

**NANYA TECHNOLOGY CORPORATION AND  
SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Three Months Ended March 31, 2021 and 2020**

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

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## Independent Auditors' Review Report

To the Board of Directors of Nanya Technology Corporation :

### Introduction

We have reviewed the accompanying consolidated balance sheets of Nanya Technology Corporation (the "Company") and its subsidiaries (together referred to as the "Group") as of March 31, 2021 and 2020, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2021 and 2020, 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

Except as explained in the Basis for Qualified Conclusion paragraph for the three months ended March 31, 2020, we conducted our reviews in accordance with Statement of Auditing Standards 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Basis for Qualified Conclusion of the consolidated financial report for the three months ended March 31, 2020

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$3,226,166 thousand, constituting 1.94% of the consolidated total assets; and the total liabilities amounting to \$37,180 thousand, constituting 0.30% of the consolidated total liabilities as of March 31, 2020, as well as the total comprehensive income amounting to \$22,751 thousand, constituting 1.20% of the consolidated total comprehensive income for the three months ended March 31, 2020.

### **Unqualified Conclusion and Qualified Conclusion**

Except for the adjustments for the three months ended March 31, 2020, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph for the three months ended March 31, 2020 above been reviewed by independent auditors, based on our reviews and the review report of another auditor (please refer to Other Matter paragraph), 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 the Group as of March 31, 2021 and 2020, and of its consolidated financial performance and of its consolidated cash flows for the three months ended March 31, 2021 and 2020, 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.

### **Other Matter**

We did not review the financial statements of Formosa Advanced Technologies Co., Ltd., an investment in other accounted for using the equity method of the Group. The financial statements were reviewed by another auditor, whose review report has been furnished to us, and our conclusion, insofar as it relates to the amounts included for Formosa Advanced Technologies Co., Ltd., is based solely on the review report of another auditor. The aforementioned investment accounted for using the equity method amounted to \$4,914,568 thousand, constituting 2.95% of the consolidated total assets as of March 31, 2020, and the share of profit of associates accounted for using the equity method amounted to \$118,406 thousand constituting 5.10% of the consolidated total profit before tax for the three months ended March 31, 2020, respectively.

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

KPMG

Taipei, Taiwan (Republic of China)  
May 5, 2021

### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Reviewed only, not audited in accordance with the generally accepted auditing standards as of March 31, 2021 and 2020**

**Nanya Technology Corporation and Subsidiaries**

**Consolidated Balance Sheets**

**March 31, 2021, December 31 and March 31, 2020**

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

		March 31, 2021		December 31, 2020		March 31, 2020				March 31, 2021		December 31, 2020		March 31, 2020	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (Note 6(a))	\$ 59,112,539	35	51,725,906	31	47,532,381	28	2170	Accounts payable	\$ 2,159,834	1	2,027,096	1	2,270,219	1
1150	Notes receivable, net (Notes 6(b)(n))	6,027	-	-	-	-	-	2180	Accounts payable to related parties (Note 7)	132,107	-	84,678	-	126,300	-
1170	Accounts receivable, net (Note 6(b)(n))	8,701,485	5	7,867,928	4	8,445,897	5	2200	Other payables (Note 6(t))	4,117,517	3	4,211,470	2	6,262,741	5
1180	Accounts receivable due from related parties, net (Notes 6(b)(n) and 7)	-	-	8,237	-	-	-	2220	Other payables to related parties (Note 7)	1,240,790	1	1,069,910	1	1,200,179	1
1200	Other receivables (Note 6(g))	1,536,140	1	1,496,119	1	1,892,197	1	2230	Current tax liabilities	1,668,551	1	1,131,327	1	1,834,982	1
1310	Inventories (Note 6(c))	12,332,671	7	14,126,982	9	17,818,520	11	2280	Current lease liabilities (Notes 6(h) and 7)	180,785	-	178,432	-	50,050	-
1410	Prepayments	1,363,753	1	1,519,429	1	1,470,341	1	2399	Other current liabilities	1,221	-	75,759	-	755	-
Total current assets		83,052,615	49	76,744,601	46	77,159,336	46	Total current liabilities		9,500,805	6	8,778,672	5	11,745,226	8
Non-current assets:								Non-Current liabilities:							
1550	Investments accounted for using equity method (Note 6(d))	5,337,801	3	5,160,505	3	4,914,568	3	2570	Deferred tax liabilities	28,998	-	4,042	-	16,062	-
1600	Property, plant and equipment (Notes 6(e)(t) and 7)	77,574,824	46	79,728,620	49	82,877,974	50	2580	Non-current lease liabilities (Notes 6(h) and 7)	1,588,055	1	1,617,652	1	-	-
1755	Right-of-use assets (Notes 6(f))	1,760,202	1	1,790,192	1	49,611	-	2640	Net defined benefit liability, non-current	561,850	-	566,283	-	574,764	-
1780	Intangible assets (Note 6(t))	1,196,961	1	1,258,380	1	277,154	-	2670	Other non-current liabilities	801,772	-	853,304	1	167,632	-
1840	Deferred tax assets	316,773	-	353,567	-	496,607	-	Total non-current liabilities		2,980,675	1	3,041,281	2	758,458	-
194D	Long-term financial lease payments receivable (Note 6(g))	428,373	-	483,436	-	640,273	1	Total liabilities		12,481,480	7	11,819,953	7	12,503,684	8
1990	Other non-current assets (Note 8)	133,541	-	112,679	-	50,847	-	Equity (Note 6(k)):							
Total non-current assets		86,748,475	51	88,887,379	54	89,307,034	54	3110	Ordinary shares	30,964,349	18	30,935,939	19	30,739,969	18
								3140	Advance receipts for share capital	16,445	-	36,264	-	19,389	-
								3200	Capital surplus	32,736,594	19	32,451,689	20	32,042,237	20
								3310	Legal reserve	14,110,871	8	14,110,871	8	13,128,412	8
								3320	Special reserve	1,041,100	1	1,041,100	1	273,834	-
								3350	Unappropriated retained earnings	82,098,936	49	79,394,603	48	79,983,150	48
								3400	Other equity interest	(2,954,906)	(2)	(3,011,507)	(2)	(1,077,373)	(1)
								3500	Treasury shares	(693,779)	-	(1,146,932)	(1)	(1,146,932)	(1)
								Total equity		157,319,610	93	153,812,027	93	153,962,686	92
Total assets		\$ 169,801,090	100	165,631,980	100	166,466,370	100	Total liabilities and equity		\$ 169,801,090	100	165,631,980	100	166,466,370	100

