Stock Code: 2408
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Nanya Technology Corporation

2022 Annual Report

(This English translation is prepared in accordance with the Chinese version and is for reference purposes only. If there are any inconsistencies between the Chinese version and this translation, the Chinese version shall prevail.)

Published on April 21, 2023

I. Name, title, contact number, and e-mail of the Company's spokesperson and deputy spokesperson:

Item	Spokesperson	Deputy Spokesperson
Name	Pei-Ing Lee	Joseph Wu
Title	President	VP
Tel	(02)2904-5858	(02)2904-5858
Email	pilee@ntc.com.tw	josephwu@ntc.com.tw

II. Address and telephone number of head office and branches:

Company: No. 98, Nanlin Rd., Taishan Dist., New Taipei City 243, Taiwan(R.O.C.)

Tel: (02)2904-5858

Factory: No. 98, Nanlin Rd., Taishan Dist., New Taipei City 243, Taiwan(R.O.C.)

Tel: (02)2904-5858

III. Name, address, website, and telephone number of the Common Stock Transfer Agency:

Name: Nanya Technology Corp., Stock Affairs Department

Address: No.201, Dunhua N. Rd., Taipei City

Website: N/A

Tel: (02)2718-9898

IV. Name, address, website, and telephone number of auditors and the accounting firm that certified financial statements in the most recent year:

Name of auditors: Hui-Chih Ko and Hsin-Yi Kuo

Name of firm: KPMG Certified Public Accountants Firm

Address: 68F, No. 7, Sec. 5, Xinyi Rd., Taipei City

Website: http: //www.kpmg.com.tw

Tel: (02)8101-6666

V. Company website: https: //www.nanya.com

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A. Letter to Shareholders

I. 2022 Business Report

(I) Operations:

Nanya Technology Corp's ("Nanya") consolidated revenue was NT$56.95 billion in 2022, down by approximately 33.5% compared with the NT$85.6 billion in 2021; net profit was NT$14.62 billion with a net margin of 25.7%, down by 36% compared with the NT$22.85 billion in the previous year. Earnings per share was NT$4.72.

In 2022, a number of global uncertainties have impacted the world economics, including geopolitical conflict between Russia and Ukraine, energy crisis and inflation, and interest rates hikes. Monetary tightening policy have been adopted by many countries to fight inflation. In addition, China's zero-COVID policy and the US-China trade war impacted the industry's overall supply chain and China's domestic demand, resulting in a decline in consumer confidence and lower capital expenditures among various industries.

The DRAM demand for consumer electronics, such as mobile phones, notebooks, tablet PCs, and TVs, has been poor since the second quarter. DRAM supply and demand was imbalanced and both prices and shipment has declined quarterly. In 2022, overall yearly shipment and average selling price were both declined from 2021, and as a result, yearly revenue and profits decreased.

(II) Business focus:

1. Product Promotion

   In 2022, Nanya has focused on diversifying DRAM application, including consumer products such as, TVs, network communications, SSD, and automotives, which accounted for approximately 59% of shipment. Sales to server product line, including BMC, and NIC, which accounted for approximately 6% of shipment. Application for low-power products, such as e-books and voice assistant, and general handheld devices which accounted for approximately 10% of shipment. Long-term contracts in each application have been pursued.

2. Technology Development:

   (1) Preparation for new products from our first generation 10-nm process (1A) has been the focus of the year. We have completed customer verification of the lead product, an 8Gb DDR4, and began small-volume production in the fourth quarter, which in turn reduced the production of 30-nm products. Next generation DDR5 products was piloted in preproduction phase.

(2) An 8Gb DDR4, using the second-generation 10-nm process technology (1B), also was piloted in the preproduction phase.

3. ESG and Sustainability

(1) We have purchased 10.4 GWh of green electricity from an onshore wind farm in 2021-2022, and signed a 10-years renewable energy supply contract with a solar power company in 2022. Starting in 2023, we will use 25 GWh of renewable energy per year to meet regulatory requirements in advance. We expect renewable energy to reach 25-30% of our total energy consumption before 2030.

(2) We have obtained certification from the SBTi at the end of 2022 and joined the SEMI Climate Consortium with a common goal of achieving net zero emissions before 2050.

(3) Nanya was once again selected as a constituent stock of the DJSI World Index and DJSI Emerging Markets Index at the end of 2022, ranking first among all memory manufacturing companies worldwide.

(4) Nanya was recognized for its efforts in sustainable development in 2022 with the CDP Water Security A List, CDP Climate Change Leadership level, National Enterprise Environmental Protection Award, and TCSA Top Ten Sustainable Companies Award.

4. Strengthening Operational Resilience

In response to a sluggish economic situation, we have taken pro-active measures to adjust our inventory, lower costs, and preserve financial resources.

(1) Inventory Management

① We established risk indicators on all our product inventory to actively manage risk. Proactively suspending production of certain products, and adjusting priority according to products lifecycle to reduce risk of excessive inventory .

② Starting in the third quarter, we have started to make rolling decisions in response to the weak market situation, analyzing our product portfolio and lowering production output.

(2) Lowering Costs/Expenses

We have improved the efficiency of human resources, reduced operating expenses, and implemented a variety of conservation plans to reduce operating costs.

(3) Reducing Capital Expenditures

We adjusted the pace of investments based on the market situation, and capital expenditures in 2022 was approximately NT$20.7 billion, 27% lower than the NT$28.4 billion originally planned at the beginning of the year. This was mainly as a result of controlling capital expenditures on production equipment.

II. Industry Outlook

The Russo-Ukrainian War raged on Q1, 2023. The inflation has not shown signs of improvement in Europe and America. The China's domestic demand has yet to recover despite COVID restrictions have been lifted, which was compounded by the US's expanding technology sanctions. The DRAM customers were still digesting their inventory on hand, and the DRAM market may remain sluggish in first half of 2023.

Several market research companies have reported that the inventory levels at DRAM suppliers continued to increase in the first quarter, 2023 and some suppliers have thus announced that they would reduce wafer starts to control output and inventory, contain investments, and delay process technology migration in response to weaker demand growth.

Certain negative factors are expected to gradually improve starting in the second quarter. Combined with adjustments to capital expenditures made by DRAM suppliers, there may be an opportunity that inventories will return to normal in the second half of this year, and demand in the DRAM market may return to normal.

DRAM is a key component in a wide range of electronic products. Servers, data centers, personal computers, smartphones, and a numbers of consumer electronics, and is critical for all electronics to become smart.

In terms of servers, DRAM demand from cloud service providers (CSP) mainly for enterprise applications was relatively healthy. However, CSP for consumers' applications has been sluggish due to the poor economy in the near term. As other component shortages were expected to be resolved in the second half of the year, DRAM demand would improve as server and personal computer manufacturers adopt new CPU platforms and DDR5 products.

In terms of mobile phones, shipments of American and Korean manufacturers remained relatively stable, but shipment from Chinese manufacturers heavily declined, and inventory remained high in the short-term. The situation is expected to gradually improve starting in the second quarter, and overall mobile phone shipments have a chance to return to normal in the second half of the year. PC shipments are expected to continue to decline, but average DRAM content in each PC will increase.

Sales of general consumer electronics products, such as TV and set-top box, were still weak in the first quarter, but is expected to return to normal in the second half of the year. Networking, industrial, and automotive applications are relatively healthy.

In Summary, overall demand growth in DRAM in 2023 may be lower than the long-term average. However, DRAM is a key component of smart electronic products. As many smarter electronic products are introduced in the future, 5G, AI, smart city, smart factory, smart automobiles, smart home, smart wearable devices, and AR/VR/MR will drive the development of diverse DRAM applications, and market demand is expected to gradually improve each quarter this year. Long-term bit demand is expected to maintain 10-20% growth each year.

III. 2023 Business Plan

Apart from continued promotion of current product lines, we will add our self-developed 1A process technology and DDR5 product in 2023. We plan to complete pilot run of our second generation 1B process technology and the pilot run of a functional testing chip using our third generation 1C process technology this year. In order to enhance our long-term competitiveness, we will begin mass production of 1B and pilot run of products using 1C in our current fab starting in 2024. Construction of the new fab will be carried out according to schedule, and will install process equipment based on market demand starting in 2026.

(I) Business Promotion

1. We will continue to develop customers and sales channels, stabilize 20-nm and 30-nm product sales, and increase sales in digital TV, networking, digital camera, KGD, and SSD applications.
2. In response to market trends and demand from customers to transition to next generation products, we will expand DDR4 sales and accelerate the digestion of DDR3 inventory. We will also increase applications in low power products, especially in automotive applications, voice assistants, handheld devices, and high-end TVs.
3. With regard to sales of server products, besides developing large cloud service providers, we will also develop medium and small regional data center customers around the world, as well as customers in the field of BMC.
4. The new product of 1A process technology is the highlight this year, and will be marketed in the consumer set-top box and personal computer markets. We will also complete the certification of next generation DDR5 product and prepare for mass production.

(II) Technology Development

1. Pilot run of the lead product using 1B process technology has already begun, and mass production is expected to begin at the end of this year. We are currently developing 5 new products and will subsequently begin pilot production.
2. A functional testing chip using 1C process technology is currently in the pilot run stage, and the lead product design is being carried out at the same time.

(III) Capital Expenditures, New Process Technology Introduction, and New Fab Expansion

The upper limit on capital expenditures in 2023 from new fab construction and mass production machinery and equipment for 1A/1B process technology is expected to be NT$18.5 billion, in which approximately half is for manufacturing equipment.

IV. Conclusion

Looking forward, we see the DRAM market to be full of challenges in the short-term, but expect for an opportunity for balancing between supply and demand, in the second half of the year. Nanya commits on "technology innovation" as the Company's core value and main growth momentum, and will invest even more resources to accelerate the development of 10-nm process technologies and new generation DDR5 products to enhance our competitiveness. We will dedicate our efforts to create more value for shareholders, and will fulfill our corporate social responsibility to achieve sustainable development.

B. Company Profile

I. Date of Incorporation: Mar 4, 1995

II. Milestones

March 1995	Nanya Technology Corp. was established and incorporated.
Apr	MOU signed by OKI, NTC and Nanya Plastics, in which NTC succeed all rights and obligations of 16Mb DRAM technology form Nanya Plastics Corp.
November 1996	Signed 0.36µm and 0.32µm 64Mb DRAM technology licensing agreement with OKI.
July 1997	Set up NTC-USA, the branch office in charge of sales and marketing activities in USA.
April 1998	Awarded ISO-9001 Certification by Lloyd's Register Quality Assurance (LRQA).
Nov	Signed a technology transfer agreement for 0.2/0.175µm process technology with IBM.
Dec	Awarded ISO-14001 Certification by Lloyd's Register Quality Assurance (LRQA).
Dec	Set up a product design center in Houston, Texas.
October 1999	0.20µm 64Mb SDRAM mass production started.
August 2000	NTC was listed on Taiwan Stock Exchange.
Oct	Signed a co-development agreement for 0.14/0.11µm process technology with IBM.
June 2001	Mass production of 0.175µm 128Mb/256Mb DRAM.
Oct	DDR Products leads the market in production.
April 2002	Set up Nanya-HK Limited.
Jun	Signed a strategic alliance agreement with Dell as Dell's main supplier of DRAM products.
Sep	Set up a branch office in Tokyo, Japan.
Nov	Signed a Joint Development Program with Infineon Technologies AG to co-develop 0.07 and 0.09µm process technology.
Dec	Awarded ISO-18001 Certification by Lloyd's Register Quality Assurance (LRQA). Awarded ISO-14001 Certification by Sweden Det Norske Veritas.

January 2003	Signed a Joint Development Program with Infineon Technologies AG to develop Inotera Memories Ltd.
Mar	According to Gartner iSuppli, our Company's market share rose to No.5 in the world in 2002.
Jul	Offering of Global Depositary Shares (GDS) on Luxembourg Stock Exchange.
May 2004	DDR2 products obtained worldwide system makers' validation.
Dec	90nm pilot-run started.
April 2005	512Mb DDR2 SDRAM (667 MHz) validated by Intel.
Jun	Successful qualification of 90nm technology.
Sep	Signed 60nm technology co-development agreement with Infineon.
March 2006	Nanya Fab-3 (300mm) groundbreaking ceremony.
Oct	Set up Nanya Technology (Shanghai) Corp.
May 2007	FAB-3A equipment move-in.
Nov	Pilot run successful in FAB-3A; 70nm wafer starts in Q3.
April 2008	Signed JV agreement with Micron.
Nov	FAB-3A 1st phase full capacity with 70nm.
August 2009	68nm stack technology has been demonstrated successfully.
Sep	50nm stack technology has been demonstrated successfully.
January 2010	Invested in IC design company─PieceMakers Tech Inc.
Jul	42nm stack technology has been demonstrated successfully.
Oct	Started 42nm stack technology volume production.
July 2011	30nm stack technology has been demonstrated successfully.
March 2012	Set up Sumpro Electronics Corporation Limited.
January 2013	Amends Inotera Memories Joint Venture With Micron and Micron acquires rights to 100% of Inotera’s output.
Oct	Achieved certification ISO 10002– Complaints Management Systems.

