

**NANYA TECHNOLOGY CORPORATION AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 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.

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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 September 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022, as well as the changes in equity and cash flows for the nine months ended September 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 September 30, 2023 and 2022, and of its consolidated financial performance for the three months and nine months ended September 30, 2023 and 2022, as well as its consolidated cash flows for the nine months ended September 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)
November 8, 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

September 30, 2023, December 31 and September 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		September 30, 2023		December 31, 2022		September 30, 2022		Liabilities and Equity		September 30, 2023		December 31, 2022		September 30, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (Note 6(a))	\$ 60,474,193	31	73,593,262	36	83,011,825	40	2100	Short-term borrowings (Note (j))	\$ 8,297,300	4	-	-	-	-
1150	Notes receivable, net (Notes 6(c) and (q))	-	-	516	-	30	-	2170	Accounts payable	2,669,946	2	5,395,353	3	4,374,489	2
1170	Accounts receivable, net (Notes 6(c) and (q))	4,974,526	3	4,359,244	2	6,730,921	3	2180	Accounts payable to related parties (Note 7)	164,252	-	208,957	-	220,801	-
1180	Accounts receivable due from related parties, net (Notes 6(c), (q) and 7)	8,586	-	-	-	-	-	2200	Other payables	3,755,258	2	5,294,136	2	5,079,334	2
1200	Other receivables (Notes 6(d) and (i))	2,964,821	2	2,331,729	1	1,724,293	1	2220	Other payables to related parties (Note 7)	707,513	-	1,431,951	1	1,394,096	1
1310	Inventories (Note 6(e))	28,041,545	14	23,384,447	12	18,945,617	9	2230	Current tax liabilities	510,780	-	3,477,759	2	3,523,868	2
1410	Prepayments	878,259	1	967,609	1	1,034,585	1	2280	Current lease liabilities (Notes (k) and 7)	383,963	-	360,895	-	348,528	-
1470	Other current assets	644,634	-	875,510	-	1,077,364	1	2399	Other current liabilities	1,225	-	9,772	-	19,191	-
	Total current assets	<u>97,986,564</u>	<u>51</u>	<u>105,512,317</u>	<u>52</u>	<u>112,524,635</u>	<u>55</u>		Total current liabilities	<u>16,490,237</u>	<u>8</u>	<u>16,178,823</u>	<u>8</u>	<u>14,960,307</u>	<u>7</u>
Non-current assets:								Non-Current liabilities:							
1517	Non-current financial assets at fair value through other comprehensive income	22,516	-	16,566	-	17,219	-	2570	Deferred tax liabilities	6,759	-	4,034	-	161,555	-
1535	Non-current financial assets at amortized cost, net (Notes 6(b) and 8)	809,773	-	728,864	-	-	-	2580	Non-current lease liabilities (Notes 6(k) and 7)	4,138,189	2	4,200,447	2	4,173,295	2
1550	Investments accounted for using equity method (Note 6(f))	5,088,637	3	5,385,900	3	5,338,255	3	2640	Net defined benefit liability, non-current	525,345	-	530,688	-	630,193	1
1600	Property, plant and equipment (Notes 6(g), (w) and 7)	82,656,289	43	84,897,394	42	80,410,197	39	2670	Other non-current liabilities (Note 6(b))	798,731	1	363,708	-	481,779	-
1755	Right-of-use assets (Notes 6(h) and (w))	4,459,377	2	4,523,110	2	4,490,780	2		Total non-current liabilities	<u>5,469,024</u>	<u>3</u>	<u>5,098,877</u>	<u>2</u>	<u>5,446,822</u>	<u>3</u>
1780	Intangible assets	1,001,953	-	766,626	1	828,267	1		Total liabilities	<u>21,959,261</u>	<u>11</u>	<u>21,277,700</u>	<u>10</u>	<u>20,407,129</u>	<u>10</u>
1840	Deferred tax assets	1,825,299	1	333,267	-	229,704	-	Equity (Note 6(n)):							
194D	Long-term financial lease payments receivable (Note 6(i))	-	-	-	-	66,082	-	3110	Ordinary shares	30,980,689	16	30,980,079	16	30,976,779	15
1990	Other non-current assets (Note 8)	117,914	-	71,706	-	174,396	-	3140	Advance receipts for share capital	331	-	736	-	8,626	-
	Total non-current assets	<u>95,981,758</u>	<u>49</u>	<u>96,723,433</u>	<u>48</u>	<u>91,554,900</u>	<u>45</u>	3200	Capital surplus	32,825,520	17	32,824,366	16	32,818,989	16
								3310	Legal reserve	18,626,223	10	17,156,884	9	17,156,884	8
								3320	Special reserve	-	-	4,116,942	2	4,116,942	2
								3350	Unappropriated retained earnings	86,354,281	44	95,266,810	47	96,338,873	48
								3400	Other equity interest	3,222,017	2	612,233	-	2,255,313	1
									Total equity	<u>172,009,061</u>	<u>89</u>	<u>180,958,050</u>	<u>90</u>	<u>183,672,406</u>	<u>90</u>
									Total liabilities and equity	<u>\$ 193,968,322</u>	<u>100</u>	<u>202,235,750</u>	<u>100</u>	<u>204,079,535</u>	<u>100</u>
	Total assets	<u>\$ 193,968,322</u>	<u>100</u>	<u>202,235,750</u>	<u>100</u>	<u>204,079,535</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 nine months ended September 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the three months ended September 30,				For the nine months ended September 30,				
	2023		2022		2023		2022		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue (Note 6(q))	\$ 7,736,374	100	11,021,725	100	21,188,328	100	48,998,722	100
5000	Operating costs (Notes 6(e), (g), (h), (k), (l), (o), (r) and 7)	<u>(9,689,044)</u>	<u>(125)</u>	<u>(7,425,165)</u>	<u>(67)</u>	<u>(24,483,460)</u>	<u>(116)</u>	<u>(28,693,536)</u>	<u>(58)</u>
	Gross (loss) profit from operations	<u>(1,952,670)</u>	<u>(25)</u>	<u>3,596,560</u>	<u>33</u>	<u>(3,295,132)</u>	<u>(16)</u>	<u>20,305,186</u>	<u>42</u>
	Operating expenses (Notes 6(g), (h), (k), (l), (o), (r) and 7):								
6100	Selling expenses	(152,782)	(2)	(175,994)	(2)	(420,277)	(2)	(577,499)	(1)
6200	Administrative expenses	(447,533)	(6)	(443,909)	(3)	(1,332,819)	(6)	(1,298,842)	(3)
6300	Research and development expenses	<u>(1,787,056)</u>	<u>(23)</u>	<u>(2,056,622)</u>	<u>(19)</u>	<u>(5,361,707)</u>	<u>(25)</u>	<u>(5,882,462)</u>	<u>(12)</u>
	Total operating expenses	<u>(2,387,371)</u>	<u>(31)</u>	<u>(2,676,525)</u>	<u>(24)</u>	<u>(7,114,803)</u>	<u>(33)</u>	<u>(7,758,803)</u>	<u>(16)</u>
	Net operating (loss) income	<u>(4,340,041)</u>	<u>(56)</u>	<u>920,035</u>	<u>9</u>	<u>(10,409,935)</u>	<u>(49)</u>	<u>12,546,383</u>	<u>26</u>
	Non-operating income and expenses (Notes 6(f), (g), (i), (k), (s) and 7):								
7100	Interest income	778,848	10	426,927	4	2,276,110	11	685,159	1
7010	Other income	-	-	-	-	-	-	514,382	1
7020	Other gains and losses, net	437,751	6	1,691,861	15	850,186	4	4,050,179	8
7050	Finance costs	(44,753)	-	(16,918)	-	(82,759)	(1)	(32,139)	-
7060	Share of profit of associates accounted for using equity method, net	<u>26,020</u>	<u>-</u>	<u>140,680</u>	<u>1</u>	<u>191,308</u>	<u>1</u>	<u>531,836</u>	<u>1</u>
	Total non-operating income and expenses	<u>1,197,866</u>	<u>16</u>	<u>2,242,550</u>	<u>20</u>	<u>3,234,845</u>	<u>15</u>	<u>5,749,417</u>	<u>11</u>
7900	(Loss) profit before tax	<u>(3,142,175)</u>	<u>(40)</u>	<u>3,162,585</u>	<u>29</u>	<u>(7,175,090)</u>	<u>(34)</u>	<u>18,295,800</u>	<u>37</u>
7950	Income tax profit (expense) (Note 6(m))	<u>637,604</u>	<u>8</u>	<u>(521,994)</u>	<u>(5)</u>	<u>2,214,958</u>	<u>11</u>	<u>(2,530,349)</u>	<u>(5)</u>
	(Loss) profit	<u>(2,504,571)</u>	<u>(32)</u>	<u>2,640,591</u>	<u>24</u>	<u>(4,960,132)</u>	<u>(23)</u>	<u>15,765,451</u>	<u>32</u>
8300	Other comprehensive income (loss) (Notes 6(m) and (n)):								
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss								
8316	Unrealized (loss) profit from investments in equity instruments measured at fair value through other comprehensive income	(366)	-	381	-	(50)	-	148	-
8320	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(52,098)	(1)	(73,749)	(1)	(21,612)	-	(178,856)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>(73)</u>	<u>-</u>	<u>76</u>	<u>-</u>	<u>(10)</u>	<u>-</u>	<u>30</u>	<u>-</u>
	Components of other comprehensive loss that will not be reclassified to profit or loss	<u>(52,391)</u>	<u>(1)</u>	<u>(73,444)</u>	<u>(1)</u>	<u>(21,652)</u>	<u>-</u>	<u>(178,738)</u>	<u>-</u>
8360	Components of other comprehensive loss that may be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	1,931,546	25	3,298,657	30	2,631,436	12	6,550,993	13
8399	Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that may be reclassified to profit or loss	<u>1,931,546</u>	<u>25</u>	<u>3,298,657</u>	<u>30</u>	<u>2,631,436</u>	<u>12</u>	<u>6,550,993</u>	<u>13</u>
8300	Other comprehensive income, net	<u>1,879,155</u>	<u>24</u>	<u>3,225,213</u>	<u>29</u>	<u>2,609,784</u>	<u>12</u>	<u>6,372,255</u>	<u>13</u>
8500	Comprehensive (loss) income (Note (p))	<u>\$ (625,416)</u>	<u>(8)</u>	<u>5,865,804</u>	<u>53</u>	<u>(2,350,348)</u>	<u>(11)</u>	<u>22,137,706</u>	<u>45</u>
	Earnings (loss) per share (Note 6(p))								
9750	Basic (loss) earnings per share	<u>\$ (0.81)</u>		<u>0.85</u>		<u>(1.60)</u>		<u>5.09</u>	
9850	Diluted earnings per share			<u>\$ 0.85</u>				<u>5.05</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 Changes in Equity
For the nine months ended September 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	
Balance at January 1, 2022	\$ 30,968,749	4,508	32,804,505	14,879,816	3,011,507	95,425,925	(3,985,925)	(131,017)	(4,116,942)	172,978,068
Net profit for the nine months ended September 30, 2022	-	-	-	-	-	15,765,451	-	-	-	15,765,451
Other comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	-	-	6,550,993	(178,738)	6,372,255	6,372,255
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	-	15,765,451	6,550,993	(178,738)	6,372,255	22,137,706
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)
Other changes in capital surplus:										
Changes in equity of associates accounted for using equity method	-	-	22	-	-	-	-	-	-	22
Past due unclaimed dividends	-	-	64	-	-	-	-	-	-	64
Exercise of employee share options	8,030	4,118	14,398	-	-	-	-	-	-	26,546
Balance at September 30, 2022	\$ 30,976,779	8,626	32,818,989	17,156,884	4,116,942	96,338,873	2,565,068	(309,755)	2,255,313	183,672,406
Balance at January 1, 2023	\$ 30,980,079	736	32,824,366	17,156,884	4,116,942	95,266,810	913,316	(301,083)	612,233	180,958,050
Net loss for the nine months ended September 30, 2023	-	-	-	-	-	(4,960,132)	-	-	-	(4,960,132)
Other comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	-	2,631,436	(21,652)	2,609,784	2,609,784
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	(4,960,132)	2,631,436	(21,652)	2,609,784	(2,350,348)
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)
Other changes in capital surplus:										
Changes in equity of associates accounted for using equity method	-	-	28	-	-	-	-	-	-	28
Past due unclaimed dividends	-	-	136	-	-	-	-	-	-	136
Exercise of employee share options	610	(405)	990	-	-	-	-	-	-	1,195
Balance at September 30, 2023	\$ 30,980,689	331	32,825,520	18,626,223	-	86,354,281	3,544,752	(322,735)	3,222,017	172,009,061

