

**NANYA TECHNOLOGY CORPORATION AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2024 and 2023**

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

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

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安侯建業聯合會計師事務所
KPMG

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

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

Independent Auditors' Review Report

To the Board of Directors of Nanya Technology Corporation :

Introduction

We have reviewed the accompanying consolidated balance sheets of Nanya Technology Corporation (the "Company") and its subsidiaries (together referred to as the "Group") as of March 31, 2024 and 2023, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Nanya Technology Corporation and its subsidiaries as of March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 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 Kuo, Hsin-Yi and Lee, Tzu-Hui.

KPMG

Taipei, Taiwan (Republic of China)
May 9, 2024

Notes to Readers

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

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

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

Nanya Technology Corporation and Subsidiaries**Consolidated Balance Sheets****March 31, 2024, December 31 and March 31, 2023****(Expressed in Thousands of New Taiwan Dollars)**

		March 31, 2024		December 31, 2023		March 31, 2023						March 31, 2024		December 31, 2023		March 31, 2023	
		Amount	%	Amount	%	Amount	%					Amount	%	Amount	%	Amount	%
Assets																	
Current assets:																	
1100	Cash and cash equivalents (Note 6(a))	\$ 62,356,186	32	58,812,043	31	65,002,067	33	2100	Short-term borrowings (Note (j))	\$ 13,020,100	7	11,181,000	6	-	-		
1150	Notes receivable, net (Notes 6(c) and (q))	-	-	-	-	387	-	2170	Accounts payable	2,915,073	1	3,298,034	1	3,619,519	2		
1170	Accounts receivable, net (Notes 6(c) and (q))	5,375,195	3	5,095,790	3	3,494,445	2	2180	Accounts payable to related parties (Note 7)	191,562	-	145,060	-	106,515	-		
1180	Accounts receivable due from related parties, net (Notes 6(c), (q) and 7)	-	-	124,000	-	-	-	2200	Other payables	3,957,658	2	4,079,311	2	4,418,771	3		
1200	Other receivables (Notes 6(d) and (i))	3,157,757	2	3,447,889	2	2,721,319	1	2216	Dividends payable (Note 6(m))	1,777	-	1,803	-	6,601,519	3		
1210	Other receivables due from related parties (Note 7)	127,360	-	-	-	471,880	-	2220	Other payables to related parties (Note 7)	1,226,993	1	863,145	1	1,279,678	1		
1310	Inventories (Note 6(e))	27,770,325	14	27,634,399	14	26,274,596	13	2230	Current tax liabilities	138,529	-	138,687	-	3,412,842	1		
1410	Prepayments	841,780	-	749,333	-	927,726	1	2280	Current lease liabilities (Notes (k) and 7)	406,946	-	393,063	-	395,006	-		
1470	Other current assets (Note 6(i))	<u>764,685</u>	-	<u>646,612</u>	-	<u>813,661</u>	-	2399	Other current liabilities	<u>16,719</u>	-	<u>17,461</u>	-	<u>1,475</u>	-		
Total current assets		<u>100,393,288</u>	<u>51</u>	<u>96,510,066</u>	<u>50</u>	<u>99,706,081</u>	<u>50</u>	Total current liabilities		<u>21,875,357</u>	<u>11</u>	<u>20,117,564</u>	<u>10</u>	<u>19,835,325</u>	<u>10</u>		
Non-current assets:								Non-Current liabilities:									
1517	Non-current financial assets at fair value through other comprehensive income	20,625	-	20,301	-	16,798	-	2570	Deferred tax liabilities	14,784	-	3,426	-	4,000	-		
1535	Non-current financial assets at amortized cost, net (Notes 6(b) and 8)	732,429	-	868,815	-	951,853	-	2580	Non-current lease liabilities (Notes 6(k) and 7)	4,286,330	2	4,104,145	2	4,506,331	3		
1550	Investments accounted for using equity method (Note 6(f))	4,947,074	3	5,120,246	3	5,003,747	3	2640	Net defined benefit liability, non-current	503,976	-	505,687	-	528,741	-		
1600	Property, plant and equipment (Notes 6(g), (w) and 7)	80,521,334	41	81,837,618	43	85,610,054	44	2670	Other non-current liabilities (Note 6(b))	<u>580,132</u>	<u>1</u>	<u>695,696</u>	<u>1</u>	<u>579,730</u>	-		
1755	Right-of-use assets (Notes 6(h) and (w))	4,613,006	2	4,425,560	2	4,855,644	3	Total non-current liabilities		<u>5,385,222</u>	<u>3</u>	<u>5,308,954</u>	<u>3</u>	<u>5,618,802</u>	<u>3</u>		
1780	Intangible assets	865,248	1	927,365	1	703,730	-	Total liabilities		<u>27,260,579</u>	<u>14</u>	<u>25,426,518</u>	<u>13</u>	<u>25,454,127</u>	<u>13</u>		
1840	Deferred tax assets	2,869,248	2	2,522,011	1	762,255	-	Equity (Note 6(n)):									
1990	Other non-current assets	<u>119,501</u>	-	<u>118,691</u>	-	<u>145,341</u>	-	3110	Ordinary shares	30,982,509	16	30,981,209	16	30,980,429	16		
Total non-current assets		<u>94,688,465</u>	<u>49</u>	<u>95,840,607</u>	<u>50</u>	<u>98,049,422</u>	<u>50</u>	3140	Advance receipts for share capital	9,138	-	1,505	-	-	-		
								3200	Capital surplus	32,828,338	17	32,826,323	17	32,824,937	17		
								3310	Legal reserve	18,626,223	10	18,626,223	10	17,156,884	8		
								3320	Special reserve	-	-	-	-	4,116,942	2		
								3350	Unappropriated retained earnings	82,681,328	42	83,889,816	44	86,982,123	44		
								3400	Other equity interest	<u>2,693,638</u>	<u>1</u>	<u>599,079</u>	-	<u>240,061</u>	-		
								Total equity		<u>167,821,174</u>	<u>86</u>	<u>166,924,155</u>	<u>87</u>	<u>172,301,376</u>	<u>87</u>		
Total assets		<u><u>\$ 195,081,753</u></u>	<u><u>100</u></u>	<u><u>192,350,673</u></u>	<u><u>100</u></u>	<u><u>197,755,503</u></u>	<u><u>100</u></u>	Total liabilities and equity		<u><u>\$ 195,081,753</u></u>	<u><u>100</u></u>	<u><u>192,350,673</u></u>	<u><u>100</u></u>	<u><u>197,755,503</u></u>	<u><u>100</u></u>		

See accompanying notes to consolidated financial statements.

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

Nanya Technology Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2024 and 2023

