

**NANYA TECHNOLOGY CORPORATION AND  
SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Nine Months Ended September 30, 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 September 30, 2021 and 2020, the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2021 and 2020, as well as the changes in equity and cash flows for the nine months ended September 30, 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

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



## **Conclusion**

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Nanya Technology Corporation and its subsidiaries as of September 30, 2021 and 2020, and of its consolidated financial performance for the three months and nine months ended September 30, 2021 and 2020, as well as its consolidated cash flows for the nine months ended September 30, 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.

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)  
November 3, 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.

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(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Reviewed only, not audited in accordance with the generally accepted auditing standards as of September 30, 2021 and 2020**

**Nanya Technology Corporation and Subsidiaries**

**Consolidated Balance Sheets**

**September 30, 2021, December 31 and September 30, 2020**

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

		September 30, 2021		December 31, 2020		September 30, 2020				September 30, 2021		December 31, 2020		September 30, 2020	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Assets</b>															
<b>Current assets:</b>															
1100	Cash and cash equivalents (Note 6(a))	\$ 71,557,947	38	51,725,906	31	47,125,617	28	2170	Accounts payable	\$ 6,288,498	4	2,027,096	1	3,967,748	2
1170	Accounts receivable, net (Notes 6(b)(p))	12,961,380	7	7,867,928	4	9,636,173	6	2180	Accounts payable to related parties (Note 7)	129,450	-	84,678	-	109,893	-
1180	Accounts receivable due from related parties, net (Note 6(b)(p) and 7)	-	-	8,237	-	1,384	-	2200	Other payables	6,105,998	3	4,211,470	2	4,372,980	2
1200	Other receivables (Notes 6(e))	1,422,133	1	1,496,119	1	1,806,927	1	2220	Other payables to related parties (Note 7)	1,274,505	-	1,069,910	1	1,050,927	1
1310	Inventories (Note 6(d))	10,870,335	6	14,126,982	9	15,455,652	10	2230	Current tax liabilities	3,030,672	2	1,131,327	1	1,039,252	1
1410	Prepayments (Note 6(e))	865,244	1	559,481	-	1,027,639	-	2280	Current lease liabilities (Notes 6(j) and 7)	197,973	-	178,432	-	177,833	-
1470	Other current assets (Note 6(e))	614,597	-	959,948	1	1,050,826	1	2399	Other current liabilities	1,029	-	75,759	-	1,168	-
	<b>Total current assets</b>	<u>98,291,636</u>	<u>53</u>	<u>76,744,601</u>	<u>46</u>	<u>76,104,218</u>	<u>46</u>		<b>Total current liabilities</b>	<u>17,028,125</u>	<u>9</u>	<u>8,778,672</u>	<u>5</u>	<u>10,719,801</u>	<u>6</u>
<b>Non-current assets:</b>															
1517	Non-current financial assets at fair value through other comprehensive income	5,700	-	-	-	-	-	2570	Deferred tax liabilities	28,407	-	4,042	-	1,158	-
1550	Investments accounted for using equity method (Note 6(f))	5,206,948	3	5,160,505	3	4,871,850	3	2580	Non-current lease liabilities (Notes 6(j) and 7)	1,526,522	1	1,617,652	1	1,662,485	1
1600	Property, plant and equipment (Notes 6(g)(v) and 7)	79,291,727	42	79,728,620	49	81,108,305	49	2640	Net defined benefit liability, non-current	550,595	-	566,283	-	572,372	-
1755	Right-of-use assets (Notes 6(h))	1,710,714	2	1,790,192	1	1,837,302	1	2670	Other non-current liabilities	657,838	1	853,304	1	852,080	1
1780	Intangible assets	1,074,746	-	1,258,380	1	1,319,201	1		<b>Total non-current liabilities</b>	<u>2,763,362</u>	<u>2</u>	<u>3,041,281</u>	<u>2</u>	<u>3,088,095</u>	<u>2</u>
1840	Deferred tax assets	271,720	-	353,567	-	456,866	-		<b>Total liabilities</b>	<u>19,791,487</u>	<u>11</u>	<u>11,819,953</u>	<u>7</u>	<u>13,807,896</u>	<u>8</u>
194D	Long-term financial lease payments receivable (Note 6(i))	313,846	-	483,436	-	537,083	-	3110	Equity (Note 6(m)):						
1990	Other non-current assets (Note 8)	137,163	-	112,679	-	971,640	-	3140	Ordinary shares	30,970,839	16	30,935,939	19	30,926,119	19
	<b>Total non-current assets</b>	<u>88,012,564</u>	<u>47</u>	<u>88,887,379</u>	<u>54</u>	<u>91,102,247</u>	<u>54</u>	3140	Advance receipts for share capital	7,728	-	36,264	-	23,147	-
								3200	Capital surplus	32,797,819	17	32,451,689	20	32,433,118	19
								3310	Legal reserve	14,879,816	8	14,110,871	8	14,110,871	8
								3320	Special reserve	3,011,507	2	1,041,100	1	1,041,100	1
								3350	Unappropriated retained earnings	89,050,146	48	79,394,603	48	78,467,043	47
								3400	Other equity interest	(3,827,228)	(2)	(3,011,507)	(2)	(2,455,897)	(1)
								3500	Treasury shares	(377,914)	-	(1,146,932)	(1)	(1,146,932)	(1)
									<b>Total equity</b>	<u>166,512,713</u>	<u>89</u>	<u>153,812,027</u>	<u>93</u>	<u>153,398,569</u>	<u>92</u>
	<b>Total assets</b>	<u>\$ 186,304,200</u>	<u>100</u>	<u>165,631,980</u>	<u>100</u>	<u>167,206,465</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 186,304,200</u>	<u>100</u>	<u>165,631,980</u>	<u>100</u>	<u>167,206,465</u>	<u>100</u>

(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 and nine months ended September 30, 2021 and 2020