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

**Nanya Technology Corporation and Subsidiaries**

**Consolidated Statements of Comprehensive Income**

**For the three months ended March 31, 2021 and 2020**

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

		<b>For the three months ended March 31,</b>			
		<b>2021</b>		<b>2020</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue (Note 6(n))</b>	\$ 17,730,613	100	14,418,870	100
5000	<b>Operating costs (Notes 6(e)(f)(h)(i)(l)(o) and 7)</b>	<u>(12,568,601)</u>	<u>(71)</u>	<u>(10,982,671)</u>	<u>(76)</u>
	<b>Gross profit from operations</b>	<u>5,162,012</u>	<u>29</u>	<u>3,436,199</u>	<u>24</u>
	<b>Operating expenses (Notes 6(e)(f)(h)(i)(l)(o) and 7):</b>				
6100	Selling expenses	(178,304)	(1)	(178,990)	(1)
6200	Administrative expenses	(314,131)	(2)	(353,893)	(3)
6300	Research and development expenses	<u>(1,642,593)</u>	<u>(9)</u>	<u>(1,071,119)</u>	<u>(7)</u>
	<b>Total operating expenses</b>	<u>(2,135,028)</u>	<u>(12)</u>	<u>(1,604,002)</u>	<u>(11)</u>
	<b>Net operating income</b>	<u>3,026,984</u>	<u>17</u>	<u>1,832,197</u>	<u>13</u>
	<b>Non-operating income and expenses (Notes 6(e)(g)(h)(p) and 7):</b>				
7100	Interest income	64,864	-	249,502	1
7020	Other gains and losses, net	113,242	1	124,018	1
7050	Finance costs	(6,049)	-	(372)	-
7060	Share of profit of associates accounted for using equity method, net	<u>134,964</u>	<u>1</u>	<u>118,406</u>	<u>1</u>
	<b>Total non-operating income and expenses</b>	<u>307,021</u>	<u>2</u>	<u>491,554</u>	<u>3</u>
7900	<b>Profit from continuing operations before tax</b>	3,334,005	19	2,323,751	16
7950	<b>Income tax expenses (Note 6(j))</b>	<u>(629,672)</u>	<u>(4)</u>	<u>(395,477)</u>	<u>(3)</u>
	<b>Profit</b>	<u>2,704,333</u>	<u>15</u>	<u>1,928,274</u>	<u>13</u>
8300	<b>Other comprehensive income (loss) (Note 6(k)):</b>				
8310	<b>Components of other comprehensive income (loss) income that will not be reclassified to profit or loss</b>				
8320	Share of other comprehensive income (loss) of associates accounted for using equity method, components of other comprehensive income (loss) that will not be reclassified to profit or loss	42,332	-	(223,074)	(1)
8349	Less: Income tax related to components of other comprehensive income (loss) that will not be reclassified to profit or loss	-	-	-	-
	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>	<u>42,332</u>	<u>-</u>	<u>(223,074)</u>	<u>(1)</u>
8360	<b>Components of other comprehensive (loss) income that may be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	14,269	-	186,801	1
8399	Less: Income tax related to components of other comprehensive income (loss) that may be reclassified to profit or loss	-	-	-	-
	<b>Components of other comprehensive (loss) income that may be reclassified to profit or loss</b>	<u>14,269</u>	<u>-</u>	<u>186,801</u>	<u>1</u>
8300	<b>Other comprehensive (loss) income, net</b>	<u>56,601</u>	<u>-</u>	<u>(36,273)</u>	<u>-</u>
8500	<b>Comprehensive income</b>	<u>\$ 2,760,934</u>	<u>15</u>	<u>1,892,001</u>	<u>13</u>
	<b>Earnings per share (Note 6(m))</b>				
9750	<b>Basic earnings per share</b>	<u>\$ 0.88</u>		<u>0.63</u>	
9850	<b>Diluted earnings per share</b>	<u>\$ 0.88</u>		<u>0.63</u>	

See accompanying notes to consolidated financial statements.

See accompanying notes to consolidated financial statements.

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

**Consolidated Statements of Cash Flows**

**For the three months ended March 31, 2021 and 2020**

(Expressed in Thousands of New Taiwan Dollars)

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
Profit before tax	\$ 3,334,005	2,323,751
<b>Adjustments:</b>		
Adjustments to reconcile profit:		
Depreciation expense	3,676,849	3,580,728
Amortization expense	64,934	23,889
Interest expense	6,049	372
Interest income	(64,864)	(249,502)
Share-based payments	233,245	24,764
Share of profit of associates accounted for using equity method	(134,964)	(118,406)
Gain or loss on disposal of property, plant and equipment	62	-
Reversal of impairment loss on non-financial assets	(869)	-
Unrealized foreign exchange loss	(124,764)	(74,295)
Others	-	(16,380)
<b>Total adjustments to reconcile profit</b>	<b>3,655,678</b>	<b>3,171,170</b>
<b>Changes in operating assets and liabilities:</b>		
Notes and accounts receivable (including related parties)	(779,094)	(1,038,237)
Other receivables	(21,864)	(104,174)
Inventories	1,794,311	303,976
prepayments	155,676	166,788
Accounts payable (including related parties)	211,238	(320,413)
Other payables (including related parties)	115,969	(395,464)
Other current liabilities	(74,538)	(91,999)
Net defined benefit liability	(4,433)	(1,132)
Other non-current liabilities	1,736	2,088
<b>Total net changes in operating assets and liabilities</b>	<b>1,399,001</b>	<b>(1,478,567)</b>
Cash inflow generated from operations	8,388,684	4,016,354
Interest received	35,460	65,804
Interest paid	(6,079)	(48)
Income taxes paid	(30,440)	(2,247)
<b>Net cash flows from operating activities</b>	<b>8,387,625</b>	<b>4,079,863</b>
<b>Cash flows used in investing activities:</b>		
Acquisition of property, plant and equipment	(1,484,631)	(837,711)
Increase in refundable deposits	(19,443)	(1,885)
Acquisition of intangible assets	(53,327)	(53,327)
Decrease in lease and installment receivables	66,083	66,083
Increase in other non-current assets	(3,458)	(4,122)
<b>Net cash flows used in investing activities</b>	<b>(1,494,776)</b>	<b>(830,962)</b>
<b>Cash flows used in financing activities:</b>		
Decrease in guarantee deposits received	(2,587)	(25,122)
Decrease in other payables to related parties	-	(32)
Payment of lease liabilities	(44,478)	(50,168)
Exercise of employee share options	61,190	34,368
Treasury shares transferred to employees	452,214	-
<b>Net cash flows used in financing activities</b>	<b>466,339</b>	<b>(40,954)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>27,445</b>	<b>175,455</b>
<b>Net increase in cash and cash equivalents</b>	<b>7,386,633</b>	<b>3,383,402</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>51,725,906</b>	<b>44,148,979</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 59,112,539</b>	<b>47,532,381</b>

See accompanying notes to consolidated financial statements.



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Reviewed only, not audited in accordance with generally accepted auditing standards

**Nanya Technology Corporation and Subsidiaries**

**Notes to the Consolidated Financial Statements**

**March 31, 2021 and 2020**

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

**(1) Company history**

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

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

The consolidated financial statements were authorized for issuance by the Board of Directors on May 5, 2021.

**(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. (“FSC”) 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, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”
- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

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

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

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

(Continued)

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

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IAS 1 “Disclosure of Accounting Policies”	<p>The key amendments to IAS 1 include:</p> <ul style="list-style-type: none"> <li>• requiring companies to disclose their material accounting policies rather than their significant accounting policies;</li> <li>• clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and</li> <li>• clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements.</li> </ul>	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	<p>The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.</p> <p>The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.</p>	January 1, 2023

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(Continued)

## NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

##### (a) Statement of compliance

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

The significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2020. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2020.