July 2014	Disposal of Sumpro's 8-inch Fab and equipment.
Oct	Started 30nm process technology design shrink version volume production.
Oct	DDR4 products obtained worldwide system makers' validation.
July 2015	Fab 3A-N ground breaking.
Aug	30nm process technology design shrink version crossover.
Sep	NTC through the Electronic Industry Citizenship Alliance Validated Audit Process (EICC VAP).
Dec	LPDDR3 4Gb volume production.
June 2016	Social responsibility report of the Company is verified by the British Standards Association (BSI) according to the AA1000 Guarantee Standard.
Oct	20nm equipment move-in.
Dec	Completed Inotera share swap with Micron.
March 2017	20nm pilot run.
Apr	Nanya Technology was awarded "Qualified Supplier" from TCL Corporation.
Aug	New Headquarters Grand Opening.
Oct	Nanya Technology was awarded "The Excellent Supply Partner & Green Partner" from Huawei Technology. Nanya Technology Awarded 2017 New Taipei City Environmental Impact Assessment Excellent Development Selection – Gold Level.
Nov	New headquarters building achieved EEWH Assessment System Silver level. Nanya Technology won 2017 Taiwan Corporate Sustainability Award.
Dec	8Gb DDR4 mass production.
April 2018	Nanya Technology Awarded Thomson Reuters' Top 100 Global Technology Award.
Apr	Ranked in the top 5% of the 4th Corporate Governance Evaluation.
Jul	Acquired 19% shares of Formosa Advanced Technologies Co., Ltd.
Sep	Selected into the Dow Jones Sustainability Emerging Markets Index in 2018.
Oct	8Gb DDR4 server products were certified by server (data center) customers.
Nov	Achieved ISO 50001 certification.
Nov	Won numerous awards in the 2018 Taiwan Corporate Sustainability Awards.

April 2019	Won the 6th National Industrial Innovation Award of the Ministry of Economic Affairs, R.O.C.
Jun	Awarded the 8th New Taipei City Labour Safety and Health Award
Jun	8Gb LPDDR3 achieved customer qualification
Sep	Won the 2019 Common Wealth Magazine's New Star Award in Corporate Social Responsibility Award
Sep	Named Dow Jones Sustainability Index on Emerging Markets Index for Second Straight Year
Oct	Received ISO 27001 Information Security Certification
Nov	Won numerous awards in the 2019 Taiwan Corporate Sustainability Awards
Dec	8Gb LPDDR4/4X achieved customer qualification
Dec	Won 2019 National Talent Development Award
Dec	Acquired 13% shares of Formosa Advanced Technologies Co., Ltd
January 2020	Developed core cell technology for the 10nm class DRAM process
Jan	Received RobecoSAM Sustainability Award - Silver Class 2020
Apr	Top 5% in 6th Corporate Governance Evaluation
Jul	Continuously obtained Golden Certificate of Talent Quality-management System (TTQS)
Aug	Rated "Prime" by ISS (Institutional Shareholder Services Inc.) ESG Corporate Rating
Sep	Awarded the Common Wealth Magazine's Corporate Social Responsibility Award
Nov	Awarded 7 Awards in the 2020 Taiwan Corporate Sustainability Awards
Nov	Received 2020 National Sustainable Development Award
Dec	Selected in CDP Climate Change A List and evaluated Water Security as the Leadership Level
January 2021	Received the Green Factory Label certified by the Industrial Development Bureau, Ministry of Economic Affairs
January	First-generation 10nm class process technology (1Anm) pilot run
Feb	Received S&P Global Sustainability Yearbook Award - Bronze Class 2021
April	DDR5 product development
April	Purchased 10.4 million kWh of renewable energy
April	Officially become supporter for TCFD

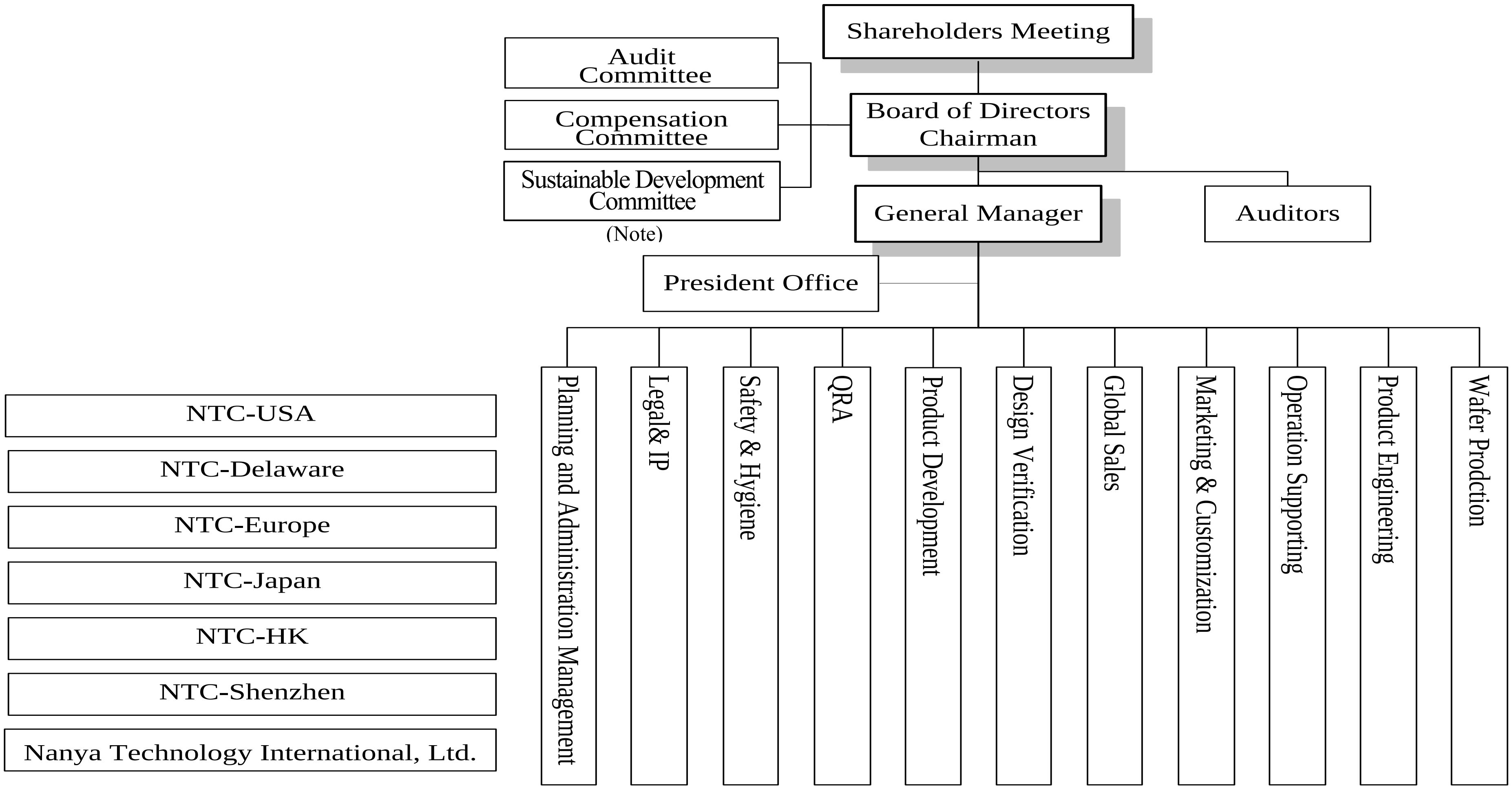
April	Top 5% in the 7th Corporate Governance Evaluation by TWSE
May	Received 17th Global Views CSR Award Model in ESG Integrated Performance
Sep	Received Common Wealth Magazine’s Excellence in Corporate Social Responsibility Award
Oct	Received the 2021 Electronics Invoice Excellent Business Award
Oct	Received the Taiwan Sustainability Action Awards (TSAA)
Nov	Received 10 TCSA Awards including Top10 TCSA Model
Nov	Won the 3rd National Enterprise Environmental Protection Award
Nov	Named to the Dow Jones Sustainability World Index
Dec	Selected in CDP Climate Change A List and evaluated Water Security as the Leadership Level
February 2022	Received S&P Global Sustainability Yearbook Award - Bronze Class 2022
Feb	Signed 250 Million kWh Renewable Energy Purchase Agreement
Apr	Top 5% in the 8th Corporate Governance Evaluation by TWSE
Jun	Continuously awarded “FTSE4Good TIP Taiwan ESG Index” and “TWSE RAFI® Taiwan High Compensation 100 Index"
Jun	New Fab Groundbreaking Ceremony
Jul	Continuously obtained Golden Certificate of Talent Quality-management System (TTQS)
Jul	Continuously selected in “Taiwan Employment Creation 99 Index”
Jul	Released the Company’s 1st TCFD Report
Oct	Validated by the Science Based Targets initiative (SBTi)
Nov	President Dr. Pei-Ing Lee Honored with 2022 GCSA Outstanding Professional
Nov	Received 8 TCSA Awards including Top10 TCSA Model
Nov	Received 8 TCSA Awards including Top10 TCSA Model
Dec	Once Again Included into Dow Jones Sustainability World Index and Emerging Markets Index
Dec	Once Again Included into Dow Jones Sustainability World Index and Emerging Markets Index
February 2023	February Awarded Top 5% S&P Global ESG Score in the Sustainability Yearbook
Mar	Recognized as Top 100 Global Innovator 2023 for the First Time

C. Corporate Governance

I. Organization

(I) Organization Structure

March 26, 2023



Note: The Company's Board of Directors adopted the resolution to establish the Sustainable Development Committee during the board meeting on August 3, 2022. Furthermore, due to considerations of functions and powers, the original Risk Management Committee was merged into the Sustainable Development Committee.

(II) Major Corporate Functions

March 26, 2023

Department	Functions
Corp. Audit	Responsible for internal control system and evaluates the integrity and comprehensiveness of regulations; examines whether internal control is conducted effectively and continuously, measures the performance of each department and recommends corrective actions on a timely manner for an overall effective operation.
Planning and Administration Management	1. IR/PR: Responsible for maintaining the Companies' relationships with (institutional) investors and managing the release of public information to the mass media and the relationship with the general public. 2. Information Security: Responsible for the promotion and audit of the Company's safety and security affairs, strengthening the protection of technology and business secrets. 3. Human Resource: Establishing human resource policy and executing personnel systems, including personnel, salary and compensation, employee relationship, training and talent development effectively and efficiently to increase company’s human capital. 4. Responsible for financial policy management, capital movement, budget compilation, review and control and accounting process. 5. Responsible for market trends analysis, assessment of the investment plan, set product strategy and operational marketing plans, programs and promote the cross-functional projects, sales performance management, outsourcing policy management. 6. Responsible for the planning and promotion of sustainable development and risk management. 7. Responsible for the planning and implementation of risk management.
Legal & IP	Responsible for company legal affairs and other intellectual property management.
Safety & Hygiene	Supervises and audits the working environment with professional knowledge and continuous improvement; planning and maintaining the safety and hygiene management system (ISO 14001, TOSHMS management system).
Quality & Reliability Assurance	1. Responsible for the planning and establishment of the Company's quality assurance system, and promote the quality of education and training, verification audit, quality control and quality improvement to meet quality theory of our business concept. 2. Responsible for establish FAB quality control system and incoming quality control, in-process quality control, failure analysis to ensure the stability of product quality and meet customer needs.

Department	Functions
Products Development	Responsible for design, develop and control new product.
Design Verification	Responsible for develop and design verification of mass production engineering technology and set up testing program.
Global Sales	Responsible for the promotion and development of global business, set business strategy, promotion of new products, elaboration and implementation of marketing plans and public relations matters.
Marketing and Customization	Responsible for product promotion and marketing program, planning marketing proposal, cost benefit analysis, managing the process of product development, sampling, customer verification, and mass production.
Process Development	Responsible for process development, product shrink, and quality improvement for new product.
Operation Supporting	1. Responsible for the planning and management of production automation, maintenance and management of office automation, establishment and management of computer network automation, and maintenance and management of information security. 2. Plan for expansion program, promotion of new factory construction, factory duty engineering design, planning, and implementation, capacity planning and management, materials management, to help improve operational efficiency.
Product Engineering	Responsible for validating new products, product engineering and testing technology development, abnormal product electrical/physical property analysis, development and management outsourcing of IC packaging and testing technology.
Wafer Manufacturing	1. Manufacturing: Responsible for the planning and operation of the manufacturing, process, equipment, and facility, to meet our customer requirements in quality and delivery. 2. Public system: Institutionalization and systematic establishment of public equipment operation and maintenance, and strengthening operational efficiency.

