

**NANYA TECHNOLOGY CORPORATION AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2022 and 2021**

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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, 2022 and 2021, the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2022 and 2021, as well as the changes in equity and cash flows for the nine months ended September 30, 2022 and 2021, 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, 2022 and 2021, and of its consolidated financial performance for the three months and nine months ended September 30, 2022 and 2021, as well as its consolidated cash flows for the nine months ended September 30, 2022 and 2021 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 2, 2022

Notes to Readers

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

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

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

Nanya Technology Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the three months and nine months ended September 30, 2022 and 2021

(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,			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue (Note (o))	\$ 11,021,725	100	23,837,128	100	48,998,722	100	64,205,209	100
5000 Operating costs (Notes (f), (g), (i), (j), (m), (p) and 7)	<u>(7,425,165)</u>	<u>(67)</u>	<u>(12,101,931)</u>	<u>(51)</u>	<u>(28,693,536)</u>	<u>(58)</u>	<u>(37,724,674)</u>	<u>(59)</u>
Gross profit from operations	<u>3,596,560</u>	<u>33</u>	<u>11,735,197</u>	<u>49</u>	<u>20,305,186</u>	<u>42</u>	<u>26,480,535</u>	<u>41</u>
Operating expenses (Notes (f), (g), (i), (j), (m), (p) and 7):								
6100 Selling expenses	(175,994)	(2)	(222,783)	(1)	(577,499)	(1)	(631,886)	(1)
6200 Administrative expenses	(443,909)	(3)	(419,637)	(2)	(1,298,842)	(3)	(1,141,578)	(2)
6300 Research and development expenses	<u>(2,056,622)</u>	<u>(19)</u>	<u>(2,019,837)</u>	<u>(8)</u>	<u>(5,882,462)</u>	<u>(12)</u>	<u>(5,544,078)</u>	<u>(9)</u>
Total operating expenses	<u>(2,676,525)</u>	<u>(24)</u>	<u>(2,662,257)</u>	<u>(11)</u>	<u>(7,758,803)</u>	<u>(16)</u>	<u>(7,317,542)</u>	<u>(12)</u>
Net operating income	<u>920,035</u>	<u>9</u>	<u>9,072,940</u>	<u>38</u>	<u>12,546,383</u>	<u>26</u>	<u>19,162,993</u>	<u>29</u>
Non-operating income and expenses (Notes (e), (f), (h), (i), (q) and 7):								
7100 Interest income	426,927	4	53,294	-	685,159	1	199,505	-
7010 Other income	-	-	-	-	514,382	1	-	-
7020 Other gains and losses, net	1,691,861	15	137,536	1	4,050,179	8	(88,300)	-
7050 Finance costs	(16,918)	-	(5,892)	-	(32,139)	-	(17,887)	-
7060 Share of profit of associates accounted for using equity method, net	<u>140,680</u>	<u>1</u>	<u>131,122</u>	<u>-</u>	<u>531,836</u>	<u>1</u>	<u>386,534</u>	<u>1</u>
Total non-operating income and expenses	<u>2,242,550</u>	<u>20</u>	<u>316,060</u>	<u>1</u>	<u>5,749,417</u>	<u>11</u>	<u>479,852</u>	<u>1</u>
7900 Profit before tax	3,162,585	29	9,389,000	39	18,295,800	37	19,642,845	30
7950 Income tax expenses (Note (k))	<u>(521,994)</u>	<u>(5)</u>	<u>(1,861,805)</u>	<u>(8)</u>	<u>(2,530,349)</u>	<u>(5)</u>	<u>(3,247,950)</u>	<u>(5)</u>
Profit	<u>2,640,591</u>	<u>24</u>	<u>7,527,195</u>	<u>31</u>	<u>15,765,451</u>	<u>32</u>	<u>16,394,895</u>	<u>25</u>
8300 Other comprehensive income (Notes (k) and (l)):								
8310 Components of other comprehensive income that will not be reclassified to profit or loss								
8316 Unrealized gain (losses) from investments in equity instruments measured at fair value through other comprehensive income	381	-	(300)	-	148	-	(300)	-
8320 Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(73,749)	(1)	(30,354)	-	(178,856)	-	(14,631)	-
8349 Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>76</u>	<u>-</u>	<u>(60)</u>	<u>-</u>	<u>30</u>	<u>-</u>	<u>(60)</u>	<u>-</u>
Components of other comprehensive income (loss) that will not be reclassified to profit or loss	<u>(73,444)</u>	<u>(1)</u>	<u>(30,594)</u>	<u>-</u>	<u>(178,738)</u>	<u>-</u>	<u>(14,871)</u>	<u>-</u>
8360 Components of other comprehensive income that may be reclassified to profit or loss								
8361 Exchange differences on translation of foreign financial statements	3,298,657	30	(4,911)	-	6,550,993	13	(800,850)	(1)
8399 Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss	-	-	-	-	-	-	-	-
Components of other comprehensive income that may be reclassified to profit or loss	<u>3,298,657</u>	<u>30</u>	<u>(4,911)</u>	<u>-</u>	<u>6,550,993</u>	<u>13</u>	<u>(800,850)</u>	<u>(1)</u>
8300 Other comprehensive income, net	<u>3,225,213</u>	<u>29</u>	<u>(35,505)</u>	<u>-</u>	<u>6,372,255</u>	<u>13</u>	<u>(815,721)</u>	<u>(1)</u>
8500 Comprehensive income	<u>\$ 5,865,804</u>	<u>53</u>	<u>7,491,690</u>	<u>31</u>	<u>22,137,706</u>	<u>45</u>	<u>15,579,174</u>	<u>24</u>
Earnings per share (Note (n))								
9750 Basic earnings per share	<u>\$ 0.85</u>		<u>2.44</u>		<u>5.09</u>		<u>5.31</u>	
9850 Diluted earnings per share	<u>\$ 0.85</u>		<u>2.42</u>		<u>5.05</u>		<u>5.27</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
Consolidated Statements of Changes in Equity
For the nine months ended September 30, 2022 and 2021
(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
Balance at January 1, 2021	\$ 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
Balance at September 30, 2021	\$ 30,970,839	7,728	32,797,819	14,879,816	3,011,507	89,050,146	(3,694,582)	(132,646)	(3,827,228)	(377,914)	166,512,713
Balance at January 1, 2022	\$ 30,968,749	4,508	32,804,505	14,879,816	3,011,507	95,425,925	(3,985,925)	(131,017)	(4,116,942)	-	172,978,068
Net profit for the nine months ended September 30, 2022	-	-	-	-	-	15,765,451	-	-	-	-	15,765,451
Other comprehensive income for the nine months ended September 30, 2022	-	-	-	-	-	-	6,550,993	(178,738)	6,372,255	-	6,372,255
Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	-	15,765,451	6,550,993	(178,738)	6,372,255	-	22,137,706
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	-	2,277,068	-	(2,277,068)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	1,105,435	(1,105,435)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(11,470,000)	-	-	-	-	(11,470,000)
Other changes in capital surplus:											
Changes in equity of associates accounted for using equity method	-	-	22	-	-	-	-	-	-	-	22
Past due unclaimed dividends	-	-	64	-	-	-	-	-	-	-	64
Exercise of employee share options	8,030	4,118	14,398	-	-	-	-	-	-	-	26,546
Balance at September 30, 2022	\$ 30,976,779	8,626	32,818,989	17,156,884	4,116,942	96,338,873	2,565,068	(309,755)	2,255,313	-	183,672,406

