609)
Outstanding as of June 30	26.35	<u>604</u>	28.03	<u>1,022</u>
Options exercisable as of June 30	26.35	<u>604</u>	28.03	<u>1,022</u>

(ii) Remuneration cost

(o) Earnings (losses) per share

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
<b>Basic earnings per share:</b>				
Net (loss) profit attributable to the Company's ordinary shareholders	\$ <u>(770,874)</u>	<u>6,574,723</u>	<u>(2,455,561)</u>	<u>13,124,860</u>
Weighted-average number of ordinary shares outstanding	3,098,050	3,097,306	3,098,046	3,097,198
Basic (losses) earnings per share (dollar)	\$ <u>(0.25)</u>	<u>2.12</u>	<u>(0.79)</u>	<u>4.24</u>
<b>Diluted earnings per share:</b>				
Net profit attributable to the Company's ordinary shareholders (basic and diluted)		\$ <u>6,574,723</u>		<u>13,124,860</u>
Effect of dilutive potential ordinary shares				
Weighted-average number of ordinary shares (basic)		3,097,306		3,097,198
Effect of employee share option		767		878
Effect of employee remuneration		18,219		24,181
Weighted-average number of ordinary shares (diluted)		<u>3,116,292</u>		<u>3,122,257</u>
Diluted earnings per share (dollar)	\$ <u>2.11</u>			<u>4.20</u>

(Continued)

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

The Company did not calculate the diluted loss per share for the three months and six months ended June 30, 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

	<b>For the three months ended June 30, 2023</b>		
	<b>Manufacturing department</b>	<b>Overseas sales department</b>	<b>Total</b>
Geographic markets of primary destination:			
Taiwan	\$ 2,445,753	95,586	2,541,339
Japan	-	274,914	274,914
Malaysia	31,317	108,133	139,450
China	2,426,836	584,743	3,011,579
USA	604	56,804	57,408
Thailand	44,130	113,987	158,117
Germany	-	322,997	322,997
Other countries	187,925	333,342	521,267
	<b>\$ 5,136,565</b>	<b>1,890,506</b>	<b>7,027,071</b>
Major products line:			
Dynamic Random Access Memory (DRAM)	\$ 5,112,794	1,890,230	7,003,024
Other	23,771	276	24,047
	<b>\$ 5,136,565</b>	<b>1,890,506</b>	<b>7,027,071</b>
<b>For the three months ended June 30, 2022</b>			
	<b>Manufacturing department</b>	<b>Overseas sales department</b>	<b>Total</b>
Geographic markets of primary destination:			
Taiwan	\$ 6,296,253	519,431	6,815,684
Japan	-	546,457	546,457
Malaysia	110,410	390,587	500,997
Korea	15,118	81,836	96,954
China	6,006,693	1,808,222	7,814,915
USA	-	214,100	214,100
Thailand	199,974	341,797	541,771
Germany	-	395,655	395,655
Vietnam	-	55,469	55,469
Singapore	153,744	28,082	181,826
Other countries	25,021	841,823	866,844
	<b>\$ 12,807,213</b>	<b>5,223,459</b>	<b>18,030,672</b>

(Continued)