(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,				
	2021		2020		2021		2020		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue (Note 6(p))	\$ 23,837,128	100	15,323,867	100	64,205,209	100	46,232,094	100
5000	Operating costs (Notes 6(g)(h)(j)(k)(n)(q) and 7)	(12,101,931)	(51)	(11,362,124)	(74)	(37,724,674)	(59)	(33,791,981)	(73)
	<b>Gross profit from operations</b>	<u>11,735,197</u>	<u>49</u>	<u>3,961,743</u>	<u>26</u>	<u>26,480,535</u>	<u>41</u>	<u>12,440,113</u>	<u>27</u>
	<b>Operating expenses (Notes 6(g)(h)(j)(k)(n)(q) and 7):</b>								
6100	Selling expenses	(222,783)	(1)	(196,425)	(1)	(631,886)	(1)	(607,718)	(1)
6200	Administrative expenses	(419,637)	(2)	(306,864)	(2)	(1,141,578)	(2)	(1,002,805)	(2)
6300	Research and development expenses	(2,019,837)	(8)	(1,388,970)	(9)	(5,544,078)	(9)	(3,698,734)	(9)
	<b>Total operating expenses</b>	<u>(2,662,257)</u>	<u>(11)</u>	<u>(1,892,259)</u>	<u>(12)</u>	<u>(7,317,542)</u>	<u>(12)</u>	<u>(5,309,257)</u>	<u>(12)</u>
	<b>Net operating income</b>	<u>9,072,940</u>	<u>38</u>	<u>2,069,484</u>	<u>14</u>	<u>19,162,993</u>	<u>29</u>	<u>7,130,856</u>	<u>15</u>
	<b>Non-operating income and expenses (Notes 6(g)(i)(j)(r) and 7):</b>								
7100	Interest income	53,294	-	108,214	-	199,505	-	586,664	1
7020	Other gains and losses, net	137,536	1	(195,324)	(1)	(88,300)	-	(227,315)	-
7050	Finance costs	(5,892)	-	(6,350)	-	(17,887)	-	(6,917)	-
7060	Share of profit of associates accounted for using equity method, net	131,122	-	118,517	1	386,534	1	371,083	1
	<b>Total non-operating income and expenses</b>	<u>316,060</u>	<u>1</u>	<u>25,057</u>	<u>-</u>	<u>479,852</u>	<u>1</u>	<u>723,515</u>	<u>2</u>
7900	<b>Profit from continuing operations before tax</b>	<u>9,389,000</u>	<u>39</u>	<u>2,094,541</u>	<u>14</u>	<u>19,642,845</u>	<u>30</u>	<u>7,854,371</u>	<u>17</u>
7950	<b>Income tax expenses (Note 6(l))</b>	<u>(1,861,805)</u>	<u>(8)</u>	<u>(481,165)</u>	<u>(3)</u>	<u>(3,247,950)</u>	<u>(5)</u>	<u>(1,092,479)</u>	<u>(2)</u>
	<b>Profit</b>	<u>7,527,195</u>	<u>31</u>	<u>1,613,376</u>	<u>11</u>	<u>16,394,895</u>	<u>25</u>	<u>6,761,892</u>	<u>15</u>
8300	<b>Other comprehensive income (loss) (Note 6(m)):</b>								
8310	<b>Components of other comprehensive income (loss) income that will not be reclassified to profit or loss</b>								
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(300)	-	-	-	(300)	-	-	-
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	(30,354)	-	(70,408)	-	(14,631)	-	(207,159)	-
8349	Less: Income tax related to components of other comprehensive income (loss) that will not be reclassified to profit or loss	(60)	-	-	-	(60)	-	-	-
	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>	<u>(30,594)</u>	<u>-</u>	<u>(70,408)</u>	<u>-</u>	<u>(14,871)</u>	<u>-</u>	<u>(207,159)</u>	<u>-</u>
8360	<b>Components of other comprehensive income (loss) income that may be reclassified to profit or loss</b>								
8361	Exchange differences on translation of foreign financial statements	(4,911)	-	(645,359)	(5)	(800,850)	(1)	(1,207,638)	(3)
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 income (loss) income that may be reclassified to profit or loss</b>	<u>(4,911)</u>	<u>-</u>	<u>(645,359)</u>	<u>(5)</u>	<u>(800,850)</u>	<u>(1)</u>	<u>(1,207,638)</u>	<u>(3)</u>
8300	<b>Other comprehensive (loss) income, net</b>	<u>(35,505)</u>	<u>-</u>	<u>(715,767)</u>	<u>(5)</u>	<u>(815,721)</u>	<u>(1)</u>	<u>(1,414,797)</u>	<u>(3)</u>
8500	<b>Comprehensive income</b>	<u>\$ 7,491,690</u>	<u>31</u>	<u>897,609</u>	<u>6</u>	<u>15,579,174</u>	<u>24</u>	<u>5,347,095</u>	<u>12</u>
	<b>Earnings per share (Note 6(o))</b>								
9750	<b>Basic earnings per share</b>	<u>\$ 2.44</u>		<u>0.53</u>		<u>5.31</u>		<u>2.21</u>	
9850	<b>Diluted earnings per share</b>	<u>\$ 2.42</u>		<u>0.52</u>		<u>5.27</u>		<u>2.19</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
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Nanya Technology Corporation and Subsidiaries  
 Consolidated Statements of Changes in Equity  
 For the nine months ended September 30, 2021 and 2020  
 (Expressed in Thousands of New Taiwan Dollars)

	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Other equity interest Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Treasury shares	Total equity
<b>Balance at January 1, 2020</b>	\$ 30,733,649	3,475	32,005,339	13,128,412	273,834	78,054,876	(938,039)	(103,061)	(1,041,100)	(1,146,932)	152,011,553
Net profit for the nine months ended September 30, 2020	-	-	-	-	-	6,761,892	-	-	-	-	6,761,892
Other comprehensive loss for the nine months ended September 30, 2020	-	-	-	-	-	-	(1,207,638)	(207,159)	(1,414,797)	-	(1,414,797)
Total comprehensive income (loss) for the nine months ended September 30, 2020	-	-	-	-	-	6,761,892	(1,207,638)	(207,159)	(1,414,797)	-	5,347,095
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	-	982,459	-	(982,459)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	767,266	(767,266)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(4,600,000)	-	-	-	-	(4,600,000)
Other changes in capital surplus:											
Changes in equity of associates accounted for using equity method	-	-	14	-	-	-	-	-	-	-	14
Recognized compensation costs on employee stock options	-	-	58,420	-	-	-	-	-	-	-	58,420
Capital reduction to offset accumulated deficits	-	-	79	-	-	-	-	-	-	-	79
Exercise of employee share options	192,470	19,672	369,266	-	-	-	-	-	-	-	581,408
<b>Balance at September 30, 2020</b>	\$ <b>30,926,119</b>	<b>23,147</b>	<b>32,433,118</b>	<b>14,110,871</b>	<b>1,041,100</b>	<b>78,467,043</b>	<b>(2,145,677)</b>	<b>(310,220)</b>	<b>(2,455,897)</b>	<b>(1,146,932)</b>	<b>153,398,569</b>
<b>Balance at January 1, 2021</b>	\$ 30,935,939	36,264	32,451,689	14,110,871	1,041,100	79,394,603	(2,893,732)	(117,775)	(3,011,507)	(1,146,932)	153,812,027
Net profit for the nine months ended September 30, 2021	-	-	-	-	-	16,394,895	-	-	-	-	16,394,895
Other comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	-	-	(800,850)	(14,871)	(815,721)	-	(815,721)
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	-	16,394,895	(800,850)	(14,871)	(815,721)	-	15,579,174
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	-	768,945	-	(768,945)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	1,970,407	(1,970,407)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(4,000,000)	-	-	-	-	(4,000,000)
Other changes in capital surplus:											
Changes in equity of associates accounted for using equity method	-	-	15	-	-	-	-	-	-	-	15
Past due unclaimed dividends	-	-	123	-	-	-	-	-	-	-	123
Exercise of employee share options	34,900	(28,536)	64,616	-	-	-	-	-	-	-	70,980
Treasury shares transferred to employees	-	-	281,376	-	-	-	-	-	-	769,018	1,050,394
<b>Balance at September 30, 2021</b>	\$ <b>30,970,839</b>	<b>7,728</b>	<b>32,797,819</b>	<b>14,879,816</b>	<b>3,011,507</b>	<b>89,050,146</b>	<b>(3,694,582)</b>	<b>(132,646)</b>	<b>(3,827,228)</b>	<b>(377,914)</b>	<b>166,512,713</b>

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 nine months ended September 30, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars)**

	For the nine months ended September 30,	
	2021	2020
<b>Cash flows from operating activities:</b>		
<b>Profit before tax</b>	\$ 19,642,845	7,854,371
<b>Adjustments:</b>		
Adjustments to reconcile profit:		
Depreciation expense	11,272,366	10,644,574
Amortization expense	195,167	172,924
Interest expense	17,887	6,917
Interest income	(199,505)	(586,664)
Share-based payments	282,969	58,420
Share of profit of associates accounted for using equity method	(386,534)	(371,083)
Gain or loss on disposal of property, plant and equipment	62	6,651
Reversal of impairment loss on non-financial assets	(479)	-
Unrealized foreign exchange gain or loss	(218,157)	112,337
Others	-	(30,748)
<b>Total adjustments to reconcile profit</b>	<u>10,963,776</u>	<u>10,013,328</u>
<b>Changes in operating assets and liabilities:</b>		
Notes and accounts receivable (including related parties)	(5,037,413)	(2,397,657)
Other receivables	103,001	(131,866)
Inventories	3,256,647	2,666,844
prepayments	(305,763)	(386,743)
Other current assets	345,351	(54,593)
Accounts payable (including related parties)	206,432	286,091
Other payables (including related parties)	2,158,723	(2,131,367)
Other current liabilities	(74,730)	(91,586)
Net defined benefit liability	(15,688)	(3,524)
Other non-current liabilities	10,883	(6,794)
<b>Total net changes in operating assets and liabilities</b>	<u>647,443</u>	<u>(2,251,195)</u>
Cash inflow generated from operations	31,254,064	15,616,504
Interest received	152,299	494,447
Interest paid	(18,018)	(6,540)
Income taxes paid	(1,252,986)	(1,478,209)
<b>Net cash flows from operating activities</b>	<u>30,135,359</u>	<u>14,626,202</u>
<b>Cash flows used in investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(6,000)	-
Acquisition of property, plant and equipment	(6,518,917)	(4,927,070)
Proceeds from disposal of property, plant and equipment	-	44
Increase in refundable deposits	(20,555)	(504)
Acquisition of intangible assets	(165,958)	(818,681)
Decrease in lease and installment receivables	198,248	198,248
Increase in other non-current assets	(10,409)	(945,018)
Dividends received	325,475	311,324
<b>Net cash flows used in investing activities</b>	<u>(6,198,116)</u>	<u>(6,181,657)</u>
<b>Cash flows used in financing activities:</b>		
Decrease in guarantee deposits received	(37,832)	(3,104)
Decrease in other payables to related parties	-	(44)
Payment of lease liabilities	(139,181)	(144,225)
Cash dividends paid	(4,000,000)	(4,600,000)
Exercise of employee share options	70,980	581,408
Treasury shares transferred to employees	767,425	-
<b>Net cash flows used in financing activities</b>	<u>(3,338,608)</u>	<u>(4,165,965)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(766,594)</u>	<u>(1,301,942)</u>
<b>Net increase in cash and cash equivalents</b>	19,832,041	2,976,638
<b>Cash and cash equivalents at beginning of period</b>	51,725,906	44,148,979
<b>Cash and cash equivalents at end of period</b>	<u>\$ 71,557,947</u>	<u>47,125,617</u>

See accompanying notes to consolidated financial statements.