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

		For the three months ended March 31,			
		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(q))	\$ 9,502,937	100	6,424,883	100
5000	Operating costs (Notes 6(e), (g), (h), (k), (l), (o), (r) and 7)	<u>(9,779,561)</u>	<u>(103)</u>	<u>(6,979,043)</u>	<u>(109)</u>
	Gross loss from operations	<u>(276,624)</u>	<u>(3)</u>	<u>(554,160)</u>	<u>(9)</u>
	Operating expenses (Notes 6(g), (h), (k), (l), (o), (r) and 7):				
6100	Selling expenses	(153,202)	(2)	(129,839)	(2)
6200	Administrative expenses	(429,403)	(4)	(421,381)	(7)
6300	Research and development expenses	<u>(2,059,039)</u>	<u>(22)</u>	<u>(1,779,983)</u>	<u>(27)</u>
	Total operating expenses	<u>(2,641,644)</u>	<u>(28)</u>	<u>(2,331,203)</u>	<u>(36)</u>
	Net operating loss	<u>(2,918,268)</u>	<u>(31)</u>	<u>(2,885,363)</u>	<u>(45)</u>
	Non-operating income and expenses (Notes 6(f), (g), (i), (k), (s) and 7):				
7100	Interest income	836,106	9	720,370	11
7020	Other gains and losses, net	570,645	6	31,707	-
7050	Finance costs	(77,049)	(1)	(17,901)	-
7060	Share of profit of associates accounted for using equity method, net	<u>45,470</u>	<u>1</u>	<u>38,730</u>	<u>1</u>
	Total non-operating income and expenses	<u>1,375,172</u>	<u>15</u>	<u>772,906</u>	<u>12</u>
7900	Loss before tax	(1,543,096)	(16)	(2,112,457)	(33)
7950	Income tax profit (Note 6(m))	<u>334,608</u>	<u>3</u>	<u>427,770</u>	<u>7</u>
	Loss	<u>(1,208,488)</u>	<u>(13)</u>	<u>(1,684,687)</u>	<u>(26)</u>
8300	Other comprehensive income (loss) (Notes 6(m) and (n)):				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8316	Unrealized profit from investments in equity instruments measured at fair value through other comprehensive income	324	-	232	-
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	(91,282)	(1)	46,104	1
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>65</u>	<u>-</u>	<u>47</u>	<u>-</u>
	Components of other comprehensive loss that will not be reclassified to profit or loss	<u>(91,023)</u>	<u>(1)</u>	<u>46,289</u>	<u>1</u>
8360	Components of other comprehensive loss that may be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	2,185,582	23	(418,461)	(7)
8399	Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that may be reclassified to profit or loss	<u>2,185,582</u>	<u>23</u>	<u>(418,461)</u>	<u>(7)</u>
8300	Other comprehensive income, net	<u>2,094,559</u>	<u>22</u>	<u>(372,172)</u>	<u>(6)</u>
8500	Comprehensive income (loss)	<u>\$ 886,071</u>	<u>9</u>	<u>(2,056,859)</u>	<u>(32)</u>
	loss per share (Note 6(p))				
9750	Basic loss per share	<u>\$ (0.39)</u>		<u>(0.54)</u>	

See accompanying notes to consolidated financial statements.

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

Nanya Technology Corporation and Subsidiaries

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Other equity interest									
							Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Total equity
Balance at January 1, 2023	\$ 30,980,079	Advance receipts for share capital 736	Capital surplus 32,824,366	Legal reserve 17,156,884	Special reserve 4,116,942	Unappropriated retained earnings 95,266,810	913,316	(301,083)	612,233	180,958,050
Net loss for the three months ended March 31, 2023	-	-	-	-	-	(1,684,687)	-	-	-	(1,684,687)
Other comprehensive (loss) income for the three months ended March 31, 2023	-	-	-	-	-	-	(418,461)	46,289	(372,172)	(372,172)
Total comprehensive (loss) income for the three months ended March 31, 2023	-	-	-	-	-	(1,684,687)	(418,461)	46,289	(372,172)	(2,056,859)
Appropriation and distribution of retained earnings:										
Cash dividends of ordinary share	-	-	-	-	-	(6,600,000)	-	-	-	(6,600,000)
Disposal of subsidiaries accounted for using equity method	350	(736)	571	-	-	-	-	-	-	185
Balance at March 31, 2023	\$ 30,980,429	-	32,824,937	17,156,884	4,116,942	86,982,123	494,855	(254,794)	240,061	172,301,376
Balance at January 1, 2023	\$ 30,981,209	1,505	32,826,323	18,626,223	-	83,889,816	896,519	(297,440)	599,079	166,924,155
Net loss for the three months ended March 31, 2024	-	-	-	-	-	(1,208,488)	-	-	-	(1,208,488)
Other comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	-	-	2,185,582	(91,023)	2,094,559	2,094,559
for the three months ended March 31, 2024	-	-	-	-	-	(1,208,488)	2,185,582	(91,023)	2,094,559	886,071
Exercise of employee share options	1,300	7,633	2,015	-	-	-	-	-	-	10,948
Balance at March 31, 2024	\$ 30,982,509	9,138	32,828,338	18,626,223	-	82,681,328	3,082,101	(388,463)	2,693,638	167,821,174

See accompanying notes to consolidated financial statements.

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

Nanya Technology Corporation and Subsidiaries**Consolidated Statements of Cash Flows****For the three months ended March 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	For the three months ended March 31,	
	2024	2023
Cash flows from (used in) operating activities		
Loss before tax	\$ (1,543,096)	(2,112,457)
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	4,010,719	3,694,444
Amortization expense	63,169	64,206
Interest expense	77,049	17,901
Interest income	(836,106)	(720,370)
Share of profit of associates accounted for using equity method	(45,470)	(38,730)
Loss (gain) on disposal of property, plant and equipment	1,875	(44,398)
Impairment loss (reversal of impairment loss) on non-financial assets	6,442	(27,307)
Unrealized foreign exchange (gain) loss	(56,094)	82,509
Gain on lease modification	(142)	-
Total adjustments to reconcile profit	3,221,442	3,028,255
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	(74,112)	868,105
Other receivables (including related parties)	(60,244)	(342,643)
Inventories	(135,926)	(2,890,149)
Prepayments	(92,447)	39,883
Other current assets	(118,073)	61,849
Accounts payable (including related parties)	(98,425)	(375,166)
Other payables (including related parties)	183,840	(991,704)
Other current liabilities	(742)	(8,297)
Net defined benefit liability	(1,711)	(1,947)
Other non-current liabilities	563	(3,752)
Total net changes used in operating assets and liabilities	(397,277)	(3,643,821)
Cash inflow from (used in) operations	1,281,069	(2,728,023)
Interest received	1,165,739	617,589
Interest paid	(64,760)	(17,354)
Income taxes refunded (paid)	18,582	(81,096)
Net cash flows (used in) from operating activities	2,400,630	(2,208,884)
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized cost	(5)	(20)
Acquisition of property, plant and equipment	(2,850,922)	(5,816,996)
Proceeds from disposal of property, plant and equipment	1,149	73,711
Increase in refundable deposits	(715)	(74,885)
Acquisition of intangible assets	-	(53,327)
Decrease in lease and installment receivables	-	66,083
Increase in other non-current assets	(1,147)	(60)
Net cash flows used in investing activities	(2,851,640)	(5,805,494)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	35,676,400	-
Decrease in short-term loans borrowings	(33,837,300)	-
Decrease in guarantee deposits received	(1,491)	(468)
Payment of lease liabilities	(96,430)	(91,494)
Exercise of employee share options	10,948	185
Net cash flows from (used in) financing activities	1,752,127	(91,777)
Effect of exchange rate changes on cash and cash equivalents	2,243,026	(485,040)
Net increase (decrease) in cash and cash equivalents	3,544,143	(8,591,195)
Cash and cash equivalents at beginning of period	58,812,043	73,593,262
Cash and cash equivalents at end of period	\$ 62,356,186	65,002,067

See accompanying notes to consolidated financial statements.

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

Nanya Technology Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

March 31, 2024 and 2023

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

(1) Company history

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

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

The consolidated financial statements were authorized for issuance by the Board of Directors on May 9, 2024.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRS Accounting Standards 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, 2024:

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.	January 1, 2027

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<ul style="list-style-type: none"> • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. 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”
- Amendments to IAS21 “Lack of Exchangeability”

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(4) Summary of material accounting policies:

(a) Statement of compliance

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

The significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

(b) Basis of consolidation

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

Investor	The name of subsidiaries	Business activity	Shareholding		
			March 31, 2024	December 31, 2023	March 31, 2023
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) Government grants

The Group recognizes government grants related to research and development as deferred income and relevant expenses in profit or loss.

(d) 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.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Income taxes

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

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

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

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

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

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2023. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2023.

(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, 2023. Please refer to Note 6 of the 2023 annual consolidated financial statements.