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, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30,	
	2022	2021
Cash flows from operating activities:		
Profit before tax	\$ 18,295,800	19,642,845
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	11,291,255	11,272,366
Amortization expense	193,952	195,167
Interest expense	32,139	17,887
Interest income	(685,159)	(199,505)
Share-based payments	-	282,969
Share of profit of associates accounted for using equity method	(531,836)	(386,534)
Gain or loss on disposal of property, plant and equipment	(35,601)	62
Impairment loss (reversal of impairment loss) on non-financial assets	50,136	(479)
Unrealized foreign exchange gain	(785,814)	(218,157)
Total adjustments to reconcile profit	9,529,072	10,963,776
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	5,101,504	(5,037,413)
Other receivables	(579,685)	103,001
Inventories	(7,334,382)	3,256,647
Prepayments	(160,915)	(305,763)
Other current assets	(322,526)	345,351
Accounts payable (including related parties)	401,518	206,432
Other payables (including related parties)	(1,465,299)	2,158,723
Other current liabilities	304	(74,730)
Net defined benefit liability	(11,045)	(15,688)
Other non-current liabilities	787	10,883
Total net changes in operating assets and liabilities	(4,369,739)	647,443
Cash inflow generated from operations	23,455,133	31,254,064
Interest received	520,225	152,299
Interest paid	(28,459)	(18,018)
Income taxes paid	(3,564,647)	(1,252,986)
Net cash flows from operating activities	20,382,252	30,135,359
Cash flows used in investing activities:		
Acquisition of financial assets designated at fair value through profit or loss	(6,000)	(6,000)
Acquisition of property, plant and equipment	(14,060,575)	(6,518,917)
Proceeds from disposal of property, plant and equipment	56,581	-
Increase in refundable deposits	(45,402)	(20,555)
Acquisition of intangible assets	(165,958)	(165,958)
Decrease in lease and installment receivables	198,248	198,248
Increase in other non-current assets	(891)	(10,409)
Dividends received	353,778	325,475
Net cash flows used in investing activities	(13,670,219)	(6,198,116)
Cash flows used in financing activities:		
Decrease in guarantee deposits received	6,385	(37,832)
Payment of lease liabilities	(194,268)	(139,181)
Cash dividends paid	(11,470,000)	(4,000,000)
Exercise of employee share options	26,546	70,980
Treasury shares transferred to employees	-	767,425
Net cash flows used (in) from financing activities	(11,631,337)	(3,338,608)
Effect of exchange rate changes on cash and cash equivalents	7,231,158	(766,594)
Net increase in cash and cash equivalents	2,311,854	19,832,041
Cash and cash equivalents at beginning of period	80,699,971	51,725,906
Cash and cash equivalents at end of period	\$ 83,011,825	71,557,947

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, 2022 and 2021

(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 2, 2022.

(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, 2022:

- 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”

- (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, 2023, would not have a significant impact on its consolidated financial statements:

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

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (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:

Standards or Interpretations	Content of amendment	Effective date per IASB
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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant accounting policies:

- (a) Statement of compliance

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

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the 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, 2021. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2021.

(b) Basis of consolidation

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

Investor	The name of subsidiaries	Business activity	Shareholding		
			September 30, 2022	December 31, 2021	September 30, 2021
The Company	NANYA TECHNOLOGY CORP. U.S.A	Sales of semiconductor products	100.00 %	100.00 %	100.00 %
The Company	NANYA TECHNOLOGY CORP. Delaware	Design of semiconductor products	100.00 %	100.00 %	100.00 %
The Company	NANYA TECHNOLOGY CORP. H.K.	Sales of semiconductor products	100.00 %	100.00 %	100.00 %
The Company	NANYA TECHNOLOGY CORP. Japan	Sales of semiconductor products	100.00 %	100.00 %	100.00 %
The Company	NANYA TECHNOLOGY INTERNATIONAL LTD.	General investment business	100.00 %	100.00 %	100.00 %
NANYA TECHNOLOGY CORP. H.K.	NANYA TECHNOLOGY CORP., Europe GmbH	Sales of semiconductor products	100.00 %	100.00 %	100.00 %
NANYA TECHNOLOGY CORP. H.K.	NANYA TECHNOLOGY CORP. Shenzhen	Sales of semiconductor products	100.00 %	100.00 %	100.00 %

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

(c) Employee benefit

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

(d) Income taxes

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

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

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

(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, 2021. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2021.

(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, 2021. Please refer to Note 6 of the 2021 annual consolidated financial statements.

(a) Cash and cash equivalents

	September 30, 2022	December 31, 2021	September 30, 2021
Petty cash	\$ 36	83	120
Checking accounts and demand deposit	15,474,727	18,412,267	18,014,611
Cash equivalents:			
Time deposits	67,451,382	58,098,552	50,509,643
Commercial paper	-	2,378,765	2,032,891
Repurchase agreements collateralized by corporate bonds	<u>85,680</u>	<u>1,810,304</u>	<u>1,000,682</u>
	<u>\$ 83,011,825</u>	<u>80,699,971</u>	<u>71,557,947</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

	September 30, 2022	December 31, 2021	September 30, 2021
Notes receivable - from non-operating activities	\$ 30	-	-
Accounts receivable- measured at amortized cost	<u>6,730,921</u>	<u>11,568,536</u>	<u>12,961,380</u>
	<u>\$ 6,730,951</u>	<u>11,568,536</u>	<u>12,961,380</u>

(Continued)

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

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

September 30, 2022			
Due days	Notes and accounts receivables gross carrying amount	Weighted average loss rate	Loss allowance provision
Current	\$ 6,349,036	-	-
1 to 30 days past due	379,122	-	-
31 to 60 days past due	<u>2,793</u>	-	<u>-</u>
	<u>\$ 6,730,951</u>		<u>-</u>
December 31, 2021			
Due days	Accounts receivables gross carrying amount	Weighted average loss rate	Loss allowance provision
Current	\$ 11,384,699	-	-
1 to 30 days past due	<u>183,837</u>	-	<u>-</u>
	<u>\$ 11,568,536</u>		<u>-</u>
September 30, 2021			
Due days	Accounts receivables gross carrying amount	Weighted average loss rate	Loss allowance provision
Current	\$ 12,714,054	-	-
1 to 30 days past due	<u>247,326</u>	-	<u>-</u>
	<u>\$ 12,961,380</u>		<u>-</u>

The Group did not recognize any allowance for impairment loss as there were no uncollected notes and accounts receivable that were past due as of September 30, 2022, December 31 and September 30, 2021.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Other receivables

	September 30, 2022	December 31, 2021	September 30, 2021
Tax refund receivable	\$ 1,286,451	681,008	1,057,777
Lease payment receivable	247,763	229,131	223,238
Overpayment receivable of water utility bill	-	-	59,833
Interest receivable	164,306	28,029	31,492
Others	<u>25,773</u>	<u>51,531</u>	<u>49,793</u>
	<u>\$ 1,724,293</u>	<u>989,699</u>	<u>1,422,133</u>

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

(d) Inventories

	September 30, 2022	December 31, 2021	September 30, 2021
Raw materials	\$ 903,872	641,996	549,819
Work in progress	8,293,623	7,364,481	6,899,129
Finished goods	<u>9,748,122</u>	<u>3,604,758</u>	<u>3,421,387</u>
	<u>\$ 18,945,617</u>	<u>11,611,235</u>	<u>10,870,335</u>

The Group did not recognize any loss or gain from devaluation of inventories as there was no indication of impairment loss or net realizable value of inventories has increased because the circumstance that caused the inventory devaluation in prior period has improved on inventories for the three months and the nine months ended September 30, 2022 and 2021.