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

**Nanya Technology Corporation and Subsidiaries**

**Notes to the Consolidated Financial Statements**

**September 30, 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 November 3, 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. 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 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, 2022, would not have a significant impact on its consolidated financial statements:

- 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**

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

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

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	The key amendments to IAS 1 include: <ul style="list-style-type: none"> <li>● requiring companies to disclose their material accounting policies rather than their significant accounting policies;</li> <li>● clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and</li> <li>● clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements.</li> </ul>	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.  The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.	January 1, 2023

(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 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

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

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

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

**(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:**

<b>Investor</b>	<b>The name of subsidiaries</b>	<b>Business activity</b>	<b>Shareholding</b>		
			<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
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 %

(Continued)

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

Investor	The name of subsidiaries	Business activity	Shareholding		
			September 30, 2021	December 31, 2020	September 30, 2020
The Company	NANYA TECHNOLOGY INTERNATIONAL LTD.	General investment business	100.00 %	100.00 %	100.00 %
NANYA TECHNOLOGY CORP. H.K.	NANYA TECHNOLOGY CORP., Europe GmbH	Sales of semiconductor products	100.00 %	100.00 %	100.00 %
NANYA TECHNOLOGY CORP. H.K.	NANYA TECHNOLOGY CORP. Shenzhen	Sales of semiconductor products	100.00 %	100.00 %	100.00 %

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

(c) Financial assets at fair value through other comprehensive income

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity instruments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

(d) 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.

(e) 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.)

(Continued)

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

**(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:**

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, 2020. Please refer to Note 6 of the 2020 annual consolidated financial statements.

(a) Cash and cash equivalents

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
Petty cash	\$ 120	108	113
Checking accounts and demand deposit	18,014,611	14,820,415	3,948,287
Cash equivalents:			
Time deposits	50,509,643	34,398,887	39,539,215
Commercial paper	2,032,891	2,014,416	2,546,002
Repurchase agreements collateralized by corporate bonds	1,000,682	492,080	1,092,000
	<u>\$ 71,557,947</u>	<u>51,725,906</u>	<u>47,125,617</u>

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

(b) Notes and accounts receivable

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
Accounts receivable- measured at amortized cost	\$ 12,961,380	7,867,928	9,636,173
Accounts receivable- related parties	-	8,237	1,384
	<u>\$ 12,961,380</u>	<u>7,876,165</u>	<u>9,637,557</u>

(Continued)

**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>September 30, 2021</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	\$ 12,714,054	-	-
1 to 30 days past due	247,326	-	-
	<b>\$ 12,961,380</b>		<b>-</b>
<b>December 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	\$ 7,825,234	-	-
1 to 30 days past due	50,931	-	-
	<b>\$ 7,876,165</b>		<b>-</b>
<b>September 30, 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	\$ 9,506,642	-	-
1 to 30 days past due	130,915	-	-
	<b>\$ 9,637,557</b>		<b>-</b>

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 September 30, 2021, December 31, and September 30, 2020.

(Continued)

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

## (c) Other receivables

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
Tax refund receivable	\$ 1,057,777	1,231,318	1,490,334
Lease payment receivable	223,238	206,450	201,140
Overpayment receivable of water utility bill	59,833	-	-
Interest receivable	31,492	29,732	82,243
Others	49,793	28,619	33,210
	<b><u>\$ 1,422,133</u></b>	<b><u>1,496,119</u></b>	<b><u>1,806,927</u></b>

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

## (d) Inventories

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
Raw materials	\$ 549,819	350,906	340,407
Work in progress	6,899,129	6,578,665	6,811,477
Finished goods	3,421,387	7,197,411	8,303,768
	<b><u>\$ 10,870,335</u></b>	<b><u>14,126,982</u></b>	<b><u>15,455,652</u></b>

The Group did not recognize any loss or gain from devaluation of inventories as there was no indication of impairment or net realizable value of inventories has increased because the circumstance that caused the inventory devaluation in prior period has improved on inventories for the three months and nine months ended September 30, 2021 and 2020.

## (e) Prepayments and other current assets

## (i) Prepayments

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
Prepaid expense	\$ 848,017	556,428	617,552
Prepayments to purchases	17,227	3,053	410,087
	<b><u>\$ 865,244</u></b>	<b><u>559,481</u></b>	<b><u>1,027,639</u></b>

## (ii) Other current assets

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
Project consumables	\$ 385,862	676,200	767,265
Suppliers	228,735	283,748	283,561
	<b><u>\$ 614,597</u></b>	<b><u>959,948</u></b>	<b><u>1,050,826</u></b>

(Continued)

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

(f) Investments accounted for using equity method

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

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
Associates	<u>\$ 5,206,948</u>	<u>5,160,505</u>	<u>4,871,850</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>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 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>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
Formosa Advanced Technologies Co., Ltd.	<u>\$ 16,804,444</u>	<u>16,716,000</u>	<u>15,433,556</u>

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

The financial information of FATC was as follows:

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
Current assets	\$ 8,963,182	7,816,528	6,759,313
Non-current assets	4,742,954	5,792,482	5,903,721
Current liabilities	(1,298,350)	(1,238,254)	(1,199,534)
Non-current liabilities	(521,952)	(555,589)	(566,958)
Net asset	<u>\$ 11,885,834</u>	<u>11,815,167</u>	<u>10,896,542</u>
Net asset contributed to FATC	<u>\$ 11,885,834</u>	<u>11,815,167</u>	<u>10,896,542</u>

(Continued)

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Operating revenue	\$ 2,448,632	2,380,770	7,449,895	7,342,406
Profit	\$ 413,702	354,902	1,133,452	1,086,685
Other comprehensive loss	(94,857)	(220,023)	(45,722)	(647,371)
Total comprehensive income	\$ 318,845	134,879	1,087,730	439,314
Total comprehensive income contributed to FATC	\$ 318,845	134,879	1,087,730	439,314
			For the nine months ended September 30,	
			2021	2020
Share of net assets of the major associate at January 1			\$ 3,780,854	3,657,624
Total comprehensive income contributed to the Group			348,073	140,580
Uncollected dividends beyond the collection period which are reclassified to capital surplus			15	14
Cash dividends contributed to the Group			(325,475)	(311,324)
Share of net assets of major associate at September 30			3,803,467	3,486,894
Add: good will			1,463,162	1,463,162
Less: unrealized profits on upstream sales net assets of the associates			(59,681)	(78,206)
Total carrying amount of the major associate			\$ 5,206,948	4,871,850

(g) Property, plant and equipment

		Machinery and equipment				Under construction	Total
		Land	Building	Other equipment	Total		
Cost:							
<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	570,170	25,665	10,084,128	10,688,383
Disposals		-	-	(150,757)	(10,843)	-	(161,600)
Reclassification		-	132,594	5,810,230	19,515	(5,962,339)	-
Effect of exchange rate change		-	(165)	(1,893)	(818)	-	(2,876)
<b>Balance as of September 30, 2021</b>	\$	<u>1,013,924</u>	<u>8,285,712</u>	<u>205,283,100</u>	<u>870,261</u>	<u>10,493,646</u>	<u>225,946,643</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		-	-	662,441	50,287	5,508,201	6,220,929
Disposals		-	(12,660)	(687,930)	(153,594)	-	(854,184)
Reclassification		-	-	1,603,048	16,090	(1,787,730)	(168,592)
Effect of exchange rate change		-	(14)	14	(138)	-	(138)
<b>Balance as of September 30, 2020</b>	\$	<u>1,013,924</u>	<u>8,144,877</u>	<u>197,481,293</u>	<u>831,660</u>	<u>5,969,595</u>	<u>213,441,349</u>

(Continued)