##### (b) Basis of consolidation

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

Investor	The name of subsidiaries	Business activity	Shareholding			Note
			March 31, 2021	December 31, 2020	March 31, 2020	
The Company	NANYA TECHNOLOGY CORP. U.S.A	Sales of semiconductor products	100.00 %	100.00 %	100.00 %	Note
The Company	NANYA TECHNOLOGY CORP. Delaware	Design of semiconductor products	100.00 %	100.00 %	100.00 %	Note
The Company	NANYA TECHNOLOGY CORP. H.K.	Sales of semiconductor products	100.00 %	100.00 %	100.00 %	Note
The Company	NANYA TECHNOLOGY CORP. Japan	Sales of semiconductor products	100.00 %	100.00 %	100.00 %	Note
The Company	NANYA TECHNOLOGY INTERNATIONAL LTD.	General investment business	100.00 %	100.00 %	100.00 %	
NANYA TECHNOLOGY CORP. H.K.	NANYA TECHNOLOGY CORP., Europe GmbH	Sales of semiconductor products	100.00 %	100.00 %	100.00 %	Note
NANYA TECHNOLOGY CORP. H.K.	NANYA TECHNOLOGY CORP. Shenzhen	Sales of semiconductor products	100.00 %	100.00 %	100.00 %	Note

Note: The company is a non-significant subsidiary, its financial statements for the three months ended March 31, 2020 have not been reviewed by independent auditors.

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

##### (c) Employee benefits

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

(Continued)

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

(d) Income taxes

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

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

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

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

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2020. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2020.

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

(a) Cash and cash equivalents

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Petty cash	\$ 111	108	128
Checking accounts and demand deposit	15,038,429	14,820,415	3,845,621
Cash equivalents:			
Time deposits	40,455,795	34,398,887	40,063,507
Commercial paper	3,151,814	2,014,416	2,117,773
Repurchase agreements collateralized by corporate bonds	466,390	492,080	1,505,352
	<u><u>\$ 59,112,539</u></u>	<u><u>51,725,906</u></u>	<u><u>47,532,381</u></u>

(b) Notes and accounts receivable

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Notes receivable - from non-operating activities	\$ 6,027	-	-
Accounts receivable (including related parties)-measured at amortized cost	8,701,485	7,876,165	8,445,897
	<u><u>\$ 8,707,512</u></u>	<u><u>7,876,165</u></u>	<u><u>8,445,897</u></u>

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

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 (including related parties). To measure the expected credit losses, notes and accounts receivables (including related parties) have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information.

The loss allowance provision for notes and account receivable (including related parties) was determined as follows:

<b>March 31, 2021</b>			
<b>Due days</b>	<b>Notes and accounts receivables (including related parties)</b>	<b>Weighted average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 8,644,332	-	-
1 to 30 days past due	63,180	-	-
	<u><b>\$ 8,707,512</b></u>		<u><b>-</b></u>
<b>December 31, 2020</b>			
<b>Due days</b>	<b>Notes and accounts receivables (including related parties)</b>	<b>Weighted average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 7,825,234	-	-
1 to 30 days past due	50,931	-	-
	<u><b>\$ 7,876,165</b></u>		<u><b>-</b></u>
<b>March 31, 2020</b>			
<b>Due days</b>	<b>Notes and accounts receivables gross carrying amount</b>	<b>Weighted average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 8,392,082	-	-
1 to 30 days past due	49,875	-	-
31 to 60 days past due	3,940	-	-
	<u><b>\$ 8,445,897</b></u>		<u><b>-</b></u>

The Group did not recognize any allowance for impairment as there were no uncollected notes and accounts receivable (including related parties) that were past due as of March 31, 2021, December 31, and March 31, 2020.

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

(c) Inventories

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Raw materials	\$ 347,369	350,906	421,206
Work in progress	6,868,794	6,578,665	6,874,246
Finished goods	5,116,508	7,197,411	10,523,068
	<u><u>\$ 12,332,671</u></u>	<u><u>14,126,982</u></u>	<u><u>17,818,520</u></u>

The Group did not recognize any loss or gain from devaluation of inventories as there was no indication of impairment or net realizable value of inventories has increased because the circumstance that caused the inventory devaluation in prior period has improved on inventories for the three months ended March 31, 2021 and 2020.

(d) 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 is as follows:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Associates	<u><u>\$ 5,337,801</u></u>	<u><u>5,160,505</u></u>	<u><u>4,914,568</u></u>

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

<b>Name of Associates</b>	<b>Nature of Relationship to the Group</b>	<b>Registration Country</b>	<b>Percentage of ownership</b>		
			<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Formosa Advanced Technologies Co., Ltd. (FATC)	It mainly engages in assembling and testing of module products, as well as in the research and development of integrated circuits.	Taiwan	32.00 %	32.00 %	32.00 %

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

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Formosa Advanced Technologies Co., Ltd.	<u><u>\$ 17,865,778</u></u>	<u><u>16,716,000</u></u>	<u><u>14,350,111</u></u>

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

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**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
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The financial information of FATC was as follows:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Current assets	\$ 8,649,949	7,816,528	6,755,020
Non-current assets	5,530,141	5,792,482	6,305,763
Current liabilities	(1,321,571)	(1,238,254)	(1,352,744)
Non-current liabilities	(549,828)	(555,589)	(587,415)
Net asset	<u>\$ 12,308,691</u>	<u>11,815,167</u>	<u>11,120,624</u>
Net asset contributed to FATC	<u>\$ 12,308,691</u>	<u>11,815,167</u>	<u>11,120,624</u>
	<b>For the three months ended March 31,</b>		
	<b>2021</b>	<b>2020</b>	
Operating revenue	<u>\$ 2,534,354</u>	<u>2,574,022</u>	
Profit	\$ 361,236	387,656	
Other comprehensive loss	132,288	(697,105)	
Total comprehensive income	<u>\$ 493,524</u>	<u>(309,449)</u>	
Total comprehensive income contributed to FATC	<u>\$ 493,524</u>	<u>(309,449)</u>	
	<b>For the three months ended March 31,</b>		
	<b>2021</b>	<b>2020</b>	
Share of net assets of the major associate at January 1	\$ 3,780,854	3,657,624	
Total comprehensive income contributed to the Group	157,927	(99,025)	
Share of net assets of major associate at March 31	3,938,781	3,558,599	
Add: good will	1,463,162	1,463,162	
Less: unrealized profits on upstream sales net assets of the associates	(64,142)	(107,193)	
Total carrying amount of the major associate	<u>\$ 5,337,801</u>	<u>4,914,568</u>	

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**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
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(e) Property, plant and equipment