(e) Investments accounted for using equity method

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

	September 30, 2022	December 31, 2021	September 30, 2021
Associates	<u>\$ 5,338,255</u>	<u>5,339,031</u>	<u>5,206,948</u>

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

Name of Associates	Nature of Relationship to the Group	Registration Country	Percentage of ownership		
			September 30, 2022	December 31, 2021	September 30, 2021
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 %

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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The fair value of major associates listed on the Stock Exchange was as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Formosa Advanced Technologies Co., Ltd.	<u>\$ 16,362,222</u>	<u>17,290,889</u>	<u>16,804,444</u>

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

The financial information of FATC was as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Current assets	\$ 10,385,758	9,538,767	8,963,182
Non-current assets	4,046,851	4,693,324	4,742,954
Current liabilities	(1,390,819)	(1,402,448)	(1,298,350)
Non-current liabilities	(630,925)	(527,629)	(521,952)
Net asset	<u>\$ 12,410,865</u>	<u>12,302,014</u>	<u>11,885,834</u>
Net asset contributed to FATC	<u>\$ 12,410,865</u>	<u>12,302,014</u>	<u>11,885,834</u>

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Operating revenue	<u>\$ 2,670,776</u>	<u>2,448,632</u>	<u>7,932,504</u>	<u>7,449,895</u>
Profit	\$ 626,817	413,702	1,773,263	1,133,452
Other comprehensive loss	(230,465)	(94,857)	(558,924)	(45,722)
Total comprehensive income	<u>\$ 396,352</u>	<u>318,845</u>	<u>1,214,339</u>	<u>1,087,730</u>
Total comprehensive income contributed to FATC	<u>\$ 396,352</u>	<u>318,845</u>	<u>1,214,339</u>	<u>1,087,730</u>

	For the nine months ended September 30,	
	2022	2021
Share of net assets of the major associate at January 1	\$ 3,936,645	3,780,854
Total comprehensive income contributed to the Group	388,588	348,073
Uncollected dividends beyond the collection period which are reclassified to capital surplus	22	15
Cash dividends contributed to the Group	(353,778)	(325,475)
Share of net assets of major associate at September 30	3,971,477	3,803,467
Add: good will	1,463,162	1,463,162
Less: unrealized profits on upstream sales net assets of the associates	(96,384)	(59,681)
Total carrying amount of the major associate	<u>\$ 5,338,255</u>	<u>5,206,948</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Property, plant and equipment

	<u>Land</u>	<u>Building</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Under construction</u>	<u>Total</u>
Cost:						
Balance as of January 1, 2022	\$ 1,013,924	8,285,654	207,810,962	897,308	8,447,099	226,454,947
Additions	-	-	773,937	50,659	14,519,952	15,344,548
Disposals	-	-	(1,227,200)	(25,886)	-	(1,253,086)
Reclassification	-	-	7,565,737	1	(7,565,738)	-
Effect of exchange rate change	-	(147)	5,180	2,985	-	8,018
Balance as of September 30, 2022	<u>\$ 1,013,924</u>	<u>8,285,507</u>	<u>214,928,616</u>	<u>925,067</u>	<u>15,401,313</u>	<u>240,554,427</u>
Balance as of January 1, 2021	\$ 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)
Balance as of September 30, 2021	<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>
Accumulated depreciation / impairment loss:						
Balance as of January 1, 2022	\$ -	2,932,021	146,598,881	717,353	-	150,248,255
Depreciation for the period	-	244,105	10,775,562	52,765	-	11,072,432
Impairment loss	-	-	50,136	-	-	50,136
Disposals	-	-	(1,206,221)	(25,885)	-	(1,232,106)
Reclassification	-	-	130	(130)	-	-
Effect of exchange rate change	-	(137)	3,446	2,204	-	5,513
Balance as of September 30, 2022	<u>\$ -</u>	<u>3,175,989</u>	<u>156,221,934</u>	<u>746,307</u>	<u>-</u>	<u>160,144,230</u>
Balance as of January 1, 2021	\$ -	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)
Balance as of September 30, 2021	<u>\$ -</u>	<u>2,850,704</u>	<u>143,102,170</u>	<u>702,042</u>	<u>-</u>	<u>146,654,916</u>
Carrying amounts:						
Balance as of September 30, 2022	<u>\$ 1,013,924</u>	<u>5,109,518</u>	<u>58,706,682</u>	<u>178,760</u>	<u>15,401,313</u>	<u>80,410,197</u>
Balance as of December 31, 2021	<u>\$ 1,013,924</u>	<u>5,353,633</u>	<u>61,212,081</u>	<u>179,955</u>	<u>8,447,099</u>	<u>76,206,692</u>
Balance as of September 30, 2021	<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>

(g) Right-of-use assets

	<u>Land</u>	<u>Building</u>	<u>Total</u>
Cost :			
Balance at January 1, 2022	\$ 1,993,336	8,181	2,001,517
Additions	3,002,511	-	3,002,511
Balance at September 30, 2022	<u>\$ 4,995,847</u>	<u>8,181</u>	<u>5,004,028</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Building</u>	<u>Total</u>
Balance at January 1, 2021	\$ 1,884,277	-	1,884,277
Additions	<u>59,707</u>	<u>8,181</u>	<u>67,888</u>
Balance at September 30, 2021	<u>\$ 1,943,984</u>	<u>8,181</u>	<u>1,952,165</u>
Accumulated depreciation:			
Balance at January 1, 2022	\$ 292,993	1,432	294,425
Depreciation for the period	<u>216,246</u>	<u>2,577</u>	<u>218,823</u>
Balance at September 30, 2022	<u>\$ 509,239</u>	<u>4,009</u>	<u>513,248</u>
Balance at January 1, 2021	\$ 94,085	-	94,085
Depreciation for the period	<u>146,793</u>	<u>573</u>	<u>147,366</u>
Balance at September 30, 2021	<u>\$ 240,878</u>	<u>573</u>	<u>241,451</u>
Carrying Amount:			
Balance at September 30, 2022	<u>\$ 4,486,608</u>	<u>4,172</u>	<u>4,490,780</u>
Balance at December 31, 2021	<u>\$ 1,700,343</u>	<u>6,749</u>	<u>1,707,092</u>
Balance at September 30, 2021	<u>\$ 1,703,106</u>	<u>7,608</u>	<u>1,710,714</u>

(h) Lease receivables

- (i) On June 18, 2009, the Group signed an amended long-term lease agreement with Inotera Memories, Inc. (its name was changed to Micron Technology Taiwan in March 2017, referred to as "MTTW") on the lease of building, facilities and land located on 348, 348-1 and 348-3, Hwa Ya Section, Kueishan District, Taoyuan City. This amended lease agreement, which took effect retroactively from January 1, 2009, includes the renewal term. Initial lease term is from January 1, 2009 to December 31, 2018. However, MTTW is entitled to renew this amended lease agreement for an unlimited number of consecutive additional terms of five years each, by providing a written notice with the intention to renew the lease term commencing from January 1, 2019. MTTW has completed the renewal of its lease agreement, with a written notice on December 13, 2018. In addition, MTTW has an exclusive option to purchase the leased assets (including land, building and its facilities) for a total purchase price of USD50,000 thousand on and after January 1, 2024. Also, the rental receivable for the entire year of 2009 has been waived. Initial yearly rentals for the leased land was USD1,990 thousand and leased building (including facilities) was USD 13,010 thousand from January 1, 2010 to December 31, 2018; the first yearly renewal rentals for the leased land is USD1,990 thousand and building (including facilities) is USD8,010 thousand from January 1, 2019 to December 31, 2023; the subsequent yearly renewal rentals for the leased land will be USD1,990 thousand and building (including facilities) will be USD10 thousand commencing from January 1, 2024. The amended lease agreement for the building (including facilities) is treated as a capital lease because (a) the present value of the periodic rental payments made since the inception date is at least 90% of the market value of the leased assets and (b) the lease term is equal to 75% or more of the total estimated economic life of the leased assets. The land is treated as an operating lease.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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- (ii) The total lease receivable from the capital lease of the building (including facilities) was \$5,185,620 thousand; the implicit interest rate was 10.56%. The cost of the leased assets at the beginning of the lease period was \$2,656,223. The difference was recognized as unrealized interest revenue of \$2,529,397. For the three months and nine months ended September 30, 2022 and 2021, the Group recognized the interest revenue of \$8,073, \$13,817, \$28,657 and \$45,446, respectively, from the amortization of unrealized interest revenue.