II. Directors and Management Team

(I) Directors

March 26, 2023

Title	Nationality/Place of Incorporation	Name	Gender Age	Date Elected (In Office)	Term (Years)	Date First Elected	Shareholding when Elected: Shares	Shareholding when Elected: Percentage of shares(%)	Current Shareholding: Shares	Current Shareholding: Percentage of shares(%)	Shares held by spouse and underage children: Shares	Shares held by spouse and underage children: Percentage of shares(%)	Shareholding by Nominee Arrangement: Shares	Shareholding by Nominee Arrangement: Percentage of shares(%)	Experience (Education)	Director's Current Position at NTC and Other Companies	Executives or Directors who are Spouses or within Two Degrees of Kinship: Title	Executives or Directors who are Spouses or within Two Degrees of Kinship: Name	Executives or Directors who are Spouses or within Two Degrees of Kinship: Relationship	Remarks (Note 3)
Chairman	R.O.C	Nan Ya Plastics Corp. Representative: Chia Chau, Wu	Male Over 70 years old	2022.05.26	Three years	1995.02.17 2004.05.12	907,303,775 -	29.30 -	907,303,775 957	29.29 0.00	0 0	0.00 0.00	0 0	0.00 0.00	Chairman, Nan Ya Plastics Corp. Department of Business Administration, National Chengchi University	Chairman, Nan Ya Plastics Corp. Chairman, Nan Ya PCB Corp. (Note 2)	N/A	N/A	N/A	N/A
Director	R.O.C	Wen Yuan, Wong	Male Over 70 years old	2022.05.26	Three years	2007.05.25	4,000	0.00	4,000	0.00	127,648	0.00	0	0.00	Chairman, Formosa Chemicals & Fibre Corp. Master Degree in Industrial Engineering, University of Houston, USA	Chairman, Taiwan Textile Federation Chairman, Formosa Taffeta Co., Ltd., Managing Director, Formosa Plastics Corp., Nan Ya Plastics Corp., Formosa Chemicals & Fibre Corp., Formosa Petrochemical Corp.	N/A	N/A	N/A	N/A
Director	R.O.C	Susan Wang	Female 61~70 years old	2022.05.26	Three years	2010.06.24	0	0.00	0	0.00	0	0.00	0	0.00	Managing Director, Formosa Plastics Corp. Department of Economics, Barnard College, USA	Managing Director, Formosa Plastics Corp. Managing Director, Formosa Petrochemical Corp.	N/A	N/A	N/A	N/A
Director	R.O.C	Pei-Ing Lee	Male 61~70 years old	2022.05.26	Three years	2004.05.12	1,155,098	0.04	1,455,098	0.05	571	0.00	0	0.00	President, Nanya Technology Corp. Ph.D. in Chemical Engineering, Syracuse University, USA	President, Nanya Technology Corp. Chairman, Formosa Advanced Technologies Co., Ltd. Independent Director, Powertech Technology Inc. (Note 2)	N/A	N/A	N/A	N/A
Director	R.O.C	Ming Jen, Tzou	Male Over 70 years old	2022.05.26	Three years	2010.06.24	0	0.00	0	0.00	0	0.00	0	0.00	President, Nan Ya Plastics Corp. Department of Chemical Engineering, Former National Taipei University of Technology	Director and President, Nan Ya Plastics Corp. Director, Nan Ya PCB Corp.	N/A	N/A	N/A	N/A
Director	R.O.C	Lin-Chin Su	Male 61~70 years old	2022.05.26	Three years	2016.06.22	370,601	0.01	650,601	0.02	0	0.00	0	0.00	Executive Vice President, Nanya Technology Corp. Ph.D. in Materials Science and Engineering, University of Utah, USA	Executive Vice President, Nanya Technology Corp. Director, Formosa Advanced Technologies Co., Ltd. (Note 2)	N/A	N/A	N/A	N/A
Director	R.O.C	Nan Ya Plastics Corp. Representative: Joseph Wu	Male 51~60 years old	2022.05.26	Three years	1995.02.17 2019.05.30	907,303,775 -	29.30 -	907,303,775 610,000	29.29 0.02	0 0	0.00 0.00	0 0	0.00 0.00	Vice President, Nanya Technology Corp. Master Degree in Material Engineering, National Taiwan University	Vice President, Nanya Technology Corp. Director, Formosa Advanced Technologies Co., Ltd. (Note 2)	N/A	N/A	N/A	N/A

Title	Nationality/Place of Incorporation	Name	Gender Age	Date Elected (In Office)	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Shares held by spouse and underage children		Shareholding by Nominee Arrangement		Experience (Education)	Director's Current Position at NTC and Other Companies	Executives or Directors who are Spouses or within Two Degrees of Kinship			Remarks (Note 3)
							Shares	Percentage of shares(%)	Shares	Percentage of shares(%)	Shares	Percentage of shares(%)	Shares	Percentage of shares(%)			Title	Name	Relationship	
Director	R.O.C	Nan Ya Plastics Corp. Representative: Rex Chuang	Male 51~60 years old	2022.05.26	Three years	1995.02.17 2019.05.30	907,303,775 -	29.30 -	907,303,775 459,000	29.29 0.01	0 0	0.00 0.00	0 0	0.00 0.00	Vice President, Nanya Technology Corp. Master Degree in Materials Engineering, San Jose State University, USA	Vice President, Nanya Technology Corp. (Note 2)	N/A	N/A	N/A	N/A
Independent Director	R.O.C	Ching-Chyi Lai	Male Over 70 years old	2022.05.26	Three years	2016.06.22	0	0.00	0	0.00	0	0.00	0	0.00	Chairman, Chunghwa Post Co., Ltd. Chairman, Taiwan Insurance Institute Former Deputy Secretary General, Executive Yuan ROC, Former Chief Secretary, Council for Economic Planning and Development Master Degree in Public Finance, National Chengchi University	Director, Taipei Foundation of Finance Independent Director, Excellence Optoelectronic Inc. Chair Professor, Chung Hua University	N/A	N/A	N/A	N/A
Independent Director	R.O.C	Shu-Po Hsu	Male 51~60 years old	2022.05.26	Three years	2013.06.21	0	0.00	0	0.00	0	0.00	0	0.00	Chairman, General Chamber of Commerce of the Republic of China Master Degree in Graduate Institute of Criminology, National Chung Cheng University	Vice Chairman, Taiwan Life Insurance Co., Ltd. Director, CTBC Insurance Co., Ltd. Chairman, General Chamber of Commerce of the Republic of China Chairman, Life Insurance Educational Foundation	N/A	N/A	N/A	N/A
Independent Director	R.O.C	Tsai-Feng Hou	Female Over 70 years old	2022.05.26	Three years	2013.06.21	0	0.00	0	0.00	0	0.00	0	0.00	Former Legislator Former President, Former Ta Chong Securities Co., Ltd. Executive Master Degree in Public Policy Program, National Sun Yat-sen University	Chairman, Dayang Education Foundation Chairman, Kaohsiung District Labor Federation Special Assistant to the Chairman, Orient Semiconductor Electronics, Limited Director, Silicon Integrated Systems Corp.	N/A	N/A	N/A	N/A
Independent Director	R.O.C	Tain-Jy Chen (Note 1)	Male 61~70 years old	2022.05.26	Three years	2022.05.26	0	0.00	0	0.00	0	0.00	0	0.00	Minister, National Development Council Minister and Minister without Portfolio, Executive Yuan ROC Ph.D. in Economics, Pennsylvania State University	National Policy Advisors to the President Emeritus Professor, National Taiwan University Contract Professor, National Tsing Hua University	N/A	N/A	N/A	N/A

Note 1: The Company elected Directors in the annual shareholders' meeting on May 26, 2022.
Note 2: Please refer to H. Other Special Notes I (I) 1. (5) Directors, Supervisors and Presidents of NTC's Subsidiaries.
Note 3: Where the Chairman of the Board of Directors and the general manager or person of an equivalent post (the highest level manager) of a Company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response.

Major shareholders of the institutional shareholders April 21, 2023

Name of Institutional Shareholders	Major shareholders of the institutional shareholders
Nan Ya Plastics Corp.	Chang Gung Medical Foundation (11.05%), Formosa Plastics Corp. (9.88%), Formosa Chemicals & Fibre Corp. (5.21%), Chang Gung University (4.00%), Vanson International Investment Co., Ltd. (2.39%), Formosa Petrochemical Corp. (2.26%), Chindwell International Investment Corp. (1.86%), LGT Bank (Singapore) Ltd. (1.50%), Citibank Taiwan Limited In Custody for Macro System Corp. (1.45%), Credit Suisse AG-Credit Suisse Singapore Branch (1.20%)

Major shareholders of the Company's major institutional shareholders April 21, 2023

Name of Institution	Major shareholders of institution
Formosa Plastics Corp.	Chang Gung Medical Foundation (9.44%), Formosa Chemicals & Fibre Corp. (7.65%), Credit Suisse AG - Credit Suisse Singapore branch (6.26%), Nan Ya Plastics Corp. (4.63%), Chindwell International Investment Corp. (4.16%), Vanson International Investment Co., Ltd. (3.05%), Formosa Petrochemical Corp. (2.07%), Investment Account of Singapore's Government Fund under the custody of Citibank Taiwan (1.78%), Ming Chi University of Technology (1.43%), Labor Retirement Fund (the Old Fund, 1.29%)
Formosa Chemicals & Fibre Corp.	Chang Gung Medical Foundation (18.58%), Chindwell International Investment Corp. (6.35%), Vanson International Investment Co., Ltd. (3.80%), Formosa Plastics Corp. (3.39%), Nan Ya Plastics Corp. (2.40%), Wen Yuan, Wong (2.20%), Fubon Life Insurance Corporation (2.10%), Consolidated Power Development Corp. (1.63%), Genesis Equity Group Inc. (1.51%), HSBC Bank (Taiwan) Limited In Custody for Consolidated Power Development Corp. (1.45%)
Formosa Petrochemical Corp.	Formosa Plastics Corp. (28.56%), Formosa Chemicals & Fibre Corp. (24.15%), Nan Ya Plastics Corp. (23.11%), Chang Gung Medical Foundation (5.79%), Formosa Taffeta Co., Ltd. (3.83%), Genesis Equity Group Inc. (0.60%), HSBC Bank (Taiwan) Limited In Custody for Power Unlimited Corporation (0.51%), Central Capital management Incorporated (0.49%), Labor Pension Fund (The New Fund, 0.49%), HSBC Bank (Taiwan) Limited In Custody for Pacific Light and Power Corporation (0.48%)
LGT Bank (Singapore) Ltd.	Investment Account
Citibank Taiwan Limited In Custody for Macro System Corp.	Investment Account
Credit Suisse AG-Credit Suisse Singapore Branch	Investment Account
Chindwell International Investment Corp.	Everred Coporate, Inc. (100%)
Vanson International Investment Co.,LTD.	Landmark Capital Holdings Inc. (100%)
Chang Gung Medical Foundation	Nan Ya Plastics Corp. (18.20%), Formosa Chemicals & Fibre Corp. (14.01%), Formosa Plastics Corp. (13.44%), Wang Yung-Tsai (deceased, 11.38%), Wang Yung-Ching (deceased , 7.44%)
Chang Gung University	Chang Gung Medical Foundation (56.91%), Wang Yung-Ching (deceased, 13.15%), Chindwell International Investment Corp. (3.89%), Nan Ya Plastics Corp. (2.62%), Formosa Plastics Corp. (2.32%)

Note: If the institutional shareholder is not a company, the name and shareholding ratio of shareholders that must be disclosed above is the name and ratio of contributions or donat ions from the investor or donor. Specified "deceased" if the donor has passed away.