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 nine months ended September 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30,	
	2023	2022
Cash flows from (used in) operating activities		
(Loss) profit before tax	\$ (7,175,090)	18,295,800
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	11,241,269	11,291,255
Amortization expense	229,872	193,952
Interest expense	82,759	32,139
Interest income	(2,276,110)	(685,159)
Share of profit of associates accounted for using equity method	(191,308)	(531,836)
Gain on disposal of property, plant and equipment	(65,760)	(35,601)
(Reversal of impairment loss) impairment loss on non-financial assets	(27,238)	50,136
Unrealized foreign exchange gain	(12,601)	(785,814)
Gain on lease modification	(171)	-
Total adjustments to reconcile profit	<u>8,980,712</u>	<u>9,529,072</u>
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	(552,012)	5,101,504
Other receivables (including related parties)	(616,966)	(579,685)
Inventories	(4,657,098)	(7,334,382)
Prepayments	89,350	(160,915)
Other current assets	230,876	(322,526)
Accounts payable (including related parties)	(447,157)	401,518
Other payables (including related parties)	(2,256,660)	(1,465,299)
Other current liabilities	(8,547)	304
Net defined benefit liability	(5,343)	(11,045)
Other non-current liabilities	268	787
Total net changes used in operating assets and liabilities	<u>(8,223,289)</u>	<u>(4,369,739)</u>
Cash inflow generated (used in) from operations	(6,417,667)	23,455,133
Interest received	2,112,635	520,225
Interest paid	(76,038)	(28,459)
Income taxes paid	(2,291,313)	(3,564,647)
Net cash flows (used in) from operating activities	<u>(6,672,383)</u>	<u>20,382,252</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized cost	(58)	-
Acquisition of financial assets designated at fair value through other comprehensive income	(6,000)	(6,000)
Acquisition of property, plant and equipment	(11,055,299)	(14,060,575)
Proceeds from disposal of property, plant and equipment	95,294	56,581
Increase in refundable deposits	(48,983)	(45,402)
Acquisition of intangible assets	(258,373)	(165,958)
Decrease in lease and installment receivables	198,248	198,248
Increase in other non-current assets	(814)	(891)
Dividends received	466,987	353,778
Net cash flows used in investing activities	<u>(10,608,998)</u>	<u>(13,670,219)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	23,410,700	-
Decrease in short-term loans borrowings	(15,113,400)	-
Decrease in guarantee deposits received	66,762	6,385
Payment of lease liabilities	(284,679)	(194,268)
Cash dividends paid	(6,600,000)	(11,470,000)
Exercise of employee share options	1,195	26,546
Net cash flows from (used in) financing activities	<u>1,480,578</u>	<u>(11,631,337)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>2,681,734</u>	<u>7,231,158</u>
Net (decrease) increase in cash and cash equivalents	(13,119,069)	2,311,854
Cash and cash equivalents at beginning of period	73,593,262	80,699,971
Cash and cash equivalents at end of period	<u>\$ 60,474,193</u>	<u>83,011,825</u>

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

September 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 November 8, 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”

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

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

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (c) 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 IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(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		
			September 30, 2023	December 31, 2022	September 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 %

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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Investor	The name of subsidiaries	Business activity	Shareholding		
			September 30, 2023	December 31, 2022	September 30, 2022
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.