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

<b>For the three months ended June 30, 2022</b>			
	<b>Manufacturing department</b>	<b>Overseas sales department</b>	<b>Total</b>
Major products line:			
Dynamic Random Access Memory (DRAM)	\$ 12,782,251	5,223,194	18,005,445
Other	24,962	265	25,227
	<b>\$ 12,807,213</b>	<b>5,223,459</b>	<b>18,030,672</b>
<b>For the six months ended June 30, 2023</b>			
	<b>Manufacturing department</b>	<b>Overseas sales department</b>	<b>Total</b>
Geographic markets of primary destination:			
Taiwan	\$ 4,206,210	238,854	4,445,064
Japan	-	494,769	494,769
Malaysia	59,755	231,930	291,685
China	4,730,319	1,337,985	6,068,304
USA	1,060	93,914	94,974
Thailand	94,843	294,882	389,725
Germany	-	611,661	611,661
Other countries	329,778	725,994	1,055,772
	<b>\$ 9,421,965</b>	<b>4,029,989</b>	<b>13,451,954</b>
Major products line:			
Dynamic Random Access Memory (DRAM)	\$ 9,376,457	4,029,439	13,405,896
Others	45,508	550	46,058
	<b>\$ 9,421,965</b>	<b>4,029,989</b>	<b>13,451,954</b>
<b>For the six months ended June 30, 2022</b>			
	<b>Manufacturing department</b>	<b>Overseas sales department</b>	<b>Total</b>
Geographic markets of primary destination:			
Taiwan	\$ 12,412,457	921,674	13,334,131
Japan	-	1,324,691	1,324,691
Malaysia	263,845	730,949	994,794
Korea	39,674	194,970	234,644
China	13,180,838	3,976,162	17,157,000
USA	22	587,259	587,281
Thailand	503,809	868,775	1,372,584
Germany	-	755,307	755,307
Vietnam	-	147,883	147,883
Singapore	336,407	154,217	490,624
Other countries	53,871	1,524,187	1,578,058
	<b>\$ 26,790,923</b>	<b>11,186,074</b>	<b>37,976,997</b>

(Continued)

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

	<b>For the six months ended June 30, 2022</b>		
	<b>Manufacturing department</b>	<b>Overseas sales department</b>	<b>Total</b>
Major products line:			
Dynamic Random Access Memory (DRAM)	\$ 26,740,675	11,185,556	37,926,231
Others	50,248	518	50,766
	<u>\$ 26,790,923</u>	<u>11,186,074</u>	<u>37,976,997</u>

(ii) Contract balances

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Notes receivable	\$ -	516	1,962
Accounts receivable	4,498,583	4,359,244	10,094,430
	<u>\$ 4,498,583</u>	<u>4,359,760</u>	<u>10,096,392</u>

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

(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 and six months ended June 30, 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 \$450,000 and \$900,000 for the three months and six months ended June 30, 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.

(Continued)

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

(r) Non-operating income and expenses

(i) Interest income

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Interest income from bank deposits and short-term notes	\$ 773,537	170,713	1,488,937	237,648
Interest income from financial lease receivables	<u>3,355</u>	<u>9,565</u>	<u>8,325</u>	<u>20,584</u>
	<u><b>\$ 776,892</b></u>	<u><b>180,278</b></u>	<u><b>1,497,262</b></u>	<u><b>258,232</b></u>

(ii) Other income

	<b>For the three months</b>		<b>For the six months</b>	
	<b>ended June 30,</b>		<b>ended June 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Gains on reversal of overestimated payables	\$ -	-	-	<u><b>514,382</b></u>

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.

(Continued)

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

## (iii) Other gains and losses

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Gain on disposal of property, plant and equipment	\$ 21,105	24,887	65,503	28,451
Foreign exchange gains	179,892	1,288,521	101,460	2,289,955
(Impairment losses) reversal of impairment losses on non financial assets	(218)	(15,846)	27,089	(67,631)
Others	<u>179,949</u>	<u>81,162</u>	<u>218,383</u>	<u>107,543</u>
	<b><u>\$ 380,728</u></b>	<b><u>1,378,724</u></b>	<b><u>412,435</u></b>	<b><u>2,358,318</u></b>

## (iv) Finance costs

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Amortization interest of lease liability	\$ 19,814	9,465	37,715	15,221
Others	<u>291</u>	<u>-</u>	<u>291</u>	<u>-</u>
	<b><u>\$ 20,105</u></b>	<b><u>9,465</u></b>	<b><u>38,006</u></b>	<b><u>15,221</u></b>

## (s) Financial instruments

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

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 June 30, 2023, December 31 and June 30, 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.