Disclosure of information on directors' professional qualifications and independence of independent directors:

March 26, 2023

Criteria / Name	Professional qualifications and experience	Independence analysis	Number of other public companies in which the individual is concurrently serving as an independent director
Nan Ya Plastics Corp. Representative: Chia Chau Wu	Has a wealth of industry knowledge and management experience, including plastics, textile fibers, chemistry, semiconductors, steel, and shipping industries. Currently serves as the Company's chairman and the chairman or directors of the companies listed above. Has leadership and decision-making, strategy planning, crisis management, and risk management abilities, has an international perspective and insight, and supervises the increase of wafer selling price, independent technology development and process transition, and ESG and sustainable development.	No spouse or relative within the second degree of kinship serves as the Company's director, compliant with Article 26-3 of the Securities and Exchange Act.	N/A
Wen Yuan, Wong	Has a wealth of industry knowledge and management experience, including plastics, textile fibers, chemistry, oil, gas and electricity, semiconductors, steel, shipping, and biotechnology industries. Held senior executive positions in the industries above, and currently serves as the chairman or director of related companies. Has leadership, decision-making and judgment, and crisis management abilities and an international market perspective. Leads multinational companies in China, the United States, and Vietnam, and is currently the chairman of Taiwan Textile Federation. Specializes in engineering technology, has an in-depth understanding of AI, and leads the Company in energy conservation and emission reduction, circular economy, AI simulation, and digital transformation.	No spouse or relative within the second degree of kinship serves as the Company's director, compliant with Article 26-3 of the Securities and Exchange Act.	N/A
Susan Wang	Has a wealth of industry knowledge and management experience, including plastics, oil, gas and electricity, textile fibers, chemistry, semiconductors, steel, shipping, and biotechnology industries. Held senior executive positions in a petrochemical company in the United States, and currently serves as the director of public companies and multinational corporations in the industries above. Has leadership and decision-making, strategy planning, crisis management, and risk management abilities, has an international perspective and insight, leads the implementation of KPI management, and supervises the Company's implementation of ESG.	No spouse or relative within the second degree of kinship serves as the Company's director, compliant with Article 26-3 of the Securities and Exchange Act.	N/A

Name \ Criteria	Professional qualifications and experience	Independence analysis	Number of other public companies in which the individual is concurrently serving as an independent director
Pei-Ing Lee	Has approximately 39 years of experience in the semiconductor and DRAM industries, served as a senior R&D supervisor of IBM and senior vice president of the Company, and currently the Company's president and subsidiaries' chairman or director. Has business management, leadership and decision-making, crisis management, and risk management abilities and an international market perspective. Leads the Company's transformation and focuses on niche markets, such as consumer, low-power, and server products. Strengthens corporate governance and implements green technologies and environmental sustainability.	No spouse or relative within the second degree of kinship serves as the Company's director, compliant with Article 26-3 of the Securities and Exchange Act.	1
Ming Jen Tzou	Has a wealth of industry knowledge and management experience, including plastics, semiconductors, and electronics parts and components industries. Currently serves as the Company's director and the director or president of related companies. Has business management, leadership and decision-making, communication and coordination, crisis management, and risk management abilities, and supervises AI simulation, digital transformation, energy conservation and carbon reduction, labor safety, and environmental protection.	No spouse or relative within the second degree of kinship serves as the Company's director, compliant with Article 26-3 of the Securities and Exchange Act.	N/A
Lin-Chin Su	Has over 25 years of experience in the DRAM industry, experienced in R&D, production, and management, and is currently the Company's executive vice president and subsidiaries' director. Has leadership and decision-making, crisis management, and risk management abilities, leads the Company's construction of a 12-inch fab, process transition, and technological developments, and supervises the implementation of cleaner production, in order to increase the Company's operational resilience under the crisis of climate change and implement AI smart factories.	No spouse or relative within the second degree of kinship serves as the Company's director, compliant with Article 26-3 of the Securities and Exchange Act.	N/A
Nan Ya Plastics Corp. Representative: Joseph Wu	Has over 25 years of experience in the DRAM industry, served as the president of related companies, and is currently the Company's vice president and director of subsidiaries. Has business management, communication and coordination, and risk management abilities, supervises the Company's production and sales coordination, investment plan evaluation, personnel management, and investor relations maintenance, leads the implementation of corporate governance and sustainable development, and internalizes domestic and overseas evaluations (selections) to strengthen company management.	No spouse or relative within the second degree of kinship serves as the Company's director, compliant with Article 26-3 of the Securities and Exchange Act.	N/A

Criteria / Name	Professional qualifications and experience	Independence analysis	Number of other public companies in which the individual is concurrently serving as an independent director
Nan Ya Plastics Corp. Representative: Rex Chuang	Has over 25 years of experience in the semiconductor and DRAM industries, served as the president of related companies, and is currently the Company's vice president and director of subsidiaries. Has business management, communication and coordination abilities and an international market perspective. Understands demand and product development trends in the DRAM market, leads the implementation of the Company's marketing and customized product promotion project, adjusts product positioning, and expands customer groups.	No spouse or relative within the second degree of kinship serves as the Company's director, compliant with Article 26-3 of the Securities and Exchange Act.	N/A
Ching-Chyi Lai	Formerly served as deputy secretary-general at the Executive Yuan, chief secretary at the National Development Council, and chairman of Chunghwa Post Co., Ltd., has an accountant certificate, and is currently a chair professor at the Department of Finance, Chung Hua University. Has an expertise in management, accounting, or finance; provided recommendations and fulfilled duties from an independent and objective position while serving as an independent director; also serves as the convener of the Company's Audit Committee; is a member of the Compensation Committee and Sustainable Development Committee; served as the convener of original Risk Management Committee; does not have any conditions specified in Article 30 of the Company Act.	No spouse or relative within the second degree of kinship serves as the Company's director, does not hold the Company's shares in his/her own name, spouse, or others, does not provide audit, business, legal, financial, and accounting services to the Company and receive compensation for such services, and is compliant with Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. Began serving as the independent director of Excellence Optoelectronic Inc. in March 2018.	1
Shu-Po Hsu	Formerly served as the chairman of the Life Insurance Association of the Republic of China, and is currently the chairman of the General Chamber of Commerce of the Republic of China and vice chairman of Taiwan Life. Has a wealth of experience in management, finance, insurance, and leadership in numerous industries; provided opinions and fulfilled duties from an independent and objective position while serving as an independent director; also serves as the convener of the Company's Compensation Committee; is a member of the Audit Committee and Sustainable Development Committee; was a member of original Risk Management Committee; does not have any conditions specified in Article 30 of the Company Act.	No spouse or relative within the second degree of kinship serves as the Company's director, does not hold the Company's shares in his/her own name, spouse, or others, does not provide audit, business, legal, financial, and accounting services to the Company and receive compensation for such services, and is compliant with Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	N/A
Tsai-Feng Hou	Formerly served as the president of a securities firm and is currently the special assistant to the chairman of Orient Semiconductor Electronics, Limited and the Director of Silicon Integrated Systems Corp.. Has experience in finance, securities, and semiconductor packaging and testing industries; provided recommendations and fulfilled duties from an independent and objective position while serving as an independent director; is a member of the Company's Audit Committee, Compensation Committee and Sustainable Development Committee; was a member of original Risk Management Committee; does not have any conditions specified in Article 30 of the Company Act.	No spouse or relative within the second degree of kinship serves as the Company's director, does not hold the Company's shares in his/her own name, spouse, or others, does not provide audit, business, legal, financial, and accounting services to the Company and receive compensation for such services, and is compliant with Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	N/A

Name \ Criteria	Professional qualifications and experience	Independence analysis	Number of other public companies in which the individual is concurrently serving as an independent director
Tain-Jy Chen	Formerly served as the minister of National Development Council, minister/ minister without Portfolio of Executive Yuan ROC, and the president of Chung-Hua Institution for Economic Research; is currently an emeritus professor at National Taiwan University. Has an expertise in international trade and economic development; provided recommendations and fulfilled duties from an independent and objective position while serving as an independent director; is a member of the Company's Audit Committee, Compensation Committee and Sustainable Development Committee; does not have any conditions specified in Article 30 of the Company Act.	No spouse or relative within the second degree of kinship serves as the Company's director, does not hold the Company's shares in his/her own name, spouse, or others, does not provide audit, business, legal, financial, and accounting services to the Company and receive compensation for such services, and is compliant with Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	N/A

Diversity and independence of Board members:

1. Board diversity:

The "Corporate Governance Principles" of the Company stipulate that the diversity of Board members must be given due consideration, and Board members must have the necessary knowledge, skill, and experience to perform their duties, including but not limited to gender, race, and nationality. In order to achieve the goals of corporate governance, the Board as a whole shall have the following abilities: 1. Ability to make sound business judgments; 2. Ability to perform accounting and financial analysis; 3. Ability to manage a business; 4. Ability to handle crisis management; 5. Knowledge of the industry; 6. An international market perspective; 7. Leadership; 8. Decision-making ability.

Currently the Board of Directors has 12 members, including 2 female Directors and 4 Directors who are concurrently employees (accounting for 17% and 33% of all Directors, respectively). The distribution of Directors by age is as follows: 3 Directors are 51-60 years old, 4 Directors are 61-70 years old, and 5 Directors are over 70 years old. Our goal is for female Directors to account for 25% of all Directors. For information on the academic background, experience, gender, professional qualifications, and work experience of each Director as well as Board diversity, please refer to C. Corporate Governance Report II. (I) Directors. The implementation of Board diversity is as follows:

March 26, 2023

General information								Professional background in business and management decision-making ability					Industry experience
Title	Name	Gender	Gender Age	NTC’s Employee	Served as an Independent Director of the Company			Business Management	Leadership Decision	DRAM Industry	International Outlook	Financial / Accounting Analysis	GICS Level 1 (Note)
					1st Year	7th Year	10th Year						
Chairman	Chia Chau, Wu	Male	>70					✓	✓	✓	✓	✓	Materials
Director	Wen Yuan, Wong	Male	>70					✓	✓	✓	✓	✓	Materials
Director	Susan Wang	Female	61~70					✓	✓	✓	✓	✓	Materials
Director	Pei-Ing Lee	Male	61~70	✓				✓	✓	✓	✓	✓	Information Technology
Director	Ming Jen, Tzou	Male	>70					✓	✓	✓	✓	✓	Materials
Director	Lin-Chin Su	Male	61~70	✓				✓	✓	✓	✓	✓	Information Technology
Director	Joseph Wu	Male	51~60	✓				✓	✓	✓	✓	✓	Information Technology
Director	Rex Chuang	Male	51~60	✓				✓	✓	✓	✓	✓	Information Technology
Independent Director	Ching-Chyi Lai	Male	>70			✓		✓	✓		✓	✓	
Independent Director	Shu-Po Hsu	Male	51~60				✓	✓	✓		✓	✓	Financials
Independent Director	Tsai-Feng Hou	Female	>70				✓	✓	✓	✓	✓	✓	Information Technology, Financials
Independent Director	Tain-Jy Chen	Male	61~70		✓			✓	✓	✓	✓	✓	

Note: Global Industry Classification Standard, GICS.

2. Independence of Board members:

Currently there are 4 Independent Directors, accounting for 33% of all Board members. No spouse or relative within the second degree of kinship serves as the Company's Director, does not hold the Company's shares in his/her own name, spouse, or others, does not provide audit, business, legal, financial, and accounting services to the Company and receive compensation for such services, and is compliant with Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. Among the remaining directors, there is no spouse or relative within the second degree of kinship serving as the Company's Director, in compliance with Article 26-3 of the Securities and Exchange Act. Directors are not the spouse or relative within the second degree of kinship of each other, in compliance with Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act. (Please refer to the table disclosing information on Directors' professional qualifications and independence above for related information)

(II) Management Team

March 26, 2023

Title	Nationality	Name	Gender	Date Elected (In Office)	Shareholding		Spouse's/ minor's Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Current job position in other companies	Managerial officer who is a spouse or a relative within second degree			Remarks (Note 2)
					Shares (Share)	Percentage of shares(%)	Shares (Share)	Percentage of shares(%)	Shares (Share)	Percentage of shares(%)			Title	Name	Relationship	
President	R.O.C	Pei-Ing Lee	Male	2015.10.06	1,455,098	0.05	571	0.00	0	0.00	President, Nanya Technology Corp. Ph.D. in Chemical Engineering, Syracuse University, USA	Chairman, Formosa Advanced Technologies Co., Ltd. Independent Director, Powertech Technology Inc. (Note 1)	N/A	N/A	N/A	N/A
Executive Vice President	R.O.C	Lin-Chin Su	Male	2019.03.08	650,601	0.02	0	0.00	0	0.00	Executive Vice President, Nanya Technology Corp. Ph.D. in Materials Science and Engineering, University of Utah, USA	Director, Formosa Advanced Technologies Co., Ltd. (Note 1)	N/A	N/A	N/A	N/A
Vice President	R.O.C	Joseph Wu	Male	2017.12.20	610,000	0.02	0	0.00	0	0.00	Vice President, Nanya Technology Corp. Master Degree in Material Engineering, National Taiwan University	Director, Formosa Advanced Technologies Co., Ltd. (Note 1)	N/A	N/A	N/A	N/A
Vice President	R.O.C	Rex Chuang	Male	2017.12.20	459,000	0.01	0	0.00	0	0.00	Vice President, Nanya Technology Corp. Master Degree in Materials Engineering, San Jose State University, USA	(Note 1)	N/A	N/A	N/A	N/A
Vice President	R.O.C	Yau-Ming Chen	Male	2019.03.08	0	0.00	0	0.00	0	0.00	Vice President, Nanya Technology Corp. Department of Electrical Engineering, National Taiwan University	Director, Formosa Advanced Technologies Co., Ltd.	N/A	N/A	N/A	N/A
Assistant Vice President	R.O.C	Chi-Meng Su	Male	2013.02.20	0	0.00	0	0.00	0	0.00	Assistant Vice President, Nanya Technology Corp. Master Degree in Electronics Engineering, National Chiao Tung University	(Note 1)	N/A	N/A	N/A	N/A
Assistant Vice President	R.O.C	Mark Mao	Male	2017.12.20	0	0.00	0	0.00	0	0.00	Assistant Vice President, Nanya Technology Corp. Master Degree in Materials Science and Engineering, Columbia University, USA	N/A	N/A	N/A	N/A	N/A