	<u>Land</u>	<u>Building</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Under construction</u>	<u>Total</u>
<b>Cost:</b>						
<b>Balance as of January 1, 2021</b>	\$ 1,013,924	8,144,863	199,055,350	836,742	6,371,857	215,422,736
Additions	-	8,420	136,865	5,981	1,323,611	1,474,877
Disposals	-	-	(716)	(1,458)	-	(2,174)
Reclassification	-	12,097	4,210,820	19,479	(4,242,396)	-
Effect of exchange rate change	-	(99)	(477)	(268)	-	(844)
<b>Balance as of March 31, 2021</b>	<u>\$ 1,013,924</u>	<u>8,165,281</u>	<u>203,401,842</u>	<u>860,476</u>	<u>3,453,072</u>	<u>216,894,595</u>
<b>Balance as of January 1, 2020</b>	\$ 1,013,924	8,157,551	195,903,720	919,015	2,249,124	208,243,334
Additions	-	-	296,617	6,374	691,141	994,132
Reclassification	-	-	399,562	(3,685)	(579,266)	(183,389)
Effect of exchange rate change	-	30	1,515	(86)	-	1,459
<b>Balance as of March 31, 2020</b>	<u>\$ 1,013,924</u>	<u>8,157,581</u>	<u>196,601,414</u>	<u>921,618</u>	<u>2,360,999</u>	<u>209,055,536</u>
<b>Accumulated depreciation / impairment:</b>						
<b>Balance as of January 1, 2021</b>	\$ -	2,609,251	132,426,497	658,368	-	135,694,116
Depreciation for the period	-	80,058	3,535,520	13,852	-	3,629,430
Disposals	-	-	(682)	(1,430)	-	(2,112)
Reclassification	-	-	(11,951)	11,951	-	-
Gain from impairment loss	-	-	(869)	-	-	(869)
Effect of exchange rate change	-	(85)	(481)	(228)	-	(794)
<b>Balance as of March 31, 2021</b>	<u>\$ -</u>	<u>2,689,224</u>	<u>135,948,034</u>	<u>682,513</u>	<u>-</u>	<u>139,319,771</u>
<b>Balance as of January 1, 2020</b>	\$ -	2,295,380	119,651,185	766,657	-	122,713,222
Depreciation for the period	-	80,005	3,440,861	10,251	-	3,531,117
Reclassification	-	-	(62,101)	(6,103)	-	(68,204)
Effect of exchange rate change	-	25	1,494	(92)	-	1,427
<b>Balance as of March 31, 2020</b>	<u>\$ -</u>	<u>2,375,410</u>	<u>123,031,439</u>	<u>770,713</u>	<u>-</u>	<u>126,177,562</u>
<b>Carrying amounts:</b>						
<b>Balance as of March 31, 2021</b>	<u>\$ 1,013,924</u>	<u>5,476,057</u>	<u>67,453,808</u>	<u>177,963</u>	<u>3,453,072</u>	<u>77,574,824</u>
<b>Balance as of December 31, 2020</b>	<u>\$ 1,013,924</u>	<u>5,535,612</u>	<u>66,628,853</u>	<u>178,374</u>	<u>6,371,857</u>	<u>79,728,620</u>
<b>Balance as of March 31, 2020</b>	<u>\$ 1,013,924</u>	<u>5,782,171</u>	<u>73,569,975</u>	<u>150,905</u>	<u>2,360,999</u>	<u>82,877,974</u>

(f) Right-of-use assets

	<u>Land</u>
<b>Cost :</b>	
Balance at January 1, 2021	\$ 1,884,277
Additions	17,429
Balance at March 31, 2021	<u>\$ 1,901,706</u>
The balance of January 1 and March 31, 2020	<u>\$ 297,829</u>

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**Notes to the Consolidated Financial Statements**

	<u><b>Land</b></u>
Accumulated depreciation:	
Balance at January 1, 2021	\$ 94,085
Depreciation for the period	<u>47,419</u>
Balance at March 31, 2021	<u><b>\$ 141,504</b></u>
Balance at January 1, 2020	\$ 198,607
Depreciation for the period	<u>49,611</u>
Balance at March 31, 2020	<u><b>\$ 248,218</b></u>
Carrying Amount:	
Balance at March 31, 2021	<u><b>\$ 1,760,202</b></u>
Balance at December 31, 2020	<u><b>\$ 1,790,192</b></u>
Balance at March 31, 2020	<u><b>\$ 49,611</b></u>

(g) Lease receivables

- (i) On June 18, 2009, the Group signed an amended long-term lease agreement with Inotera Memories, Inc. (its name was changed to Micron Technology Taiwan in March, 2017, referred to as "MTTW") on the lease of building, facilities and land located on 348, 348-1 and 348-3, Hwa Ya Section, Kueishan District, Taoyuan City. This amended lease agreement, which took effect retroactively from January 1, 2009, includes the renewal term. Initial lease term is from January 1, 2009 to December 31, 2018. However, MTTW is entitled to renew this amended lease agreement for an unlimited number of consecutive additional terms of five years each, by providing a written notice with the intention to renew the lease term commencing from January 1, 2019. MTTW has completed the renewal of its lease agreement, with a written notice on December 13, 2018. In addition, MTTW has an exclusive option to purchase the leased assets (including land, building and its facilities) for a total purchase price of USD50,000 thousand on and after January 1, 2024. Also, the rental receivable for the entire year of 2009 has been waived. Initial yearly rentals for the leased land was USD1,990 thousand and leased building (including facilities) was USD 13,010 thousand from January 1, 2010 to December 31, 2018; the first yearly renewal rentals for the leased land is USD1,990 thousand and building (including facilities) is USD8,010 thousand from January 1, 2019 to December 31, 2023; the subsequent yearly renewal rentals for the leased land will be USD1,990 thousand and building (including facilities) will be USD 10 thousand commencing from January 1, 2024. The amended lease agreement for the building (including facilities) is treated as a capital lease because (a) the present value of the periodic rental payments made since the inception date is at least 90% of the market value of the leased assets and (b) the lease term is equal to 75% or more of the total estimated economic life of the leased assets. The land is treated as an operating lease.

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**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
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- (ii) The total lease receivable from the capital lease of the building (including facilities) was \$5,185,620 thousand; the implicit interest rate was 10.56%. The cost of the leased assets at the beginning of the lease period was \$2,656,223. The difference was recognized as unrealized interest revenue of \$2,529,397. For the three months ended March 31, 2021 and 2020, the Group recognized the interest revenue of \$16,470 and \$21,381, respectively, from the amortization of unrealized interest revenue.

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

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Less than one year	\$ 264,330	264,330	264,330
One to two years	264,330	264,330	264,330
Two to three years	198,247	264,330	264,330
Three to four years	-	-	198,247
Total lease payments receivable	726,907	792,990	991,237
Unearned finance income	(86,634)	(103,104)	(160,039)
Present value of lease payments receivable	<u>\$ 640,273</u>	<u>689,886</u>	<u>831,198</u>

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

- (h) Lease liabilities

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Current	<u>\$ 180,785</u>	<u>178,432</u>	<u>50,050</u>
Non-current	<u>\$ 1,588,055</u>	<u>1,617,652</u>	<u>-</u>

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

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Interest on lease liabilities	<u>\$ 6,035</u>	<u>294</u>
Expenses relating to short-term leases and low-value lease assets	<u>\$ 23,955</u>	<u>22,340</u>

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**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
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The amount recognized in the statement of cash flows of the Group was as follows:

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Total cash outflow for leases	<b>\$ 74,459</b>	<b>72,508</b>

(i) Land lease

The Group leases its land with a period of 3 to 10 years. The lease included an option to terminate the contract, which is exercisable only by the Group and not by the lessors. 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 with contract terms ranging from one to five years. These leases are short-term or with low-value items. The Group applied the recognition exemptions and elected not to recognize its right-of-use assets and lease liabilities for these leases.

(i) 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, 2020 and 2019 .

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

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Operating cost	\$ 1,389	1,585
Operating expenses	972	908
Total	<b>\$ 2,361</b>	<b>2,493</b>

(ii) Defined contribution plans

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

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Operating cost	\$ 23,199	23,110
Operating expenses	24,176	20,336
Total	<b>\$ 47,375</b>	<b>43,446</b>

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

(j) Income tax

(i) The Group's income tax expenses in the years 2020 and 2019 were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Current tax expense		
Current period	\$ 538,170	321,312
Adjustment for prior periods	29,748	-
Deferred tax expense	61,754	74,165
Tax expense	<u>\$ 629,672</u>	<u>395,477</u>

(ii) The Company's tax returns have been examined by the ROC tax authority through 2019.

(k) Capital and other equity

Except as described below, there was no material change in equity for the three months ended March 31, 2021 and 2020. Please refer to Note 6(k) of the consolidated financial statements as of and for the year ended December 31, 2020 for the related detail disclosures on equity.