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

	<u>Land</u>	<u>Building</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Under construction</u>	<u>Total</u>
<b>Accumulated depreciation / impairment:</b>						
<b>Balance as of January 1, 2021</b>	\$ -	2,609,251	132,426,497	658,368	-	135,694,116
Depreciation for the period	-	241,595	10,840,337	43,068	-	11,125,000
Disposals	-	-	(150,724)	(10,814)	-	(161,538)
Reclassification	-	-	(11,918)	11,918	-	-
Gain from impairment loss	-	-	(479)	-	-	(479)
Effect of exchange rate change	-	(142)	(1,543)	(498)	-	(2,183)
<b>Balance as of September 30, 2021</b>	<u>\$ -</u>	<u>2,850,704</u>	<u>143,102,170</u>	<u>702,042</u>	<u>-</u>	<u>146,654,916</u>
<b>Balance as of January 1, 2020</b>	\$ -	2,295,380	119,651,185	766,657	-	122,713,222
Depreciation for the period	-	239,976	10,225,074	33,327	-	10,498,377
Disposals	-	(5,965)	(687,930)	(153,594)	-	(847,489)
Reclassification	-	-	(41,963)	10,466	-	(31,497)
Effect of exchange rate change	-	(12)	421	22	-	431
<b>Balance as of September 30, 2020</b>	<u>\$ -</u>	<u>2,529,379</u>	<u>129,146,787</u>	<u>656,878</u>	<u>-</u>	<u>132,333,044</u>
<b>Carrying amounts:</b>						
<b>Balance as of September 30, 2021</b>	<u>\$ 1,013,924</u>	<u>5,435,008</u>	<u>62,180,930</u>	<u>168,219</u>	<u>10,493,646</u>	<u>79,291,727</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 September 30, 2020</b>	<u>\$ 1,013,924</u>	<u>5,615,498</u>	<u>68,334,506</u>	<u>174,782</u>	<u>5,969,595</u>	<u>81,108,305</u>

## (h) Right-of-use assets

	<u>Land</u>	<u>Building</u>	<u>Total</u>
<b>Cost :</b>			
Balance at January 1, 2021	\$ 1,884,277	-	1,884,277
Additions	59,707	8,181	67,888
<b>Balance at September 30, 2021</b>	<u>\$ 1,943,984</u>	<u>8,181</u>	<u>1,952,165</u>
Balance at January 1, 2020	\$ 297,829	-	297,829
Additions	1,884,277	-	1,884,277
Decrease	(297,829)	-	(297,829)
<b>Balance at September 30, 2020</b>	<u>\$ 1,884,277</u>	<u>-</u>	<u>1,884,277</u>
<b>Accumulated depreciation:</b>			
Balance at January 1, 2021	\$ 94,085	-	94,085
Depreciation for the period	146,793	573	147,366
<b>Balance at September 30, 2021</b>	<u>\$ 240,878</u>	<u>573</u>	<u>241,451</u>
Balance at January 1, 2020	\$ 198,607	-	198,607
Depreciation for the period	146,197	-	146,197
Decrease	(297,829)	-	(297,829)
<b>Balance at September 30, 2020</b>	<u>\$ 46,975</u>	<u>-</u>	<u>46,975</u>
<b>Carrying Amount:</b>			
<b>Balance at September 30, 2021</b>	<u>\$ 1,703,106</u>	<u>7,608</u>	<u>1,710,714</u>
<b>Balance at December 31, 2020</b>	<u>\$ 1,790,192</u>	<u>-</u>	<u>1,790,192</u>
<b>Balance at September 30, 2020</b>	<u>\$ 1,837,302</u>	<u>-</u>	<u>1,837,302</u>

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

(i) Lease receivables

- (i) On June 18, 2009, the Group signed an amended long-term lease agreement with Inotera Memories, Inc. (its name was changed to Micron Technology Taiwan in March, 2017, referred to as "MTTW") on the lease of building, facilities and land located on 348, 348-1 and 348-3, Hwa Ya Section, Kueishan District, Taoyuan City. This amended lease agreement, which took effect retroactively from January 1, 2009, includes the renewal term. Initial lease term is from January 1, 2009 to December 31, 2018. However, MTTW is entitled to renew this amended lease agreement for an unlimited number of consecutive additional terms of five years each, by providing a written notice with the intention to renew the lease term commencing from January 1, 2019. MTTW has completed the renewal of its lease agreement, with a written notice on December 13, 2018. In addition, MTTW has an exclusive option to purchase the leased assets (including land, building and its facilities) for a total purchase price of USD50,000 thousand on and after January 1, 2024. Also, the rental receivable for the entire year of 2009 has been waived. Initial yearly rentals for the leased land was USD1,990 thousand and leased building (including facilities) was USD 13,010 thousand from January 1, 2010 to December 31, 2018; the first yearly renewal rentals for the leased land is USD1,990 thousand and building (including facilities) is USD8,010 thousand from January 1, 2019 to December 31, 2023; the subsequent yearly renewal rentals for the leased land will be USD1,990 thousand and building (including facilities) will be 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.
- (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 and nine months ended September 30, 2021 and 2020, the Group recognized the interest revenue of \$13,817, \$18,990, \$45,446 and \$60,571, 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, 2021	December 31, 2020	September 30, 2020
Less than one year	\$ 264,330	264,330	264,330
One to two years	264,330	264,330	264,330
Two to three years	66,082	264,330	264,330
Three to four years	-	-	66,082
Total lease payments receivable	594,742	792,990	859,072
Unearned finance income	(57,658)	(103,104)	(120,849)
Present value of lease payments receivable	<u>\$ 537,084</u>	<u>689,886</u>	<u>738,223</u>

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
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For credit risk information, please refer to Note 6(s).

(j) Lease liabilities

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
Current	<u>\$ 197,973</u>	<u>178,432</u>	<u>177,833</u>
Non-current	<u>\$ 1,526,522</u>	<u>1,617,652</u>	<u>1,662,485</u>

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

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Interest on lease liabilities	<u>\$ 5,892</u>	<u>6,276</u>	<u>17,873</u>	<u>6,688</u>
Expenses relating to short-term leases	<u>\$ 21,994</u>	<u>25,402</u>	<u>69,319</u>	<u>67,861</u>

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

	<b>For the nine months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
Total cash outflow for leases	<u>\$ 226,436</u>	<u>218,362</u>

(i) Land lease

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

(ii) Other leases

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

(k) Employee benefits

(i) Defined benefit plan

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2020 and 2019 .

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**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
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The expenses recognized in profit or loss for the Group were as follows:

	<b>For the three months ended September 30,</b>		<b>For the nine months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Operating cost	\$ 1,393	1,515	4,204	4,649
Operating expenses	969	978	2,879	2,830
Total	<b>\$ 2,362</b>	<b>2,493</b>	<b>7,083</b>	<b>7,479</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 September 30,</b>		<b>For the nine months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Operating cost	\$ 23,689	23,457	71,152	70,180
Operating expenses	21,735	22,760	67,731	63,009
Total	<b>\$ 45,424</b>	<b>46,217</b>	<b>138,883</b>	<b>133,189</b>

(l) Income tax

(i) The Group's income tax expenses in the years 2021 and 2020 were as follows:

	<b>For the three months ended September 30,</b>		<b>For the nine months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Current tax expense				
Current period	\$ 1,810,220	315,459	3,681,087	1,306,335
Adjustment for prior periods	-	-	(609,355)	(588,184)
Surtax on undistributed earnings	-	-	47,505	171,974
Taxes on remitted earnings from subsidiary	22,524	103,526	22,524	103,526
Deferred tax expense	29,061	62,180	106,189	98,828
Tax expense	<b>\$ 1,861,805</b>	<b>481,165</b>	<b>3,247,950</b>	<b>1,092,479</b>

(Continued)

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
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- (ii) The Group's income tax gains recognized directly in other comprehensive income in the years 2021 and 2020 were as follows:

	<b>For the nine months ended</b>	
	<b>September 30,</b>	
	<b>2021</b>	<b>2020</b>
Items that will not be reclassified subsequently to profit or loss:		
Unrealized gains on equity investments at fair value through other comprehensive income	<b>\$ <u>60</u></b>	<b><u>-</u></b>

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

- (m) Capital and other equity

Except as described below, there was no material change in equity for the nine months ended September 30, 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, May 5, and August 4 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, 577 thousand and 72 thousand ordinary shares at par value, respectively, with an issuing prices of \$28.5 dollars to \$29.6 dollars, \$28.5 dollars and \$28.5 dollars to \$29.6 dollars per share, which totaled \$34,900. All issued shares were paid up upon issuance and the related process for registration had been completed.