(Continued)

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

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flow</u>	<u>Within 6 months</u>	<u>6-12months</u>	<u>1-2years</u>	<u>2-5years</u>	<u>Over 5 years</u>
<b>June 30, 2023</b>							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 4,445,992	4,445,992	4,445,992	-	-	-	-
Dividend payable	6,601,497	6,601,497	6,601,497	-	-	-	-
Other payables (including related parties)	5,451,409	5,451,409	5,451,409	-	-	-	-
Lease liabilities (including current portion)	<u>4,591,468</u>	<u>5,369,431</u>	<u>234,424</u>	<u>232,805</u>	<u>447,530</u>	<u>1,307,778</u>	<u>3,146,894</u>
	<b><u>\$ 21,090,366</u></b>	<b><u>21,868,329</u></b>	<b><u>16,733,322</u></b>	<b><u>232,805</u></b>	<b><u>447,530</u></b>	<b><u>1,307,778</u></b>	<b><u>3,146,894</u></b>
<b>December 31, 2022</b>							
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>
	<b><u>\$ 16,891,739</u></b>	<b><u>17,445,964</u></b>	<b><u>12,543,574</u></b>	<b><u>213,052</u></b>	<b><u>419,628</u></b>	<b><u>1,179,545</u></b>	<b><u>3,090,165</u></b>
<b>June 30, 2022</b>							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 4,003,063	4,003,063	4,003,063	-	-	-	-
Dividend payable	11,470,841	11,470,841	11,470,841	-	-	-	-
Other payables (including related parties)	8,389,893	8,389,893	8,389,893	-	-	-	-
Lease liabilities (including current portion)	<u>4,608,202</u>	<u>5,180,968</u>	<u>206,602</u>	<u>206,602</u>	<u>411,334</u>	<u>1,151,697</u>	<u>3,204,733</u>
	<b><u>\$ 28,471,999</u></b>	<b><u>29,044,765</u></b>	<b><u>24,070,399</u></b>	<b><u>206,602</u></b>	<b><u>411,334</u></b>	<b><u>1,151,697</u></b>	<b><u>3,204,733</u></b>

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

(Continued)

**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:

	June 30, 2023			December 31, 2022			June 30, 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	\$ 271,205	31.135	8,443,968	634,116	30.708	19,472,434	928,959	29.726	27,614,235
JPY	288,811	0.2149	62,065	939,418	0.2306	216,630	416,191	0.2177	90,605
EUR	18	33.7979	608	84	32.7026	2,747	24	31.0393	745
HKD	38	3.9688	151	66	3.9345	260	66	3.7891	250
Financial liabilities:									
Monetary items									
USD	\$ 138,523	31.135	4,312,914	159,944	30.708	4,911,560	151,465	29.726	4,502,449
JPY	1,323,389	0.2149	284,396	4,399,149	0.2306	1,014,444	2,314,461	0.2177	503,858
EUR	4,490	33.7979	151,753	125,752	32.7026	4,112,417	10,992	31.0393	341,184

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 June 30, 2023 and 2022 would have decreased and increased the net income before tax by \$37,577 and \$223,583 for the six months ended June 30, 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 six months ended June 30, 2023 and 2022, foreign exchange gains and losses (including realized and unrealized portions) amounted to \$101,460 and \$2,289,955, respectively.

(iv) Other market price risk

For the six months ended June 30, 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:

Prices of securities at the reporting date	For the six months ended June 30,	
	2023	2022
	Other comprehensive income after tax	Other comprehensive income after tax
Increase 1%	\$ 135	135
Decrease 1%	(135)	(135)

(Continued)

**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:

	<b>June 30, 2023</b>				
	<b>Book Value</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Financial assets at fair value through other comprehensive income:					
Equity instruments without a market price measured at fair value	\$ 16,882	-	-	16,882	16,882
Financial assets measured at amortized cost					
Cash and cash equivalents	59,665,022	-	-	-	-
Financial assets measured at cost	800,675	-	-	-	-
Accounts receivable	4,498,583	-	-	-	-
Other receivables (including related parties)	3,119,919	-	-	-	-
Lease payments receivable	130,465	-	-	-	-
Subtotal	<u>68,214,664</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 68,231,546</u>	<u>-</u>	<u>-</u>	<u>16,882</u>	<u>16,882</u>
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 4,445,992	-	-	-	-
Dividend payable	6,601,497	-	-	-	-
Other payables (including related parties)	5,451,409	-	-	-	-
Lease liabilities (including current portion)	4,591,468	-	-	-	-
Total	<u>\$ 21,090,366</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>December 31, 2022</b>				
	<b>Book Value</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
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**  
**Notes to the Consolidated Financial Statements**