Title	Nationality	Name	Gender	Date Elected (In Office)	Shareholding		Spouse's/ minor's Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Current job position in other companies	Managerial officer who is a spouse or a relative within second degree			Remarks (Note 2)
					Shares (Share)	Percentage of shares(%)	Shares (Share)	Percentage of shares(%)	Shares (Share)	Percentage of shares(%)			Title	Name	Relationship	
Assistant Vice President	R.O.C	Jeff J.P. Lin	Male	2017.12.20	216,027	0.01	0	0.00	0	0.00	Assistant Vice President, Nanya Technology Corp. Ph.D. in Electrical Engineering, University of Texas at Austin, USA	N/A	N/A	N/A	N/A	N/A
Assistant Vice President	R.O.C	Rex Chen	Male	2017.12.20	62,000	0.00	0	0.00	0	0.00	Assistant Vice President, Nanya Technology Corp. Master Degree in International Business, Tamkang University	(Note 1)	N/A	N/A	N/A	N/A
Assistant Vice President	R.O.C	Chuan-Jen Chang	Male	2017.12.20	173,048	0.01	0	0.00	0	0.00	Assistant Vice President, Nanya Technology Corp. Master Degree in Electrical Engineering, State University of New York, USA	N/A	N/A	N/A	N/A	N/A
Finance Officer and Corporate Governance Supervisor	R.O.C	Philip Jao	Male	2017.03.09	0	0.00	0	0.00	0	0.00	Executive Administrator of Nanya Technology Corp. Master Degree in Business Administration, University of Florida, USA Executive Master in Business Administration, National Taiwan University	N/A	N/A	N/A	N/A	N/A
Accounting Supervisor	R.O.C	Hung-Chi Kuo	Male	2010.12.01	0	0.00	0	0.00	0	0.00	Director, Nanya Technology Corp. Department of Accounting, National Chung Hsing University	(Note 1)	N/A	N/A	N/A	N/A

Note 1: Please refer to H. Other Special Notes I (I) 1. (5) Directors, Supervisors and Presidents of NTC's Subsidiaries.

Note 2: Where the Chairman of the Board of Directors and the general manager or person of an equivalent post (the highest level manager) of a Company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response.

III. Remuneration of Directors, President, and Vice Presidents in the most recent year

(I) Remuneration of Directors and Independent Directors

Unit: NT$ thousands; December 31, 2022

Title	Name	Director's Remuneration: Remuneration (A): The Company	Director's Remuneration: Remuneration (A): Companies in the consolidated financial statements	Director's Remuneration: Retirement pension (B): The Company	Director's Remuneration: Retirement pension (B): Companies in the consolidated financial statements	Director's Remuneration: Director's remuneration (C) (Note 1): The Company	Director's Remuneration: Director's remuneration (C) (Note 1): Companies in the consolidated financial statements	Director's Remuneration: Fees for conducting business (D): The Company	Director's Remuneration: Fees for conducting business (D): Companies in the consolidated financial statements	Total Remuneration (A+B+C+D) and percentage of Net Income (Note 2): The Company	Total Remuneration (A+B+C+D) and percentage of Net Income (Note 2): Companies in the consolidated financial statements	Compensation Received by a Director who is an employee of NTC or of NTC's consolidated subsidiaries: Salary, bonuses and allowances (E): The Company	Compensation Received by a Director who is an employee of NTC or of NTC's consolidated subsidiaries: Salary, bonuses and allowances (E): Companies in the consolidated financial statements	Compensation Received by a Director who is an employee of NTC or of NTC's consolidated subsidiaries: Retirement pension (F): The Company	Compensation Received by a Director who is an employee of NTC or of NTC's consolidated subsidiaries: Retirement pension (F): Companies in the consolidated financial statements	Compensation Received by a Director who is an employee of NTC or of NTC's consolidated subsidiaries: Remuneration for employees (Note 3) (G): The Company: Amount in cash	Compensation Received by a Director who is an employee of NTC or of NTC's consolidated subsidiaries: Remuneration for employees (Note 3) (G): The Company: Amount in stock	Compensation Received by a Director who is an employee of NTC or of NTC's consolidated subsidiaries: Remuneration for employees (Note 3) (G): Companies in the consolidated financial statements: Amount in cash	Compensation Received by a Director who is an employee of NTC or of NTC's consolidated subsidiaries: Remuneration for employees (Note 3) (G): Companies in the consolidated financial statements: Amount in stock	Total Compensation (A+B+C+D+E+F+G) and percentage of Net Income: The Company	Total Compensation (A+B+C+D+E+F+G) and percentage of Net Income: Companies in the consolidated financial statements	Remuneration received from invested companies other than subsidiaries or the parent company
Chairman	Nan Ya Plastics Corp. Representative: Chia Chau, Wu	0	0	0	0	0	0	540	540	540 0.0037%	540 0.0037%	23,451	23,451	216	216	26,700	0	26,700	0	50,907 0.3482%	50,907 .3482%	1,837
Director	Wen Yuan, Wong																					
Director	Susan Wang																					
Director	Pei-Ing Lee																					
Director	Ming Jen, Tzou																					
Director	Lin-Chin Su																					
Director	Formosa Taffeta Co., Ltd. (Note 4) Representative: (vacancy)																					
Director	Nan Ya Plastics Corp. Representative: Joseph Wu																					
Director	Nan Ya Plastics Corp. Representative: Rex Chuang																					
Independent Director	Ching-Chyi Lai	6,480	6,480	0	0	0	0	850	850	7,330 0.0501%	7,330 0.0501%	0	0	0	0	0	0	0	0	7,330 0.0501%	7,330 0.0501%	0
Independent Director	Shu-Po Hsu																					
Independent Director	Tsai-Feng Hou																					
Independent Director	Tain-Jy Chen (Note 4)																					

1. Describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration: Refer to "Three. III. (III) 2." of the Corporate Governance Report for the policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance.
2. Other than as disclosed in the above table, the remuneration of directors providing services (e.g., providing consulting services as a non-employee of the parent company/ the companies in the consolidated financial statements/ the invested companies) to the Company and all consolidated entities in the latest fiscal year: None.

Note 1: Remuneration was approved by the Board of Directors.

Note 2: Net profit after tax means the Company's net profit after tax in the most recent year. If the financial statements were prepared according to IFRSs, net profit after tax mens the Company's net profit after tax on the financial statements.

Note 3: The amount of employee compensation is estimated.

Note 4: The Company elected Directors in the annual shareholders' meeting on May 26, 2022.

Range of Remuneration

Range of Remuneration Paid to Directors	Name of Directors			
	Total amount for the 4 preceding remunerations (A+B+C+D)		Total amount for the 7 preceding remunerations (A+B+C+D+E+F+G)	
	The Company	Companies in the consolidated financial statements	The Company	The Parent Company and Invested Companies
Under NT$ 1,000,000	Wen Yuan, Wong, Susan Wang, Chia Chau, Wu, Pei-Ing Lee, Ming Jen, Tzou, Lin-Chin Su, Shih-Ming Hsie, Joseph Wu, Rex Chuang, Nan Ya Plastics Corp., Formosa Taffeta Co., Ltd.	Wen Yuan, Wong, Susan Wang, Chia Chau, Wu, Pei-Ing Lee, Ming Jen, Tzou, Lin-Chin Su, Shih-Ming Hsie, Joseph Wu, Rex Chuang, Nan Ya Plastics Corp., Formosa Taffeta Co., Ltd.	Wen Yuan, Wong, Susan Wang, Chia Chau, Wu, Ming Jen, Tzou, Shih-Ming Hsie, Nan Ya Plastics Corp., Formosa Taffeta Co., Ltd.	Wen Yuan, Wong, Susan Wang, Chia Chau, Wu, Ming Jen, Tzou, Shih-Ming Hsie, Nan Ya Plastics Corp.,
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	Tain-Jy Chen	Tain-Jy Chen	Tain-Jy Chen	Tain-Jy Chen Formosa Taffeta Co., Ltd.
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	Ching-Chyi Lai, Shu-Po Hsu, Tsai-Feng Hou,	Ching-Chyi Lai, Shu-Po Hsu, Tsai-Feng Hou,	Ching-Chyi Lai, Shu-Po Hsu, Tsai-Feng Hou,	Ching-Chyi Lai, Shu-Po Hsu, Tsai-Feng Hou,
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	N/A	N/A	N/A	N/A
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	N/A	N/A	Joseph Wu, Rex Chuang,	Joseph Wu, Rex Chuang,
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)	N/A	N/A	Lin-Chin Su	Lin-Chin Su
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)	N/A	N/A	Pei-Ing Lee	Pei-Ing Lee
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)	N/A	N/A	N/A	N/A
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)	N/A	N/A	N/A	N/A
NT$100,000,000 or more	N/A	N/A	N/A	N/A
Total	15	15	15	15

Note: The Company elected Directors in the annual shareholders' meeting on May 26, 2022.

(II) Remuneration of President and Vice Presidents

Unit: NT$ thousands; December 31, 2022

Title	Name	Salary (A)		Retirement pension (B)		Bonuses and allowances, etc. (C)		Employee remuneration (D) (Note)				Ratio of total compensation (A+B+C+D) and the percentage of net income		Remuneration received from invested companies other than subsidiaries or the parent company
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
President	Pei-Ing Lee													
Executive Vice President	Lin-Chin Su													
Vice President	Joseph Wu	28,090	28,090	324	324	0	0	31,250	0	31,250	0	59,664 0.4081%	59,664 0.4081%	639
Vice President	Rex Chuang													
Vice President	Yau-Ming Chen													

Note: The amount of employee compensation is estimated.

Range of Remuneration

Range of Remuneration of President and Vice Presidents	Name of President and Vice Presidents	
	The Company	The Parent Company and Invested Companies
Under NT$ 1,000,000	N/A	N/A
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	N/A	N/A
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	N/A	N/A
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	N/A	N/A
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	Joseph Wu Rex Chuang Yau-Ming Chen	Joseph Wu Rex Chuang Yau-Ming Chen
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)	Lin-Chin Su	Lin-Chin Su
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)	Pei-Ing Lee	Pei-Ing Lee
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)	N/A	N/A
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)	N/A	N/A
NT$100,000,000 or more	N/A	N/A
Total	5	5

Employee Compensation of Executive Officers

Unit: NT$ thousands; December 31, 2022

Item	Title	Name	Amount in stock (Note 1)	Amount in cash (Note 1)	Total	Percentage of total bonuses to net profit after tax (%) (Note 2)
Managerial Officers	President	Pei-Ing Lee	0	56,156	56,156	0.3841
	Executive Vice President	Lin-Chin Su				
	Vice President	Joseph Wu				
	Vice President	Rex Chuang				
	Vice President	Yau-Ming Chen				
	Assistant Vice President	Chi-Meng Su				
	Assistant Vice President	Mark Mao				
	Assistant Vice President	Jeff J.P. Lin				
	Assistant Vice President	Rex Chen				
	Assistant Vice President	Chuan-Jen Chang				
	Finance Officer and Corporate Governance Supervisor	Philip Jao				
	Accounting Supervisor	Hung-Chi Kuo				

Note 1: The amount of employee compensation is estimated.
Note 2: Net income is NTC's net income after tax.

(III) Comparison and description of Remuneration for Directors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, President and Vice Presidents. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to Directors, President and Vice Presidents of the Company, to the net income.

1. Total remuneration as a percentage of net profit after tax

Unit: %

Title \ Year	The Company		Companies in the consolidated financial statements	
	2022	2021	2022	2021
Director (Note)	0.3984	0.3090	0.3984	0.3090
President and Vice President	0.4081	0.3307	0.4081	0.3307

Note: Remuneration for Directors includes compensation received by a Director who is an employee of NTC and Independent Directors.