For the third quarter of 2021, the Company's ordinary shares were derived from the exercise of employee share options. Accordingly, the Company had issued 276 thousand ordinary shares, at issuing prices of \$28.0 to \$29.6 per share, which totaled \$7,728, which was recognized as advance receipts for share capital as of September 30, 2021.

- (ii) Capital surplus

	<b>September 30,</b>	<b>December 31,</b>	<b>September 30,</b>
	<b>2021</b>	<b>2020</b>	<b>2020</b>
Premium from the issuance of stock	\$ 29,462,962	29,398,346	29,379,775
Treasury share transaction	277,792	-	-
Employee stock option plans	2,790,727	2,790,727	2,790,727
Expired employee stock option plans	266,083	262,499	262,499
Past due unclaimed dividends	202	79	79
Change in net equity of associates accounted for using equity method	53	38	38
	<b>\$ 32,797,819</b>	<b>32,451,689</b>	<b>32,433,118</b>

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**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
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(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 held on August 4, 2021 and May 28, 2020, respectively. The relevant dividends distributions to shareholders were as follows:

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

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**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
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	<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	<b>4,600,000</b>	
 (iv) Treasury shares			
The Company repurchased shares from the securities exchange market based on section 28(2) of the Securities and Exchange Act and the movement in treasury shares were as follows.			
In accordance with the requirements of the Company Act of Taiwan, the Company does not hold any shareholders' rights before transferring its treasury shares.			
		<b>Transferring to employees thousand</b>	
	<b>shares</b>	<b>Amount</b>	
Balance as of January 1, 2021	20,000	\$	1,146,932
Transfer for the period	(13,410)		(769,018)
Balance as of September 30, 2021	<b>6,590</b>	<b>\$</b>	<b>377,914</b>
Balance as of January 1, 2020 (Balance as of September 30, 2020)	<b>20,000</b>	<b>\$</b>	<b>1,146,932</b>
 (v) Other equity (net of tax)			
	<b>Exchange differences on translation of foreign financial statements</b>	<b>Unrealized loss on financial assets measured at fair value through other comprehensive income</b>	<b>Total</b>
Balance as of January 1, 2021	\$ (2,893,732)	(117,775)	(3,011,507)
Exchange differences on translation of foreign financial statements	(800,850)	-	(800,850)
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(240)	(240)
Unrealized gain from financial of assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	(14,631)	(14,631)
Balance as of September 30, 2021	<b>\$ (3,694,582)</b>	<b>(132,646)</b>	<b>(3,827,228)</b>

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**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
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	Exchange differences on translation of foreign financial statements	Unrealized losses from financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2020	\$ (938,039)	(103,061)	(1,041,100)
Exchange differences on translation of foreign financial statements	(1,207,638)	-	(1,207,638)
Unrealized gain from financial of assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	(207,159)	(207,159)
Balance as of September 30, 2020	<u>\$ (2,145,677)</u>	<u>(310,220)</u>	<u>(2,455,897)</u>

(n) Share-based payment

Except as described below, there was no material change on the share-based payment transactions for the nine months ended September 30, 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 September 30, 2021, the Group has three additions of share-based payment transactions as follows:

	The 1th batch of treasury shares transferred to employees	The 2th batch of treasury shares transferred to employees	The 3th batch of treasury shares transferred to employees
Grant date	2021.1.15	2021.2.2	2021.8.12
Grant unit	3,936	4,064	5,587
Exercise price (dollar)	\$57.4	\$57.4	\$57.4
Vesting conditions	Immediately vested	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**  
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(ii) Relevant information of employee stock option plans and the transfer of treasury shares

The Company:

	<b>For the nine months ended September 30,</b>			
	<b>2021</b>		<b>2020</b>	
	<b>Weighted- average exercise (price TWD)</b>	<b>Number of options (Thousand Units)</b>	<b>Weighted- average exercise (price TWD)</b>	<b>Number of options (Thousand Units)</b>
Outstanding at January 1,	\$ 28.51	4,462	29.25	28,202
Options granted	57.40	13,587	-	-
Options exercised	52.79	(15,905)	28.52	(19,926)
Options expired	57.40	(177)	-	-
Options forfeited	29.10	(6)	28.55	(2,359)
Outstanding at September 30,	28.02	<u>1,961</u>	28.51	<u>5,917</u>
Options exercisable at September 30,	28.02	<u>1,961</u>	28.51	<u>5,917</u>

(iii) Compensation cost

	<b>For the three months ended September 30,</b>		<b>For the nine months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Compensation cost arising from share options granted to employees	\$ -	1,860	-	58,420
Compensation cost arising from treasury shares transferred to employees	49,724	-	282,969	-
Total	<u>\$ 49,724</u>	<u>1,860</u>	<u>282,969</u>	<u>58,420</u>

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
<b>Basic earnings per share:</b>				
Net profit attributable to the Company's ordinary shareholders	\$ <u>7,527,195</u>	<u>1,613,376</u>	<u>16,394,895</u>	<u>6,761,892</u>
Weighted-average number of ordinary shares outstanding	<u>3,087,654</u>	<u>3,072,893</u>	<u>3,084,679</u>	<u>3,062,632</u>
Basic earnings per share (dollar)	\$ <u>2.44</u>	<u>0.53</u>	<u>5.31</u>	<u>2.21</u>
<b>Diluted earnings per share:</b>				
Net profit attributable to the Company's ordinary shareholders (basic and diluted)	\$ <u>7,527,195</u>	<u>1,613,376</u>	<u>16,394,895</u>	<u>6,761,892</u>
Effect of dilutive potential ordinary shares	-	-		
Weighted-average number of ordinary shares (basic)	3,087,654	3,072,893	3,084,679	3,062,632
Effect of employee share option	1,289	3,184	1,594	10,073
Effect of employee remuneration	<u>23,860</u>	<u>8,588</u>	<u>25,132</u>	<u>10,586</u>
Weighted-average number of ordinary shares (diluted)	<u>3,112,803</u>	<u>3,084,665</u>	<u>3,111,405</u>	<u>3,083,291</u>
Diluted earnings per share (dollar)	\$ <u>2.42</u>	<u>0.52</u>	<u>5.27</u>	<u>2.19</u>

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

(p) Revenue from contracts with customers

(i) Disaggregation of revenue

	<b>For the three months ended September 30, 2021</b>		
	<b>Manufacturing department</b>	<b>Overseas sales department</b>	<b>Total</b>
Primary geographic markets:			
Taiwan	\$ 8,111,925	313,244	8,425,169
Japan	-	965,255	965,255
Malaysia	156,184	546,789	702,973
Korea	41,829	104,115	145,944
China	8,112,578	2,507,419	10,619,997
USA	69,597	409,124	478,721
Thailand	337,054	723,379	1,060,433
Germany	-	316,978	316,978
Vietnam	-	103,074	103,074
Singapore	139,242	97,155	236,397
Other countries	170,378	611,809	782,187
	<b>\$ 17,138,787</b>	<b>6,698,341</b>	<b>23,837,128</b>
Major products line:			
Dynamic Random Access Memory (DRAM)	\$ 17,109,070	6,698,090	23,807,160
Other	29,717	251	29,968
	<b>\$ 17,138,787</b>	<b>6,698,341</b>	<b>23,837,128</b>
	<b>For the three months ended September 30, 2020</b>		
	<b>Manufacturing department</b>	<b>Overseas sales department</b>	<b>Total</b>
Primary geographic markets:			
Taiwan	\$ 3,697,795	386,799	4,084,594
Japan	-	335,274	335,274
Malaysia	138,976	317,625	456,601
Korea	15,663	96,780	112,443
China	6,823,689	2,072,862	8,896,551
USA	18,989	117,387	136,376
Thailand	106,614	353,827	460,441
Germany	-	131,536	131,536
Vietnam	6,358	179,805	186,163
Singapore	56,222	67,135	123,357
Other countries	6,399	394,132	400,531
	<b>\$ 10,870,705</b>	<b>4,453,162</b>	<b>15,323,867</b>