(i) Ordinary Share

On February 26, 2021, 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 2,841 thousand ordinary shares at par value with an issuing prices of \$28.5 to \$29.6 per share, which totaled \$28,410. All issued shares were paid up upon issuance and the related process for registration had been completed.

For the first quarter of 2021, the Company's ordinary shares were derived from the exercise of employee share options. Accordingly, the Company had issued 577 thousand ordinary shares, at issuing prices of \$28.5 per share, which totaled \$16,445, which was recognized as advance receipts for share capital as of March 31, 2021.

(ii) Capital surplus

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Premium from the issuance of stock	\$ 29,450,945	29,398,346	29,022,643
Treasury share transaction	229,425	-	-
Employee stock option plans	2,790,727	2,790,727	2,757,071
Expired employee stock option plans	265,380	262,499	262,499
Past due unclaimed dividends	79	79	-
Change in net equity of associates accounted for using equity method	38	38	24
	<u>\$ 32,736,594</u>	<u>32,451,689</u>	<u>32,042,237</u>

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## NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (iii) Retain earning

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

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

#### 1) Legal reserve

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

#### 2) Special Reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

#### 3) Earnings distribution

Earnings distribution for 2020 and 2019 were approved by the general meetings of shareholders were held on February 26, 2021 and May 28, 2020, respectively. The relevant dividend distributions to shareholders were as follows:

	For the year ended December 31, 2020	
	Dividends per share	Amount
Dividends attributable to ordinary shareholders:		
Cash dividends	\$ 1.30	<u><u>4,000,000</u></u>

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

		<b>For the year ended December 31, 2019</b>	
		<b>Dividends per share</b>	<b>Amount</b>
Dividends attributable to ordinary shareholders:			
Cash dividends	\$	1.50	<u><u>4,600,000</u></u>
(iv) Treasury shares			
The Company repurchased shares from the securities exchange market based on section 28(2) of the Securities and Exchange Act and the movement in treasury shares were as follows.			
In accordance with the requirements of the Company Act of Taiwan, the Company does not hold any shareholders' rights before transferring its treasury shares.			
		<b>Transferring to employees thousand shares</b>	<b>Amount</b>
Balance as of January 1, 2021		20,000	\$ 1,146,932
Transfer for the period		(7,902)	(453,153)
Balance as of March 31, 2021		<u><u>12,098</u></u>	<u><u>\$ 693,779</u></u>
Balance as of January 1, 2020 (Balance as of March 31, 2020)		<u><u>20,000</u></u>	<u><u>\$ 1,146,932</u></u>
(v) Other equity (net of tax)			

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

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

	<b>Exchange differences on translation of foreign financial statements</b>	<b>Unrealized losses from financial assets measured at fair value through other comprehensive income</b>	<b>Total</b>
Balance as of January 1, 2020	\$ (938,039)	(103,061)	(1,041,100)
Exchange differences on translation of foreign financial statements	186,801	-	186,801
Unrealized gain from financial of assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	(223,074)	(223,074)
Balance as of March 31, 2020	<u><u>\$ (751,238)</u></u>	<u><u>(326,135)</u></u>	<u><u>(1,077,373)</u></u>

(l) Share-based payment

Except as described below, there was no material change on the share-based payment transactions for the three months ended March 31, 2021 and 2020. Please refer to Note 6(l) of consolidated financial statements as of and for the year ended December 31, 2020 for related disclosures on share-based payment transactions.

(i) As of March 31, 2021, the Group has two share-based payment transactions as follows:

	<b>The 1th batch of treasury shares transferred to employees</b>	<b>The 2th batch of treasury shares transferred to employees</b>
Grant date	2021.1.15	2021.2.2
Grant unit	3,936	4,064
Exercise price (dollar)	\$57.4	\$57.4
Vesting conditions	Immediately vested	Immediately vested

The Group used Black-Scholes option pricing method in measuring the fair value of the share-based payment at the grant date.

(Continued)

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

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

	For the three months ended March 31,			
	2021		2020	
	Weighted-average exercise (price TWD)	Number of options (Thousand Units)	Weighted-average exercise (price TWD)	Number of options (Thousand Units)
Outstanding at January 1,	\$ 28.51	4,462	29.25	28,202
Options granted	57.40	8,000	-	-
Options exercised	51.23	(10,049)	29.20	(1,177)
Options expired	57.40	(98)	-	-
Options forfeited	-	-	29.38	(60)
Outstanding at March 31,	28.52	<u>2,315</u>	29.22	<u>26,965</u>
Options exercisable at March 31,	28.52	<u>2,315</u>	29.24	<u>4,440</u>

(iii) Compensation cost

	For the three months ended March 31,	
	2021	2020
Compensation cost arising from share options granted to employees	\$ -	24,764
Compensation cost arising from treasury shares transferred to employees	233,245	-
Total	<u>\$ 233,245</u>	<u>24,764</u>

(m) Earnings per share

	For the three months ended March 31,	
	2021	2020
<b>Basic earnings per share:</b>		
Net profit attributable to the Company's ordinary shareholders	<u>\$ 2,704,333</u>	<u>1,928,274</u>
Weighted-average number of ordinary shares outstanding	<u>3,081,387</u>	<u>3,054,149</u>
Basic earnings per share (dollar)	<u>\$ 0.88</u>	<u>0.63</u>
<b>Diluted earnings per share:</b>		
Net profit attributable to the Company's ordinary shareholders (basic and diluted)	<u>\$ 2,704,333</u>	<u>1,928,274</u>
Effect of dilutive potential ordinary shares		
Weighted-average number of ordinary shares (basic)	3,081,387	3,054,149
Effect of employee share option	1,957	16,810
Effect of employee remuneration	4,971	9,055
Weighted-average number of ordinary shares (diluted)	<u>3,088,315</u>	<u>3,080,014</u>
Diluted earnings per share (dollar)	<u>\$ 0.88</u>	<u>0.63</u>

(Continued)



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

(n) Revenue from contracts with customers

(i) Disaggregation of revenue

<b>For the three months ended March 31, 2021</b>			
	<b>Manufacturing department</b>	<b>Overseas sales department</b>	<b>Total</b>
Primary geographic markets:			
Taiwan	\$ 6,209,338	366,173	6,575,511
Japan	-	549,722	549,722
Malaysia	50,541	293,260	343,801
Korea	18,874	55,682	74,556
China	6,991,686	1,566,352	8,558,038
USA	9,199	107,154	116,353
Thailand	172,946	323,858	496,804
Germany	-	230,304	230,304
Vietnam	6,201	172,760	178,961
Singapore	31,558	50,495	82,053
Other countries	65,729	458,781	524,510
	<b>\$ 13,556,072</b>	<b>4,174,541</b>	<b>17,730,613</b>
Major products line:			
Dynamic Random Access Memory (DRAM)	\$ 13,518,589	4,174,286	17,692,875
Others	37,483	255	37,738
	<b>\$ 13,556,072</b>	<b>4,174,541</b>	<b>17,730,613</b>
<b>For the three months ended March 31, 2020</b>			
	<b>Manufacturing department</b>	<b>Overseas sales department</b>	<b>Total</b>
Primary geographic markets:			
Taiwan	\$ 4,317,981	409,628	4,727,609
Turkey	-	77,910	77,910
Japan	-	386,807	386,807
Malaysia	53,794	283,450	337,244
Korea	26,234	88,299	114,533
China	6,110,231	1,523,609	7,633,840
USA	11,788	52,875	64,663
Thailand	95,298	215,153	310,451
Germany	-	141,642	141,642
Vietnam	49,605	75,581	125,186
Singapore	82,565	85,976	168,541
Other countries	103,083	227,361	330,444
	<b>\$ 10,850,579</b>	<b>3,568,291</b>	<b>14,418,870</b>