Description:

(1) Compared with 2021, Director's remuneration accounted for a higher percentage of net profit after tax in 2022 due to the decrease in net profit after tax.

(2) Compared with 2021, remuneration to the President and Vice Presidents accounted for a higher percentage of net profit after tax in 2022 due to the decrease in net profit after tax.

2. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance.

(1) The remuneration of the Company's Directors is determined in accordance with Article 16 of the Company's Articles of Incorporation, which stipulates that: "The Board of Directors is authorized to determine the remuneration of Directors, according to the extent of participation in operations, and value of their contribution to the Company, and industry standards." Furthermore, traffic fares are based on attendances of Board meetings or functional Committee meetings.

(2) Independent Directors receive a fixed amount of compensation each month, traffic fares based on attendance of Board meetings, and do not receive any variable remuneration. Other Directors only receive traffic fares based on attendance of Board meetings and do not receive any variable remuneration. All Directors do not receive Director's remuneration.

(3) The Company's Remuneration Committee members are all Independent Directors to provide external recommendations for remuneration. The Committee reviews remuneration policies, standards, structures, systems, and adjustments for Directors and managers, and reports to the Board of Directors for approval, in order to ensure the reasonable and competitiveness of salaries.

(4) The remuneration of managers, including the President and Vice Presidents, is in accordance with the Articles of Incorporation and Article 29 of the Company Act. Furthermore, salary adjustment and other remuneration are determined based on 360-degree performance evaluation, including the achievement of operational goals for individual functions or financial indicators, personal performance, excellence, decision-making, innovation, leadership, and communication. The Company also included sustainable development indicators related to economic, environmental, and social contributions and performance. The Company also references salary standards in the industry.

IV. Implementation of Corporate Governance

(I) Board of Directors' Meeting Status

A total of 6 Board meetings were held in the most recent year up to December 31, 2022. Director attendance is shown as follows:

Title	Name	Attendance in person	By Proxy	Attendance rate(%)	Remarks
Chairman	Nan Ya Plastics Corp. Representative: Chia Chau, Wu	6	0	100	Reelected on May 26, 2022
Director	Wen Yuan, Wong	6	0	100	Reelected on May 26, 2022
Director	Susan Wang	5	1	83.3	Reelected on May 26, 2022
Director	Pei-Ing Lee	6	0	100	Reelected on May 26, 2022
Director	Ming Jen, Tzou	5	1	83.3	Reelected on May 26, 2022
Director	Lin-Chin Su	6	0	100	Reelected on May 26, 2022
Director	Formosa Taffeta Co., Ltd. Representative: (vacancy)	0	0	0	Former Director as of May 26, 2022
Director	Nan Ya Plastics Corp. Representative: Joseph Wu	6	0	100	Reelected on May 26, 2022
Director	Nan Ya Plastics Corp. Representative: Rex Chuang	6	0	100	Reelected on May 26, 2022
Independent Director	Ching-Chyi Lai	6	0	100	Reelected on May 26, 2022
Independent Director	Shu-Po Hsu	6	0	100	Reelected on May 26, 2022
Independent Director	Tsai-Feng Hou	6	0	100	Reelected on May 26, 2022
Independent Director	Tain-Jy Chen	3	0	100	Newly elected on May 26, 2022

Other mentionable items:

I. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all Independent Directors' opinions and the Company's response should be specified:
   (I) Items specified in Article 14-3 of the Securities and Exchange Act: N/A.
   (II) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors: None.

II. Implementation of Directors Avoiding Conflict of Interests towards Resolution:
   (I) Name: Pei-Ing Lee, Lin-Chin Su, Joseph Wu, and Rex Chuang
   Resolutions adopted: The 1st Board meeting in 2022 was convened on February 24, 2022 to determine the 2021 bonuses for managers.
   Reasons for recusal due to a conflict of interest and participation in voting:
   The above Directors ware the captioned interested party, so they recused himself from discussion and vote.

(II) Name: Wen Yuan Wong, Pei-Ing Lee and Lin-Chin Su

Resolutions adopted: The 2nd Board meeting in 2022 was convened on April 13, 2022 to seek approval from the Annual Shareholders' meeting to release the Directors from non-competition restrictions.

Reasons for recusal due to a conflict of interest and participation in voting:

The above Directors were the Chairman, Director or Independent Director of the same or similar duty in other companies within the scope of the Company's business, so they recused themselves from the discussion and vote.

(III) Name: Chia Chau Wu, Wen Yuan Wong, Ming-Jen Tzou, Joseph Wu, and Rex Chuang

Resolutions adopted: The 3rd Board meeting in 2022 was convened on May 4, 2022 to lease part of land with Nan Ya Plastics Corporation.

Reasons for recusal due to a conflict of interest and participation in voting:

The above Directors were the Chairman, Executive Director, Director, or representative of institutional Director of Nan Ya Plastics Corporation, and therefore recused themselves from discussion and did not participate in the vote.

(IV) Name: Ching-Chyi Lai, Shu-Po Hsu, Tsai-Feng Hou and Tain-Jy Chen

Resolutions adopted: The 4th Board meeting in 2022 was convened on May 26, 2022 to appoint Independent Directors Mr. Ching-Chyi Lai, Mr. Shu-Po Hsu, Ms. Tsai-Feng Hou and Mr. Tain-Jy Chen as members of the Remuneration Committee.

Reasons for recusal due to a conflict of interest and participation in voting:

The above Directors were the interested party, so they recused themselves from discussion and voting.

(V) Name: Chia Chau Wu, Wen Yuan Wong, Joseph Wu, and Rex Chuang

Resolutions adopted: The 5th Board meeting in 2022 was convened on August 3, 2022 to lease part of land with Nan Ya Plastics Corporation.

Reasons for recusal due to a conflict of interest and participation in voting:

The above Directors were the Chairman, Executive Director, Director, or representative of institutional Director of Nan Ya Plastics Corporation, and therefore recused themselves from discussion and did not participate in the vote.

(VI) Name: Chia Chau Wu, Pei-Ing Lee, Lin-Chin Su, Ching-Chyi Lai, Shu-Po Hsu, Tsai-Feng Hou, and Tain-Jy Chen

Resolutions adopted: The 5th Board meeting in 2022 was convened on August 3, 2022 to appoint Chairman Mr. Chia Chau Wu, Director Mr. Pei-Ing Lee and Mr. Lin-Chin Su, Independent Directors Mr. Ching-Chyi Lai, Mr. Shu-Po Hsu, Ms. Tsai-Feng Hou, and Mr. Tain-Jy Chen as members of the Sustainable Development Committee.

Reasons for recusal due to a conflict of interest and participation in voting:

The above Directors were the captioned interested party, so they recused themselves from the discussion and vote.

(VII) Name: Ching-Chyi Lai, Shu-Po Hsu, Tsai-Feng Hou, and Tain-Jy Chen

Resolutions adopted: The 5th Board meeting in 2022 was convened on August 3, 2022, and it was approved to continue using the current remuneration of Directors.

Reasons for recusal due to a conflict of interest and participation in voting:

The above directors were the interested party, so they recused themselves from discussion and voting.

(VIII) Name: Pei-Ing Lee, Lin-Chin Su, Joseph Wu, and Rex Chuang

Resolutions adopted: The 5th Board meeting in 2022 was convened on August 3, 2022, in which the proposed salary raise for managers in 2022 does not exceed the salary raise for employees.

Reasons for recusal due to a conflict of interest and participation in voting:

The above Directors were the captioned interested party, so they recused themselves from the discussion and vote.

III. TWSE/TPEx-listed companies are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors:

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Once a year	October 1, 2021 to September 30, 2022	Board of Directors	Self-evaluation by Board members	Includes level of participation in company operations, improving the quality of Board decisions, Board composition and structure, selection and continuing education of Directors, and internal control system.
		Individual Directors Member	Self-evaluation by Board members	Includes grasp of company goals and missions, understanding of the Director's responsibilities, level of participation in company operations, internal relationship management and communication, Director's specialty and continuing education, and internal controls.
		Audit Committee	Self-evaluation by Committee members	Includes participation in company operations, understanding of the Audit Committee's responsibilities, improvement of the Audit Committee's decision-making quality, composition of the Audit Committee and member selection, and internal control.
		Remuneration Committee	Self-evaluation by Committee members	Includes participation in company operations, understanding of the Remuneration Committee's responsibilities, improvement of the Remuneration Committee's decision-making quality, and composition of the Remuneration Committee and member selection.

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Once a year	October 1, 2021 to September 30, 2022	Original Risk Management Committee (Note)	Self-evaluation by Committee members	Includes participation in company operations, understanding of the Risk Management Committee's responsibilities, improvement of the Risk Management Committee's decision-making quality, composition of the Risk Management Committee and member selection, and internal control.

Note: The Company's Board of Directors adopted the resolution to establish the Sustainable Development Committee during the Board meeting on August 3, 2022. Furthermore, due to considerations of functions and powers, the original Risk Management Committee was merged into the Sustainable Development Committee, and the first Sustainable Development Committee meeting was held on November 2.

IV. An evaluation of the goals set for strengthening the functions of the Board and implementation status during the current and immediately preceding fiscal years:

(I) All operations of the Board of Directors are in compliance with the law, the Company's Articles of Incorporation, and resolutions of shareholders' meetings. In addition to professional knowledge, skills, and literacy required by all directors to perform their duties, the Board of Directors maximizes benefits for all shareholders based on the principle of good faith and duty of care.

(II) We have appointed independent directors and established a good Board governance system, comprehensive supervision functions, and management mechanism. We established the Board of Directors Meetings Rules in accordance with regulations of the securities regulatory authority, including the contents of proceedings, operating procedures, matters to be specified in the meeting minutes, announcements, and other matters requiring compliance.

(III) In accordance with regulations of the securities regulatory authority, the Board of Directors passed the resolution on September 28, 2011 to establish a remuneration committee, as well as the policy to review and submit remunerations of directors and managers to the Board of Directors for a resolution.

(IV) In accordance with the provisions of the securities regulatory authority, the Company passed the resolution of the Board of Directors on June 22, 2016 and set up the Audit Committee to submit the resolutions of the Board of Directors to the implementation of corporate governance.

(V) Besides annual self-evaluations of Board operations to strengthen Board functions, internal auditors prepare monthly audit reports on Board operations for review by independent directors before the end of the following month, in order to comply with regulations of the securities regulatory authority.

(VI) The Board of Directors adopted a resolution on November 4, 2020 to establish a Risk Management Committee, so as to strengthen Board functions and risk management mechanisms. The Committee will assist in the review of risk management policies and structure, risk appetite and tolerance, and supervise the implementation of the risk management system and the effective operation of related mechanisms, so as to achieve the

Company's risk management goals.

(VII) The Company's Board of Directors adopted the resolution to establish the Sustainable Development Committee during the Board meeting on August 3, 2022 to implement sustainable development goals such as environmental protection, social responsibility and corporate governance. Furthermore, due to considerations of functions and powers, the original Risk Management Committee was merged into the Sustainable Development Committee.

(II) Audit Committee Meeting Status

The Audit Committee held a total of 5 meetings in the most recent year up to December 31, 2022. The attendance of independent directors was as follows:

Title	Name	Attendance in person	By Proxy	Attendance rate (%)	Remarks
Convener	Ching-Chyi Lai	5	0	100	Reelected on May 26, 2022
Committee member	Shu-Po Hsu	5	0	100	Reelected on May 26, 2022
Committee member	Tsai-Feng Hou	5	0	100	Reelected on May 26, 2022
Committee member	Tain-Jy Chen	2	0	100	Newly elected on May 26, 2022

Other mentionable items:

I. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the Independent Directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee:

(I) The matters listed in Article 14-5 of the Securities Exchange Act.

(II) Except previous matters, the other approved by the Audit Committee, and by more than two-thirds of all directors agreed to the matter.