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	<b>For the three months ended September 30, 2020</b>		
	<b>Manufacturing department</b>	<b>Overseas sales department</b>	<b>Total</b>
Major products line:			
Dynamic Random Access Memory (DRAM)	\$ 10,829,924	4,452,898	15,282,822
Other	40,781	264	41,045
	<b>\$ 10,870,705</b>	<b>4,453,162</b>	<b>15,323,867</b>
	<b>For the nine months ended September 30, 2021</b>		
	<b>Manufacturing department</b>	<b>Overseas sales department</b>	<b>Total</b>
Primary geographic markets:			
Taiwan	\$ 21,594,105	1,057,090	22,651,195
Japan	-	2,430,331	2,430,331
Malaysia	263,720	1,218,223	1,481,943
Korea	106,299	259,532	365,831
China	23,797,444	6,474,874	30,272,318
USA	117,981	724,734	842,715
Thailand	655,498	1,543,740	2,199,238
Germany	-	879,703	879,703
Vietnam	22,350	443,889	466,239
Singapore	272,779	258,406	531,185
Other countries	303,566	1,780,945	2,084,511
	<b>\$ 47,133,742</b>	<b>17,071,467</b>	<b>64,205,209</b>
Major products line:			
Dynamic Random Access Memory (DRAM)	\$ 47,035,216	17,070,709	64,105,925
Others	98,526	758	99,284
	<b>\$ 47,133,742</b>	<b>17,071,467</b>	<b>64,205,209</b>

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**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
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	<b>For the nine months ended September 30, 2020</b>		
	<b>Manufacturing department</b>	<b>Overseas sales department</b>	<b>Total</b>
Primary geographic markets:			
Taiwan	\$ 12,647,765	1,360,838	14,008,603
Japan	-	1,131,487	1,131,487
Malaysia	261,367	927,946	1,189,313
Korea	62,417	340,969	403,386
China	19,847,615	5,565,690	25,413,305
USA	51,618	361,404	413,022
Thailand	374,086	870,558	1,244,644
Germany	-	411,723	411,723
Vietnam	61,094	389,236	450,330
Singapore	206,033	203,572	409,605
Other countries	150,483	1,006,193	1,156,676
	<b>\$ 33,662,478</b>	<b>12,569,616</b>	<b>46,232,094</b>
Major products line:			
Dynamic Random Access Memory (DRAM)	\$ 33,557,686	12,568,811	46,126,497
Others	104,792	805	105,597
	<b>\$ 33,662,478</b>	<b>12,569,616</b>	<b>46,232,094</b>

## (ii) Contract balances

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
Accounts receivable	\$ 12,961,380	7,867,928	9,636,173
Accounts receivable- related parties	-	8,237	1,384
Total	<b>\$ 12,961,380</b>	<b>7,876,165</b>	<b>9,637,557</b>

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

## (q) 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.

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**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
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The estimated employee remuneration which was charged to profit or loss under operating costs or expense amounted to \$635,740, \$41,929, \$1,572,384 and \$493,822 for the three months and nine months ended September 30, 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.

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. Related information would be available at the Market Observation Post System website.

(r) Non-operating income and expenses

(i) Interest income

	<b>For the three months ended</b>		<b>For the nine months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Interest income from bank deposits and short-term notes	\$ 39,477	89,224	154,059	526,093
Interest income from financial lease receivables	13,817	18,990	45,446	60,571
	<b>\$ 53,294</b>	<b>108,214</b>	<b>199,505</b>	<b>586,664</b>

(ii) Other gains and losses

	<b>For the three months</b>		<b>For the nine months</b>	
	<b>ended September 30,</b>		<b>ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Withholding tax refund	\$ 2,835	-	45,528	-
Losses on disposal of property, plant and equipment	-	(6,671)	(62)	(6,651)
Foreign exchange gains (losses)	101,484	(228,511)	(230,947)	(352,725)
Reversal of impairment losses (impairment losses) on non-financial assets	(390)	-	479	-
Others	33,607	39,858	96,702	132,061
	<b>\$ 137,536</b>	<b>(195,324)</b>	<b>(88,300)</b>	<b>(227,315)</b>

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

(iii) Finance costs

	<b>For the three months ended September 30,</b>		<b>For the nine months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Interest amortization of lease liability	\$ 5,892	6,276	17,873	6,688
Financing from other related parties	-	27	-	87
Others	-	47	14	142
	<b>\$ 5,892</b>	<b>6,350</b>	<b>17,887</b>	<b>6,917</b>

(s) 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) Credit risk of receivables

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 September 30, 2021, December 31 and September 30, 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.

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**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
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(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>September 30, 2021</b>							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 6,417,948	6,417,948	6,417,948	-	-	-	-
Other payables (including related parties)	7,380,503	7,380,503	7,380,503	-	-	-	-
Lease liabilities (including current portion)	1,724,495	1,827,099	109,964	109,964	219,878	624,213	763,080
	<u>\$ 15,522,946</u>	<u>15,625,550</u>	<u>13,908,415</u>	<u>109,964</u>	<u>219,878</u>	<u>624,213</u>	<u>763,080</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>September 30, 2020</b>							
Non-derivative financial liabilities							
Financing from other related parties	\$ 3,406	3,511	-	3,511	-	-	-
Accounts payable (including related parties)	4,077,641	4,077,641	4,077,641	-	-	-	-
Other payables (including related parties)	5,420,501	5,420,501	5,420,501	-	-	-	-
Lease liabilities- current	1,840,318	1,964,784	100,758	100,758	201,517	806,065	755,686
	<u>\$ 11,341,866</u>	<u>11,466,437</u>	<u>9,598,900</u>	<u>104,269</u>	<u>201,517</u>	<u>806,065</u>	<u>755,686</u>

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

(iii) Market risk

1) Exposure to currency risk

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

	September 30, 2021			December 31, 2020			September 30, 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	\$ 786,453	27.866	21,915,299	299,515	28.508	8,538,574	395,950	29.126	11,532,440
JPY	1,925,086	0.2488	478,961	770,896	0.2724	209,992	17,783	0.2744	4,880
EUR	30	32.3037	969	42	34.5600	1,452	105	34.0506	3,575
HKD	21,588	3.5783	77,248	1,379	3.6257	5,000	767,790	3.7416	2,872,763
Financial liabilities:									
Monetary items									
USD	\$ 118,011	27.866	3,288,495	115,140	28.508	3,282,411	146,068	29.126	4,254,377
JPY	1,588,257	0.2488	395,158	1,272,668	0.2724	346,675	4,536,290	0.2744	1,244,758
EUR	120,045	32.3037	3,877,898	150	34.5600	5,184	921	34.0506	31,361

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**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
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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 September 30, 2021 and 2020 would have decreased and increased the net income before tax by \$149,109 and \$88,832 for the nine months ended September 30, 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 nine months ended September 30, 2021 and 2020, foreign exchange loss (including realized and unrealized portions) amounted to \$230,947 and \$352,725, 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.

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 nine months ended September 30, 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.

<u>Prices of securities at the reporting date</u>	<b>For the nine months ended September 30,</b>	
	<u>2021</u>	<u>2020</u>
	<b>Other comprehensive income after tax</b>	<b>Other comprehensive income after tax</b>
Increase 1%	\$ 46	-
Decrease 1%	(46)	-

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

	September 30, 2020				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 47,125,617	-	-	-	-
Accounts receivable (including related parties)	9,637,557	-	-	-	-
Other receivables	1,605,787	-	-	-	-
Lease payments receivable (including current portion)	738,223	-	-	-	-
Total	<u>\$ 59,107,184</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 4,077,641	-	-	-	-
Other payables (including related parties)	5,423,907	-	-	-	-
Lease liabilities (including current portion)	1,840,318	-	-	-	-
Total	<u>\$ 11,341,866</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, 2021 and 2020, there was no transfer from financial assets.

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	<u>Unquoted equity instruments</u>
Balance as of January 1, 2021	\$ -
Purchased	6,000
Total losses recognized in other comprehensive income	(300)
Balance as of September 30, 2021	<u>\$ 5,700</u>
Balances as of January 1, 2020 (and September 30, 2020)	<u>\$ -</u>

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

For the years ended September 30, 2021 and 2020, total losses that were included in “unrealized losses from existing financial assets at fair value through other comprehensive income” were as follows:

	<b>For the nine months ended September 30</b>	
	<b>2021</b>	<b>2020</b>
	Total losses recognized in other comprehensive income, and presented in “unrealized losses from financial assets at fair value through other comprehensive income”	<b>\$ 240</b>

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

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

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

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, 2021 was 5%	·The higher the discount for lack of marketability, the lower the fair value.

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

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

September 30, 2021	<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>	
	Financial assets at fair value through other comprehensive income equity investments without an active market	Discount for lack of marketability	1%	48	(48)

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

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.

(t) 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.

(u) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 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.