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Less than one year	\$ 264,330	264,330	264,330
One to two years	66,082	264,330	264,330
Two to three years	-	-	66,082
Total lease payments receivable	330,412	528,660	594,742
Unearned finance income	(16,567)	(45,224)	(57,658)
Present value of lease payments receivable	<u>\$ 313,845</u>	<u>483,436</u>	<u>537,084</u>

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

- (i) Lease liabilities

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Current	\$ 348,528	214,928	197,973
Non-current	<u>\$ 4,173,295</u>	<u>1,509,673</u>	<u>1,526,522</u>

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

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Interest on lease liabilities	\$ 16,918	5,892	32,139	17,873
Expenses relating to short-term leases	<u>\$ 13,562</u>	<u>21,994</u>	<u>60,523</u>	<u>69,319</u>

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

	<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Total cash outflow for leases	<u>\$ 287,601</u>	<u>226,436</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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(i) Land lease

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

(ii) Other leases

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

(j) 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, 2021 and 2020.

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Operating cost	\$ 1,042	1,393	3,109	4,204
Operating expenses	701	969	2,114	2,879
Total	\$ 1,743	2,362	5,223	7,083

(ii) Defined contribution plans

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Operating cost	\$ 25,739	23,689	75,873	71,152
Operating expenses	23,396	21,735	69,849	67,731
Total	\$ 49,135	45,424	145,722	138,883

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Income tax

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

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Current tax expense				
Current period	\$ 426,475	1,810,220	3,147,074	3,681,087
Adjustment for prior periods	-	-	(1,212,504)	(609,355)
Surtax on undistributed earnings	-	-	395,908	47,505
Taxes on remitted earnings from subsidiary	-	22,524	-	22,524
Deferred tax expense	<u>95,519</u>	<u>29,061</u>	<u>199,871</u>	<u>106,189</u>
Income tax expense	<u>\$ 521,994</u>	<u>1,861,805</u>	<u>2,530,349</u>	<u>3,247,950</u>

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

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gains on equity investments at fair value through other comprehensive income	<u>\$ (76)</u>	<u>60</u>	<u>(30)</u>	<u>60</u>

(iii) The Company's tax returns have been examined by the ROC tax authority through 2020.

(l) Capital and other equity

Except as described below, there was no material change in equity for the nine months ended September 30, 2022 and 2021. Please refer to Note 6(m) of the consolidated financial statements as of and for the year ended December 31, 2021 for the related detail disclosures on equity.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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(i) Ordinary Share

On February 24, May 4, and August 3, 2022, 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 196 thousand, 51 thousand, and 556 thousand shares, with the issuing prices of \$28.0, \$28.0, and \$26.3 to \$28.0 dollars per share respectively, which are totaled \$8,030,000. All issued shares were paid up upon issuance and the related process for registration had been completed.

For the third quarter of 2022, the Company's ordinary shares were derived from the exercise of employee share options. Accordingly, the Company had issued 328 thousand ordinary shares, at issuing prices of \$26.3 per share, which totaled \$8,626, which was recognized as advance receipts for share capital as of September 30, 2022.

(ii) Capital surplus

	September 30, 2022	December 31, 2021	September 30, 2021
Premium from the issuance of stock	\$ 29,485,244	29,470,846	29,462,962
Treasury share transactions	274,385	274,385	277,792
Employee stock option plans	2,790,727	2,790,727	2,790,727
Expired employee share option plans	268,292	268,292	266,083
Past due unclaimed dividends	266	202	202
Change in net equity of associates accounted for using equity method	<u>75</u>	<u>53</u>	<u>53</u>
	<u>\$ 32,818,989</u>	<u>32,804,505</u>	<u>32,797,819</u>

(iii) Retain earning

According to the Company's Articles of Incorporation, the Company's annual net profit, after providing for income tax and covering the losses of previous years, is first set aside for legal reserve at the rate of 10% thereof until the accumulated balance of legal reserve equals the total issued capital and any special reserves pursuant to relevant laws and regulations. The remainder, plus the undistributed earnings of the previous years, are distributed or left undistributed for business purposes according to the resolution of the stockholders' dividend distribution plan, which are initially proposed by the Board of Directors and adopted by the shareholders in the annual stockholders' meeting. On May 26, 2022, the shareholders' meeting approved the amendments to the Articles of Incorporation, wherein the Board of Directors is authorized to distribute cash dividends after a resolution has been adopted by a majority vote at a board meeting attended by two-thirds of the directors, thereafter, to be reported during the shareholders' meeting; while the distribution of stock dividends shall be submitted to the shareholders' meeting for approval.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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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.

Earnings distribution

Earnings distribution for 2021 and 2020 were approved by the general meetings of shareholders held on May 26, 2022 and August 4, 2021, respectively. The relevant dividend distributions to shareholders were as follows:

	For the year ended December 31, 2021	
	Dividends per share	Amount
Dividends attributable to ordinary shareholders:		
Cash dividends	\$ 3.70	11,470,000
	For the year ended December 31, 2020	
	Dividends per share	Amount
Dividends attributable to ordinary shareholders:		
Cash dividends	\$ 1.30	4,000,000

(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.

	Reasons for repurchase of shares	
	Transferring to employees	
	thousand shares	Amount
Balance as of January 1, 2022 (Balance as of September 30, 2022)	-	\$ -
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	6,590	\$ 377,914

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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(v) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized loss on financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2022	\$ (3,985,925)	(131,017)	(4,116,942)
Exchange differences on translation of foreign financial statements	6,550,993	-	6,550,993
Unrealized losses from financial of assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	(178,856)	(178,856)
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	118	118
Balance as of September 30, 2022	<u>\$ 2,565,068</u>	<u>(309,755)</u>	<u>2,255,313</u>
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 of assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	(14,631)	(14,631)
Unrealized loss from financial of assets measured at fair value through other comprehensive income, associate accounted for using equity method	-	(240)	(240)
Balance as of September 30, 2021	<u>\$ (3,694,582)</u>	<u>(132,646)</u>	<u>(3,827,228)</u>

(m) Share-based payment transactions

Except as described below, there was no material change on the share-based payment transactions for the nine months ended September 30, 2022 and 2021. Please refer to Note 6(n) of consolidated financial statements as of and for the year ended December 31, 2021 for related disclosures on share-based payment transactions.