(a) Cash and cash equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Petty cash	\$ 32	42	67
Checking accounts and demand deposits	3,459,919	3,188,931	5,838,827
Cash equivalents:			
Time deposits	58,896,235	55,623,070	57,307,102
Commercial paper	-	-	523,460
Repurchase agreements collateralized by corporate bonds	-	-	1,332,611
	<u><u>\$ 62,356,186</u></u>	<u><u>58,812,043</u></u>	<u><u>65,002,067</u></u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Non-current financial assets at amortized cost

	March 31, 2024	December 31, 2023	March 31, 2023
Restricted Demand Deposits	\$ 4,048	140,659	223,786
Restricted Time Deposits	728,381	728,156	728,067
	<u>\$ 732,429</u>	<u>868,815</u>	<u>951,853</u>

The Group applied to the Minister of Economic Affairs (MOEA) for a research and development program subsidy in accordance with subsidy, Reward and Assistance Regulations for Promoting Industry Innovation of Ministry of Economic Affairs. As of March 31, 2024 and 2023, the research grant amounted to \$492,567 and \$223,003 thousand was approved by the Ministry of Economic Affairs to be transferred to the designated account for grants, and \$484,583 and \$0 thousand had been appropriated based on the actual payment. The demand deposit cannot be withdrawn arbitrarily under the restriction terms of the regulations for making a withdrawal from the designated account. As a result, the Group recognized the deferred revenue- Government Grants as other non-current liabilities.

The Group has assessed that these time deposits are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on the principal amount outstanding. Therefore, these time deposits were classified as financial assets measured at amortized cost.

(i) For credit risk, please refer to note 6(t).

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

(c) Notes and accounts receivable

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable - from non-operating activities	\$ -	-	387
Accounts receivable- measured at amortized cost	5,375,195	5,095,790	3,494,445
Accounts receivable- related parties	-	124,000	-
	<u>\$ 5,375,195</u>	<u>5,219,790</u>	<u>3,494,832</u>

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

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

March 31, 2024			
Due days	Accounts receivables gross carrying amount	Weighted average loss rate	Loss allowance provision
Current	\$ 5,354,118	-	-
1 to 30 days past due	21,077	-	-
	<u>\$ 5,375,195</u>		<u>-</u>
December 31, 2023			
Due days	Accounts receivables gross carrying amount	Weighted average loss rate	Loss allowance provision
Current	\$ 5,204,431	-	-
1 to 30 days past due	14,311	-	-
31 to 60 days past due	1,048	-	-
	<u>\$ 5,219,790</u>		<u>-</u>
March 31, 2023			
Due days	Notes and accounts receivables gross carrying amount	Weighted average loss rate	Loss allowance provision
Current	\$ 3,430,722	-	-
1 to 30 days past due	64,110	-	-
	<u>\$ 3,494,832</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 March 31, 2024, December 31 and March 31, 2023.

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

(d) Other receivables

	March 31, 2024	December 31, 2023	March 31, 2023
Tax refund receivable	\$ 2,463,617	2,432,222	1,915,907
Lease payment receivable	-	16,450	193,192
Interest receivable	642,908	972,542	583,193
Others	51,232	26,675	29,027
	<u>\$ 3,157,757</u>	<u>3,447,889</u>	<u>2,721,319</u>

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

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Inventories

	March 31, 2024	December 31, 2023	March 31, 2023
Raw materials	\$ 432,597	562,024	857,559
Work in progress	11,245,539	11,671,966	9,180,948
Finished goods	16,092,189	15,400,409	16,236,089
	<u>\$ 27,770,325</u>	<u>27,634,399</u>	<u>26,274,596</u>

The details of the cost of sales were as follows:

	For the three months ended March 31,	
	2024	2023
Inventory that has been sold	\$ 9,539,065	6,331,435
Write-down of inventories	111,831	-
Unallocated production overheads	104,855	629,843
Others	23,810	17,765
	<u>\$ 9,779,561</u>	<u>6,979,043</u>

(f) Investments accounted for using equity method

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

	March 31, 2024	December 31, 2023	March 31, 2023
Associates	<u>\$ 4,947,074</u>	<u>5,120,246</u>	<u>5,003,747</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		
			March 31, 2024	December 31, 2023	March 31, 2023
Formosa Advanced Technologies Co., Ltd. (FATC)	It mainly engages in assembling and testing of module products, as well as in the research and development of integrated circuits.	Taiwan	32.00 %	32.00 %	32.00 %

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

	March 31, 2024	December 31, 2023	March 31, 2023
Formosa Advanced Technologies Co., Ltd.	<u>\$ 16,229,556</u>	<u>17,246,667</u>	<u>19,678,889</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The financial information of FATC was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Current assets	\$ 9,853,061	9,573,354	10,770,043
Non-current assets	3,508,894	3,690,084	3,961,211
Current liabilities	(1,297,549)	(868,488)	(2,466,444)
Non-current liabilities	(592,585)	(587,714)	(637,185)
Net asset	<u><u>\$ 11,471,821</u></u>	<u><u>11,807,236</u></u>	<u><u>11,627,625</u></u>
Net asset contributed to non-controlling interest of Formosa Petrochemical Corporation	<u><u>\$ 7,800,839</u></u>	<u><u>8,028,921</u></u>	<u><u>7,906,785</u></u>
Net asset contributed to FATC	<u><u>\$ 3,670,982</u></u>	<u><u>3,778,315</u></u>	<u><u>3,720,840</u></u>

	For the three months ended March 31,	
	2024	2023
Operating revenue	<u><u>\$ 2,359,653</u></u>	<u><u>2,169,797</u></u>
Profit	347,841	231,593
Other comprehensive (loss) income	(285,256)	144,076
Total comprehensive income	<u><u>\$ 62,585</u></u>	<u><u>375,669</u></u>
Comprehensive income allocated to non-controlling interest of Formosa Petrochemical Corporation	<u><u>\$ 42,558</u></u>	<u><u>255,455</u></u>
Total comprehensive income contributed to FATC	<u><u>\$ 20,027</u></u>	<u><u>120,214</u></u>

	For the three months ended March 31,	
	2024	2023
Share of net assets of the major associate at January 1	\$ 3,778,315	4,067,613
Total comprehensive income allocated to the Group	20,027	120,214
Cash dividends contributed to the Group	(127,360)	(466,987)
Shares of net assets of major associate	3,670,982	3,720,840
Add: good will	1,463,162	1,463,162
Less: unrealized profits on upstream sales net assets of the associates	(187,070)	(180,255)
Total carrying amount of the major associate	<u><u>\$ 4,947,074</u></u>	<u><u>5,003,747</u></u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) 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, 2024	\$ 1,013,924	10,039,640	220,049,397	927,971	26,381,949	258,412,881
Additions	-	-	216,665	5,148	2,368,691	2,590,504
Disposals	-	(19,778)	(406,264)	(30,368)	-	(456,410)
Reclassification	-	341,079	12,315,583	6,882	(12,663,544)	-
Effect of exchange rate change	-	(43)	2,650	873	-	3,480
Balance as of March 31, 2024	<u>\$ 1,013,924</u>	<u>10,360,898</u>	<u>232,178,031</u>	<u>910,506</u>	<u>16,087,096</u>	<u>260,550,455</u>
Balance as of January 1, 2023	\$ 1,013,924	8,581,514	214,760,268	938,626	22,483,972	247,778,304
Additions	-	-	214,380	6,767	4,085,256	4,306,403
Disposals	-	-	(518,496)	(11,048)	-	(529,544)
Reclassification	-	364,213	1,815,708	(129)	(2,179,792)	-
Effect of exchange rate change	-	(9)	(244)	107	-	(146)
Balance as of March 31, 2023	<u>\$ 1,013,924</u>	<u>8,945,718</u>	<u>216,271,616</u>	<u>934,323</u>	<u>24,389,436</u>	<u>251,555,017</u>
Accumulated depreciation / impairment loss:						
Balance as of January 1, 2024	\$ -	3,676,050	172,118,133	781,080	-	176,575,263
Depreciation for the period	-	105,727	3,776,321	16,135	-	3,898,183
Reversal of impairment loss	-	-	6,442	-	-	6,442
Disposals	-	(16,757)	(406,261)	(30,368)	-	(453,386)
Reclassification	-	-	51	(51)	-	-
Effect of exchange rate change	-	(42)	2,071	590	-	2,619
Balance as of March 31, 2024	<u>\$ -</u>	<u>3,764,978</u>	<u>175,496,757</u>	<u>767,386</u>	<u>-</u>	<u>180,029,121</u>
Balance as of January 1, 2023	\$ -	3,258,420	158,859,971	762,519	-	162,880,910
Depreciation for the period	-	106,911	3,468,006	16,721	-	3,591,638
Impairment loss	-	-	(27,307)	-	-	(27,307)
Disposals	-	-	(489,183)	(11,048)	-	(500,231)
Reclassification	-	-	313	(313)	-	-
Effect of exchange rate change	-	(9)	(163)	125	-	(47)
Balance as of March 31, 2023	<u>\$ -</u>	<u>3,365,322</u>	<u>161,811,637</u>	<u>768,004</u>	<u>-</u>	<u>165,944,963</u>
Carrying amounts:						
Balance as of March 31, 2024	<u>\$ 1,013,924</u>	<u>6,595,920</u>	<u>56,681,274</u>	<u>143,120</u>	<u>16,087,096</u>	<u>80,521,334</u>
Balance as of December 31, 2023	<u>\$ 1,013,924</u>	<u>6,363,590</u>	<u>47,931,264</u>	<u>146,891</u>	<u>26,381,949</u>	<u>81,837,618</u>
Balance as of March 31, 2023	<u>\$ 1,013,924</u>	<u>5,580,396</u>	<u>54,459,979</u>	<u>166,319</u>	<u>24,389,436</u>	<u>85,610,054</u>