(v) 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, 2021 and 2020 were as follows:

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

(ii)

	<b>For the nine months ended</b>	
	<b>September 30,</b>	
	<b>2021</b>	<b>2020</b>
Acquisition of property, plant and equipment	\$ 10,688,383	6,220,929
Add: Payables on equipment at beginning of period	693,313	973,002
Less: Payables on equipment at end of period	(4,862,779)	(2,099,018)
Others	-	(167,843)
Cash Paid	<u>\$ 6,518,917</u>	<u>4,927,070</u>

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

	January 1, 2020	Cash flow	Non-Cash changes		September 30, 2021	
			Change in an index of lease payment	Decreased by other payables		
Lease liabilities	\$ <u>1,796,084</u>	<u>(139,181)</u>	<u>17,429</u>	<u>50,459</u>	<u>(296)</u>	<u>1,724,495</u>

  

	January 1, 2019	Cash flow	Non-Cash changes		September 30, 2020	
			Increased by other payables	Interest expense		
Lease liabilities	\$ <u>99,924</u>	<u>(144,225)</u>	<u>1,884,277</u>	<u>(70)</u>	<u>412</u>	<u>1,840,318</u>

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

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

(a) Names and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Formosa 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

<u>Relationship</u>	<u>Sales</u>				<u>Accounts receivable to related parties</u>		
	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>		<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>			
Associates	\$ -	1,337	-	1,337	-	8,237	1,384

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, 2021	December 31, 2020	September 30, 2020
	2021	2020	2021	2020			
Entities with significant influence over the Group	\$ 29,932	18,447	84,821	62,499	12,049	9,686	5,882
Associates	121	37	852	801	-	-	-
Other related parties:							
Formosa Sumco Technology Corporation	171,866	151,799	513,896	453,248	108,174	71,257	100,175
Other related parties	<u>72,243</u>	<u>64,968</u>	<u>208,733</u>	<u>166,026</u>	<u>9,227</u>	<u>3,735</u>	<u>3,836</u>
	<u>\$ 274,162</u>	<u>235,251</u>	<u>808,302</u>	<u>682,574</u>	<u>129,450</u>	<u>84,678</u>	<u>109,893</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				Other payables to related parties		
	For the three months ended September 30,		For the nine months ended September 30,		September 30, 2021	December 31, 2020	September 30, 2020
	2021	2020	2021	2020			
Associates	\$ <u>1,953,428</u>	<u>1,701,480</u>	<u>5,782,108</u>	<u>5,463,007</u>	<u>1,255,442</u>	<u>1,049,080</u>	<u>1,022,841</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 September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Other related parties:				
Formosa Technologies (Nanjing) Corporation	\$ -	<u>27</u>	-	<u>87</u>

  

Relationship	Other payables to related parties					
	Balance of borrowings			Interest payable		
	September 30, 2021	December 31, 2020	September 30, 2020	September 30, 2021	December 31, 2020	September 30, 2020
Other related parties:						
Formosa Technologies (Nanjing) Corporation	\$ -	-	<u>3,406</u>	-	-	<u>30</u>

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

## (v) Property transactions

## 1) Acquisition of equipment

<u>Relationship</u>	<u>Acquisition price</u>		<u>Other payables to related parties</u>		
	<u>For the six months ended</u>		<u>September</u>	<u>December</u>	<u>September</u>
	<u>September 30,</u>				
	<u>2021</u>	<u>2020</u>			
Entities with significant influence over the Group	\$ 31,772	24,650	16,617	20,830	24,650
Other related parties	4,076	-	2,446	-	-
	<u>\$ 35,848</u>	<u>24,650</u>	<u>19,063</u>	<u>20,830</u>	<u>24,650</u>

## (vi) Leases

<u>Relationship</u>	<u>Acquisition price</u>			
	<u>For the three months ended</u>		<u>For the six months ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Entities with significant influence over the Group	<u>\$ 16,805</u>	<u>15,311</u>	<u>49,743</u>	<u>45,940</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 and nine months ended September 30, 2021 and 2020, the Group recognized the amount of \$5,752, \$6,276, \$17,690 and \$6,688, as interest expense, respectively. Furthermore, as of September 30, 2021, December 31 and September 30, 2020, the balance of lease liabilities amounted to \$1,678,751, \$1,796,084 and \$1,840,318, respectively.

For the nine months ended September 30, 2021 and 2020, the Group recognized the additions of the right-of-use asset amounting to \$0 and \$1,884,277, respectively. For the details of right-of-use asset, please refer to Note6(h).

## (vii) Others

<u>Relationship</u>	<u>Other income</u>			
	<u>For the three months ended</u>		<u>For the six months ended</u>	
	<u>September 30,</u>		<u>September 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Associates	<u>\$ 122</u>	<u>2,476</u>	<u>602</u>	<u>2,476</u>

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

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<b>For the nine months ended September 30,</b>		<b>For the nine months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Short-term employee benefits	\$ 30,982	42,028	53,964	66,850
Share-based payment	5,696	-	5,696	702
	<b>\$ 36,678</b>	<b>42,028</b>	<b>59,660</b>	<b>67,552</b>

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

**(8) Pledged assets:**

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

<b>Pledged assets</b>	<b>Object</b>	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
Other non-current assets	Office leasing	\$ 5,436	5,573	4,985
Other non-current assets	Remitted funds for investment plan	-	-	926,032
		<b>\$ 5,436</b>	<b>5,573</b>	<b>931,017</b>

**(9) Commitments and contingencies:**

(a) Significant commitments

	<b>September 30, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>
Guarantees for importation goods provided by bank	\$ 835,000	935,000	935,000
Unused letters of credit	106,072	660,779	295,299
Total	<b>\$ 941,072</b>	<b>1,595,779</b>	<b>1,230,299</b>

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

(b) Contingent liabilities

- (i) In 2000, the Company was charged by Brazil's Ministry of Justice as being involved in the International Monopolies, which influences Brazil's DRAM market. Consequently, the Company, other large international companies and individuals are investigated at the same time. The lawsuit was in a court hearing. The Company has engaged counsels to properly handle it to ensure the Company's rights.
- (ii) In 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.
- (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 September 30, 2021 and 2020, the payment amounting to \$ 357,800 and \$200,950 had been recognized by the Company.
  - 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: None**

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

**(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, 2021			For the three months ended September 30, 2020		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salaries	1,037,822	788,781	1,826,603	651,474	561,786	1,213,260
Labor and health insurance	52,243	48,081	100,324	48,306	42,495	90,801
Pension expenses	25,082	22,704	47,786	24,972	23,738	48,710
Remuneration of directors	-	1,750	1,750	-	1,550	1,550
Other personnel expenses	17,606	8,151	25,757	18,235	8,092	26,327
Depreciation expenses	3,701,152	126,318	3,827,470	3,419,986	110,155	3,530,141
Amortization expenses	65,229	-	65,229	126,831	1,267	128,098

	For the nine months ended September 30, 2021			For the nine months ended September 30, 2020		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salaries	3,024,286	2,292,218	5,316,504	2,300,147	1,713,279	4,013,426
Labor and health insurance	156,440	142,011	298,451	146,506	122,715	269,221
Pension expenses	75,356	70,610	145,966	74,829	65,839	140,668
Remuneration for directors	-	4,870	4,870	-	4,800	4,800
Other personnel expenses	52,946	24,454	77,400	55,039	21,818	76,857
Depreciation expenses	10,904,458	367,908	11,272,366	10,322,877	321,697	10,644,574
Amortization expenses	195,167	-	195,167	171,657	1,267	172,924

- (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 nine months ended September 30, 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):