The Company adjusted the exercise price of the eighth and ninth batch of the employee stock options to \$26.3 and \$27.4 in the third quarter of 2022, respectively, in accordance with the regulations governing the issuance and exercise of employee stock options due to the payment of cash dividends.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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- (i) Relevant information of employee stock option plans and the transfer of treasury stock

The Company:

	For the nine months ended September 30,			
	2022		2021	
	Weighted- average exercise (price TWD)	Number of options (Units)	Weighted- average exercise (price TWD)	Number of options (Units)
Outstanding as of January 1,	\$ 28.02	1,631	28.51	4,462
Options granted	-	-	57.40	13,587
Options exercised	26.30	(970)	52.79	(15,905)
Options expired	-	-	57.40	(177)
Options forfeited	-	-	29.10	(6)
Outstanding as of September 30,	26.34	<u>661</u>	28.02	<u>1,961</u>
Options exercisable as of September 30,	26.34	<u>661</u>	28.02	<u>1,961</u>

- (ii) Compensation cost

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Compensation cost arising from treasury shares transferred to employees	\$ -	<u>49,724</u>	-	<u>282,969</u>

- (n) Earnings per share

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Basic earnings per share:				
Net profit attributable to the Company's ordinary shareholders	\$ <u>2,640,591</u>	<u>7,527,195</u>	<u>15,765,451</u>	<u>16,394,895</u>
Weighted-average number of ordinary shares outstanding	3,097,864	3,087,654	3,097,422	3,084,679
Basic earnings per share (dollar)	\$ <u>0.85</u>	<u>2.44</u>	<u>5.09</u>	<u>5.31</u>
Diluted earnings per share:				
Net profit attributable to the Company's ordinary shareholders (basic and diluted)	\$ <u>2,640,591</u>	<u>7,527,195</u>	<u>15,765,451</u>	<u>16,394,895</u>

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Effect of dilutive potential ordinary shares				
Weighted-average number of ordinary shares (basic)	3,097,864	3,087,654	3,097,422	3,084,679
Effect of employee share option	390	1,289	725	1,594
Effect of employee remuneration	21,201	23,860	25,154	25,132
Weighted-average number of ordinary shares (diluted)	<u>3,119,455</u>	<u>3,112,803</u>	<u>3,123,301</u>	<u>3,111,405</u>
Diluted earnings per share (dollar)	<u>\$ 0.85</u>	<u>2.42</u>	<u>\$ 5.05</u>	<u>5.27</u>

(o) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30, 2022		
	Manufacturing department	Overseas sales department	Total
Geographic markets of primary destination:			
Taiwan	\$ 3,703,846	827,117	4,530,963
Japan	-	278,411	278,411
Malaysia	5,236	275,993	281,229
Korea	18,545	26,734	45,279
China	2,843,491	1,620,674	4,464,165
USA	19	(7,141)	(7,122)
Thailand	150,266	170,820	321,086
Germany	-	271,723	271,723
Vietnam	-	561	561
Singapore	101,137	217,295	318,432
Poland	-	218,914	218,914
Other countries	73,740	224,344	298,084
	<u>\$ 6,896,280</u>	<u>4,125,445</u>	<u>11,021,725</u>
Major products line:			
Dynamic Random Access Memory (DRAM)	\$ 6,870,906	4,125,171	10,996,077
Other	25,374	274	25,648
	<u>\$ 6,896,280</u>	<u>4,125,445</u>	<u>11,021,725</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended September 30, 2021		
	Manufacturing department	Overseas sales department	Total
Geographic markets of primary destination:			
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
Poland	-	145,320	145,320
Other countries	170,378	466,489	636,867
	\$ 17,138,787	6,698,341	23,837,128
Major products line:			
Dynamic Random Access Memory (DRAM)	\$ 17,109,070	6,698,090	23,807,160
Other	29,717	251	29,968
	\$ 17,138,787	6,698,341	23,837,128
For the nine months ended September 30, 2022			
	Manufacturing department	Overseas sales department	Total
Geographic markets of primary destination:			
Taiwan	\$ 16,116,303	1,748,791	17,865,094
Japan	-	1,603,102	1,603,102
Malaysia	269,081	1,006,942	1,276,023
Korea	58,219	221,704	279,923
China	16,024,329	5,596,836	21,621,165
USA	41	580,118	580,159
Thailand	654,075	1,039,595	1,693,670
Germany	-	1,027,030	1,027,030
Vietnam	-	148,444	148,444
Singapore	437,544	371,512	809,056
Poland	-	509,225	509,225
Other countries	127,611	1,458,220	1,585,831
	\$ 33,687,203	15,311,519	48,998,722
Major products line:			
Dynamic Random Access Memory (DRAM)	\$ 33,611,581	15,310,727	48,922,308
Others	75,622	792	76,414
	\$ 33,687,203	15,311,519	48,998,722

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the nine months ended September 30, 2021		
	Manufacturing department	Overseas sales department	Total
Geographic markets of primary destination:			
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
Poland	-	318,220	318,220
Other countries	303,566	1,462,725	1,766,291
	\$ 47,133,742	17,071,467	64,205,209
Major products line:			
Dynamic Random Access Memory (DRAM)	\$ 47,035,216	17,070,709	64,105,925
Others	98,526	758	99,284
	\$ 47,133,742	17,071,467	64,205,209
(ii) Contract balances			
	September 30, 2022	December 31, 2021	September 30, 2021
Notes receivable	\$ 30	-	-
Accounts receivable	6,730,921	11,568,536	12,961,380
	\$ 6,730,951	11,568,536	12,961,380

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

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Remuneration to employees

According to the Company's articles of incorporation, if the Company makes a profit, it should appropriate for employee compensation which is calculated based on 1% to 12% of the Company'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 Company who meet certain specific requirements.

The estimated employee remuneration which was charged to profit or loss under operating costs or expense amounted to \$137,811, \$635,740, \$1,037,811 and \$1,572,384 for the three months and nine months ended September 30, 2022 and 2021 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, 2021 and 2020, and the financial statements for the year ended December 31, 2021 and 2020, which were approved by the Company's Board of Directors. Related information would be available at the Market Observation Post System website.

(q) Non-operating income and expenses

(i) Interest income

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Interest income from bank deposits and short-term notes	\$ 418,854	39,477	656,502	154,059
Interest income from financial lease receivables	8,073	13,817	28,657	45,446
	\$ 426,927	53,294	685,159	199,505

(ii) Other income

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Gains on reversal of overestimated payables	\$ -	-	514,382	-

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

(iii) Other gains and losses

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Gain (Loss) on disposal of property, plant and equipment	\$ 7,150	-	35,601	(62)
Foreign exchange gains (losses)	1,616,732	101,484	3,906,687	(230,947)
Withholding tax refund	-	2,835	-	45,528
Reversal of impairment losses (impairment losses) on non-financial assets	17,495	(390)	(50,136)	479
Others	50,484	33,607	158,027	96,702
	\$ 1,691,861	137,536	4,050,179	(88,300)

(iv) Finance costs

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Amortization interest of lease liability	\$ 16,918	5,892	32,139	17,873
Others	-	-	-	14
	\$ 16,918	5,892	32,139	17,887

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Financial instruments

Except for the content mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note6(s) of the consolidated financial statements for the year ended December 31, 2021.

(i) Credit risk of receivables

For credit risk exposure of notes and accounts receivables, 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, 2022, December 31 and September 30, 2021, no allowance for impairment loss was provided because there was no indication of credit-impaired for the 12-month ECL or lifetime ECL allowance for other financial assets measured at amortized cost.