	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>
	June 30, 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	\$ 16,838	-	-	16,838	16,838
Financial assets measured at amortized cost					
Cash and cash equivalents	94,972,887	-	-	-	-
Note and accounts receivable	10,096,392	-	-	-	-
Other receivables	1,394,405	-	-	-	-
Lease payments receivable (including current portion)	371,855	-	-	-	-
Subtotal	<u>106,835,539</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 106,852,377</u>	<u>-</u>	<u>-</u>	<u>16,838</u>	<u>16,838</u>
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 4,003,063	-	-	-	-
Dividend payable	11,470,841	-	-	-	-
Other payables (including related parties)	8,389,893	-	-	-	-
Lease liabilities (including current portion)	4,608,202	-	-	-	-
Total	<u>\$ 28,471,999</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

(Continued)



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

3) Transfer between levels

For the six months ended June 30, 2023 and 2022, there was no transfer from financial assets.

4) Reconciliation of Level 3 fair values

	<b>Fair value through other comprehensive income</b>
	<b>Unquoted equity instruments</b>
Balance as of January 1, 2023	\$ 16,566
Total gains recognized in other comprehensive income	316
Balance as of June 30, 2023	<b>\$ 16,882</b>
Balance as of January 1, 2022	\$ 11,071
Purchased	6,000
Total losses recognized in other comprehensive income	(233)
Balance as of June 30, 2022	<b>\$ 16,838</b>

For the six months ended June 30, 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:

	<b>For the six months ended June 30</b>	
	<b>2023</b>	<b>2022</b>
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”	<b>\$ 253</b>	<b>(187)</b>

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 June 30, 2023, December 31 and June 30, 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>
<b>June 30, 2023</b>				
<b>Financial assets at fair value through other comprehensive income</b>				
Equity investments without an active market	Discount for lack of marketability	1%	188	(188)
<b>December 31, 2022</b>				
<b>Financial assets at fair value through other comprehensive income</b>				
Equity investments without an active market	Discount for lack of marketability	1%	174	(174)
<b>June 30, 2022</b>				
<b>Financial assets at fair value through other comprehensive income</b>				
Equity investments without an active market	Discount for lack of marketability	1%	177	(177)

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

(Continued)

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

(t) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note 6(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 six months ended June 30, 2023 and 2022 were as follows:

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

(ii)

	<b>For the six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
Acquisition of property, plant and equipment	\$ 7,907,306	7,633,194
Add: Payables on equipment at beginning of period	3,508,900	785,854
Less: Payables on equipment at end of period	(2,791,580)	(1,875,438)
Cash Paid	<b>\$ 8,624,626</b>	<b>6,543,610</b>

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

	<b>Non-Cash changes</b>					<b>June 30, 2023</b>
	<b>January 1, 2023</b>	<b>Cash flow</b>	<b>Change in an index of lease payment</b>	<b>Increased</b>	<b>Increased by other payables</b>	
Lease liabilities\$	4,561,342	(190,172)	174,602	48,575	(2,879)	4,591,468
Guarantee deposits	23,188	(6,065)	-	-	-	17,123
	<b>\$ 4,584,530</b>	<b>(196,237)</b>	<b>174,602</b>	<b>48,575</b>	<b>(2,879)</b>	<b>4,608,591</b>

  