The estimated future recoverable amount of equipment, which had been identified to be no longer useful for its operation, is lower than the book value. In March 31, 2024 and 2023, the Group reassessed its estimates, wherein the amount of \$6,442 and \$27,307 of the impairment loss and reversal impairment loss has been recognized, respectively.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Right-of-use assets

	<u>Land</u>	<u>Building</u>	<u>Machinery and equipment</u>	<u>Total</u>
Cost :				
Balance at January 1, 2024	\$ 5,249,463	1,429	194,253	5,445,145
Additions	275,005	9,735	24,208	308,948
Decrease	(44,902)	-	-	(44,902)
Balance at March 31, 2024	<u>\$ 5,479,566</u>	<u>11,164</u>	<u>218,461</u>	<u>5,709,191</u>
Balance at January 1, 2023	\$ 5,074,689	8,181	48,848	5,131,718
Additions	411,039	-	24,301	435,340
Balance at March 31, 2023	<u>\$ 5,485,728</u>	<u>8,181</u>	<u>73,149</u>	<u>5,567,058</u>
Accumulated depreciation:				
Balance at January 1, 2024	\$ 1,000,873	119	18,593	1,019,585
Depreciation for the period	102,551	883	9,102	112,536
Decrease	(35,936)	-	-	(35,936)
Balance at March 31, 2024	<u>\$ 1,067,488</u>	<u>1,002</u>	<u>27,695</u>	<u>1,096,185</u>
Balance at January 1, 2023	\$ 603,062	4,868	678	608,608
Depreciation for the period	99,236	859	2,711	102,806
Balance at March 31, 2023	<u>\$ 702,298</u>	<u>5,727</u>	<u>3,389</u>	<u>711,414</u>
Carrying Amount:				
Balance at March 31, 2024	<u>\$ 4,412,078</u>	<u>10,162</u>	<u>190,766</u>	<u>4,613,006</u>
Balance at December 31, 2023	<u>\$ 4,248,590</u>	<u>1,310</u>	<u>175,660</u>	<u>4,425,560</u>
Balance at March 31, 2023	<u>\$ 4,783,430</u>	<u>2,454</u>	<u>69,760</u>	<u>4,855,644</u>

(i) Lease receivables

- (i) On June 18, 2009, the Group signed an amended long-term lease agreement with Inotera Memories, Inc. (its name was changed to Micron Technology Taiwan in March 2017, referred to as "MTTW") on the lease of building, facilities and land located on 348, 348-1 and 348-3, Hwa Ya Section, Kueishan District, Taoyuan City. This amended lease agreement, which took effect retroactively from January 1, 2009, includes the renewal term. Initial lease term is from January 1, 2009 to December 31, 2018. However, MTTW is entitled to renew this amended lease agreement for an unlimited number of consecutive additional terms of five years each, by providing a written notice with the intention to renew the lease term commencing from January 1, 2019. MTTW has completed the renewal of its lease agreement, with a written notice on December 13, 2018. In addition, MTTW has an exclusive option to purchase the leased assets (including land, building and its facilities) for a total purchase price of USD50,000 thousand on and after January 1, 2024. Also, the rental receivable for the entire year of 2009 has been waived. Initial yearly rentals for the leased land was USD1,990 thousand and leased building (including facilities) was USD13,010 thousand from January 1, 2010 to December 31, 2018; the first yearly renewal rentals for the leased land is USD1,990 thousand and building (including facilities) is USD8,010 thousand from January 1, 2019 to December 31, 2023. The

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

amended lease agreement for the building (including facilities) is treated as a capital lease because (a) the present value of the periodic rental payments made since the inception date is at least 90% of the market value of the leased assets and (b) the lease term is equal to 75% or more of the total estimated economic life of the leased assets. The land is treated as an operating lease.

- (ii) The total lease receivable from the capital lease of the building (including facilities) was \$5,185,620; the implicit interest rate was 10.56%. The cost of the leased assets at the beginning of the lease period was \$2,656,223. The difference was recognized as unrealized interest revenue of \$2,529,397. For the three months ended March 31, 2023, the Group recognized the interest revenue of \$4,970, respectively, from the amortization of unrealized interest revenue.
- (iii) MTTW received a written notice on June 12, 2023 concerning the renewal of its lease that matures on December 31, 2023, resulting MTTW to extend its lease for another 5 years, starting from January 1, 2024 to December 31, 2028, with an annual rental of USD2,000, recognized as operating lease.

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

	March 31, 2024	December 31, 2023	March 31, 2023
Less than one year	\$ -	-	198,247
Total lease payments receivable	-	-	198,247
Unearned finance income	-	-	(5,055)
Present value of lease payments receivable	<u>\$ -</u>	<u>-</u>	<u>193,192</u>

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

(j) Short-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023,
Unsecured bank loans	<u>\$ 13,020,100</u>	<u>11,181,000</u>	<u>-</u>
Interest rate	<u>1.65%~1.78%</u>	<u>1.65%~1.73%</u>	<u>-</u>
Maturity date	<u>2024.04.01~2024.04.29</u>	<u>2024.01.03~2024.04.26</u>	<u>-</u>

(i) Increase in loans and repayments

	For the three months ended March 31	
	2024	2023
Opening Balance	\$ 11,181,000	-
Amount of increase in loans	35,676,400	-
Amount of repayment	(33,837,300)	-
Ending balance	<u>\$ 13,020,100</u>	<u>-</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Current	<u>\$ 406,946</u>	<u>393,063</u>	<u>395,006</u>
Non-current	<u>\$ 4,286,330</u>	<u>4,104,145</u>	<u>4,506,331</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31	
	2024	2023
Interest on lease liabilities	<u>\$ 23,395</u>	<u>17,901</u>
Expenses relating to short-term leases	<u>\$ 13,893</u>	<u>11,897</u>

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

	For the three months ended March 31,	
	2024	2023
Total cash outflow for leases	<u>\$ 133,718</u>	<u>120,554</u>

(i) Land lease

The Group leases its land and building with a period of 2 to 20 years.

(ii) Other leases

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

(l) Employee benefits

(i) Defined benefit plan

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

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	For the three months ended March 31,	
	2024	2023
Operating cost	\$ 1,236	1,454
Operating expenses	936	1,015
Total	<u>\$ 2,172</u>	<u>2,469</u>

(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 March 31,	
	2024	2023
Operating cost	\$ 25,895	25,954
Operating expenses	26,690	25,242
Total	<u>\$ 52,585</u>	<u>51,196</u>

(m) Income tax

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

	For the three months ended March 31,	
	2024	2023
Current tax (profit) expense		
Current period	\$ 1,197	1,323
Deferred tax profit	(335,805)	(429,093)
Income tax profit	<u>\$ (334,608)</u>	<u>(427,770)</u>

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

	For the three months ended March 31,	
	2024	2023
Items that will not be reclassified subsequently to profit or loss:		
Unrealized gains on equity investments at fair value through other comprehensive income	<u>\$ 65</u>	<u>47</u>

(iii) The Company's tax returns have been examined by the ROC tax authority through 2022.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Capital and other equity

Except as described below, there was no material change in equity for the three months ended March 31, 2024 and 2023. Please refer to Note 6(n) of the consolidated financial statements as of and for the year ended December 31, 2023 for the related detail disclosures on equity.