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flow</u>	<u>Within 6 months</u>	<u>6-12months</u>	<u>1-2years</u>	<u>2-5years</u>	<u>Over 5 years</u>
September 30, 2022							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 4,595,290	4,595,290	4,595,290	-	-	-	-
Other payables (including related parties)	6,473,430	6,473,430	6,473,430	-	-	-	-
Lease liabilities (including current portion)	4,521,823	5,077,667	206,602	206,552	410,512	1,144,276	3,109,725
	<u>\$ 15,590,543</u>	<u>16,146,387</u>	<u>11,275,322</u>	<u>206,552</u>	<u>410,512</u>	<u>1,144,276</u>	<u>3,109,725</u>
December 31, 2021							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 2,849,665	2,849,665	2,849,665	-	-	-	-
Other payable (including related parties)	7,885,221	7,885,221	7,885,221	-	-	-	-
Lease liabilities (including current portion)	1,724,601	1,822,315	118,330	118,330	236,536	636,911	712,208
	<u>\$ 12,459,487</u>	<u>12,557,201</u>	<u>10,853,216</u>	<u>118,330</u>	<u>236,536</u>	<u>636,911</u>	<u>712,208</u>
September 30, 2021							
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>

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

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Market risk

1) Exposure to currency risk

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

	September 30, 2022			December 31, 2021			September 30, 2021			
	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	\$	716,602	31.743	22,747,097	878,053	27.690	24,313,288	786,453	27.866	21,915,299
JPY		799,440	0.2193	175,317	2,385,202	0.2404	573,403	1,925,086	0.2488	478,961
EUR		42,481	31.0969	1,321,027	113	31.3613	3,544	30	32.3037	969
HKD		66	4.0360	266	1,012	3.5446	3,587	21,588	3.5783	77,248
Financial liabilities:										
Monetary items										
USD	\$	139,860	31.743	4,439,576	133,898	27.690	3,707,636	118,011	27.866	3,288,495
JPY		2,942,267	0.2193	645,239	1,046,703	0.2404	251,627	1,588,257	0.2488	395,158
EUR		12,115	31.0969	376,739	9,066	31.3613	284,322	120,045	32.3037	3,877,898

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange fluctuations on cash and cash equivalents, accounts receivable, accounts payable and other payable (including related parties) which are denominated in different foreign currencies. A 1% appreciation and depreciation of the TWD against the USD, JPY, EUR and HKD as of September 30, 2022 and 2021 would have decreased and increased the net income before tax by \$187,822 and \$149,109 for the nine months ended September 30, 2022 and 2021, 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, 2022 and 2021, foreign exchange gains and losses (including realized and unrealized portions) amounted to \$3,906,687 and \$(230,947), respectively.

(iv) Fair value information

1) Types and fair value of financial instruments

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

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2021				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other					
Equity instruments without an market price measured at fair value	\$ 5,700	-	-	5,700	5,700
Financial assets measured at amortized cost					
Cash and cash equivalents	71,557,947	-	-	-	-
Notes and accounts receivable	12,961,380	-	-	-	-
Other receivables	1,198,895	-	-	-	-
Lease payments receivable (including current portion)	537,084	-	-	-	-
Subtotal	86,255,306	-	-	-	-
Total	<u>\$ 86,261,006</u>	<u>-</u>	<u>-</u>	<u>5,700</u>	<u>5,700</u>
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 6,417,948	-	-	-	-
Other payables (including related parties)	7,380,503	-	-	-	-
Lease liabilities (including current portion)	1,724,495	-	-	-	-
Total	<u>\$ 15,522,946</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, 2022 and 2021, 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, 2022	\$ 11,071
Purchased	6,000
Total gains recognized in other comprehensive income	148
Balance as of September 30, 2022	<u>\$ 17,219</u>

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

For the nine months ended September 30, 2022 and 2021, total losses that were included in “unrealized losses from existing financial assets at fair value through other comprehensive income” were as follows:

	For the nine months ended September 30	
	2022	2021
	Total gain (losses) recognized in other comprehensive income, and presented in “unrealized losses from financial assets at fair value through other comprehensive income”	\$ 118

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

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

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

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income equity investments without an active market	Asset method	<ul style="list-style-type: none"> ·Net asset value ·The discount rate due to lack of marketability as of September 30, 2022, December 31 and September 30, 2021 were 5% 	<ul style="list-style-type: none"> ·The higher the discount for lack of marketability, the lower the fair value.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 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:

	Inputs	Increase or decrease	Effects of changes in fair value on other comprehensive income	
			Favorable change	Unfavorable change
September 30, 2022				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Discount for lack of marketability	1%	181	(181)
December 31, 2021				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Discount for lack of marketability	1%	117	(117)
September 30, 2021				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Discount for lack of marketability	1%	48	(48)

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.

- (s) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note 6(t) of the consolidated financial statements for the year ended December 31, 2021.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(t) 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, 2021. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2021. Please refer to Note 6(u) of the consolidated financial statements for the year ended December 31, 2021 for further details.

(u) 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, 2022 and 2021 were as follows:

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

(ii)

	For the nine months ended September 30,	
	2022	2021
Acquisition of property, plant and equipment	\$ 15,344,548	10,688,383
Add: Payables on equipment at beginning of period	785,854	693,313
Less: Payables on equipment at end of period	(2,069,827)	(4,862,779)
Cash Paid	\$ 14,060,575	6,518,917

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

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

	Non-Cash changes						September 30, 2021
	January 1, 2021	Cash flow	Change in an index of lease payment	Increased	Increased by other payables	Foreign exchange movement	
Lease liabilities\$	1,796,084	(139,181)	17,429	50,459	(296)	-	1,724,495
Guarantee deposits	134,518	(37,832)	-	-	-	(4,447)	92,239
	\$ 1,930,602	(177,013)	17,429	50,459	(296)	(4,447)	1,816,734

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(7) Related-party transactions:

(a) Names and relationship with related parties

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

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

(b) Significant transactions with related parties

(i) Purchase from related parties

<u>Relationship</u>	<u>Purchases</u>				<u>Accounts payable to related parties</u>		
	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>		<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>			
Entities with significant influence over the Group	\$ 35,239	29,932	203,073	84,821	22,819	12,764	12,049
Associates	-	121	2,000	852	-	-	-
Other related parties:							
Formosa Sumco Technology Corporation	272,557	171,866	744,577	513,896	184,087	97,938	108,174
Other related parties	<u>71,460</u>	<u>72,243</u>	<u>210,009</u>	<u>208,733</u>	<u>13,895</u>	<u>8,812</u>	<u>9,227</u>
	<u>\$ 379,256</u>	<u>274,162</u>	<u>1,159,659</u>	<u>808,302</u>	<u>220,801</u>	<u>119,514</u>	<u>129,450</u>

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

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Consigned out for processing

Relationship	Amount						
	For the three months ended September 30,		For the nine months ended September 30,		Other payables to related parties		
	2022	2021	2022	2021	September 30, 2022	December 31, 2021	September 30, 2021
Associates	\$ 2,269,895	1,953,428	6,603,528	5,782,108	1,352,553	1,221,034	1,255,442

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

(iii) Property transactions

Acquisition of equipment

Relationship	Acquisition price					
	For the nine months ended September 30,		Other payables to related parties			
	2022	2021	September 30, 2022	December 31, 2021	September 30, 2021	September 30, 2021
Entities with significant influence over the Group	\$ 44,850	31,772	17,940	8,093		16,617
Other related parties	29,500	4,076	23,603	8,088		2,446
	\$ 74,350	35,848	41,543	16,181		19,063

(iv) Leases

Relationship	Acquisition price			
	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Entities with significant influence over the Group	\$ 4,519	16,805	34,859	49,743

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

The Group entered into a 20-year lease agreements in June 2022, as well as a 9-to-10-year lease agreement between July and August 2020, with Nan Ya Plastics Corporation, at the total values of \$3,465,131 and \$2,015,018, respectively. Also, for the three months and the nine months ended September 30, 2022 and 2021, the Group recognized the amounts of \$16,713, \$5,752, \$31,456 and \$17,690, respectively, as interest expenses. Furthermore, on September 30, 2022, December 31 and September 30, 2021, the balances of lease liabilities amounted to \$4,454,887, \$1,633,749 and \$1,678,751, respectively. Additionally, for the nine months ended September 30, 2022 and 2021, the group recognized the additions of right-of-use asset amounting to \$2,976,375 and \$0, respectively. For the details of right of use asset, please refer to Note 6(g).