<table>
<tr><th>Audit Committee</th><th>Content</th><th>Matters specified in Article 14-5 of Securities and Exchange Act</th><th>The other approved by the Audit Committee, and by more than two-thirds of all directors agreed to the matter</th></tr>
<tr><td rowspan="2">February 24, 2022
1st meeting in 2022</td><td>1. To approve the Company's 2021 financial statements.
2. To formulate the Company's “Internal Control System Statement”.
3. To amend “Procedure of Acquisition or Disposal of Assets” of the Company.</td><td>✓
✓
✓</td><td>—
—
—</td></tr>
<tr><td colspan="3">Contents of dissenting opinions, qualified opinions, or recommendations of Independent Directors: None.
Resolutions of the Audit Committee: All attendants agreed to pass.
The Company's handling of the opinions of the Audit Committee:
Matters discussed in the Audit Committee meeting were approved by all Directors in attendance during the Board meeting on February 24, 2022.</td></tr>
<tr><td rowspan="2">April 13, 2022
2nd meeting in 2022</td><td>To seek approval from the Annual Shareholders’ meeting to release the Directors from non-competition restrictions</td><td>✓</td><td>—</td></tr>
<tr><td colspan="3">Contents of dissenting opinions, qualified opinions, or recommendations of Independent Directors: None.
Resolutions of the Audit Committee: All attendants agreed to pass.
The Company's handling of the opinions of the Audit Committee:
A matter discussed in the Audit Committee meeting were approved by all Directors in attendance during the Board meeting on April 13, 2022, except from some Directors who recused themselves due to conflict of interest, the remaining Directors approved the proposal.</td></tr>
</table>

<table>
<tr><th>Audit Committee</th><th>Content</th><th>Matters specified in Article 14-5 of Securities and Exchange Act</th><th>The other approved by the Audit Committee, and by more than two-thirds of all directors agreed to the matter</th></tr>
<tr><td rowspan="4">May 4, 2022
3rd meeting in 2022</td><td>1. To approve the Company's financial statements for the first quarter of 2022.</td><td>—</td><td>—</td></tr>
<tr><td>2. To approve “Rules for Securities Investment Management” of the Company.</td><td>—</td><td>—</td></tr>
<tr><td>3. To discuss the proposed leasing part of land with Nan Ya Plastics Corporation.</td><td>✓</td><td>—</td></tr>
<tr><td colspan="3">Contents of dissenting opinions, qualified opinions, or recommendations of Independent Directors: None.
Resolutions of the Audit Committee: All attendants agreed to pass.
The Company's handling of the opinions of the Audit Committee:
Matters discussed in the Audit Committee meeting were approved by all Directors in attendance during the Board meeting on May 4, 2022, except from some Directors who recused themselves due to conflict of interest in the third case, the remaining Directors approved the proposal.</td></tr>
<tr><td rowspan="4">August 3, 2022
4th meeting in 2022</td><td>1. To approve the Company's financial statements for the second quarter of 2022.</td><td>—</td><td>—</td></tr>
<tr><td>2. To discuss the proposed leasing part of land with Nan Ya Plastics Corporation.</td><td>✓</td><td>—</td></tr>
<tr><td>3. To amend “Internal Control Systems” and “Internal Audit Implementation Rules” of the Company.</td><td>✓</td><td>—</td></tr>
<tr><td colspan="3">Contents of dissenting opinions, qualified opinions, or recommendations of Independent Directors: None.
Resolutions of the Audit Committee: All attendants agreed to pass.
The Company's handling of the opinions of the Audit Committee:
Matters discussed in the Audit Committee meeting were approved by all Directors in attendance during the Board meeting on August 3, 2022, except for Directors who recused themselves due to conflict of interest in the second case, the remaining Directors approved the proposal.</td></tr>
<tr><td rowspan="3">November 2, 2022
5th meeting in 2022</td><td>1. To approve the Company's financial statements for the third quarter of 2022.</td><td>—</td><td>—</td></tr>
<tr><td>2. To approve the Company's internal audit plan in 2023.</td><td>—</td><td>—</td></tr>
<tr><td colspan="3">Contents of dissenting opinions, qualified opinions, or recommendations of Independent Directors: None.
Resolutions of the Audit Committee: All attendants agreed to pass.
The Company's handling of the opinions of the Audit Committee:
Matters discussed in the Audit Committee meeting were approved by all Directors in attendance during the Board meeting on November 2, 2022.</td></tr>
</table>

II. The Independent Directors' avoidance of interest motion should indicate the names of the Independent Directors, content of the motion and reasons of avoidance of interest as well as the involvement in voting: None.

III. The communication between the Independent Director, internal audit officer of the Company’s and CPA. (including major matters, methods and results of communication on the Company's financial and business conditions)

(I) The communication between the Independent Directors and the internal audit officer of the Company

1. The amendment of the “Internal Control Systems” and “Internal Audit Implementation Rules” of the Company shall be subject to the approval of the Audit Committee and shall be submitted to the Board of Directors for a resolution.
2. The Company's annual audit plan was approved by the Audit Committee and submitted to the Board of Directors for a resolution.
3. The “Internal Control System Statement” of the Company shall be subject to the approval of the Audit Committee and shall be submitted to the Board of Directors for a resolution.
4. The Audit Office regularly submits an internal audit report to independent directors for review each month.
5. Independent Directors and the chief internal auditor conduct a review meeting at least once a quarter to communicate the internal audit execution status and internal control operation status of the Company. Besides preparing an audit report on deficiencies and abnormalities in the internal control system, cases are tracked to ensure that relevant units take appropriate improvement measures.
6. There are at least 10 communication meetings between Independent Directors and the chief internal auditor each year (excluding the Board of Directors), in which at least one meeting each year is without general Directors and managers present.
7. Summary of communication between independent directors and the chief internal auditor in 2022

Date/ Meeting	In attendance	Content	Result
February 16, 2022 Review meeting	1. Independent Directors Ching-Chyi Lai, Shu-Po Hsu, and Tsai-Feng Hou 2. Chief internal auditor Chia-Sen Tseng 3. Managers and auditors	1. Implementation progress of the Company's internal audit plan in November through December 2021 2. Prepare an Internal Control System Statement	Good, no dissenting opinion.
February 24, 2022 Audit Committee	1. Independent Directors Ching-Chyi Lai, Shu-Po Hsu, and Tsai-Feng Hou 2. Chief internal auditor Chia-Sen Tseng 3. CPA Hui-Chih Ko 4. Chairman and managers	1. Implementation progress of the Company's internal audit plan in November through December 2021 2. Prepare an Internal Control System Statement	1. Noted, no dissenting opinion, and reported to the Board of Directors. 2. Passed with the approval of all members in attendance and submitted to the Board of Directors for resolution.

	Date/ Meeting	In attendance	Content	Result
	April 1, 2022 Review meeting	1. Independent Directors Ching-Chyi Lai, Shu-Po Hsu, and Tsai-Feng Hou 2. Chief internal auditor Chia-Sen Tseng Managers and auditors	Implementation progress of the Company's internal audit plan in January through February 2022.	Good, no dissenting opinion.
	April 13, 2022 Audit Committee	1. Independent Directors Ching-Chyi Lai, Shu-Po Hsu, and Tsai-Feng Hou 2. Chief internal auditor Chia-Sen Tseng 3. Chairman and managers	Implementation progress of the Company's internal audit plan in January through February 2022	Noted, no dissenting opinion, and reported to the Board of Directors.
	April 20, 2022 Review meeting	1. Independent Directors Ching-Chyi Lai, Shu-Po Hsu, and Tsai-Feng Hou 2. Chief internal auditor Chia-Sen Tseng 3. Managers and auditors	Implementation progress of the Company's internal audit plan in March 2022	Good, no dissenting opinion.
	May 4, 2022 Audit Committee	1. Independent Directors Ching-Chyi Lai, Shu-Po Hsu, and Tsai-Feng Hou 2. Chief internal auditor Chia-Sen Tseng 3. CPA Hui-Chih Ko 4. Chairman and managers	Implementation progress of the Company's internal audit plan in March 2022	Noted, no dissenting opinion, and reported to the Board of Directors.
	May 18, 2022 Review meeting	1. Independent Directors Ching-Chyi Lai, Shu-Po Hsu, and Tsai-Feng Hou 2. Chief internal auditor Chia-Sen Tseng 3. Managers and auditors	Implementation progress of the 2021 audit plan	Good, no dissenting opinion, and reported to the Board of Directors.
	July 19, 2022 Review meeting	1. Independent Directors Ching-Chyi Lai, Shu-Po Hsu, Tsai-Feng Hou, and Tain-Jy Chen 2. Chief internal auditor Chia-Sen Tseng 3. Managers and auditors	1.Implementation progress of the Company's internal audit plan in the second quarter of 2022 2. To amend “Internal Control Systems” and “Internal Audit Implementation Rules” of the Company	Good, no dissenting opinion.

Date/ Meeting	In attendance	Content	Result
July 19, 2022 Independent Directors conducted an on-site sampling inspection	4. Independent Directors Ching-Chyi Lai, Shu-Po Hsu, Tsai-Feng Hou, and Tain-Jy Chen 5. Chief internal auditor Chia-Sen Tseng 1. Managers and auditors	On-site sampling inspection of the implementation of internal control procedures Recommendation from Independent Director: 1. Track the implementation status of education and training on preventing insider trading 2. Evaluate the impact of epidemic prevention on the Company's financial position	The Audit Office and related department have handled matters as recommended by Independent Directors.
August 3, 2022 Audit Committee	1. Independent Directors Ching-Chyi Lai, Shu-Po Hsu, Tsai-Feng Hou, and Tain-Jy Chen 2. Chief internal auditor Chia-Sen Tseng 3. CPA Hui-Chih Ko 4. Chairman and managers	1.Implementation progress of the Company's internal audit plan in the second quarter of 2022 2.To amend "Internal Control Systems" and "Internal Audit Implementation Rules" of the Company	1. Noted, no dissenting opinion, and reported to the Board of Directors. 2. Passed with the approval of all members in attendance and submitted to the Board of Directors for resolution.
October 17, 2022 Review meeting	1. Independent Directors Ching-Chyi Lai, Shu-Po Hsu, Tsai-Feng Hou, and Tain-Jy Chen 2. Chief internal auditor Chia-Sen Tseng 3. Managers and auditors	1. Implementation progress of the Company's internal audit plan in in the third quarter of 2022 2. To approve the 2023 internal audit plan	Good, no dissenting opinion.

Date/ Meeting	In attendance	Content	Result
November 2, 2022 Individual communication meeting	1. Independent Directors Ching-Chyi Lai, Shu-Po Hsu, Tsai-Feng Hou, and Tain-Jy Chen 2. Chief internal auditor Chia-Sen Tseng CPA Hsin-Yi Kuo	1. The status of audits in asset changes of overseas subsidiaries 2. The status of securities investment 3. Recommendation from Independent Director: To report audit deficiencies that have not been improved at communication meeting	Good, no dissenting opinion. The Audit Office will handle matters as recommended by Independent Directors.
November 2, 2022 Audit Committee	1. Independent Directors Ching-Chyi Lai, Shu-Po Hsu, Tsai-Feng Hou, and Tain-Jy Chen 2. Chief internal auditor Chia-Sen Tseng 3. CPA Hsin-Yi Kuo 4. Chairman and managers	1. Implementation progress of the Company's internal audit plan in in the third quarter of 2022 2. To approve the 2023 internal audit plan	1. Noted, no dissenting opinion, and reported to the Board of Directors. 2. Passed with the approval of all members in attendance and submitted to the Board of Directors for resolution.

(II) The communication between the Independent Directors and the CPA

1. The Audit Committee of the Company is composed of all Independent Directors, the CPA has presented the findings or the comments for the financial reports and the impact of the amendment of the relevant laws and regulations.
2. There are at least 5 communication meetings between independent directors and accountants each year, in which at least one meeting each year is without general directors and management present.
3. Summary of communication between independent directors and accountants in 2022

Date/ Meeting	In attendance	Content	Result
February 24, 2022 Audit Committee	1. Independent Directors Ching-Chyi Lai, Shu-Po Hsu, and Tsai-Feng Hou 2. Chief internal auditor Chia-Sen Tseng 3. CPA Hui-Chih Ko 4. Chairman and managers	To explain audit opinions on the 2021 financial statements.	Passed with the approval of all members in attendance and submitted to the Board of Directors for resolution.

Date/ Meeting	In attendance	Content	Result
May 4, 2022 Audit Committee	1. Independent Directors Ching-Chyi Lai, Shu-Po Hsu, and Tsai-Feng Hou 2. Chief internal auditor Chia-Sen Tseng 3. CPA Hui-Chih Ko 4. Chairman and managers	To explain audit opinions on the financial statements for the first quarter of 2022	Passed with the approval of all members in attendance and submitted to the Board of Directors for resolution.
August 3, 2022 Audit Committee	1. Independent Directors Ching-Chyi Lai, Shu-Po Hsu, Tsai-Feng Hou, and Tain-Jy Chen 2. Chief internal auditor Chia-Sen Tseng 3. CPA Hui-Chih Ko 4. Chairman and managers	To explain audit opinions on the financial statements for the second quarter of 2022	Passed with the approval of all members in attendance and submitted to the Board of Directors for resolution.
November 2, 2022 Individual communication meeting	1. Independent Directors Ching-Chyi Lai, Shu-Po Hsu, Tsai-Feng Hou, and Tain-Jy Chen 2. Chief internal auditor Chia-Sen Tseng 3. CPA Hsin-Yi Kuo	1. Discussion of the accountant's conclusions and information disclosed in financial statements 2. Recommendation from Independent Director: To remind the annual key audit matters	Good, CPA will handle matters as recommended by Independent Directors.
November 2, 2022 Audit Committee	1. Independent Directors Ching-Chyi Lai, Shu-Po Hsu, Tsai-Feng Hou, and Tain-Jy Chen 2. Chief internal auditor Chia-Sen Tseng 3. CPA Hsin-Yi Kuo 4. Chairman and managers	To explain audit opinions on the financial statements for the third quarter of 2022	Passed with the approval of all members in attendance and submitted to the Board of Directors for resolution.