(i) Ordinary Share

On February 23, 2024, 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 130 thousand shares, with the issuing prices of \$25.5 dollars per share respectively, which are totaled \$1,300. All issued shares were paid up upon issuance and the related process for registration had been completed.

(ii) Capital surplus

	March 31, 2024	December 31, 2023	March 31, 2023
Premium from the issuance of stock	\$ 29,494,434	29,492,419	29,491,194
Treasury share transactions	274,385	274,385	274,385
Employee stock option plans	2,790,727	2,790,727	2,790,727
Expired employee share option plans	268,292	268,292	268,292
Past due unclaimed dividends	399	399	264
Change in net equity of associates accounted for using equity method	101	101	75
	<u><u>\$ 32,828,338</u></u>	<u><u>32,826,323</u></u>	<u><u>32,824,937</u></u>

(iii) Retain earning

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

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

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Legal reserve

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

2) Special Reserve

In accordance with Ruling issued by the FSC, a portion of current period earnings and undistributed prior period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

There was no 2023 earnings distribution accrued by the Company due to the deficit incurred during the year, based on a resolution decided at the board meeting held on February 23, 2024; while the 2022 earnings distribution had been approved by the board of directors on February 22, 2023 as follows:

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

(iv) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2024	\$ 896,519	(297,440)	599,079
Exchange differences on translation of foreign financial statements	2,185,582	-	2,185,582
Unrealized losses from financial of assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	(91,282)	(91,282)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	259	259
Balance as of March 31, 2024	<u><u>\$ 3,082,101</u></u>	<u><u>(388,463)</u></u>	<u><u>2,693,638</u></u>

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	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, 2023	\$ 913,316	(301,083)	612,233
Exchange differences on translation of foreign financial statements	(418,461)	-	(418,461)
Unrealized gains from financial of assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	46,104	46,104
Unrealized gains from financial of assets measured at fair value through other comprehensive income	-	185	185
Balance as of March 31, 2023	<u>\$ 494,855</u>	<u>(254,794)</u>	<u>240,061</u>

(o) Share-based payment transactions

Except as described below, there was no material change on the share-based payment transactions for the three months ended March 31, 2024 and 2023. Please refer to Note 6(o) of consolidated financial statements as of and for the year ended December 31, 2023 for related disclosures on share-based payment transactions.

(i) Relevant information of employee stock option plans

The Company:

	For the three months ended March 31,			
	2024		2023	
	Weighted- average exercise (price TWD)	Number of options (Units)	Weighted- average exercise (price TWD)	Number of options (Units)
Outstanding as of January 1	\$ 25.56	487	26.35	631
Options exercised	25.52	(429)	26.30	(7)
Outstanding as of March 31	25.86	<u>58</u>	26.35	<u>624</u>
Options exercisable as of March 31	25.86	<u>58</u>	26.35	<u>624</u>

(p) Losses per share

	For the three months ended March 31,	
	2024	2023
Basic losses per share:		
Net loss attributable to the Company's ordinary shareholders	\$ <u>(1,208,488)</u>	<u>(1,684,687)</u>
Weighted-average number of ordinary shares outstanding	<u>3,098,339</u>	<u>3,098,042</u>
Basic losses per share (dollar)	\$ <u>(0.39)</u>	<u>(0.54)</u>

The Company did not calculate the diluted loss per share for the three months ended March 31, 2024 and 2023 due to the net loss resulted in anti diluted effects to the employee share option and employee stock remuneration issued by the Company.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

For the three months ended March 31, 2024			
	Manufacturing department	Overseas sales department	Total
Geographic markets of primary destination:			
Taiwan	\$ 2,522,712	273,897	2,796,609
Japan	-	384,830	384,830
Malaysia	139,577	132,376	271,953
China	3,784,718	1,089,419	4,874,137
USA	705	139,634	140,339
Thailand	9,540	126,505	136,045
Germany	-	181,086	181,086
Vietnam	2,840	129,291	132,131
Other countries	151,691	434,116	585,807
	\$ 6,611,783	2,891,154	9,502,937
Major products line:			
Dynamic Random Access Memory (DRAM)	\$ 6,587,719	2,890,871	9,478,590
Others	24,064	283	24,347
	\$ 6,611,783	2,891,154	9,502,937
For the three months ended March 31, 2023			
	Manufacturing department	Overseas sales department	Total
Geographic markets of primary destination:			
Taiwan	\$ 1,760,457	143,268	1,903,725
Japan	-	219,855	219,855
Malaysia	28,438	123,797	152,235
China	2,303,483	753,242	3,056,725
USA	456	37,110	37,566
Thailand	50,713	180,895	231,608
Germany	-	288,664	288,664
Other countries	141,853	392,652	534,505
	\$ 4,285,400	2,139,483	6,424,883
Major products line:			
Dynamic Random Access Memory (DRAM)	\$ 4,263,663	2,139,209	6,402,872
Others	21,737	274	22,011
	\$ 4,285,400	2,139,483	6,424,883

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Contract balances

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable	\$ -	-	387
Accounts receivable	5,375,195	5,095,790	3,494,445
Accounts receivable- related parties	-	124,000	-
	<u>\$ 5,375,195</u>	<u>5,219,790</u>	<u>3,494,832</u>

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

(r) Remuneration to employees

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

For the three months ended March 31, 2024 and 2023, the Company did not estimate the remuneration to employees due to the Company had a net loss before tax.

(s) Non-operating income and expenses

(i) Interest income

	For the three months ended March 31,	
	2024	2023
Interest income from bank deposits and short-term notes	\$ 836,106	715,400
Interest income from financial lease receivables	-	4,970
	<u>\$ 836,106</u>	<u>720,370</u>

(ii) Other gains and losses

	For the three months ended March 31,	
	2024	2023
(Loss) gain on disposal of property, plant and equipment	\$ (1,875)	44,398
Foreign exchange gains (losses)	403,813	(78,432)
Impairment losses (reversal of impairment losses) on non-financial assets	(6,442)	27,307
Government grants	136,623	-
Others	38,526	38,434
	<u>\$ 570,645</u>	<u>31,707</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Finance costs

	For the three months ended March 31,	
	2024	2023
Interest expense	\$ 53,654	-
Amortization interest of lease liability	23,395	17,901
	\$ 77,049	17,901

(t) Financial instruments

Except for the content mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(t) of the consolidated financial statements for the year ended December 31, 2023.

(i) Credit risk of receivables

For credit risk exposure of notes and accounts receivables, please refer to note 6(c).

Other financial assets at amortized cost includes other receivables, time deposits and refundable deposits.

Considering that the Group deals only with other external parties with good credit standing and with the above investment grade financial institutions, all of the above financial assets are considered to have low credit risk.