(Continued)

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

	<b>For the three months ended March 31, 2020</b>		
	<b>Manufacturing department</b>	<b>Overseas sales department</b>	<b>Total</b>
Major products line:			
Dynamic Random Access Memory (DRAM)	\$ 10,819,871	3,568,020	14,387,891
Others	30,708	271	30,979
	<u><b>\$ 10,850,579</b></u>	<u><b>3,568,291</b></u>	<u><b>14,418,870</b></u>

(ii) Contract balances

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Notes receivable from nonoperating activities	\$ 6,027	-	-
Notes receivable(including related parties)	8,701,485	7,876,165	8,445,897
Total	<u><b>\$ 8,707,512</b></u>	<u><b>7,876,165</b></u>	<u><b>8,445,897</b></u>

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

(o) Remuneration to employees

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

The estimated employee remuneration which was charged to profit or loss under operating costs or expense amounted to \$102,329 and \$163,221 for the three months ended March 31, 2021 and 2020, respectively. This employee remuneration was estimated based on the Company's net income before tax before deducting any employee compensation, according to the earnings allocation method as stated under the Company's articles of association. If there is any difference between the actual amounts and the estimated amounts of employee remuneration to employees after the financial reports are issued, the management of the Company is expecting that the differences will be treated as a change in accounting estimates and recognized through profit or loss in the following year. Related information would be available at the Market Observation Post System website.

There is no difference between the estimated amounts of employee remuneration for the year ended December 31, 2020 and 2019, and the financial statements for the year ended December 31, 2020 and 2019, which were approved by the Company's Board of Directors.

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

(p) Non-operating income and expenses

(i) Interest income

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Interest income from bank deposits and short-term notes	\$ 48,394	228,121
Interest income from financial lease receivables	16,470	21,381
	<b>\$ 64,864</b>	<b>249,502</b>

(i) Other gains and losses

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Withholding tax refund	\$ 42,693	-
Foreign exchange gains	37,757	78,039
Reversal of impairment loss (impairment loss) on non-financial assets	869	-
Loss on disposal of property, plant and equipment	(62)	-
Others	31,985	45,979
	<b>\$ 113,242</b>	<b>124,018</b>

(ii) Finance costs

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Interest amortization of lease liability	\$ 6,035	294
Financing from other related parties	-	30
Others	14	48
	<b>\$ 6,049</b>	<b>372</b>

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

(q) Financial instruments

Except for the contention 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 note 6(q) of the consolidated financial statements for the year ended December 31, 2020.

- (i) For credit risk exposure of notes and accounts receivables (including related parties), please refer to note 6(b).

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 March 31, 2021, December 31 and March 31, 2020, no allowance for impairment was provided because there was no indication of credit-impaired for the 12-month ECL or lifetime ECL allowance for other financial assets measured at amortized cost.

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flow	Within 6 months	6-12months	1-2years	2-5years	Over 5 years
<b>March 31, 2021</b>							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 2,291,941	2,291,941	2,291,941	-	-	-	-
Other payables (including related parties)	5,358,307	5,358,307	5,358,307	-	-	-	-
Lease liabilities (including current portion)	1,768,840	1,882,264	101,744	101,744	203,488	610,464	864,824
	<u>\$ 9,419,088</u>	<u>9,532,512</u>	<u>7,751,992</u>	<u>101,744</u>	<u>203,488</u>	<u>610,464</u>	<u>864,824</u>
<b>December 31, 2020</b>							
Non-derivative financial liabilities							
Accounts Payable (including related parties)	\$ 2,111,774	2,111,774	2,111,774	-	-	-	-
Other payable (including related parties)	5,281,380	5,281,380	5,281,380	-	-	-	-
Lease liabilities (including current portion)	1,796,084	1,914,405	100,758	100,758	201,516	604,549	906,824
	<u>\$ 9,189,238</u>	<u>9,307,559</u>	<u>7,493,912</u>	<u>100,758</u>	<u>201,516</u>	<u>604,549</u>	<u>906,824</u>
<b>March 31, 2020</b>							
Non-derivative financial liabilities							
Financing from other related parties	\$ 3,418	3,537	3,537	-	-	-	-
Accounts payable (including related parties)	2,396,519	2,396,519	2,396,519	-	-	-	-
Other payables (including related parties)	7,459,502	7,459,502	7,459,502	-	-	-	-
Lease liabilities-(current)	50,050	50,168	50,168	-	-	-	-
	<u>\$ 9,909,489</u>	<u>9,909,726</u>	<u>9,909,726</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

(Continued)

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

(iii) Market risk

1) Exposure to currency risk

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

		March 31, 2021			December 31, 2020			March 31, 2020		
		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	\$	488,187	28.531	13,928,463	299,515	28.508	8,538,574	304,188	30.254	9,202,904
JPY		181,158	0.2582	46,775	770,896	0.2724	209,992	510,285	0.2807	143,237
EUR		37	33.3849	1,235	42	34.560	1,452	47	33.4489	1,572
HKD		29	3.6656	106	1,379	3.626	5,000	291,986	3.9039	1,139,884
Financial liabilities:										
Monetary items										
USD	\$	118,024	28.531	3,367,343	115,140	28.508	3,282,411	112,279	30.254	3,396,889
JPY		828,252	0.2582	213,855	1,272,668	0.2724	346,675	1,156,178	0.2807	324,539
EUR		225	33.3849	7,512	150	34.5600	5,184	442	33.4489	14,784

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 (including related parties) and other payable (including related parties) which are denominated in different foreign currencies. A 1% appreciation and depreciation of the TWD against the USD, JPY, EUR and HKD as of March 31, 2021 and 2020 would have decreased and increased the net income before tax by \$103,879 and \$67,514 for the three months ended March 31, 2021 and 2020, respectively. This analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis as prior year.

Since the Group has many kinds of functional currency, the information on foreign exchange loss on monetary items is disclosed by total amount. For the three months ended March 31, 2021 and 2020, foreign exchange gain (including realized and unrealized portions) amounted to \$37,757 and \$78,039, respectively.

(iv) interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

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## NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

If the interest rate had increased and decreased by 1 basis points, the Group's net income would have increased or decreased by \$0 and \$34 for the three months ended March 31, 2021 and 2020 with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates and investment in variable-rate bills.

(v) Fair value information

#### Types and fair value of financial instruments

The carrying amount of the Group's financial assets and liabilities are reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

March 31, 2021					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 59,112,539	-	-	-	-
Notes and accounts receivable	8,707,512	-	-	-	-
Other receivables	1,324,240	-	-	-	-
Lease payments receivable (including current portion)	640,273	-	-	-	-
Total	<u>\$ 69,784,564</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 2,291,941	-	-	-	-
Other payables (including related parties)	5,358,307	-	-	-	-
Lease liabilities (including current portion)	1,768,840	-	-	-	-
Total	<u>\$ 9,419,088</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2020					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 51,725,906	-	-	-	-
Notes and accounts receivable (including related parties)	7,876,165	-	-	-	-
Other receivables	1,289,669	-	-	-	-
Lease payments receivable (including current position)	689,886	-	-	-	-
Total	<u>\$ 61,581,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 2,111,774	-	-	-	-
Other payables (including related parties)	5,281,380	-	-	-	-
Lease liabilities (including current portion)	1,796,084	-	-	-	-
Total	<u>\$ 9,189,238</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

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

		March 31, 2020				
		Book Value	Fair Value			Total
			Level 1	Level 2	Level 3	
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	47,532,381	-	-	-	-
Accounts receivable		8,445,897	-	-	-	-
Other receivables		1,701,272	-	-	-	-
Lease payments receivable (including current portion)		831,198	-	-	-	-
Total	\$	<u>58,510,748</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost						
Accounts payable (including related parties)	\$	2,396,519	-	-	-	-
Other payables (including related parties)		7,462,920	-	-	-	-
Lease liabilities-current		50,050	-	-	-	-
Total	\$	<u>9,909,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(r) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note 6(r) of the consolidated financial statements for the year ended December 31, 2020.