	<b>Non-Cash changes</b>					<b>June 30, 2022</b>
	<b>January 1, 2022</b>	<b>Cash flow</b>	<b>Change in an index of lease payment</b>	<b>Increased</b>	<b>Increased by other payables</b>	
Lease liabilities\$	1,724,601	(107,982)	26,136	2,976,375	(10,928)	4,608,202
Guarantee deposits	70,506	(53,560)	-	-	-	16,946
	<b>\$ 1,795,107</b>	<b>(161,542)</b>	<b>26,136</b>	<b>2,976,375</b>	<b>(10,928)</b>	<b>4,625,148</b>

(Continued)

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

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

(a) Names and relationship with related parties

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

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

(b) Significant transactions with related parties

(i) Purchase from related parties

<u>Relationship</u>	<u>Purchases</u>				<u>Accounts payable to related parties</u>		
	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>		<u>June 30,</u>	<u>December 31,</u>	<u>June 30,</u>
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2022</u>
Entities with significant influence over the Group	\$ 38,217	31,980	73,334	167,834	12,094	15,148	49,800
Associates	-	325	7,268	2,000	-	-	-
Other related parties:							
Formosa Sumco Technology Corporation	87,977	253,167	167,671	472,020	62,601	179,353	174,216
Other related parties	<u>63,790</u>	<u>70,199</u>	<u>128,669</u>	<u>138,549</u>	<u>14,235</u>	<u>14,456</u>	<u>13,864</u>
	<u>\$ 189,984</u>	<u>355,671</u>	<u>376,942</u>	<u>780,403</u>	<u>88,930</u>	<u>208,957</u>	<u>237,880</u>

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

(Continued)

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

(ii) Consigned out for processing

Relationship	Amount				Other payables to related parties		
	For the three months ended June 30,		For the six months ended June 30,		June 30, 2023	December 31, 2022	June 30, 2022
	2023	2022	2023	2022			
Associates	\$ 1,435,045	2,268,218	3,158,815	4,333,633	729,919	1,414,240	1,453,526

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 machinery and equipment

Relationship	Acquisition price				Other payables to related parties		
	For the three months ended June 30,		For the six months ended June 30,		June 30, 2023	December 31, 2022	June 30, 2022
	2023	2022	2023	2022			
Entities with significant influence over the Group	\$ -	-	-	-	-	4,485	4,037
Other related parties	14,960	-	31,740	29,500	14,960	13,226	32,895
	\$ 14,960	-	31,740	29,500	14,960	17,711	36,932

Acquisition of other equipment

Relationship	Acquisition price				Other payables to related parties		
	For the three months ended June 30,		For the six months ended June 30,		June 30, 2023	December 31, 2022	June 30, 2022
	2023	2022	2023	2022			
Other related parties	\$ 110	-	110	-	-	-	-

(iv) Leases

Relationship	Acquisition price			
	For the three months ended June 30,		For the three months ended June 30,	
	2023	2022	2023	2022
Entities with significant influence over the Group	\$ 4,933	12,256	9,790	30,340

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.

(Continued)

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

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 and six months ended June 30, 2023 and 2022, the Group recognized the amounts of \$19,264, \$9,237, \$36,730 and \$14,743, respectively, as interest expenses. Furthermore, on June 30, 2023, December 31 and June 30, 2022, the balances of lease liabilities amounted to \$4,458,598, \$4,454,312 and \$4,533,181, 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 and six months ended June 30, 2023 and 2022, the Group recognized the amount of \$73, \$116, \$156 and \$242, respectively, as interest expense. Furthermore, on June 30, 2023, December 31 and June 30, 2022, the balance of lease liabilities amounted to \$24,870, \$33,073 and \$41,234, respectively.