As of March 31, 2024, December 31 and March 31, 2023, 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>
March 31, 2024							
Non-derivative financial liabilities							
Short-term borrowings	\$ 13,020,100	13,027,771	13,027,771	-	-	-	-
Accounts payable (including related parties)	3,106,635	3,106,635	3,106,635	-	-	-	-
Dividend payable	1,777	1,777	1,777	-	-	-	-
Other payables (including related parties)	5,184,651	5,184,651	5,184,651	-	-	-	-
Lease liabilities (including current portion)	4,693,276	5,457,022	250,603	247,297	487,981	1,452,644	3,018,497
	\$ 26,006,439	26,777,856	21,571,437	247,297	487,981	1,452,644	3,018,497

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	Carrying amount	Contractual cash flow	Within 6 months	6-12months	1-2years	2-5years	Over 5 years
December 31, 2023							
Non-derivative financial liabilities							
	\$ 11,181,000	11,196,491	11,196,491	-	-	-	-
Accounts payable (including related parties)	3,443,094	3,443,094	3,443,094	-	-	-	-
Other payables (including related parties)	4,944,259	4,944,259	4,944,259	-	-	-	-
Lease liabilities (including current portion)	4,497,208	5,235,984	241,523	238,285	453,362	1,359,246	2,943,568
	<u>\$ 24,065,561</u>	<u>24,819,828</u>	<u>19,825,367</u>	<u>238,285</u>	<u>453,362</u>	<u>1,359,246</u>	<u>2,943,568</u>
March 31, 2023							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 3,726,034	3,726,034	3,726,034	-	-	-	-
Dividend payable	6,601,519	6,601,519	6,601,519	-	-	-	-
Other payables (including related parties)	5,698,449	5,698,449	5,698,449	-	-	-	-
Lease liabilities (including current portion)	4,901,337	5,489,742	233,107	232,210	452,167	1,299,424	3,272,834
	<u>\$ 20,927,339</u>	<u>21,515,744</u>	<u>16,259,109</u>	<u>232,210</u>	<u>452,167</u>	<u>1,299,424</u>	<u>3,272,834</u>

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

(iii) Market risk

1) Exposure to currency risk

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

March 31, 2024			December 31, 2023			March 31, 2023		
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	\$ 290,480	31.990	9,292,455	299,790	30.735	9,214,046	344,627	30.454
JPY	1,089,649	0.2110	229,916	916,270	0.2172	199,014	299,167	0.2293
EUR	7	34.4645	241	86	33.9755	2,922	74	33.1576
HKD	28	4.0822	114	28	3.9316	110	6,038	3.8748
Financial liabilities:								
Monetary items								
USD	\$ 99,778	31.990	3,191,898	101,028	30.735	3,105,096	127,141	30.454
JPY	1,162,937	0.2110	245,380	655,640	0.2172	142,405	970,387	0.2293
EUR	8,245	34.4645	284,160	4,557	33.9755	154,826	5,062	33.1576

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 March 31, 2024 and 2023 would have decreased and increased the net income before tax by \$58,013 and \$63,274 for the three months ended March 31, 2024 and 2023, 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.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Since the Group has many kinds of functional currency, the information on foreign exchange loss on monetary items is disclosed by total amount. For the three months ended March 31, 2024 and 2023, foreign exchange gains and losses (including realized and unrealized portions) amounted to \$403,813 and \$(78,432), respectively.

(iv) Other market price risk

For the years ended March 31, 2024 and 2023, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

<u>Prices of securities at the reporting date</u>	For the three months ended March 31,	
	2024	2023
	Other comprehensive income after tax	Other comprehensive income after tax
Increase 1%	\$ 165	134
Decrease 1%	(165)	(134)

(v) Fair value information

1) Types and fair value of financial instruments

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

	March 31, 2024				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income:					
Equity instruments without a market price measured at fair value	\$ 20,625	-	-	20,625	20,625
Financial assets measured at amortized cost					
Cash and cash equivalents	62,356,186	-	-	-	-
Financial assets measured at cost	732,429	-	-	-	-
Accounts receivable	5,375,195	-	-	-	-
Other receivables	3,285,117	-	-	-	-
Subtotal	71,748,927	-	-	-	-
Total	<u>\$ 71,769,552</u>	<u>-</u>	<u>-</u>	<u>20,625</u>	<u>20,625</u>
Financial liabilities measured at amortized cost					
Short-term-borrowings	\$ 13,020,100	-	-	-	-
Accounts payable (including related parties)	3,106,635	-	-	-	-
Dividend payable	1,777	-	-	-	-
Other payables (including related parties)	5,184,651	-	-	-	-
Lease liabilities (including current portion)	4,693,276	-	-	-	-
Total	<u>\$ 26,006,439</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2023					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income:					
Equity instruments without a market price measured at fair value	\$ 20,301	-	-	20,301	20,301
Financial assets measured at amortized cost					
Cash and cash equivalents	58,812,043	-	-	-	-
Financial assets measured at cost	868,815	-	-	-	-
Accounts receivable	5,219,790	-	-	-	-
Other receivables (including related parties)	3,447,889	-	-	-	-
Subtotal	68,348,537	-	-	-	-
Total	<u>\$ 68,368,838</u>	<u>-</u>	<u>-</u>	<u>20,301</u>	<u>20,301</u>
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 11,181,000	-	-	-	-
Accounts payable (including related parties)	3,443,094	-	-	-	-
Other payables (including related parties)	4,944,259	-	-	-	-
Lease liabilities (including current portion)	4,497,208	-	-	-	-
Total	<u>\$ 24,065,561</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
March 31, 2023					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Equity instruments without a market price measured at fair value	\$ 16,798	-	-	16,798	16,798
Financial assets measured at amortized cost					
Cash and cash equivalents	65,002,067	-	-	-	-
Note and accounts receivable	951,853	-	-	-	-
Other receivables	3,494,832	-	-	-	-
Lease payments receivable (including current portion)	3,000,007	-	-	-	-
	193,192	-	-	-	-
Subtotal	72,641,951	-	-	-	-
Total	<u>\$ 72,658,749</u>	<u>-</u>	<u>-</u>	<u>16,798</u>	<u>16,798</u>
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 3,726,034	-	-	-	-
Dividend payable	6,601,519	-	-	-	-
Other payables (including related parties)	5,698,449	-	-	-	-
Lease liabilities (including current portion)	4,901,337	-	-	-	-
Total	<u>\$ 20,927,339</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 three months ended March 31, 2024 and 2023, there was no transfer from financial assets.

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance as of January 1, 2024	\$ 20,301
Total gains recognized in other comprehensive income	324
Balance as of March 31, 2024	<u>\$ 20,625</u>
Balance as of January 1, 2023	\$ 16,566
Total gains recognized in other comprehensive income	232
Balance as of March 31, 2023	<u>\$ 16,798</u>

For the three months ended March 31, 2024 and 2023, total gains or losses that were included in "unrealized gains or losses from existing financial assets at fair value through other comprehensive income" were as follows:

	For the three months ended March 31	
	2024	2023
Total gains recognized in other comprehensive income, and presented in "unrealized gains or losses from financial assets at fair value through other comprehensive income"	<u>\$ 324</u>	<u>232</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

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

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income equity investments without an active market	Asset method	·Net asset value ·The discount rate due to lack of marketability as of March 31, 2024 and December 31, 2023 and March 31, 2023, the significant unobservable inputs were 10%.	·The higher the discount for lack of marketability, the lower the fair value.

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

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

			Effects of changes in fair value on other comprehensive income	
	Inputs	Increase or decrease	Favorable change	Unfavorable change
March 31, 2024				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Discount for lack of marketability	1%	229	(229)
December 31, 2023				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Discount for lack of marketability	1%	226	(226)
March 31, 2023				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Discount for lack of marketability	1%	187	(187)

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(u) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note 6(u) of the consolidated financial statements for the year ended December 31, 2023.

(v) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2023. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2023. Please refer to Note 6(v) of the consolidated financial statements for the year ended December 31, 2023 for further details.