(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	-	5,700	2.46 %	5,700	

- (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)	(8,409,649)	(13.16)%	O/A 60-90Days	-	-	3,030,678	23.08%	(Note)
The Company	Nanya Technology Corp., Japan	Subsidiary	(Sale)	(4,486,254)	(7.02)%	O/A 180Days	-	-	756,660	5.76%	(Note)
The Company	Nanya Technology Corp., Europe GmbH	Subsidiary	(Sale)	(3,728,770)	(5.84)%	O/A 60-90Days	-	-	1,080,459	8.23%	(Note)
The Company	Nanya Technology Corp., HK	subsidiary	(Sale)	(126,089)	(0.20)%	O/A 60-90 Days	-	-	33,825	0.26%	(Note)
Nanya Technology Corp., Delaware	Nanya Technology Corp	The parent company	(Sale)	(320,878)	(100.00)%	O/A 60-90 Days	-	-	30,764	100.00%	(Note)
Nanya Technology Corp., U.S.A	Nanya Technology Corp	The parent company	Purchase	8,409,649	100.00%	O/A 60-90Days	-	-	(3,030,678)	(100.00)%	(Note)
Nanya Technology Corp., Japan	Nanya Technology Corp	The parent company	Purchase	4,486,254	100.00%	O/A 180Days	-	-	(756,660)	(100.00)%	(Note)
Nanya Technology Corp., Europe GmbH	Nanya Technology Corp	The parent company	Purchase	3,728,770	100.00%	O/A 60-90Days	-	-	(1,080,459)	(100.00)%	(Note)
Nanya Technology Corp., HK	Nanya Technology Corp	The parent company	Purchase	126,089	100.00%	O/A 60-90Days	-	-	(33,825)	(100.00)%	(Note)
The Company	Formosa Sumco Technology Corporation	Other related parties	Purchase	513,896	5.66%	O/A 60Days	-	-	(108,174)	(1.69)%	-
The Company	Formosa Biomedical Technology Corporation	Other related parties	Purchase	150,122	1.65%	Payment after arrival and inspection of good	-	-	(4,893)	(0.08)%	-

(Continued)

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

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	3,030,678	5.02	-	-	1,322,876	-
The Company	Nanya Technology Corp., Japan	Subsidiary	756,660	7.99	-	-	380,518	-
The Company	Nanya Technology Europe GmbH	Subsidiary	1,080,459	6.43	-	-	330,213	-

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

(ix) Trading in derivative instruments: None

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
0	Nanya Technology Corp.	Nanya Technology Corp., U.S.A	1	Sales	8,409,649	On the basis of general conditions	13.10%
0	Nanya Technology Corp.	Nanya Technology Corp., Japan	1	Sales	4,486,254	On the basis of general conditions	6.99%
0	Nanya Technology Corp.	Nanya Technology Europe GmbH	1	Sales	3,728,770	On the basis of general conditions	5.81%
0	Nanya Technology Corp.	Nanya Technology Corp. HK	1	Sales	126,089	On the basis of general conditions	0.20%
1	Nanya Technology Corp. Delaware	Nanya Technology Corp.	2	Sales	320,878	On the basis of general conditions	0.50%
0	Nanya Technology Corp.	Nanya Technology Corp., U.S.A	1	Accounts receivable	3,030,678	On the basis of general conditions	1.63%
0	Nanya Technology Corp.	Nanya Technology Corp., Japan	1	Accounts receivable	756,660	On the basis of general conditions	0.41%
0	Nanya Technology Corp.	Nanya Technology Europe GmbH	1	Accounts receivable	1,080,459	On the basis of general conditions	0.58%
0	Nanya Technology Corp.	Nanya Technology Corp. HK	1	Accounts receivable	33,825	On the basis of general conditions	0.02%
1	Nanya Technology Corp. Delaware	Nanya Technology Corp.	2	Accounts receivable	30,764	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.

(Continued)

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

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

The following is the information on investees for the nine months ended September 30, 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 September 30, 2021			Net income of investee	Share of profits of investee	Note
				September 30, 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 %	174,210	21,128	21,128	(Note1)
The Company	Nanya Technology Corp., Delaware	U.S.A.	Design of semiconductor products	36,005	36,005	-	100.00 %	183,774	15,770	15,770	(Note1)
The Company	Nanya Technology Corp., HK	Hong Kong	Sales of semiconductor products	66,271	66,271	20	100.00 %	91,235	25,812	25,812	(Note1)
The Company	Nanya Technology Corp., Japan	Japan	Sales of semiconductor products	20,161	20,161	1	100.00 %	291,104	143,847	143,847	(Note1)
The Company	Nanya Technology International, Ltd.	British Virgin Island	General investment business	48,145,600	37,004,400	2	100.00 %	44,618,105	114,812	114,812	(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 %	5,206,948	1,133,452	386,534	(Note 2)
Nanya Technology Corp., HK	Nanya Technology Europe GmbH	Germany	Sales of semiconductor products	30,056	30,056	-	100.00 %	87,632	21,836	21,836	(Note1)

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

(2) Investment accounted for using equity method.

(c) Information on investment in mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 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	27,448 (USD985 thousand)	(2)	27,448 (USD985 thousand)	-	-	27,448 (USD985 thousand)	3,055	100.00%	3,055 (Note 2)	21,960	-

Note 1 : Three types of investments were as follows:

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

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

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

(ii) Limitation on investment in Mainland China:

(In Thousands of New Taiwan Dollars)

Accumulated Investment in Mainland China as of September 30, 2021 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment (Note 2)
27,448 (USD985 thousand)	27,448 (USD985 thousand)	99,907,628

Note 1 : The exchange rate of New Taiwan dollars to US dollars on September 30, 2021 was USD1 : TWD 27.866

Note 2 : 60% of net equity.

(iii) Significant transactions: None

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

(d) Information on major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Nan Ya Plastics Corporation		907,303,775	29.29 %
Formosa Chemicals & Fibre Corporation		334,815,409	10.80 %
Formosa Plastics Corporation		334,815,409	10.80 %
Formosa Petrochemical Corp		334,815,409	10.80 %

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

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

**(14) Segment information:**

For the three months ended September 30, 2021						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 6,698,341	-	17,138,787	-	-	23,837,128
From sales among intersegments	8,692	121,853	6,588,889	-	(6,719,434)	-
Total revenue	<u>\$ 6,707,033</u>	<u>121,853</u>	<u>23,727,676</u>	<u>-</u>	<u>(6,719,434)</u>	<u>23,837,128</u>
Reportable segment profit or loss	<u>\$ 39,485</u>	<u>5,908</u>	<u>9,388,573</u>	<u>32,111</u>	<u>(77,077)</u>	<u>9,389,000</u>
For the three months ended September 30, 2020						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 4,453,162	-	10,870,705	-	-	15,323,867
From sales among intersegments	10,989	138,666	4,294,081	-	(4,443,736)	-
Total revenue	<u>\$ 4,464,151</u>	<u>138,666</u>	<u>15,164,786</u>	<u>-</u>	<u>(4,443,736)</u>	<u>15,323,867</u>
Reportable segment profit or loss	<u>\$ (714)</u>	<u>6,884</u>	<u>2,094,265</u>	<u>80,644</u>	<u>(86,538)</u>	<u>2,094,541</u>
For the nine months ended September 30, 2021						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 17,071,467	-	47,133,742	-	-	64,205,209
From sales among intersegments	38,985	320,878	16,750,761	-	(17,110,624)	-
Total revenue	<u>\$ 17,110,452</u>	<u>320,878</u>	<u>63,884,503</u>	<u>-</u>	<u>(17,110,624)</u>	<u>64,205,209</u>
Reportable segment profit or loss	<u>\$ 191,963</u>	<u>15,770</u>	<u>19,641,668</u>	<u>114,812</u>	<u>(321,368)</u>	<u>19,642,845</u>

(Continued)

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

For the nine months ended September 30, 2020						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 12,569,616	-	33,662,478	-	-	46,232,094
From sales among intersegments	33,825	341,659	12,324,821	-	(12,700,305)	-
Total revenue	<u>\$ 12,603,441</u>	<u>341,659</u>	<u>45,987,299</u>	<u>-</u>	<u>(12,700,305)</u>	<u>46,232,094</u>
Reportable segment profit or loss	<u>\$ 22,248</u>	<u>17,423</u>	<u>7,853,462</u>	<u>481,002</u>	<u>(519,764)</u>	<u>7,854,371</u>
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Reportable segment assets						
Balance at September 30, 2021	<u>\$ 5,551,069</u>	<u>187,627</u>	<u>186,253,509</u>	<u>44,618,105</u>	<u>(50,306,110)</u>	<u>186,304,200</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 September 30, 2020	<u>\$ 3,802,276</u>	<u>176,415</u>	<u>167,229,704</u>	<u>35,032,525</u>	<u>(39,034,455)</u>	<u>167,206,465</u>
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Others divisions	Adjustments and eliminated	Total
Reportable segment liabilities						
Balance at September 30, 2021	<u>\$ 4,982,043</u>	<u>3,853</u>	<u>19,740,796</u>	<u>-</u>	<u>(4,935,205)</u>	<u>19,791,487</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 September 30, 2020	<u>\$ 3,383,158</u>	<u>1,057</u>	<u>13,831,135</u>	<u>-</u>	<u>(3,407,454)</u>	<u>13,807,896</u>