(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.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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(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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Petty cash	\$ 54	64	36
Checking accounts and demand deposits	3,797,641	9,427,208	15,474,727
Cash equivalents:			
Time deposits	56,676,498	64,068,090	67,451,382
Repurchase agreements collateralized by corporate bonds	-	97,900	85,680
	<u>\$ 60,474,193</u>	<u>73,593,262</u>	<u>83,011,825</u>

(b) Non-current financial assets at amortized cost

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Restricted Demand Deposits	\$ 81,353	772	-
Restricted Time Deposits	728,420	728,092	-
	<u>\$ 809,773</u>	<u>728,864</u>	<u>-</u>

The Group applied to the Minister of Economic Affairs (MOEA) for a research and development program subsidy in accordance with subsidy, Reward and Assistance Regulations for Promoting Industry Innovation of Ministry of Economic Affairs. As of September 30, 2023, the research grant amounted to \$357,567 was approved by the Ministry of Economic Affairs to be transferred to the designated account for grants, and \$277,275 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(t).

(ii) For the details of financial assets pledged as collateral, please refer to note 8.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Notes and accounts receivable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Notes receivable - from non-operating activities	\$ -	516	30
Accounts receivable- measured at amortized cost	4,974,526	4,359,244	6,730,921
Accounts receivable- related parties	<u>8,586</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 4,983,112</u></u>	<u><u>4,359,760</u></u>	<u><u>6,730,951</u></u>

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

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

<u>September 30, 2023</u>			
<u>Due days</u>	<u>Accounts receivables gross carrying amount</u>	<u>Weighted average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 4,902,772	-	-
1 to 30 days past due	<u>80,340</u>	-	<u>-</u>
	<u><u>\$ 4,983,112</u></u>		<u><u>-</u></u>
<u>December 31, 2022</u>			
<u>Due days</u>	<u>Notes and accounts receivables gross carrying amount</u>	<u>Weighted average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 4,072,381	-	-
1 to 30 days past due	286,646	-	-
31 to 60 days past due	57	-	-
Over 91 days past due	<u>676</u>	-	<u>-</u>
	<u><u>\$ 4,359,760</u></u>		<u><u>-</u></u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2022		
Due days	Notes and accounts receivables gross carrying amount	Weighted average loss rate	Loss allowance provision
Current	\$ 6,349,036	-	-
1 to 30 days past due	379,122	-	-
31 to 60 days past due	2,793	-	-
	\$ 6,730,951		-

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

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

(d) Other receivables

	September 30, 2023	December 31, 2022	September 30, 2022
Tax refund receivable	\$ 2,222,241	1,568,945	1,286,451
Lease payment receivable	66,082	254,305	247,763
Interest receivable	639,073	485,623	164,306
Others	37,425	22,856	25,773
	\$ 2,964,821	2,331,729	1,724,293

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

(e) Inventories

	September 30, 2023	December 31, 2022	September 30, 2022
Raw materials	\$ 538,294	1,105,157	903,872
Work in progress	10,330,729	8,670,605	8,293,623
Finished goods	17,172,522	13,608,685	9,748,122
	\$ 28,041,545	23,384,447	18,945,617

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The details of the cost of sales were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Inventory that has been sold	\$ 8,241,991	7,244,761	22,162,383	28,233,276
Write-down of inventories	252,344	-	252,344	-
Unallocated production overheads	1,161,832	145,913	1,992,851	362,542
Others	32,877	34,491	75,882	97,718
	<u>\$ 9,689,044</u>	<u>7,425,165</u>	<u>24,483,460</u>	<u>28,693,536</u>

(f) Investments accounted for using equity method

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

	September 30, 2023	December 31, 2022	September 30, 2022
Associates	<u>\$ 5,088,637</u>	<u>5,385,900</u>	<u>5,338,255</u>

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

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

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

	September 30, 2023	December 31, 2022	September 30, 2022
Formosa Advanced Technologies Co., Ltd.	<u>\$ 17,074,667</u>	<u>16,937,111</u>	<u>16,362,222</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The financial information of FATC was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Current assets	\$ 9,384,458	10,767,938	10,385,758
Non-current assets	3,701,606	4,001,646	4,046,851
Current liabilities	(765,872)	(1,403,500)	(1,390,819)
Non-current liabilities	(629,422)	(654,795)	(630,925)
Net asset	<u>\$ 11,690,770</u>	<u>12,711,289</u>	<u>12,410,865</u>
Net asset contributed to non-controlling interest of Formosa Petrochemical Corporation	<u>\$ 7,949,723</u>	<u>8,643,676</u>	<u>8,439,388</u>
Net asset contributed to FATC	<u>\$ 3,741,047</u>	<u>4,067,613</u>	<u>3,971,477</u>

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Operating revenue	<u>\$ 1,641,108</u>	<u>2,670,776</u>	<u>5,691,742</u>	<u>7,932,504</u>
Profit	\$ 43,765	626,817	506,266	1,773,263
Other comprehensive loss	(162,808)	(230,465)	(67,539)	(558,924)
Total comprehensive (loss) income	<u>\$ (119,043)</u>	<u>396,352</u>	<u>438,727</u>	<u>1,214,339</u>
Comprehensive (loss) income allocated to non- controlling interest of Formosa Petrochemical Corporation	<u>\$ (80,949)</u>	<u>269,520</u>	<u>298,334</u>	<u>825,751</u>
Total comprehensive (loss) income contributed to FATC	<u>\$ (38,094)</u>	<u>126,832</u>	<u>140,393</u>	<u>388,588</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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	For the nine months ended	
	September 30,	
	2023	2022
Share of net assets of the major associate at January 1	\$ 4,067,613	3,936,645
Total comprehensive income allocated to the Group	140,393	388,588
Dividends not received within the statute of limitations are transferred to capital reserves	28	22
Cash dividends contributed to the Group	<u>(466,987)</u>	<u>(353,778)</u>
Shares of net assets of major associate	3,741,047	3,971,477
Add: good will	1,463,162	1,463,162
Less: unrealized profits on upstream sales net assets of the associates	<u>(115,572)</u>	<u>(96,384)</u>
Total carrying amount of the major associate	<u>\$ 5,088,637</u>	<u>5,338,255</u>

(g) Property, plant and equipment

	Machinery and equipment					
	Land	Building	Machinery and equipment	Other equipment	Under construction	Total
Cost:						
Balance as of January 1, 2023	\$ 1,013,924	8,581,514	214,760,268	938,626	22,483,972	247,778,304
Additions	-	-	461,851	23,863	8,203,089	8,688,803
Disposals	-	-	(742,184)	(37,997)	-	(780,181)
Reclassification	-	1,458,219	5,244,236	(129)	(6,702,326)	-
Effect of exchange rate change	-	(105)	2,266	743	-	2,904
Balance as of September 30, 2023	<u>\$ 1,013,924</u>	<u>10,039,628</u>	<u>219,726,437</u>	<u>925,106</u>	<u>23,984,735</u>	<u>255,689,830</u>
Balance as of January 1, 2022	\$ 1,013,924	8,285,654	207,810,962	897,308	8,447,099	226,454,947
Additions	-	-	773,937	50,659	14,519,952	15,344,548
Disposals	-	-	(1,227,200)	(25,886)	-	(1,253,086)
Reclassification	-	-	7,565,737	1	(7,565,738)	-
Effect of exchange rate change	-	(147)	5,180	2,985	-	8,018
Balance as of September 30, 2022	<u>\$ 1,013,924</u>	<u>8,285,507</u>	<u>214,928,616</u>	<u>925,067</u>	<u>15,401,313</u>	<u>240,554,427</u>
Accumulated depreciation / impairment loss:						
Balance as of January 1, 2023	\$ -	3,258,420	158,859,971	762,519	-	162,880,910
Depreciation for the period	-	300,806	10,578,935	48,810	-	10,928,551
Reversal of impairment loss	-	-	(27,238)	-	-	(27,238)
Disposals	-	-	(712,650)	(37,997)	-	(750,647)
Reclassification	-	15,476	(15,163)	(313)	-	-
Effect of exchange rate change	-	(103)	1,597	471	-	1,965
Balance as of September 30, 2023	<u>\$ -</u>	<u>3,574,599</u>	<u>168,685,452</u>	<u>773,490</u>	<u>-</u>	<u>173,033,541</u>
Balance as of January 1, 2022	\$ -	2,932,021	146,598,881	717,353	-	150,248,255
Depreciation for the period	-	244,105	10,775,562	52,765	-	11,072,432
Impairment loss	-	-	50,136	-	-	50,136
Disposals	-	-	(1,206,221)	(25,885)	-	(1,232,106)
Reclassification	-	-	130	(130)	-	-
Effect of exchange rate change	-	(137)	3,446	2,204	-	5,513
Balance as of September 30, 2022	<u>\$ -</u>	<u>3,175,989</u>	<u>156,221,934</u>	<u>746,307</u>	<u>-</u>	<u>160,144,230</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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	<u>Land</u>	<u>Building</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Under construction</u>	<u>Total</u>
Carrying amounts:						
Balance as of September 30, 2023	\$ 1,013,924	6,465,029	51,040,985	151,616	23,984,735	82,656,289
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 September 30, 2022	\$ 1,013,924	5,109,518	58,706,682	178,760	15,401,313	80,410,197