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

The Group's investing and financing activities on non-cash transactions for the three months ended March 31, 2024 and 2023 were as follows:

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

(ii)

	For the three months ended March 31,	
	2024	2023
Acquisition of property, plant and equipment	\$ 2,590,504	4,306,403
Add: Payables on equipment at beginning of period	1,807,098	3,508,900
Less: Payables on equipment at end of period	<u>(1,546,680)</u>	<u>(1,998,307)</u>
Cash Paid	<u>\$ 2,850,922</u>	<u>5,816,996</u>

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

	January 1, 2024	Cash flow	Non-Cash changes				March 31, 2024
			Change in an index of lease payment	Increased	Increased by other payables	Foreign exchange movement	
Lease liabilities	\$ 4,497,208	(96,430)	272,350	33,943	(6,453)	(7,342)	4,693,276
Short-term borrowings deposits	11,181,000	1,839,100	-	-	-	-	13,020,100
	<u>14,567</u>	<u>(1,491)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,076</u>
	<u>\$ 15,692,775</u>	<u>1,741,179</u>	<u>272,350</u>	<u>33,943</u>	<u>(6,453)</u>	<u>(7,342)</u>	<u>17,726,452</u>

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	January 1, 2023	Cash flow	Non-Cash changes				December 31, 2022
			Change in an index of lease payment	Increased	Increased by other payables	Foreign exchange movement	
Lease liabilities	\$ 4,561,342	(91,494)	411,039	24,301	-	(3,851)	4,901,337
Guarantee deposits	23,188	(468)	-	-	-	-	22,720
	<u>\$ 4,584,530</u>	<u>(91,962)</u>	<u>411,039</u>	<u>24,301</u>	<u>-</u>	<u>(3,851)</u>	<u>4,924,057</u>

(7) Related-party transactions:

(a) Names and relationship with related parties

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

<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
Nanya Printed Circuit Board Corporation	The Group's other related parties
Formosa Waters Technology Co., Ltd.	The Group's other related parties
Nan Ya Plastics Corporation	The entity with significant influence over the Group
Min Chi University of Technology	The Group's other related parties

(b) Significant transactions with related parties

(i) Sales to related parties

Relationship	Sales		Accounts receivable to related parties		
	For the three months ended March 31,				
	2024	2023	March 31, 2024	December 31, 2023	March 31, 2023
Nanya Printed Circuit Board Corporation	\$ -	-	-	124,000	-

The selling prices and collection terms for the sales to related parties above are not significantly different from those third party customers, and the normal credit term with the related parties above is O/A 30 days. There is no collateral received among related parties accounts receivable. However, not expected credit loss is necessary based on the result of management's evaluation.

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Purchase from related parties

Relationship	Purchases For the three months ended March 31,		Accounts payable to related parties		
	2024	2023	March 31, 2024	December 31, 2023	March 31, 2023
Entities with significant influence over the Group	\$ 37,696	35,117	13,662	13,673	13,512
Associates	-	7,268	-	-	-
Other related parties:					
Formosa Sumco Technology Corporation	206,108	79,694	162,537	121,209	78,925
Other related parties	60,214	64,879	15,363	10,178	14,078
	<u>\$ 304,018</u>	<u>186,958</u>	<u>191,562</u>	<u>145,060</u>	<u>106,515</u>

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

(iii) Consigned out for processing

Relationship	Amount For the three months ended March 31,		Other payables to related parties		
	2024	2023	March 31, 2024	December 31, 2023	March 31, 2023
Associates	<u>\$ 1,753,883</u>	<u>1,723,770</u>	<u>1,122,800</u>	<u>851,177</u>	<u>1,265,123</u>

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

(iv) Property transactions

Acquisition of machinery and equipment

Relationship	Acquisition price For the three months ended March 31,		Other payables to related parties		
	2024	2023	March 31, 2024	December 31, 2023	March 31, 2023
Entities with significant influence over the Group	\$ 350	-	-	-	4,485
Other related parties	108,500	16,780	104,193	11,968	10,070
	<u>\$ 108,850</u>	<u>16,780</u>	<u>104,193</u>	<u>11,968</u>	<u>14,555</u>

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Leases

Relationship	Acquisition price	
	For the three months ended	
	March 31,	
	2024	2023
Entities with significant influence over the Group	\$ <u>5,145</u>	<u>4,857</u>

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

The Group entered into a 20-year lease agreements in June and October 2022, as well as a 9-to-10-year lease agreement between July and August 2020, with Nan Ya Plastics Corporation, at the total values of \$3,556,784 and \$2,015,018, respectively. Also, for the three months ended March 31, 2024 and 2023, the Group recognized the amounts of \$22,327 and \$17,466, respectively, as interest expenses. Furthermore, on March 31, 2024, December 31 and March 31, 2023, the balances of lease liabilities amounted to \$4,481,224, \$4,293,088 and \$4,780,717, respectively.

The Group entered into a 3-year lease agreement in December 2021 with Min Chi University of Technology, at the total values of \$50,198. Also, for the three months ended March 31, 2024 and 2023, the Group recognized the amount of \$44 and \$83, respectively, as interest expense. Furthermore, on March 31, 2024, December 31 and March 31, 2023, the balance of lease liabilities amounted to \$9,829, \$16,623 and \$28,977, respectively.

(vi) Others

Relationship	Other income	
	For the three months ended	
	March 31	
	2024	2023
Associates	\$ <u>43</u>	<u>71</u>

Relationship	Other receivable from related parties		
	March 31,	December 31,	March 31,
	2024	2023	2023
Associates	\$ <u>-</u>	<u>-</u>	<u>4,893</u>

(vii) Dividends

Relationship	Other receivable from related parties		
	March 31,	December 31,	March 31,
	2024	2023	2023
Associates	\$ <u>127,360</u>	<u>-</u>	<u>466,987</u>

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Key management personnel remuneration

Key management personnel remuneration comprised:

	For the three months ended March 31,	
	2024	2023
	\$	\$
Short-term employee benefits	<u>13,091</u>	<u>11,839</u>

(8) Pledged assets:

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

<u>Pledged assets</u>	<u>Object</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Non-current financial assets at amortized cost	Office leasing and performance guarantee	\$ <u>729,195</u>	<u>728,959</u>	<u>728,850</u>
		<u>\$ 729,195</u>	<u>728,959</u>	<u>728,850</u>

(9) Commitments and contingencies:

(a) Significant commitments

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Guarantees for importation goods provided by bank	\$ 1,035,000	1,035,000	1,035,000
Performance guarantees for green energy projects provided by banks	20,000	20,000	-
Performance guarantees provided by bank	269,564	139,856	223,003
Issuance of promissory note for the performance guarantees of research and development programs	500,000	500,000	500,000
Unused letters of credit	15,035	3,089	916,395
Acquisition of property, plant and equipment	<u>18,801,777</u>	<u>21,068,688</u>	<u>21,703,343</u>
Total	<u>\$ 20,641,376</u>	<u>22,766,633</u>	<u>24,377,741</u>

(b) Contingent liabilities

- (i) In 2010, 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.

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (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 case was settled in April 2024, without having any significant impact on the operations of the Group. The plaintiff withdrew the lawsuit, hence, the case was considered closed.
- (iii) In February, 2023, Polaris Innovations Limited (Polaris) filed a lawsuit against the Company, to the US District Court of East Texas for patent infringement. The Company has engaged counsels to properly handle it to ensure the Company's rights.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events:

As per the report on the impact of the Hualien earthquake on April 3, 2024, all Company employees and contractors on-site were safe, although certain equipment malfunctioned and some wafers in the production plant were damaged. However, with comprehensive safety check and repairment, the normal production has resumed on April 8, 2024. Moreover, all expenses related to the impact of the earthquake, including wafer damage, equipment repairment, and production interruptions, will be recognized in the second quarter of 2024.

(12) Other:

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

	For the three months ended March 31, 2024			For the three months ended March 31, 2023		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salaries	608,115	569,310	1,177,425	575,739	505,198	1,080,937
Labor and health insurance	56,176	51,791	107,967	56,154	49,529	105,683
Pension expenses	27,131	27,626	54,757	27,408	26,257	53,665
Remuneration for directors	-	2,040	2,040	-	2,040	2,040
Other personnel expenses	18,225	9,177	27,402	16,943	8,095	25,038
Depreciation expenses	3,852,840	157,879	4,010,719	3,528,416	166,028	3,694,444
Amortization expenses	63,169	-	63,169	64,206	-	64,206

- (b) Seasonal operation:

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

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the three months ended March 31, 2024:

(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	-	20,625	2.46 %	20,625	

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

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

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Factory construction	April 28, 2021~ April 15, 2022	19,726,000	Monthly settlement based on the construction progress and acceptance	Yung Ching Construction Co., Ltd. and 6 other companies	Non-related parties	N/A	N/A	N/A	N/A	Based on market price	For purposes of production and operating	
The Company	Factory construction	April 19, 2022	5,227,880	Monthly settlement based on the construction progress and acceptance	Li Jin Engineering Co., Ltd	Non-related parties	N/A	N/A	N/A	N/A	Based on market price	For purposes of production and operating	
The Company	Factory construction	May 30, 2022	920,000	Monthly settlement based on the construction progress and acceptance	Lien Rong Construction Co., Ltd.	Non-related parties	N/A	N/A	N/A	N/A	Based on market price	For purposes of production and operating	
The Company	Factory construction	August 1, 2022	2,089,560	Monthly settlement based on the construction progress and acceptance	Kwang-Lien Construction Co., Ltd.	Non related parties	N/A	N/A	N/A	N/A	Based on market price	For purposes of production and operating	
The Company	Factory construction	May 18, 2023	2,053,353	Monthly settlement based on the construction progress and acceptance	Kwang-Lien Construction Co., Ltd.	Non related parties	N/A	N/A	N/A	N/A	Based on market price	For purposes of production and operating	

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

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Nanya Technology Corp	Nanya Technology Corp., U.S.A.	Subsidiary	(Sale)	(1,315,933)	(13.98)%	O/A 60~90Days	-		1,047,937	20.57%	(Note)
Nanya Technology Corp	Nanya Technology Corp., Japan	Subsidiary	(Sale)	(949,657)	(10.09)%	O/A 180Days	-		395,422	7.76%	(Note)
Nanya Technology Corp	Nanya Technology Corp., Europe GmbH	Subsidiary	(Sale)	(488,452)	(5.19)%	O/A 60~90Days	-		281,103	5.52%	(Note)
Nanya Technology Corp., U.S.A.	Nanya Technology Corp	The parent company	Purchase	1,315,933	100.00%	O/A 60~90Days	-		(1,047,937)	(100.00)%	(Note)
Nanya Technology Corp., Japan	Nanya Technology Corp	The parent company	Purchase	949,657	100.00%	O/A 180 Days	-		(395,422)	(100.00)%	(Note)
Nanya Technology Corp., Europe GmbH	Nanya Technology Corp	The parent company	Purchase	488,452	100.00%	O/A 60~90Days	-		(281,103)	(100.00)%	(Note)
Nanya Technology Corp	Formosa Sumco Technology Corporation	Other related parties	Purchase	206,108	7.67%	O/A 60Days	-		(162,537)	(5.23)%	-

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	Note
					Amount	Action taken			
The Company	Nanya Technology Corp., U.S.A.	Subsidiary	1,047,937	6.36	-	-	275,687	-	(Note)
The Company	Nanya Technology Corp., Japan	Subsidiary	395,422	11.11	-	-	309,931	-	(Note)
The Company	Nanya Technology Europe GmbH	Subsidiary	281,103	4.50	-	-	158,922	-	(Note)

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			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Nanya Technology Corp.	Nanya Technology Corp., U.S.A	1	Sales	1,315,933	On the basis of general conditions	13.85%
0	Nanya Technology Corp.	Nanya Technology Corp., Japan	1	Sales	949,657	On the basis of general conditions	9.99%
0	Nanya Technology Corp.	Nanya Technology Europe GmbH	1	Sales	488,452	On the basis of general conditions	5.14%
0	Nanya Technology Corp.	Nanya Technology Corp., U.S.A	1	Accounts receivable	1,047,937	On the basis of general conditions	0.54%
0	Nanya Technology Corp.	Nanya Technology Corp., Japan	1	Accounts receivable	395,422	On the basis of general conditions	0.20%
0	Nanya Technology Corp.	Nanya Technology Europe GmbH	1	Accounts receivable	281,103	On the basis of general conditions	0.14%

Note 1: Assigned numbers represent the following:

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

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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 three months ended March 31, 2024:

(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 March 31, 2024			Net income of investee	Share of profits of investee	Note
				March 31, 2024	December 31, 2023	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 %	260,154	6,382	6,382	(Note1)
The Company	Nanya Technology Corp., Delaware	U.S.A	Design of semiconductor products	36,005	36,005	-	100.00 %	257,096	6,416	6,416	(Note1)
The Company	Nanya Technology Corp., HK	Hong Kong	Sales of semiconductor products	66,271	66,271	19.7	100.00 %	102,184	(1,968)	(1,968)	(Note1)
The Company	Nanya Technology Corp., Japan	Japan	Sales of semiconductor products	20,161	20,161	1	100.00 %	490,430	90,278	90,278	(Note1)
The Company	Nanya Technology International, Ltd.	British Virgin Island	General investment business	48,145,600	48,145,600	1.6	100.00 %	55,914,497	773,379	773,379	(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 %	4,947,074	347,841	45,470	(Note 2)
Nanya Technology Corp., HK	Nanya Technology Europe GmbH	Germany	Sales of semiconductor products	30,056	30,056	-	100.00 %	94,725	(34)	(34)	(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 (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2024	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Nanya Technology Corp., Shenzhen	Sales of semiconductor products	31,510 (USD985 thousand)	(2)	31,510 (USD985 thousand)	-	-	31,510 (USD985 thousand)	(2,301)	100.00%	(2,301)	24,773	-

Note 1 : Three types of investments were as follows:

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

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

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

(ii) Limitation on investment in Mainland China:

(In Thousands of New Taiwan Dollars)

Accumulated Investment in Mainland China as of March 31, 2024 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment (Note 2)
31,510 (USD985 thousand)	31,510 (USD985 thousand)	100,692,704

Note 1 : The exchange rate of New Taiwan dollars to US dollars on March 31, 2024 was USD1 : TWD 31.99

Note 2 : 60% of net equity.

(iii) Significant transactions: None

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(d) Information on major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Nan Ya Plastics Corporation		907,303,775	29.28 %
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 March 31, 2024						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 2,891,154	-	6,611,783	-	-	9,502,937
From sales among intersegments	8,971	98,263	2,802,154	-	(2,909,388)	-
Total revenue	<u>\$ 2,900,125</u>	<u>98,263</u>	<u>9,413,937</u>	<u>-</u>	<u>(2,909,388)</u>	<u>9,502,937</u>
Reportable segment profit or loss	<u>\$ 95,888</u>	<u>6,416</u>	<u>(1,544,293)</u>	<u>773,379</u>	<u>(874,486)</u>	<u>(1,543,096)</u>
For the three months ended March 31, 2023						
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:						
From external customers	\$ 2,139,483	-	4,285,400	-	-	6,424,883
From sales among intersegments	7,257	86,542	2,092,813	-	(2,186,612)	-
Total revenue	<u>\$ 2,146,740</u>	<u>86,542</u>	<u>6,378,213</u>	<u>-</u>	<u>(2,186,612)</u>	<u>6,424,883</u>
Reportable segment profit or loss	<u>\$ 5,921</u>	<u>5,144</u>	<u>(2,113,779)</u>	<u>583,415</u>	<u>(593,158)</u>	<u>(2,112,457)</u>
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Reportable segment assets						
Balance at March 31, 2024	<u>\$ 2,645,388</u>	<u>260,521</u>	<u>195,083,718</u>	<u>55,914,497</u>	<u>(58,822,371)</u>	<u>195,081,753</u>
Balance at December 31, 2023	<u>\$ 2,314,061</u>	<u>259,317</u>	<u>192,346,515</u>	<u>52,965,027</u>	<u>(55,534,247)</u>	<u>192,350,673</u>
Balance at March 31, 2023	<u>\$ 1,879,360</u>	<u>227,854</u>	<u>197,733,044</u>	<u>50,350,975</u>	<u>(52,435,730)</u>	<u>197,755,503</u>
	Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Reportable segment liabilities						
Balance at March 31, 2024	<u>\$ 1,793,127</u>	<u>3,426</u>	<u>27,262,543</u>	<u>-</u>	<u>(1,798,517)</u>	<u>27,260,579</u>
Balance at December 31, 2023	<u>\$ 1,556,042</u>	<u>18,578</u>	<u>25,422,359</u>	<u>-</u>	<u>(1,570,461)</u>	<u>25,426,518</u>
Balance at March 31, 2023	<u>\$ 1,153,946</u>	<u>3,864</u>	<u>25,431,666</u>	<u>-</u>	<u>(1,135,349)</u>	<u>25,454,127</u>