(v) Others

<b>Relationship</b>	<b>Other income</b>			
	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Associates	\$ <u>27</u>	<u>72</u>	<u>98</u>	<u>164</u>

  

<b>Relationship</b>	<b>Paid in advance</b>			
	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Associates	\$ <u>-</u>	<u>19,617</u>	<u>-</u>	<u>19,617</u>

(vi) Dividends

<b>Relationship</b>	<b>Notes receivable from related parties</b>		
	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
	Associates	\$ <u>466,987</u>	<u>-</u>

(c) Key management personnel remuneration

Key management personnel remuneration comprised:

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	Short-term employee benefits	\$ <u>10,336</u>	<u>10,964</u>	<u>22,175</u>

(Continued)

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

**(8) Pledged assets:**

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

<u>Pledged assets</u>	<u>Object</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Other non-current assets	Office leasing	\$ -	-	5,746
Non-current financial assets at amortized cost	Performance guarantee	729,004	728,864	-
		<u>\$ 729,004</u>	<u>728,864</u>	<u>5,746</u>

**(9) Commitments and contingencies:****(a) Significant commitments**

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Guarantees for importation goods provided by bank	\$ 1,035,000	1,035,000	1,035,000
Performance guarantees for green energy projects provided by banks	20,000	-	-
Performance guarantees provided by bank	71,671	-	-
Issuance of promissory note for the performance guarantees of research and development programs	500,000	-	-
Unused letters of credit	382,101	346,484	757,901
Acquisition of property, plant and equipment	23,111,673	22,590,421	25,833,441
Total	<u>\$ 25,120,445</u>	<u>23,971,905</u>	<u>27,626,342</u>

**(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.

(Continued)

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

**(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 June 30, 2023			For the three months ended June 30, 2022		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salaries	629,443	534,819	1,164,262	985,829	740,590	1,726,419
Labor and health insurance	56,371	49,190	105,561	54,538	47,320	101,858
Pension expenses	28,132	24,405	52,537	26,661	22,776	49,437
Remuneration of directors	-	2,220	2,220	-	2,150	2,150
Other personnel expenses	16,775	8,109	24,884	18,239	8,603	26,842
Depreciation expenses	3,623,175	134,939	3,758,114	3,618,986	161,510	3,780,496
Amortization expenses	89,188	-	89,188	64,859	-	64,859

	For the six months ended June 30, 2023			For the six months ended June 30, 2022		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salaries	1,205,182	1,040,017	2,245,199	1,857,464	1,405,400	3,262,864
Labor and health insurance	112,525	98,719	211,244	107,964	94,707	202,671
Pension expenses	55,540	50,662	106,202	52,201	47,866	100,067
Remuneration for directors	-	4,260	4,260	-	3,700	3,700
Other personnel expenses	33,718	16,204	49,922	36,304	17,127	53,431
Depreciation expenses	7,151,591	300,967	7,452,558	7,251,508	307,425	7,558,933
Amortization expenses	153,393	-	153,393	129,718	-	129,718

(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 six months ended June 30, 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	-	16,882	2.46 %	16,882	

(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	Monthly settlement based on the construction progress and acceptance	Yung Ching Construction Co., Ltd. and 6 other companies	Non-related parties	N/A	N/A	N/A	N/A	Based on market price	For purposes of production and operating	
The Company	Factory construction	April 19, 2022	5,227,880	Monthly settlement based on the construction progress and acceptance	Li Jin Engineering Co., Ltd	Non-related parties	N/A	N/A	N/A	N/A	Based on market price	For purposes of production and operating	
The Company	Factory construction	May 30, 2022	920,000	Monthly settlement based on the construction progress and acceptance	Lien Rong Construction Co., Ltd.	Non-related parties	N/A	N/A	N/A	N/A	Based on market price	For purposes of production and operating	
The Company	Factory construction	August 1, 2022	2,089,560	Monthly settlement based on the construction progress and acceptance	Kwang-Lien Construction Co., Ltd.	Non related parties	N/A	N/A	N/A	N/A	Based on market price	For purposes of production and operating	
The Company	Factory construction	May 18, 2023	2,053,353	Monthly settlement based on the construction progress and acceptance	Kwang-Lien Construction Co., Ltd.	Non related parties	N/A	N/A	N/A	N/A	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

(Continued)