(h) Right-of-use assets

	<u>Land</u>	<u>Building</u>	<u>Machinery and equipment</u>	<u>Total</u>
Cost :				
Balance at January 1, 2023	\$ 5,074,689	8,181	48,848	5,131,718
Additions	174,774	1,429	72,782	248,985
Decrease	-	(592)	-	(592)
Balance at September 30, 2023	\$ 5,249,463	9,018	121,630	5,380,111
Balance at January 1, 2022	\$ 1,993,336	8,181	-	2,001,517
Additions	3,002,511	-	-	3,002,511
Balance at September 30, 2022	\$ 4,995,847	8,181	-	5,004,028
Accumulated depreciation:				
Balance at January 1, 2023	\$ 603,062	4,868	678	608,608
Depreciation for the period	298,977	2,576	11,165	312,718
Decrease	-	(592)	-	(592)
Balance at September 30, 2023	\$ 902,039	6,852	11,843	920,734
Balance at January 1, 2022	\$ 292,993	1,432	-	294,425
Depreciation for the period	216,246	2,577	-	218,823
Balance at September 30, 2022	\$ 509,239	4,009	-	513,248
Carrying Amount:				
Balance at September 30, 2023	\$ 4,347,424	2,166	109,787	4,459,377
Balance at December 31, 2022	\$ 4,471,627	3,313	48,170	4,523,110
Balance at September 30, 2022	\$ 4,486,608	4,172	-	4,490,780

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(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 USD13,010 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 nine months ended September 30, 2023 and 2022, the Group recognized the interest revenue of \$1,700, \$8,073, \$10,025 and \$28,657, 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:

	September 30, 2023	December 31, 2022	September 30, 2022
Less than one year	\$ 66,082	264,330	264,330
One to two years	-	-	66,082
Total lease payments receivable	66,082	264,330	330,412
Unearned finance income	-	(10,025)	(16,567)
Present value of lease payments receivable	<u>\$ 66,082</u>	<u>254,305</u>	<u>313,845</u>

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

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(j) Short-term borrowings

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022,</u>
Unsecured bank loans	\$ <u>8,297,300</u>	<u>-</u>	<u>-</u>
Interest rate	<u>1.65%~1.70%</u>	<u>-</u>	<u>-</u>
Maturity date	<u>2023.10.01~2023.11.22</u>	<u>-</u>	<u>-</u>

1. Increase in loans and repayments

	<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Opening Balance	\$ -	-
Amount of increase in loans	23,410,700	-
Amount of repayment	(15,113,400)	-
Ending balance	\$ <u>8,297,300</u>	<u>-</u>

(k) Lease liabilities

	<u>September 30,</u>	<u>December 31,</u>	<u>September 30,</u>
	<u>2023</u>	<u>2022</u>	<u>2022</u>
Current	\$ <u>383,963</u>	<u>360,895</u>	<u>348,528</u>
Non-current	\$ <u>4,138,189</u>	<u>4,200,447</u>	<u>4,173,295</u>

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

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended</u>		<u>For the nine months ended</u>	
	<u>September 30</u>		<u>September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Interest on lease liabilities	\$ <u>22,676</u>	<u>16,918</u>	<u>60,391</u>	<u>32,139</u>
Expenses relating to short-term leases	\$ <u>13,721</u>	<u>13,562</u>	<u>38,399</u>	<u>60,523</u>

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

	<u>For the nine months ended</u>	
	<u>September 30,</u>	
	<u>2023</u>	<u>2022</u>
Total cash outflow for leases	\$ <u>383,469</u>	<u>287,601</u>

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Land lease

The Group leases its land and building with a period of 2 to 20 years. The lease included an option to terminate the contract, which is exercisable only by the Group. The lease payment changes annually based on a local price index.

(ii) Other leases

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

(l) Employee benefits

(i) Defined benefit plan

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2022 and 2023.

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

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Operating cost	\$ 1,457	1,042	4,372	3,109
Operating expenses	1,012	701	3,035	2,114
Total	\$ 2,469	1,743	7,407	5,223

(ii) Defined contribution plans

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

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Operating cost	\$ 26,521	25,739	79,146	75,873
Operating expenses	24,824	23,396	73,463	69,849
Total	\$ 51,345	49,135	152,609	145,722

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Income tax

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

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Current tax (profit) expense				
Current period	\$ (386,191)	426,475	(1,230,704)	3,147,074
Adjustment for prior periods	-	-	(1,266,984)	(1,212,504)
Surtax on undistributed earnings	-	-	537,049	395,908
Deferred tax (income) expense	(251,413)	95,519	(254,319)	199,871
Income tax (profit) expense	<u>\$ (637,604)</u>	<u>521,994</u>	<u>(2,214,958)</u>	<u>2,530,349</u>

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

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Items that will not be reclassified subsequently to profit or loss:				
Unrealized (losses) gains on equity investments at fair value through other comprehensive income	\$ (73)	76	(10)	30

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

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Capital and other equity

Except as described below, there was no material change in equity for the nine months ended September 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 February 22 and August 2, 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 and 26 thousand shares, with the issuing prices of \$26.3 dollars · \$25.5 and \$26.3 dollars per share respectively, which are totaled \$350,000 and \$260,000. All issued shares were paid up upon issuance and the related process for registration had been completed.

(ii) Capital surplus

	September 30, 2023	December 31, 2022	September 30, 2022
Premium from the issuance of stock	\$ 29,491,613	29,490,623	29,485,244
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	400	264	266
Change in net equity of associates accounted for using equity method	<u>103</u>	<u>75</u>	<u>75</u>
	<u>\$ 32,825,520</u>	<u>32,824,366</u>	<u>32,818,989</u>

(iii) Retain earning

According to the Company's Articles of Incorporation, the Company's annual net profit, after providing for income tax and covering the losses of previous years, is first set aside for legal reserve at the rate of 10% thereof until the accumulated balance of legal reserve equals the total issued capital and any special reserves pursuant to relevant laws and regulations. The remainder, plus the undistributed earnings of the previous years, are distributed or left undistributed for business purposes according to the resolution of the stockholders' dividend distribution plan, which are initially proposed by the Board of Director, wherein the Board of Directors is authorized to distribute cash dividends after a resolution has been adopted by a majority vote at a board meeting attended by two-thirds of the directors, thereafter, to be reported during the shareholders' meeting; while the distribution of stock dividends shall be submitted to the shareholders' meeting for approval.