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group entered into a 3-year lease agreement in December 2021 with Min Chi University of Technology, at the total values of \$50,198. Also, for the three months and the nine months ended September 30, 2022, the Group recognized the amount of \$104 and \$346, as interest expense. Furthermore, on September 30, 2022, December 31 and September 30, 2021, the balance of lease liabilities amounted to \$37,159, \$49,352 and \$0, respectively.

(v) Others

Relationship	Other income			
	For the three months ended September 30,		For the nine months ended September 30	
	2022	2021	2022	2021
Associates	\$ <u>54</u>	<u>122</u>	<u>218</u>	<u>602</u>

Relationship	Paid in advance			
	For the three months ended September 30,		For the nine months ended September 30	
	2022	2021	2022	2021
Associates	\$ <u>-</u>	<u>-</u>	<u>19,617</u>	<u>-</u>

As of September 30, 2022, December 31 and September 30, 2021, the receivables due from above associates have already collected.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
	Short-term employee benefits	\$ 58,757	30,982	81,822
Share-based payment	-	5,696	-	5,696
	\$ 58,757	36,678	81,822	59,660

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

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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(8) Pledged assets:

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

<u>Pledged assets</u>	<u>Object</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Other non-current assets	Office leasing	\$ <u>6,221</u>	<u>5,391</u>	<u>5,436</u>

(9) Commitments and contingencies:

(a) Significant commitments

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Guarantees for importation goods provided by bank	\$ 1,035,000	835,000	835,000
Unused letters of credit	754,387	112,321	106,072
Acquisition of property, plant and equipment	<u>23,208,728</u>	-	-
Total	<u>\$ 24,998,115</u>	<u>947,321</u>	<u>941,072</u>

(b) Contingent liabilities

- (i) In 2000, the Company was charged by Brazil's Ministry of Justice as being involved in the International Monopolies, which influences Brazil's DRAM market. Consequently, the Company, other large international companies and individuals are investigated at the same time. The lawsuit was in a court hearing. The Company has engaged counsels to properly handle it to ensure the Company's rights.
- (ii) In November 2019, Monterey Research LLC (Monterey) filed a lawsuit against Nanya Technology Corp. (Nanya) and two of its subsidiaries, Nanya Technology Corp., USA (NTC USA) and Nanya Technology Corp., Delaware (NTC Delaware), to the US District Court of Delaware for patent infringement. The Company has engaged counsels to properly handle it to ensure the Company's rights.

(10) Losses Due to Major Disasters: None**(11) Subsequent Events: None**

(Continued)

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, 2022			For the three months ended September 30, 2021		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salaries	784,947	684,677	1,469,624	1,037,822	788,781	1,826,603
Labor and health insurance	55,183	46,165	101,348	52,243	48,081	100,324
Pension expenses	26,781	24,097	50,878	25,082	22,704	47,786
Remuneration of directors	-	2,100	2,100	-	1,750	1,750
Other personnel expenses	17,867	8,350	26,217	17,606	8,151	25,757
Depreciation expenses	3,561,496	170,826	3,732,322	3,701,152	126,318	3,827,470
Amortization expenses	64,234	-	64,234	65,229	-	65,229

	For the nine months ended September 30, 2022			For the nine months ended September 30, 2021		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salaries	2,642,411	2,090,077	4,732,488	3,024,286	2,292,218	5,316,504
Labor and health insurance	163,147	140,872	304,019	156,440	142,011	298,451
Pension expenses	78,982	71,963	150,945	75,356	70,610	145,966
Remuneration for directors	-	5,800	5,800	-	4,870	4,870
Other personnel expenses	54,171	25,477	79,648	52,946	24,454	77,400
Depreciation expenses	10,813,004	478,251	11,291,255	10,904,458	367,908	11,272,366
Amortization expenses	193,952	-	193,952	195,167	-	195,167

- (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, 2022:

- (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	-	17,219	2.46 %	17,219	

(iv) Information regarding purchase or sale of securities for the period exceeding \$300 million or 20% of the capital stock: None

(v) Acquisition of individual real estate with amount exceeding \$300 million or 20% of the Company's paid-in capital:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Factory construction	April 28, 2021~ April 15, 2022	19,726,385	4,232,309	Yung Ching Construction Co., Ltd. and 6 other companies	Non-related parties	-	-	-	-	Based on market price	For purposes of production and operating	
The Company	Factory construction	April 19, 2022	5,227,880	522,788	Li Jin Engineering Co., Ltd	Non-related parties	-	-	-	-	Based on market price	For purposes of production and operating	
The Company	Factory construction	May 30, 2022	920,000	-	Lien Rong Construction Co., Ltd.	Non-related parties	-	-	-	-	Based on market price	For purposes of production and operating	
The Company	Factory construction	August 1, 2022	2,089,560	-	Kwang-Lien Construction Co., Ltd.	Non related parties	-	-	-	-	Based on market price	For purposes of production and operating	

(vi) Disposal of individual real estate with amount exceeding \$300 million or 20% of the Company's paid-in capital: None

(vii) Related-party transaction for purchases and sales for which amounts exceeding \$100 million or 20% of the Company's paid-in capital:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Nanya Technology Corp., U.S.A.	Subsidiary	(Sale)	(7,116,584)	(14.68)%	O/A 60-90Days	-		1,813,387	27.59%	(Note)
The Company	Nanya Technology Corp., Japan	Subsidiary	(Sale)	(3,398,696)	(7.01)%	O/A 180Days	-		292,461	4.45%	(Note)
The Company	Nanya Technology Corp., Europe GmbH	Subsidiary	(Sale)	(4,135,653)	(8.53)%	O/A 60-90Days	-		1,017,706	15.49%	(Note)
The Company	Nanya Technology Corp., HK	subsidiary	(Sale)	(131,392)	(0.27)%	O/A 60-90 Days	-		37,329	0.57%	(Note)
Nanya Technology Corp., Delaware	Nanya Technology Corp	The parent company	(Sale)	(325,936)	100.00%	O/A 60-90 Days	-		28,115	100.00%	(Note)