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

- (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)	(1,243,356)	(9.33)%	O/A 60~90Days	-		333,725	7.96%	(Note)
The Company	Nanya Technology Corp., Japan	Subsidiary	(Sale)	(1,117,116)	(8.39)%	O/A 180Days	-		86,691	2.07%	(Note)
The Company	Nanya Technology Corp., Europe GmbH	Subsidiary	(Sale)	(1,447,482)	(10.87)%	O/A 60~90Days	-		450,441	10.75%	(Note)
Nanya Technology Corp., Delaware	Nanya Technology Corp	The parent company	(Sale)	(189,367)	(100.00)%	O/A 60~90 Days	-		37,932	100.00%	(Note)
Nanya Technology Corp., U.S.A	Nanya Technology Corp	The parent company	Purchase	1,243,356	100.00%	O/A 60~90 Days	-		(333,725)	(100.00)%	(Note)
Nanya Technology Corp., Japan	Nanya Technology Corp	The parent company	Purchase	1,117,116	100.00%	O/A 180Days	-		(86,691)	(100.00)%	(Note)
Nanya Technology Corp., Europe GmbH	Nanya Technology Corp	The parent company	Purchase	1,447,482	100.00%	O/A 60~90Days	-		(450,441)	(100.00)%	(Note)
Nanya Technology Corp	Nanya Technology Corp., Delaware	Subsidiary	Purchase	189,367	3.60%	O/A 60~90Days	-		(37,932)	(0.85)%	(Note)
The Company	Formosa Sumco Technology Corporation	Other related parties	Purchase	167,671	3.19%	O/A 60Days	-		(62,601)	(1.41)%	-

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	333,725	3.80	-	-	217,625	-
The Company	Nanya Technology Europe GmbH	Subsidiary	450,441	4.55	-	-	217,968	-

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

- (ix) Trading in derivative instruments: None

(Continued)

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

(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			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Nanya Technology Corp.	Nanya Technology Corp., U.S.A	1	Sales	1,243,356	On the basis of general conditions	9.24%
0	Nanya Technology Corp.	Nanya Technology Corp., Japan	1	Sales	1,117,116	On the basis of general conditions	8.30%
0	Nanya Technology Corp.	Nanya Technology Europe GmbH	1	Sales	1,447,482	On the basis of general conditions	10.76%
1	Nanya Technology Corp. Delaware	Nanya Technology Corp.	2	Sales	189,367	On the basis of general conditions	1.41%
0	Nanya Technology Corp.	Nanya Technology Corp., U.S.A	1	Accounts receivable	333,725	On the basis of general conditions	0.17%
0	Nanya Technology Corp.	Nanya Technology Corp., Japan	1	Accounts receivable	86,691	On the basis of general conditions	0.04%
0	Nanya Technology Corp.	Nanya Technology Europe GmbH	1	Accounts receivable	450,441	On the basis of general conditions	0.23%
1	Nanya Technology Corp. Delaware	Nanya Technology Corp.	2	Accounts receivable	37,932	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.

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

The following is the information on investees for the six months ended June 30, 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 June 30, 2023			Net income of investee	Share of profits of investee	Note
				June 30, 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 %	242,229	8,201	8,201	(Note1)
The Company	Nanya Technology Corp., Delaware	U.S.A	Design of semiconductor products	36,005	36,005	-	100.00 %	235,287	11,343	11,343	(Note1)
The Company	Nanya Technology Corp., HK	Hong Kong	Sales of semiconductor products	66,271	66,271	19.7	100.00 %	96,370	2,950	2,950	(Note1)
The Company	Nanya Technology Corp., Japan	Japan	Sales of semiconductor products	20,161	20,161	1	100.00 %	426,165	53,672	53,672	(Note1)
The Company	Nanya Technology International, Ltd.	British Virgin Island	General investment business	48,145,600	48,145,600	1.6	100.00 %	52,150,551	1,247,681	1,247,681	(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 %	5,114,688	462,501	165,288	(Note 2)
Nanya Technology Corp., HK	Nanya Technology Europe GmbH	Germany	Sales of semiconductor products	30,056	30,056	-	100.00 %	91,961	4,065	4,065	(Note1)

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

- (2) Investment accounted for using equity method.