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

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized (gains) losses on financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2023	\$ 913,316	(301,083)	612,233
Exchange differences on translation of foreign financial statements	2,631,436	-	2,631,436
Unrealized gains from financial of assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	(21,612)	(21,612)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	(40)	(40)
Balance as of September 30, 2023	<u>\$ 3,544,752</u>	<u>(322,735)</u>	<u>3,222,017</u>
Balance as of January 1, 2022	\$ (3,985,925)	(131,017)	(4,116,942)
Exchange differences on translation of foreign financial statements	6,550,993	-	6,550,993
Unrealized gains from financial of assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	(178,856)	(178,856)
Unrealized losses from financial of assets measured at fair value through other comprehensive income	-	118	118
Balance as of September 30, 2022	<u>\$ 2,565,068</u>	<u>(309,755)</u>	<u>2,255,313</u>

(o) Share-based payment transactions

Except as described below, there was no material change on the share-based payment transactions for the nine months ended September 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 nine months ended September 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	25.50	(46)	26.30	(970)
Outstanding as of September 30	25.55	<u>585</u>	26.34	<u>661</u>
Options exercisable as of September 30	25.55	<u>585</u>	26.34	<u>661</u>

(p) Earnings (losses) per share

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Basic earnings per share:				
Net (loss) profit attributable to the Company's ordinary shareholders	\$ <u>(2,504,571)</u>	<u>2,640,591</u>	<u>(4,960,132)</u>	<u>15,765,451</u>
Weighted-average number of ordinary shares outstanding	<u>3,098,071</u>	<u>3,097,864</u>	<u>3,098,055</u>	<u>3,097,422</u>
Basic (losses) earnings per share (dollar)	\$ <u>(0.81)</u>	<u>0.85</u>	<u>(1.60)</u>	<u>5.09</u>
Diluted earnings per share:				
Net profit attributable to the Company's ordinary shareholders (basic and diluted)		\$ <u>2,640,591</u>		<u>15,765,451</u>
Effect of dilutive potential ordinary shares				
Weighted-average number of ordinary shares (basic)		3,097,864		3,097,422
Effect of employee share option		390		725
Effect of employee remuneration		<u>21,201</u>		<u>25,154</u>
Weighted-average number of ordinary shares (diluted)		<u>3,119,455</u>		<u>3,123,301</u>
Diluted earnings per share (dollar)		\$ <u>0.85</u>		<u>5.05</u>

The Company did not calculate the diluted loss per share for the three months and nine months ended September 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.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30, 2023		
	Manufacturing department	Overseas sales department	Total
Geographic markets of primary destination:			
Taiwan	\$ 3,015,710	288,917	3,304,627
Japan	-	251,665	251,665
Malaysia	89,973	118,478	208,451
China	2,446,326	560,091	3,006,417
USA	533	164,759	165,292
Thailand	42,990	29,041	72,031
Germany	-	229,164	229,164
Singapore	52,696	(74)	52,622
Poland	-	41,478	41,478
Other countries	131,517	273,110	404,627
	\$ 5,779,745	1,956,629	7,736,374
Major products line:			
Dynamic Random Access Memory (DRAM)	\$ 5,751,176	1,956,343	7,707,519
Other	28,569	286	28,855
	\$ 5,779,745	1,956,629	7,736,374
	For the three months ended September 30, 2022		
	Manufacturing department	Overseas sales department	Total
Geographic markets of primary destination:			
Taiwan	\$ 3,703,846	827,117	4,530,963
Japan	-	278,411	278,411
Malaysia	5,236	275,993	281,229
Korea	18,545	26,734	45,279
China	2,843,491	1,620,674	4,464,165
USA	19	(7,141)	(7,122)
Thailand	150,266	170,820	321,086
Germany	-	271,723	271,723
Vietnam	-	561	561
Singapore	101,137	217,295	318,432
Poland	-	218,914	218,914
Other countries	73,740	224,344	298,084
	\$ 6,896,280	4,125,445	11,021,725

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the three months ended September 30, 2022			
	Manufacturing department	Overseas sales department	Total
Major products line:			
Dynamic Random Access Memory (DRAM)	\$ 6,870,906	4,125,171	10,996,077
Other	25,374	274	25,648
	\$ 6,896,280	4,125,445	11,021,725
For the nine months ended September 30, 2023			
	Manufacturing department	Overseas sales department	Total
Geographic markets of primary destination:			
Taiwan	\$ 7,221,920	527,771	7,749,691
Japan	-	746,434	746,434
Malaysia	149,728	350,408	500,136
China	7,176,645	1,898,076	9,074,721
USA	1,593	258,673	260,266
Thailand	137,833	323,923	461,756
Germany	-	840,825	840,825
Singapore	195,406	6,499	201,905
Poland	-	120,138	120,138
Other countries	318,585	913,871	1,232,456
	\$ 15,201,710	5,986,618	21,188,328
Major products line:			
Dynamic Random Access Memory (DRAM)	\$ 15,127,633	5,985,782	21,113,415
Others	74,077	836	74,913
	\$ 15,201,710	5,986,618	21,188,328

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the nine months ended September 30, 2022		
	Manufacturing department	Overseas sales department	Total
Geographic markets of primary destination:			
Taiwan	\$ 16,116,303	1,748,791	17,865,094
Japan	-	1,603,102	1,603,102
Malaysia	269,081	1,006,942	1,276,023
Korea	58,219	221,704	279,923
China	16,024,329	5,596,836	21,621,165
USA	41	580,118	580,159
Thailand	654,075	1,039,595	1,693,670
Germany	-	1,027,030	1,027,030
Vietnam	-	148,444	148,444
Singapore	437,544	371,512	809,056
Poland	-	509,225	509,225
Other countries	127,611	1,458,220	1,585,831
	<u>\$ 33,687,203</u>	<u>15,311,519</u>	<u>48,998,722</u>
Major products line:			
Dynamic Random Access Memory (DRAM)	\$ 33,611,581	15,310,727	48,922,308
Others	75,622	792	76,414
	<u>\$ 33,687,203</u>	<u>15,311,519</u>	<u>48,998,722</u>
(ii) Contract balances			
	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable	\$ -	516	30
Accounts receivable	4,974,526	4,359,244	6,730,921
Accounts receivable- related parties	8,586	-	-
	<u>\$ 4,983,112</u>	<u>4,359,760</u>	<u>6,730,951</u>

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

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) 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 nine months ended September 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 \$137,811 and \$1,037,811 for the three months and nine months ended September 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.

(s) Non-operating income and expenses

(i) Interest income

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Interest income from bank deposits and short-term notes	\$ 777,148	418,854	2,266,085	656,502
Interest income from financial lease receivables	<u>1,700</u>	<u>8,073</u>	<u>10,025</u>	<u>28,657</u>
	<u>\$ 778,848</u>	<u>426,927</u>	<u>2,276,110</u>	<u>685,159</u>

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other income

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Gains on reversal of overestimated payables	\$ -	-	-	514,382

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

(iii) Other gains and losses

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Gain on disposal of property, plant and equipment	\$ 257	7,150	65,760	35,601
Foreign exchange gains	266,768	1,616,732	368,228	3,906,687
Reversal of impairment losses (impairment loss) on non-financial assets	149	17,495	27,238	(50,136)
Others	170,577	50,484	388,960	158,027
	\$ 437,751	1,691,861	850,186	4,050,179

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Finance costs

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Interest expense	\$ 22,077	-	22,077	-
Amortization interest of lease liability	22,676	16,918	60,391	32,139
Others	-	-	291	-
	\$ 44,753	16,918	82,759	32,139

(t) 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 September 30, 2023, December 31 and September 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.