(s) 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, 2020. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2020. Please refer to Note 6(s) of the consolidated financial statements for the year ended December 31, 2020 for further details.

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

The Group's investing and financing activities on non-cash transactions for the three months ended March 31, 2021 and 2020 were as follows:

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

(ii)

		For the three months ended March 31,	
		2021	2020
Acquisition of property, plant and equipment	\$	1,474,877	994,132
Add: Payables on equipment at beginning of period		693,313	973,002
Less: Payables on equipment at end of period		(683,559)	(997,858)
Others		-	(131,565)
Cash Paid	<u>\$</u>	<u>1,484,631</u>	<u>837,711</u>

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

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

	January 1, 2020	Cash flow	Additions	Non-Cash changes		March 31, 2021
				Increased by other payables	Interest expense	
Lease liabilities	\$ 1,796,084	(44,478)	17,429	(195)	-	1,768,840

  

	January 1, 2019	Cash flow	Change in an index of lease payment	Non-Cash changes		March 31, 2020
				Increased by other payables	Interest expense	
Lease liabilities	\$ 99,924	(50,168)	-	-	294	50,050

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

(a) Names and relationship with related parties

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

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

(b) Significant transactions with related parties

(i) Sales to related parties

Relationship	Sales		Accounts receivable to related parties		
	For the three months ended March 31,				
	2021	2020	March 31, 2021	December 31, 2020	March 31, 2020
Associates	\$ -	-	-	8,237	-

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 For the three months ended March 31,		Accounts payable to related parties		
	2021	2020	March 31, 2021	December 31, 2020	March 31, 2020
Entities with significant influence over the Group	\$ 28,815	20,862	10,476	9,686	7,128
Associates	731	710	-	-	-
Other related parties:					
Formosa Sumco Technology Corporation	166,981	172,181	112,087	71,257	114,007
Other related parties	65,704	51,876	9,544	3,735	5,165
	<u>\$ 262,231</u>	<u>245,629</u>	<u>132,107</u>	<u>84,678</u>	<u>126,300</u>

The terms and pricing of purchase transactions with related parties 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 For the three months ended March 31,		Other payables to related parties		
	2021	2020	March 31, 2021	December 31, 2020	March 31, 2020
Associates	\$ <u>1,922,073</u>	<u>1,958,034</u>	<u>1,239,200</u>	<u>1,049,080</u>	<u>1,196,666</u>

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

(iv) Financing from related parties

Relationship	Financial costs For the three months ended March 31	
	2021	2020
Other related parties:		
Formosa Technologies (Nanjing) Corporation	\$ <u>-</u>	<u>30</u>

  

Relationship	Other payables to related parties			Interest payable		
	March 31, 2021	December 31, 2020	March 31, 2020	March 31, 2021	December 31, 2020	March 31, 2020
Other related parties:						
Formosa Technologies (Nanjing) Corporation	\$ <u>-</u>	<u>-</u>	<u>3,418</u>	<u>-</u>	<u>30</u>	<u>65</u>

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

(v) Property transactions

1) Acquisition of equipment

<b>Relationship</b>	<b>Other payables to related parties</b>		
	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Entities with significant influence over the Group	\$ <u>1,590</u>	<u>20,830</u>	<u>-</u>

(vi) Leases

<b>Relationship</b>	<b>Acquisition price For the years ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Entities with significant influence over the Group	\$ <u>16,484</u>	<u>15,027</u>

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

The Group entered into 9 to 10 years lease agreements between July and August 2020, as well as a 3-year lease agreement in July 2017, with Nan Ya Plastics Corporation, at the total values of \$2,015,018 and \$617,862, respectively. Also, for the three months ended March 31, 2021 and 2020, the Group recognized the amount of \$6,035 and \$294, as interest expense, respectively. Furthermore, as of March 31, 2021, December 31 and March 31, 2020, the balance of lease liabilities amounted to \$1,768,840, \$1,796,084 and \$50,050, respectively.

(vii) Others

<b>Relationship</b>	<b>Other income For the years ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Associates	\$ <u>301</u>	<u>-</u>

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Short-term employee benefits	\$ 12,534	13,433
Share-based payment	-	393
	\$ <u>12,534</u>	<u>13,826</u>

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

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

**(8) Pledged assets:**

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

<b>Pledged assets</b>	<b>Object</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Other non-current assets	Office leasing	<u>\$ 5,559</u>	<u>5,573</u>	<u>5,158</u>

**(9) Commitments and contingencies:**

**(a) Significant commitments**

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Guarantees for importation goods provided by bank	\$ 935,000	935,000	1,045,000
Unused letters of credit	<u>29,396</u>	<u>660,779</u>	<u>131,045</u>
Total	<u>\$ 964,396</u>	<u>1,595,779</u>	<u>1,176,045</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 October 2016, Lone Star Silicon Innovations LLC (Lone Star) 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 East Texas for patent infringement. The lawsuit was dismissed in April 2021, therefore it was closed.
- (iii) 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.

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

- (iv) The original Joint Venture agreement signed by the Company, Micron Technology, Inc. and its related parties was terminated after Micron Semiconductor Co. completed its share-swap with Micron Technology Taiwan. Both parties had mutually agreed to sign a cooperation agreement, the details of the agreement were as follows:
- 1) The estimated cost for improving specific environmental safety and factory facilities in mutually operating period of joint venture agreement amounted to US\$54,030 thousand; the Company agreed to share the 50% portion of the total costs and accrued it as expense of \$850,000 (USD27,015 thousand) to other payable. The Company will share the cost based on the actual amounts at the appointed time. As of March 31, 2021 and 2020, the payment amounting to \$200,950 and \$198,080 had been recognized by the Company, respectively.
  - 2) The Company agreed to share the 50% portion of the total losses for penalty, improving costs and suspending operation before the date of share-swap in the following two to five years due to an existing event of environmental safety and factory facilities which violated the laws.

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

**(11) Subsequent Events:**

On April 20, 2021, the Company had announced a material information concerning its plan to build a 12-inch advanced semiconductor fabrication plant to produce independent developed 10 nm DRAM chips, with the estimated total investment amounting to NTD 300 billion.