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Nanya Technology Corp., U.S.A	Nanya Technology Corp	The parent company	Purchase	7,116,584	100.00%	O/A 60-90 Days	-		(1,813,387)	(100.00)%	(Note)
Nanya Technology Corp., Japan	Nanya Technology Corp	The parent company	Purchase	3,398,696	100.00%	O/A 180Days	-		(292,461)	(100.00)%	(Note)
Nanya Technology Corp., Europe GmbH	Nanya Technology Corp	The parent company	Purchase	4,135,653	100.00%	O/A 60-90Days	-		(1,017,706)	(100.00)%	(Note)
Nanya Technology Corp., HK	Nanya Technology Corp	The parent company	Purchase	131,392	100.00%	O/A 60-90Days	-		(37,329)	(100.00)%	(Note)
The Company	Formosa Sumco Technology Corporation	Other related parties	Purchase	744,577	6.90%	O/A 60Days	-		(184,087)	(4.01)%	-
The Company	Formosa Biomedical Technology Corporation	Other related parties	Purchase	113,884	1.06%	Payment after arrival and inspection of good	-		(4,685)	(0.10)%	-
The Company	Nanya Plastic Corporation	The entities with significant influence over the Group	Purchase	203,073	1.88%	Payment after arrival and inspection of good	-		(22,819)	(0.50)%	-

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

(viii) Receivables from related parties with amounts exceeding \$100 million or 20% of the Company's paid-in capital:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance of accounts receivable from related parties	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	Nanya Technology Corp., U.S.A.	Subsidiary	1,813,387	4.04	-	-	888,427	-
The Company	Nanya Technology Corp., Japan	Subsidiary	292,461	8.50	-	-	271,968	-
The Company	Nanya Technology Europe GmbH	Subsidiary	1,017,706	5.10	-	-	461,010	-

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	7,116,584	On the basis of general conditions	14.52%
0	Nanya Technology Corp.	Nanya Technology Corp., Japan	1	Sales	3,398,696	On the basis of general conditions	6.94%
0	Nanya Technology Corp.	Nanya Technology Europe GmbH	1	Sales	4,135,653	On the basis of general conditions	8.44%
0	Nanya Technology Corp.	Nanya Technology Corp. HK	1	Sales	131,392	On the basis of general conditions	0.27%
1	Nanya Technology Corp. Delaware	Nanya Technology Corp.	2	Sales	325,936	On the basis of general conditions	0.67%
0	Nanya Technology Corp.	Nanya Technology Corp., U.S.A	1	Accounts receivable	1,813,387	On the basis of general conditions	0.89%
0	Nanya Technology Corp.	Nanya Technology Corp., Japan	1	Accounts receivable	292,461	On the basis of general conditions	0.14%
0	Nanya Technology Corp.	Nanya Technology Europe GmbH	1	Accounts receivable	1,017,706	On the basis of general conditions	0.50%

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Nanya Technology Corp.	Nanya Technology Corp. HK	1	Accounts receivable	37,329	On the basis of general conditions	0.02%
1	Nanya Technology Corp. Delaware	Nanya Technology Corp.	2	Accounts receivable	28,115	On the basis of general conditions	0.01%

Note 1: Assigned numbers represent the following:

1. 0 represents the parent company.
2. The subsidiaries are represented numerically starting from 1.

Note 2: The terms of transactions are defined as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to Subsidiary.

Note 3: The business relationship and significant transactions between the parent company and the subsidiary only disclose the importations of sales and account receivable, did not repeat about the purchase and account payable.

Note 4: The transactions were written off in the consolidated financial statements.

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

The following is the information on investees for the nine months ended September 30, 2022:

(In Thousands of New Taiwan Dollars / Thousands Shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2022			Net income of investee	Share of profits of investee	Note
				September 30, 2022	December 31, 2021	Shares	Percentage of ownership	Carrying value			
The Company	Nanya Technology Corp., U.S.A.	U.S.A	Sales of semiconductor products	20,392	20,392	2.4	100.00 %	224,634	17,493	17,493	(Note1)
The Company	Nanya Technology Corp., Delaware	U.S.A	Design of semiconductor products	36,005	36,005	-	100.00 %	227,261	15,927	15,927	(Note1)
The Company	Nanya Technology Corp., HK	Hong Kong	Sales of semiconductor products	66,271	66,271	19.7	100.00 %	116,364	41,607	41,607	(Note1)
The Company	Nanya Technology Corp., Japan	Japan	Sales of semiconductor products	20,161	20,161	1	100.00 %	524,081	313,738	313,738	(Note1)
The Company	Nanya Technology International, Ltd.	British Virgin Island	General investment business	48,145,600	48,145,600	1.6	100.00 %	51,343,261	442,664	442,664	(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 %	5,338,255	1,773,263	531,836	(Note 2)
Nanya Technology Corp., HK	Nanya Technology Europe GmbH	Germany	Sales of semiconductor products	30,056	30,056	-	100.00 %	111,876	40,364	40,364	(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, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2022	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	31,267 (USD985 thousand)	(2)	31,267 (USD985 thousand)	-	-	31,267 (USD985 thousand)	136	100.00%	136 (Note 2)	23,805	-

Note 1 : Three types of investments were as follows:

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

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

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

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to 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, 2022 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment (Note 2)
31,267 (USD985 thousand)	31,267 (USD985 thousand)	110,203,444

Note 1 : The exchange rate of New Taiwan dollars to US dollars on September 30, 2022 was USD1 : TWD 31.743

Note 2 : 60% of net equity.

(iii) Significant transactions: None

(d) Information on major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Nan Ya Plastics Corporation		907,303,775	29.28 %
Formosa Chemicals & Fibre Corporation		334,815,409	10.80 %
Formosa Plastics Corporation		334,815,409	10.80 %
Formosa Petrochemical Corp		334,815,409	10.80 %

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

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

(14) Segment information:

	For the three months ended September 30, 2022					
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 4,125,445	-	6,896,280	-	-	11,021,725
From sales among intersegments	19,970	136,439	3,968,497	-	(4,124,906)	-
Total revenue	<u>\$ 4,145,415</u>	<u>136,439</u>	<u>10,864,777</u>	<u>-</u>	<u>(4,124,906)</u>	<u>11,021,725</u>
Reportable segment profit or loss	<u>\$ 73,458</u>	<u>6,687</u>	<u>3,162,044</u>	<u>309,311</u>	<u>(388,915)</u>	<u>3,162,585</u>
	For the 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>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

For the nine months ended September 30, 2022						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 15,311,519	-	33,687,203	-	-	48,998,722
From sales among intersegments	40,815	325,936	14,782,326	-	(15,149,077)	-
Total revenue	<u>\$ 15,352,334</u>	<u>325,936</u>	<u>48,469,529</u>	<u>-</u>	<u>(15,149,077)</u>	<u>48,998,722</u>
Reportable segment profit or loss	<u>\$ 374,128</u>	<u>15,927</u>	<u>18,294,510</u>	<u>442,664</u>	<u>(831,429)</u>	<u>18,295,800</u>
For the nine months ended September 30, 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>
Reportable segment assets						
Balance at September 30, 2022	<u>\$ 4,087,433</u>	<u>231,520</u>	<u>204,055,560</u>	<u>51,343,261</u>	<u>(55,638,239)</u>	<u>204,079,535</u>
Balance at December 31, 2021	<u>\$ 5,474,495</u>	<u>204,459</u>	<u>191,326,008</u>	<u>44,369,801</u>	<u>(49,954,700)</u>	<u>191,420,063</u>
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>
Reportable segment liabilities						
Balance at September 30, 2022	<u>\$ 3,212,251</u>	<u>4,259</u>	<u>20,383,153</u>	<u>-</u>	<u>(3,192,534)</u>	<u>20,407,129</u>
Balance at December 31, 2021	<u>\$ 4,964,224</u>	<u>21,250</u>	<u>18,348,740</u>	<u>-</u>	<u>(4,891,419)</u>	<u>18,442,795</u>
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>