(Continued)

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

## (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 June 30, 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	30,668 (USD985 thousand)	(2)	30,668 (USD985 thousand)	-	-	30,668 (USD985 thousand)	(1,958)	100.00%	(1,958)	22,346	-

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 June 30, 2023 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment (Note 2)
30,668 (USD985 thousand)	30,668 (USD985 thousand)	103,580,297

Note 1 : The exchange rate of New Taiwan dollars to US dollars on June 30, 2023 was USD1 : TWD 31.135

Note 2 : 60% of net equity.

## (iii) Significant transactions: None

## (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.

(Continued)

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

**(14) Segment information:**

For the three months ended June 30, 2023						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 1,890,506	-	5,136,565	-	-	7,027,071
From sales among intersegments	12,370	102,825	1,806,846	-	(1,922,041)	-
Total revenue	<u>\$ 1,902,876</u>	<u>102,825</u>	<u>6,943,411</u>	<u>-</u>	<u>(1,922,041)</u>	<u>7,027,071</u>
Reportable segment profit or loss	<u>\$ 61,608</u>	<u>6,199</u>	<u>(1,921,842)</u>	<u>664,266</u>	<u>(730,689)</u>	<u>(1,920,458)</u>
For the three months ended June 30, 2022						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 5,223,459	-	12,807,213	-	-	18,030,672
From sales among intersegments	11,880	104,913	5,173,961	-	(5,290,754)	-
Total revenue	<u>\$ 5,235,339</u>	<u>104,913</u>	<u>17,981,174</u>	<u>-</u>	<u>(5,290,754)</u>	<u>18,030,672</u>
Reportable segment profit or loss	<u>\$ 192,245</u>	<u>5,105</u>	<u>7,104,780</u>	<u>84,714</u>	<u>(281,679)</u>	<u>7,105,165</u>
For the six months ended June 30, 2023						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 4,029,989	-	9,421,965	-	-	13,451,954
From sales among intersegments	19,627	189,367	3,899,659	-	(4,108,653)	-
Total revenue	<u>\$ 4,049,616</u>	<u>189,367</u>	<u>13,321,624</u>	<u>-</u>	<u>(4,108,653)</u>	<u>13,451,954</u>
Reportable segment profit or loss	<u>\$ 67,529</u>	<u>11,343</u>	<u>(4,035,621)</u>	<u>1,247,681</u>	<u>(1,323,847)</u>	<u>(4,032,915)</u>
For the six months ended June 30, 2022						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 11,186,074	-	26,790,923	-	-	37,976,997
From sales among intersegments	20,845	189,497	10,813,829	-	(11,024,171)	-
Total revenue	<u>\$ 11,206,919</u>	<u>189,497</u>	<u>37,604,752</u>	<u>-</u>	<u>(11,024,171)</u>	<u>37,976,997</u>
Reportable segment profit or loss	<u>\$ 300,670</u>	<u>9,240</u>	<u>15,132,466</u>	<u>133,353</u>	<u>(442,514)</u>	<u>15,133,215</u>
For the six months ended June 30, 2022						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Reportable segment assets						
Balance at June 30, 2023	<u>\$ 1,729,478</u>	<u>239,237</u>	<u>195,448,794</u>	<u>52,150,551</u>	<u>(54,096,066)</u>	<u>195,471,994</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 June 30, 2022	<u>\$ 4,879,264</u>	<u>210,219</u>	<u>210,517,935</u>	<u>47,770,069</u>	<u>(52,835,078)</u>	<u>210,542,409</u>
For the six months ended June 30, 2022						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Reportable segment liabilities						
Balance at June 30, 2023	<u>\$ 965,894</u>	<u>3,950</u>	<u>22,814,963</u>	<u>-</u>	<u>(946,642)</u>	<u>22,838,165</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 June 30, 2022	<u>\$ 4,097,432</u>	<u>3,989</u>	<u>32,720,913</u>	<u>-</u>	<u>(4,076,947)</u>	<u>32,745,387</u>