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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>
September 30, 2023							
Non-derivative financial liabilities							
Short-term borrowings	\$ 8,297,300	8,305,538	8,305,538	-	-	-	-
Accounts payable (including related parties)	2,834,198	2,834,198	2,834,198	-	-	-	-
Other payables (including related parties)	4,462,771	4,462,771	4,462,771	-	-	-	-
Lease liabilities (including current portion)	<u>4,522,152</u>	<u>5,279,003</u>	<u>235,894</u>	<u>235,097</u>	<u>444,693</u>	<u>1,321,480</u>	<u>3,041,839</u>
	<u>\$ 20,116,421</u>	<u>20,881,510</u>	<u>15,838,401</u>	<u>235,097</u>	<u>444,693</u>	<u>1,321,480</u>	<u>3,041,839</u>
December 31, 2022							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 5,604,310	5,604,310	5,604,310	-	-	-	-
Other payables (including related parties)	6,726,087	6,726,087	6,726,087	-	-	-	-
Lease liabilities (including current portion)	<u>4,561,342</u>	<u>5,115,567</u>	<u>213,177</u>	<u>213,052</u>	<u>419,628</u>	<u>1,179,545</u>	<u>3,090,165</u>
	<u>\$ 16,891,739</u>	<u>17,445,964</u>	<u>12,543,574</u>	<u>213,052</u>	<u>419,628</u>	<u>1,179,545</u>	<u>3,090,165</u>
September 30, 2022							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 4,595,290	4,595,290	4,595,290	-	-	-	-
Other payables (including related parties)	6,473,430	6,473,430	6,473,430	-	-	-	-
Lease liabilities (including current portion)	<u>4,521,823</u>	<u>5,077,667</u>	<u>206,602</u>	<u>206,552</u>	<u>410,512</u>	<u>1,144,276</u>	<u>3,109,725</u>
	<u>\$ 15,590,543</u>	<u>16,146,387</u>	<u>11,275,322</u>	<u>206,552</u>	<u>410,512</u>	<u>1,144,276</u>	<u>3,109,725</u>

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

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Market risk

1) Exposure to currency risk

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

	September 30, 2023			December 31, 2022			September 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	\$ 280,757	32.268	9,059,467	634,116	30.708	19,472,434	716,602	31.743	22,747,097
JPY	251,298	0.2155	54,155	939,418	0.2306	216,630	799,440	0.2193	175,317
EUR	109	33.8573	3,690	84	32.7026	2,747	42,481	31.0969	1,321,027
HKD	38	4.1228	157	66	3.9345	260	66	4.0360	266
Financial liabilities:									
Monetary items									
USD	\$ 96,852	32.268	3,125,220	159,944	30.708	4,911,560	139,860	31.743	4,439,576
JPY	477,008	0.2155	102,795	4,399,149	0.2306	1,014,444	2,942,267	0.2193	645,239
EUR	4,477	33.8573	151,579	125,752	32.7026	4,112,417	12,115	31.0969	376,739

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 September 30, 2023 and 2022 would have decreased and increased the net income before tax by \$57,379 and \$187,822 for the nine months ended September 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 nine months ended September 30, 2023 and 2022, foreign exchange gains and losses (including realized and unrealized portions) amounted to \$368,228 and \$3,906,687, respectively.

(iv) Other market price risk

For the nine months ended September 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 nine months ended September 30,	
	2023	2022
	Other comprehensive income after tax	Other comprehensive income after tax
Increase 1%	\$ 180	138
Decrease 1%	(180)	(138)

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Fair value information

1) Types and fair value of financial instruments

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

	September 30, 2023				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income:					
Equity instruments without a market price measured at fair value	\$ 22,516	-	-	22,516	22,516
Financial assets measured at amortized cost					
Cash and cash equivalents	60,474,193	-	-	-	-
Financial assets measured at cost	809,773	-	-	-	-
Accounts receivable	4,983,112	-	-	-	-
Other receivables (including related parties)	2,898,739	-	-	-	-
Lease payments receivable	66,082	-	-	-	-
Subtotal	<u>69,231,899</u>	-	-	-	-
Total	<u>\$ 69,254,415</u>	-	-	<u>22,516</u>	<u>22,516</u>
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 8,297,300	-	-	-	-
Accounts payable (including related parties)	2,834,198	-	-	-	-
Other payables (including related parties)	4,462,771	-	-	-	-
Lease liabilities (including current portion)	4,522,152	-	-	-	-
Total	<u>\$ 20,116,421</u>	-	-	-	-
	December 31, 2022				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income:					
Equity instruments without a market price measured at fair value	\$ 16,566	-	-	16,566	16,566
Financial assets measured at amortized cost					
Cash and cash equivalents	73,593,262	-	-	-	-
Financial assets measured at cost	728,864	-	-	-	-
Notes and accounts receivable	4,359,760	-	-	-	-
Other receivables	2,077,424	-	-	-	-
Lease payments receivable	254,305	-	-	-	-
Subtotal	<u>81,013,615</u>	-	-	-	-
Total	<u>\$ 81,030,181</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	-	-	-	-
Other payables (including related parties)	6,726,087	-	-	-	-
Lease liabilities (including current portion)	4,561,342	-	-	-	-
Total	<u>\$ 16,891,739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	September 30, 2022				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Equity instruments without a market price measured at fair value	\$ 17,219	-	-	17,219	17,219
Financial assets measured at amortized cost					
Cash and cash equivalents	83,011,825	-	-	-	-
Note and accounts receivable	6,730,951	-	-	-	-
Other receivables	1,476,530	-	-	-	-
Lease payments receivable (including current portion)	313,845	-	-	-	-
Subtotal	<u>91,533,151</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 91,550,370</u>	<u>-</u>	<u>-</u>	<u>17,219</u>	<u>17,219</u>
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 4,595,290	-	-	-	-
Other payables (including related parties)	6,473,430	-	-	-	-
Lease liabilities (including current portion)	4,521,823	-	-	-	-
Total	<u>\$ 15,590,543</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

3) Transfer between levels

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

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance as of January 1, 2023	\$ 16,566
Purchased	6,000
Total losses recognized in other comprehensive income	(50)
Balance as of September 30, 2023	\$ 22,516
Balance as of January 1, 2022	\$ 11,071
Purchased	6,000
Total gains recognized in other comprehensive income	148
Balance as of September 30, 2022	\$ 17,219

For the nine months ended September 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:

	For the nine months ended September 30	
	2023	2022
Total (losses) gains recognized in other comprehensive income, and presented in “unrealized gains or losses from financial assets at fair value through other comprehensive income”	\$ (40)	118

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 September 30, 2023, December 31 and September 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>
September 30, 2023				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Discount for lack of marketability	1%	250	(250)
December 31, 2022				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Discount for lack of marketability	1%	174	(174)
September 30, 2022				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Discount for lack of marketability	1%	181	(181)

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

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(u) 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.

(v) 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.

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

The Group's investing and financing activities on non-cash transactions for the nine months ended September 30, 2023 and 2022 were as follows:

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

(ii)

	For the nine months ended September 30,	
	2023	2022
Acquisition of property, plant and equipment	\$ 8,688,803	15,344,548
Add: Payables on equipment at beginning of period	3,508,900	785,854
Less: Payables on equipment at end of period	(1,142,404)	(2,069,827)
Cash Paid	\$ 11,055,299	14,060,575

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

	January 1, 2023	Cash flow	Non-Cash changes				September 30, 2023
			Change in an index of lease payment	Increased	Increased by other payables	Foreign exchange movement	
Lease liabilities\$	4,561,342	(284,679)	174,602	74,211	(3,324)	-	4,522,152
Guarantee deposits	23,188	66,762	-	-	-	546	90,496
	\$ 4,584,530	(217,917)	174,602	74,211	(3,324)	546	4,612,648

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	January 1, 2022	Cash flow	Change in an index of lease payment	Non-Cash changes			June 30, 2022
				Increased	Increased by other payables	Foreign exchange movement	
Lease liabilities	\$ 1,724,601	(194,268)	26,136	2,976,375	(11,021)	-	4,521,823
Guarantee deposits	70,506	6,385	-	-	-	454	77,345
	<u>\$ 1,795,107</u>	<u>(187,883)</u>	<u>26,136</u>	<u>2,976,375</u>	<u>(11,021)</u>	<u>454</u>	<u>4,599,168</u>