**(12) Other:**

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

	For the three months ended March 31, 2021			For the three months ended March 31, 2020		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salaries	777,235	647,179	1,424,414	779,150	537,974	1,317,124
Labor and health insurance	51,903	47,423	99,326	49,267	38,441	87,708
Pension expenses	24,588	25,148	49,736	24,695	21,244	45,939
Remuneration for directors	-	1,560	1,560	-	1,560	1,560
Other personnel expenses	17,722	8,156	25,878	18,509	6,390	24,899
Depreciation expenses	3,557,315	119,534	3,676,849	3,475,321	105,407	3,580,728
Amortization expenses	64,934	-	64,934	23,889	-	23,889

- (b) Seasonal operation:

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

(Continued)

## NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

#### (13) Other disclosures:

##### (a) Information on significant transactions:

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the three months ended March 31, 2021:

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

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Nanya Technology Corp., U.S.A.	Subsidiary	(Sale)	(1,899,682)	(10.77)%	O/A 60-90Days	-		1,455,737	16.30%	(Note)
The Company	Nanya Technology Corp., Japan	Subsidiary	(Sale)	(1,150,223)	(6.52)%	O/A 180Days	-		768,307	8.60%	(Note)
The Company	Nanya Technology Corp., Europe GmbH	Subsidiary	(Sale)	(991,092)	(5.62)%	O/A 60-90Days	-		602,107	6.74%	(Note)
Nanya Technology Corp., U.S.A	Nanya Technology Corp	The parent company	Purchase	1,899,682	100.00%	O/A 60-90Days	-		(1,455,737)	(100.00)%	(Note)
Nanya Technology Corp., Japan	Nanya Technology Corp	The parent company	Purchase	1,150,223	100.00%	O/A 180Days	-		(768,307)	(100.00)%	(Note)
Nanya Technology Corp., Europe GmbH	Nanya Technology Corp	The parent company	Purchase	991,092	100.00%	O/A 60-90Days	-		(602,107)	(100.00)%	(Note)
The Company	Formosa Sunco Technology Corporation	Other related parties	Purchase	166,981	5.70%	O/A 60Days	-		(112,087)	(4.89)%	-

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	1,455,737	5.25	-	-	459,309	-
The Company	Nanya Technology Corp., Japan	Subsidiary	768,307	6.10	-	-	304,719	-
The Company	Nanya Technology Europe GmbH	Subsidiary	602,107	7.43	-	-	362,996	-

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

- (ix) Trading in derivative instruments: None

(Continued)

## NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Nanya Technology Corp.	Nanya Technology Corp., U.S.A	1	Sales	1,899,682	On the basis of general conditions	10.71%
0	Nanya Technology Corp.	Nanya Technology Corp., Japan	1	Sales	1,150,223	On the basis of general conditions	6.49%
0	Nanya Technology Corp.	Nanya Technology Europe GmbH	1	Sales	991,092	On the basis of general conditions	5.59%
0	Nanya Technology Corp.	Nanya Technology Corp., U.S.A	1	Accounts receivable	1,455,737	On the basis of general conditions	0.86%
0	Nanya Technology Corp.	Nanya Technology Corp., Japan	1	Accounts receivable	768,307	On the basis of general conditions	0.45%
0	Nanya Technology Corp.	Nanya Technology Europe GmbH	1	Accounts receivable	602,107	On the basis of general conditions	0.35%

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.

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

The following is the information on investees for the three months ended March 31, 2021:

(In Thousands of New Taiwan Dollars / Shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2021			Net income of investee	Share of profits of investee	Note
				March 31, 2021	December 31, 2020	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	100.00 %	170,870	4,788	4,788	(Note1)
The Company	Nanya Technology Corp., Delaware	U.S.A	Design of semiconductor products	36,005	36,005	-	100.00 %	176,947	4,792	4,792	(Note1)
The Company	Nanya Technology Corp., HK	Hong Kong	Sales of semiconductor products	66,271	66,271	20	100.00 %	85,835	17,891	17,891	(Note1)
The Company	Nanya Technology Corp., Japan	Japan	Sales of semiconductor products	20,161	20,161	1	100.00 %	256,401	105,342	105,342	(Note1)
The Company	Nanya Technology International, Ltd.	British Virgin Island	General investment business	37,004,400	37,004,400	1	100.00 %	34,427,903	42,482	42,482	(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 %	5,337,801	361,237	134,964	(Note 2)
Nanya Technology Corp., HK	Nanya Technology Europe GmbH	Germany	Sales of semiconductor products	30,056	30,056	-	100.00 %	83,294	14,723	14,723	(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

### Notes to Consolidated Financial Statements

(c) Information on investment in mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Nanya Technology Corp., Shenzhen	Sales of semiconductor products	28,103 (USD985 thousand)	(2)	28,103 (USD985 thousand)	-	-	28,103 (USD985 thousand)	2,776	100.00%	2,776 (Note 2)	21,887	-

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 March 31, 2021 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment (Note 2)
28,103 (USD985 thousand)	28,103 (USD985 thousand)	94,391,766

Note 1 : The exchange rate of New Taiwan dollars to US dollars on March 31, 2021 was USD1 : TWD 28.531

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	29.29 %
Formosa Chemicals & Fibre Corporation		334,815,409	10.81 %
Formosa Plastics Corporation		334,815,409	10.81 %
Formosa Petrochemical Corp		334,815,409	10.81 %

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

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

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

**(14) Segment information:**

For the three months ended March 31, 2021						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 4,174,541	-	13,556,072	-	-	17,730,613
From sales among intersegments	13,666	96,510	4,083,039	-	(4,193,215)	-
Total revenue	<u>\$ 4,188,207</u>	<u>96,510</u>	<u>17,639,111</u>	<u>-</u>	<u>(4,193,215)</u>	<u>17,730,613</u>
Reportable segment profit or loss	<u>\$ 128,270</u>	<u>4,792</u>	<u>3,333,757</u>	<u>42,482</u>	<u>(175,296)</u>	<u>3,334,005</u>
For the three months ended March 31, 2020						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 3,568,291	-	10,850,579	-	-	14,418,870
From sales among intersegments	10,327	95,919	3,479,897	-	(3,586,143)	-
Total revenue	<u>\$ 3,578,618</u>	<u>95,919</u>	<u>14,330,476</u>	<u>-</u>	<u>(3,586,143)</u>	<u>14,418,870</u>
Reportable segment profit or loss	<u>\$ 18,068</u>	<u>5,009</u>	<u>2,323,425</u>	<u>215,746</u>	<u>(238,497)</u>	<u>2,323,751</u>
Reportable segment assets						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Balance at March 31, 2021	<u>\$ 3,438,108</u>	<u>180,892</u>	<u>169,775,015</u>	<u>34,427,903</u>	<u>(38,020,828)</u>	<u>169,801,090</u>
Balance at December 31, 2020	<u>\$ 3,119,912</u>	<u>195,825</u>	<u>165,624,472</u>	<u>34,357,531</u>	<u>(37,665,760)</u>	<u>165,631,980</u>
Balance at March 31, 2020	<u>\$ 3,104,786</u>	<u>170,609</u>	<u>166,461,373</u>	<u>37,455,411</u>	<u>(40,725,809)</u>	<u>166,466,370</u>
Reportable segment liabilities						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Others divisions	Adjustments and eliminated	Total
Balance at March 31, 2021	<u>\$ 2,917,181</u>	<u>3,945</u>	<u>12,455,405</u>	<u>-</u>	<u>(2,895,051)</u>	<u>12,481,480</u>
Balance at December 31, 2020	<u>\$ 2,713,185</u>	<u>23,832</u>	<u>11,812,445</u>	<u>38</u>	<u>(2,729,547)</u>	<u>11,819,953</u>
Balance at March 31, 2020	<u>\$ 2,680,687</u>	<u>1,098</u>	<u>12,498,687</u>	<u>-</u>	<u>(2,676,788)</u>	<u>12,503,684</u>