(7) Related-party transactions:

(a) Names and relationship with related parties

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

Name of related party	Relationship with the Group
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
Nanya Printed Circuit Board 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) Sales to related parties

Relationship	Sales				Accounts receivable to related parties		
	For the three months ended September 30,		For the nine months ended September 30,		September 30, 2023	December 31, 2022	September 30, 2022
	2023	2022	2023	2022			
Associates	\$ <u>12,369</u>	<u>-</u>	<u>12,369</u>	<u>-</u>	<u>8,586</u>	<u>-</u>	<u>-</u>

The terms and pricing of sales with associates were not significantly different from normal selling price, which is collected every 15th of the following month. Amounts receivable from related parties were uncollateralized, and no expected credit loss were required after the assessment by the management.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Purchase from related parties

Relationship	Purchases				Accounts payable to related parties		
	For the three months ended September 30,		For the nine months ended September 30,		September 30, 2023	December 31, 2022	September 30, 2022
	2023	2022	2023	2022			
Entities with significant influence over the Group	\$ 35,892	35,239	109,226	203,073	12,811	15,148	22,819
Associates	-	-	7,268	2,000	-	-	-
Other related parties:							
Formosa Sumco Technology Corporation	179,395	272,557	347,066	744,577	138,138	179,353	184,087
Other related parties	56,231	71,460	184,900	210,009	13,303	14,456	13,895
	<u>\$ 271,518</u>	<u>379,256</u>	<u>648,460</u>	<u>1,159,659</u>	<u>164,252</u>	<u>208,957</u>	<u>220,801</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.

(iii) Consigned out for processing

Relationship	Amount				Other payables to related parties		
	For the three months ended September 30,		For the nine months ended September 30,		September 30, 2023	December 31, 2022	September 30, 2022
	2023	2022	2023	2022			
Associates	\$ 1,206,308	2,269,895	4,365,123	6,603,528	695,545	1,414,240	1,352,553

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

(iv) Property transactions

Acquisition of machinery and equipment

Relationship	Acquisition price				Other payables to related parties		
	For the three months ended September 30,		For the nine months ended September 30,		September 30, 2023	December 31, 2022	September 30, 2022
	2023	2022	2023	2022			
Entities with significant influence over the Group	\$ -	44,850	-	44,850	-	4,485	17,940
Other related parties	-	-	31,740	29,500	11,968	13,226	23,603
	<u>\$ -</u>	<u>44,850</u>	<u>31,740</u>	<u>74,350</u>	<u>11,968</u>	<u>17,711</u>	<u>41,543</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Acquisition of other equipment

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

(v) Leases

Relationship	Acquisition price			
	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Entities with significant influence over the Group	\$ 4,911	4,519	14,701	34,859

The rentals charged to the entities with significant influence over the Company are determined based on the local market prices, and rents are paid monthly.

The Group entered into a 20-year lease agreements in June and October 2022, as well as a 9-to-10-year lease agreement between July and August 2020, with Nan Ya Plastics Corporation, at the total values of \$3,556,784 and \$2,015,018, respectively. Also, for the three months and nine months ended September 30, 2023 and 2022, the Group recognized the amounts of \$22,120, \$16,713, \$58,850 and \$31,456, respectively, as interest expenses. Furthermore, on September 30, 2023, December 31 and September 30, 2022, the balances of lease liabilities amounted to \$4,376,020, \$4,454,312 and \$4,454,887, 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 nine months ended September 30, 2023 and 2022, the Group recognized the amount of \$62, \$104, \$218 and \$346, respectively, as interest expense. Furthermore, on September 30, 2023, December 31 and September 30, 2022, the balance of lease liabilities amounted to \$20,752, \$33,073 and \$37,159, respectively.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vi) Others

Relationship	Other income			
	For the three months ended September 30		For the nine months ended June 30	
	2023	2022	2023	2022
Associates	\$ <u>46</u>	<u>54</u>	<u>144</u>	<u>218</u>

Relationship	Paid in advance			
	For the three months ended September 30,		For the nine months ended June 30	
	2023	2022	2023	2022
Associates	\$ <u>-</u>	<u>-</u>	<u>4,893</u>	<u>19,617</u>

(vii) Dividends

(c) Key management personnel remuneration

Key management personnel remuneration comprised:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
	Short-term employee benefits	\$ <u>44,206</u>	<u>58,757</u>	<u>66,381</u>

(8) Pledged assets:

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

Pledged assets	Object	September 30, 2023	December 31, 2022	September 30, 2022
Other non-current assets	Office leasing	\$ -	-	6,221
Non-current financial assets at amortized cost	Performance guarantee	729,220	728,864	-
		\$ 729,220	728,864	6,221

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(9) Commitments and contingencies:

(a) Significant commitments

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>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	80,554	-	-
Issuance of promissory note for the performance guarantees of research and development programs	500,000	-	-
Unused letters of credit	3,405	346,484	754,387
Acquisition of property, plant and equipment	<u>22,472,045</u>	<u>22,590,421</u>	<u>23,208,728</u>
Total	<u>\$ 24,111,004</u>	<u>23,971,905</u>	<u>24,998,115</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.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(10) Losses Due to Major Disasters: None

(11) Subsequent Events:

On November 8, 2023, the Board of Directors approved to issue \$12,000,000 domestic unsecured ordinary corporate bonds in order for the Company to build, expand or replace its old factory buildings and equipment, repay its debts, and enrich its working capital.

(12) Other:

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

	For the three months ended September 30, 2023			For the three months ended September 30, 2022		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salaries	647,953	592,363	1,240,316	784,947	684,677	1,469,624
Labor and health insurance	56,387	48,934	105,321	55,183	46,165	101,348
Pension expenses	27,978	25,836	53,814	26,781	24,097	50,878
Remuneration of directors	-	2,040	2,040	-	2,100	2,100
Other personnel expenses	15,647	7,484	23,131	17,867	8,350	26,217
Depreciation expenses	3,648,635	140,076	3,788,711	3,561,496	170,826	3,732,322
Amortization expenses	76,479	-	76,479	64,234	-	64,234

	For the nine months ended September 30, 2023			For the nine months ended September 30, 2022		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salaries	1,853,135	1,632,380	3,485,515	2,642,411	2,090,077	4,732,488
Labor and health insurance	168,912	147,653	316,565	163,147	140,872	304,019
Pension expenses	83,518	76,498	160,016	78,982	71,963	150,945
Remuneration for directors	-	6,300	6,300	-	5,800	5,800
Other personnel expenses	49,365	23,688	73,053	54,171	25,477	79,648
Depreciation expenses	10,800,226	441,043	11,241,269	10,813,004	478,251	11,291,255
Amortization expenses	229,872	-	229,872	193,952	-	193,952

(b) Seasonal operation:

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

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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 nine months ended September 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	-	22,516	2.46 %	22,516	

(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	19,726,385	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

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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)	(1,976,734)	(9.43)%	O/A 60~90Days	-		494,919	10.47%	(Note)
The Company	Nanya Technology Corp., Japan	Subsidiary	(Sale)	(1,638,634)	(7.81)%	O/A 180Days	-		216,513	4.58%	(Note)
The Company	Nanya Technology Corp., Europe GmbH	Subsidiary	(Sale)	(2,018,192)	(9.62)%	O/A 60~90Days	-		387,031	8.18%	(Note)
The Company	Nanya Technology Corp., HK	subsidiary	(Sale)	(137,817)	(0.66)%	O/A 60~90 Days	-		35,459	0.75%	(Note)
Nanya Technology Corp., Delaware	Nanya Technology Corp	The parent company	(Sale)	(322,881)	(100.00)%	O/A 60~90 Days	-		32,540	100.00%	(Note)
Nanya Technology Corp., U.S.A	Nanya Technology Corp	The parent company	Purchase	1,976,734	100.00%	O/A 60~90 Days	-		(494,919)	(100.00)%	(Note)
Nanya Technology Corp., Japan	Nanya Technology Corp	The parent company	Purchase	1,638,634	100.00%	O/A 180Days	-		(216,513)	(100.00)%	(Note)
Nanya Technology Corp., Europe GmbH	Nanya Technology Corp	The parent company	Purchase	2,018,192	100.00%	O/A 60~90Days	-		(387,031)	(100.00)%	(Note)
Nanya Technology Corp., HK	Nanya Technology Corp	The parent company	Purchase	137,817	100.00%	O/A 60~90Days	-		(35,459)	(100.00)%	(Note)
Nanya Technology Corp	Nanya Technology Corp., Delaware	Subsidiary	Purchase	322,881	4.09%	O/A 60~90Days	-		(32,540)	(1.14)%	(Note)
The Company	Formosa Sumco Technology Corporation	Other related parties	Purchase	347,066	4.40%	O/A 60Days	-		(138,138)	(4.85)%	-
The Company	Formosa Biomedical Technology Corporation	Other related parties	Purchase	106,246	1.35%	Payment after arrival and inspection of good	-		(6,367)	(0.22)%	-
The Company	Nanya Plastic Corporation	The entities with significant influence over the Group	Purchase	109,226	1.38%	Payment after arrival and inspection of good	-		(12,811)	(0.45)%	-

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	494,919	3.59	-	-	240,969	-
The Company	Nanya Technology Corp., Japan	Subsidiary	216,513	15.18	-	-	115,770	-
The Company	Nanya Technology Europe GmbH	Subsidiary	387,031	4.45	-	-	163,608	-

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

- (ix) Trading in derivative instruments: None

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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(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	1,976,734	On the basis of general conditions	9.33%
0	Nanya Technology Corp.	Nanya Technology Corp., Japan	1	Sales	1,638,634	On the basis of general conditions	7.73%
0	Nanya Technology Corp.	Nanya Technology Europe GmbH	1	Sales	2,018,192	On the basis of general conditions	9.53%
0	Nanya Technology Corp.	Nanya Technology Corp. HK	1	Sales	137,817	On the basis of general conditions	0.65%
1	Nanya Technology Corp. Delaware	Nanya Technology Corp.	2	Sales	322,881	On the basis of general conditions	1.52%
0	Nanya Technology Corp.	Nanya Technology Corp., U.S.A	1	Accounts receivable	494,919	On the basis of general conditions	0.26%
0	Nanya Technology Corp.	Nanya Technology Corp., Japan	1	Accounts receivable	216,513	On the basis of general conditions	0.11%
0	Nanya Technology Corp.	Nanya Technology Europe GmbH	1	Accounts receivable	387,031	On the basis of general conditions	0.20%
0	Nanya Technology Corp.	Nanya Technology Corp. HK	1	Accounts receivable	35,459	On the basis of general conditions	0.02%
1	Nanya Technology Corp. Delaware	Nanya Technology Corp.	2	Accounts receivable	32,540	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 nine months ended September 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 September 30, 2023			Net income of investee	Share of profits of investee	Note
				September 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 %	258,544	16,066	16,066	(Note1)
The Company	Nanya Technology Corp., Delaware	U.S.A	Design of semiconductor products	36,005	36,005	-	100.00 %	251,785	19,105	19,105	(Note1)
The Company	Nanya Technology Corp., HK	Hong Kong	Sales of semiconductor products	66,271	66,271	19.7	100.00 %	101,878	8,012	8,012	(Note1)
The Company	Nanya Technology Corp., Japan	Japan	Sales of semiconductor products	20,161	20,161	1	100.00 %	444,720	70,502	70,502	(Note1)
The Company	Nanya Technology International, Ltd.	British Virgin Island	General investment business	48,145,600	48,145,600	1.6	100.00 %	54,803,620	1,988,504	1,988,504	(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 %	5,088,637	506,266	191,308	(Note 2)
Nanya Technology Corp., HK	Nanya Technology Europe GmbH	Germany	Sales of semiconductor products	30,056	30,056	-	100.00 %	95,424	7,395	7,395	(Note1)

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

- (2) Investment accounted for using equity method.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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(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 September 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	31,784 (USD985 thousand)	(2)	31,784 (USD985 thousand)	-	-	31,784 (USD985 thousand)	(674)	100.00%	(674)	24,632	-

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.

Note 3 : The transactions were written off in the consolidated financial statements.

(ii) Limitation on investment in Mainland China:

(In Thousands of New Taiwan Dollars)

Accumulated Investment in Mainland China as of September 30, 2023 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment (Note 2)
31,784 (USD985 thousand)	31,784 (USD985 thousand)	103,205,437

Note 1 : The exchange rate of New Taiwan dollars to US dollars on September 30, 2023 was USD1 : TWD 32.268

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.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(14) Segment information:

For the three months ended September 30, 2023						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 1,956,628	-	5,779,746	-	-	7,736,374
From sales among intersegments	13,099	133,514	1,871,717	-	(2,018,330)	-
Total revenue	<u>\$ 1,969,727</u>	<u>133,514</u>	<u>7,651,463</u>	<u>-</u>	<u>(2,018,330)</u>	<u>7,736,374</u>
Reportable segment profit or loss	<u>\$ 31,173</u>	<u>7,762</u>	<u>(3,143,591)</u>	<u>740,823</u>	<u>(778,342)</u>	<u>(3,142,175)</u>
For the three months ended September 30, 2022						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 4,125,445	-	6,896,280	-	-	11,021,725
From sales among intersegments	19,970	136,439	3,968,497	-	(4,124,906)	-
Total revenue	<u>\$ 4,145,415</u>	<u>136,439</u>	<u>10,864,777</u>	<u>-</u>	<u>(4,124,906)</u>	<u>11,021,725</u>
Reportable segment profit or loss	<u>\$ 73,458</u>	<u>6,687</u>	<u>3,162,044</u>	<u>309,311</u>	<u>(388,915)</u>	<u>3,162,585</u>
For the nine months ended September 30, 2023						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 5,986,617	-	15,201,711	-	-	21,188,328
From sales among intersegments	32,726	322,881	5,771,376	-	(6,126,983)	-
Total revenue	<u>\$ 6,019,343</u>	<u>322,881</u>	<u>20,973,087</u>	<u>-</u>	<u>(6,126,983)</u>	<u>21,188,328</u>
Reportable segment profit or loss	<u>\$ 98,702</u>	<u>19,105</u>	<u>(7,179,212)</u>	<u>1,988,504</u>	<u>(2,102,189)</u>	<u>(7,175,090)</u>
For the nine months ended September 30, 2022						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 15,311,519	-	33,687,203	-	-	48,998,722
From sales among intersegments	40,815	325,936	14,782,326	-	(15,149,077)	-
Total revenue	<u>\$ 15,352,334</u>	<u>325,936</u>	<u>48,469,529</u>	<u>-</u>	<u>(15,149,077)</u>	<u>48,998,722</u>
Reportable segment profit or loss	<u>\$ 374,128</u>	<u>15,927</u>	<u>18,294,510</u>	<u>442,664</u>	<u>(831,429)</u>	<u>18,295,800</u>
For the nine months ended September 30, 2022						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Reportable segment assets						
Balance at September 30, 2023	<u>\$ 1,972,854</u>	<u>255,879</u>	<u>193,966,086</u>	<u>54,803,620</u>	<u>(57,030,117)</u>	<u>193,968,322</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 September 30, 2022	<u>\$ 4,087,433</u>	<u>231,520</u>	<u>204,055,560</u>	<u>51,343,261</u>	<u>(55,638,239)</u>	<u>204,079,535</u>
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Reportable segment liabilities						
Balance at September 30, 2023	<u>\$ 1,168,951</u>	<u>4,094</u>	<u>21,957,024</u>	<u>-</u>	<u>(1,170,808)</u>	<u>21,959,261</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 September 30, 2022	<u>\$ 3,212,251</u>	<u>4,259</u>	<u>20,383,153</u>	<u>-</u>	<u>(3,192,534)</u>	<u>20,407,129</u>