IV. Key tasks of the Audit Committee this year:

The Audit Committee will continue supervise the Company in 2023 in accordance with the Audit Committee Charter and relevant laws and regulations, including:

1. Fair presentation of the financial reports
2. The hiring (or dismissal), independence, and performance of certificated public accountants.
3. The effective implementation of the internal control system
4. Compliance with relevant laws and regulations

(III)Corporate Governance Implementation as Required by the Taiwan Financial Supervisory Commission

Assessment item	Implementation status (Note)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Explanation	
I. Does Company follow "Taiwan Corporate Governance Implementation" to establish and disclose its corporate governance practices?	✓		The Company's board of directors approved the establishment of the "Nanya Corporate Governance Principles" on November 10, 2014, and disclosed the principles on the website designated by the competent authority of securities and the Company website.	Complies with Article 1-2 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies. The contents were slightly adjusted based on our practices, but still comply with the spirit of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
II. The Company's shareholding structure and shareholders' rights and interests (I) Does the Company adopt internal procedures for appropriate handling shareholders' suggestions, doubts, disputes and litigation matters, and implementation in accordance with procedures?	✓		The Company has designated a spokesman and deputy spokesman, and established the investor relationship department to handle shareholders' suggestions and complaints.	Complies with Article 13 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.

Assessment item	Implementation status (Note)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Explanation	
(II) Does the Company monitor the status of major shareholders with control over the Company and their ultimate control persons?	✓		The Company monitors changes in shareholdings or pledged shares of Directors, managers, and shareholders with more than 5% of total outstanding shares, and discloses information on shareholders with more than 5% of total outstanding shares in quarterly financial statements. Directors, managers, and shareholders with 10% or more shares complete reporting procedures on the website designated by the competent authority of securities each month.	Complies with Article 19 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
(III) Does the Company set up and execute the risk management and firewall between the Company and its affiliates?	✓		The personnel and property of the Company has been separated definitely from other affiliates without any abnormal transactions. All transactions with affiliated enterprises are conducted on a legitimate basis and at arm's length. We have also set a limit on the scope and amount of endorsements and guarantees that can be provided to other companies. For banks, customers, and suppliers, we make a comprehensive risk arrangement through checking from computer and stop paying if any problems from same supplier. The Company has the internal prohibition with the Company's property, confidential information, or unable to obtain non-public information in the market to acquire its own illegitimate profits in the "Guidelines and Regulations Rule" of the Company.	Complies with Articles 14 -17 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
(IV) Does the Company establish internal rules prohibiting Company insiders from trading securities using information not disclosed to the market?	✓		We established Personnel Management Rules and Guidelines for the Prevention of Insider Trading to prohibit insiders from illegally profiting from trades based on information not yet disclosed to the public, and we educate Directors and employees.	Complies with Paragraph 3, Article 10 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.

Assessment item	Implementation status (Note)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Explanation	
III. Composition and responsibilities of the Board of Directors				
(I) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	✓		The "Corporate Governance Principles "of the Company stipulate that the diversity of Board members must be given due consideration, and Board members must have the necessary knowledge, skill, and experience to perform their duties, including but not limited to gender, race and nationality. In order to achieve the goals of corporate governance, the Board as a whole shall have the following abilities 1. Business judgment. 2. Ability to perform accounting and financial analysis. 3. Ability to manage a business. 4. Ability to handle crisis management. 5. Knowledge of the industry. 6. An international market perspective. 7. Leadership. 8. Decision-making ability. Currently the Board of Directors has 12 members, including 4 Independent Directors, 2 female Directors, and 4 Directors who are concurrently employees (accounting for 33%, 17%, and 33% of all Directors, respectively). The distribution of Directors by age is as follows: 3 Directors are 51-60 years old, 4 Directors are 61-70 years old, and 5 Directors are over 70 years old. Our goal is for female Directors to account for 25% of all Directors. Independent Directors are in compliance with the Code of Practice for Independent Directors of FSC. For information on the academic background, experience, gender, professional qualifications, and work experience of each director as well as Board diversity, please refer to C. Corporate Governance II (I) Directors.	Complies with Article 20 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.

Assessment item	Implementation status (Note)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Explanation	
(II) Does the Company establish other functional committee voluntarily, besides the remuneration committee and audit committee?	✓		NTC has established Remuneration Committee that approved by the Board of Directors on August 26, 2011. In addition to establish the Audit Committee and approved by the Board of Directors on June 22, 2016. Besides the two committees above, the Board of Directors adopted the resolution to establish a Risk Management Committee on November 4, 2020 to strengthen Board functions and risk management mechanisms. The Company's Board of Directors adopted the resolution to establish the Sustainable Development Committee during the Board meeting on August 3, 2022 to implement sustainable development goals such as environmental protection, social responsibility and corporate governance (please refer to C. Corporate Governance IV. (V) I. 2. implementation status of the sustainable development organization for its composition, duties, and operations). Furthermore, due to considerations of functions and powers, the original Risk Management Committee was merged into the Sustainable Development Committee	Complies with Article 28 and 28-1 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
(III) Does the Company establish standards and method for evaluating Board performance, conduct annual performance evaluations, submit performance evaluation results to the Board, and use the results as a basis for determining the remuneration and	✓		The Board of Directors established the "Regulations Governing Board Performance Evaluations" on August 6, 2020 and has completed the 2022 performance evaluation of the Board of Directors, Audit Committee, Compensation Committee, and Risk Management Committee (please refer to C. Corporate Governance IV. (I) Board of Directors' Meeting Status). Evaluation results were all "excellent" and had been submitted to the Board of Directors on November 2, 2022, and will be used as a basis for determining the remuneration and nomination of individual Directors.	Complies with Article 37 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.

Assessment item	Implementation status (Note)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Explanation	
nomination of individual directors? (IV) Does the Company evaluate the independence and suitability of the CPA regularly?	✓		The Company evaluates the independence and competence of the accountants at least once a year, and also evaluates the professionalism, audit quality control, independence, external supervision, and innovation abilities of the accountants according to the Audit Quality Indicators (AQIs). We ask our accountants and their accounting firm to fill out questionnaires and provide related data, which is used by the President's Office as the basis for evaluation. The audit experience of our accountants, support from professionals at their accounting firm, and manager and above personnel involved in audits are better than the industry average. The accountants also meet independence and competence requirements of remaining indicators, and use digital audit platforms and developed audit analysis tools to help improve their audit quality. The most recent evaluation results were reported to the Audit Committee and Board of Directors on February 22, 2023.	Complies with Article 29 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
IV. Does the public company have a suitable number of competent corporate governance personnel, and has it appointed a corporate governance supervisor responsible for	✓		1. The Board of Directors approved the appointment of a corporate governance supervisor on May 10, 2019. The corporate governance supervisor is the highest level manager of corporate governance affairs, and competent personnel are appointed to handle corporate governance affairs. The scope of authority, includes convening board meetings and shareholders' meetings in accordance with the law, preparing proceedings for board meetings and shareholders' meetings, assisting with the appointment and continuing education of directors, providing data required by directors to perform their duties, and assisting directors in compliance with the law.	Complies with Article 3-1 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.

<table>
<tr><th rowspan="2">Assessment item</th><th colspan="3">Implementation status (Note)</th><th rowspan="2">Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td>corporate governance matters (including but not limited to providing information for directors to perform their duties, assisting directors with regulatory compliance, handling matters related to Board meetings and shareholders' meetings, and preparing proceedings for Board meetings and shareholders' meetings)?</td><td></td><td></td><td>2. Key points of operations in 2022:
(1) Assist in the compliance of proceedings and resolutions of Board meetings and shareholders' meetings.
(2) Notify directors of the agenda of Board meetings 7 days in advance, convene meetings, and provide meeting materials. Remind directors of agenda items with which they have a conflict of interest, and complete Board meeting minutes within 20 days after a meeting.
(3) Provide assistance by arranging meetings if independent directors need to meet with the internal audit supervisor or CPA to understand the Company's business needs.
(4) Assist in providing directors with the data they need to perform their duties and arrange continuing education for directors.
3. Continuing education of the corporate governance supervisor in 2022:
<table>
<tr><th>Date of continuing education</th><th>Course name</th><th>Organizer</th><th colspan="2">hours</th></tr>
<tr><td>2022.6.10</td><td>2022 Seminar on Prevention of Insider Trading</td><td rowspan="3">Securities and Futures Institute</td><td>3</td><td rowspan="5">15</td></tr>
<tr><td>2022.11.11</td><td>Public companies – Seminar on derivatives trading strategies and market prospects</td><td>3</td></tr>
<tr><td>2022.11.17</td><td>Economic outlook and industry trends in 2023</td><td>3</td></tr>
<tr><td rowspan="2">2022.11.23</td><td>The 13th Taipei Corporate Governance Forum</td><td rowspan="2">Taiwan Corporate Governance Association</td><td>3</td></tr>
<tr><td>Variables of international order and corporate governance response</td><td>3</td></tr>
</table></td><td></td></tr>
</table>

Assessment item	Implementation status (Note)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Explanation	
V. Does the Company build channels of communication with its stakeholders and establish a designated section for stakeholders on the Company website to respond stakeholders' CSR concerns?	✓		1. Depending on the situation, the President's Office is responsible for communicating with stakeholders and the spokesperson or deputy spokesperson serve as external communication channels. 2. The Company will comply with relevant regulations to establish a designated section for stakeholders on the company website and a corporate social responsibility website to maintain good communication with our stakeholders. Stakeholders and investors can communicate with the company by telephone, letters, facsimile, and e-mails at any time if needed. 3. NTC responds to stakeholders' concerns at the appropriate time through the following channels: (1) Shareholder: The general shareholders can learn about the Company's operations through the annual shareholders' meetings and annual reports. They can usually be queried by telephone or email. For corporate shareholders, there are quarterly legal briefings and global conference calls, participation in investment seminars at home and abroad, participation in brokers' forums for unscheduled investors, telephone interviews, or visits. (2) Employee: Issues such as workplace safety, employee benefits, human rights protection, and employment relationships include corporate announcements, human resources service representatives, and regular meetings (such as staff meetings and online personnel meetings). A variety of education and training, irregular communication meetings,	Complies with Article 51 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.

Assessment item	Implementation status (Note)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Explanation	
			employee relations department channels of communication, suggestion boxes, company publications, electronic platforms, questionnaires (such as education and training satisfaction, catering satisfaction) and other channels to communicate with employees. (3) Client: Respond to customer-focused product quality, after-sales service and other issues by visiting customers, customer meetings, maintenance services, dealer meetings, regular technical support, customer education and training, and customer satisfaction surveys. In addition, the website lists the sales service line and e-mail address, and handles customer complaints through the "customer opinion response form" and "customer complaint processing form". (4) Supplier: The company upholds the spirit of sustainable development and adheres to the principle of fair trade. It strives to require the compliance of manufacturers with environmental protection, work safety, and human rights standards. It conducts public tendering through the Formosa Plastics Network electronic trading platform procurement contracting system, and regularly organizes company briefing sessions to strengthen the two-way Communication and advocacy. In addition, it provides an instant supplier information platform, regular face-to-face review reports or meetings, supplier surveys, audits and guidance, and supplier delivery stability and quality assessment. Vendors can ask questions on the platform's "Vendor Feedback Section," and dedicated personnel will handle and respond to their	

Assessment item	Implementation status (Note)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Explanation	
			questions to achieve the goal of information symmetry. (5) Government: Communication channels include correspondence, regulatory briefings, company financial reports, relevant information required by competent authorities and regulations, and communication with the competent authorities through computer associations, etc. (6) Community: The Company gathers together funds, supplies, and manpower inside and outside the Company through the 4U project (Focus On U, Light Up, Power Up, and Line Up) for community involvement. Information is announced on the company website inform communities, and we established a Charity Club to participate in volunteer activities and launch donation activities to provide support after a major natural disaster occurs in Taiwan. There is a feedback mailbox (audit@ntc.com.tw) to provide a communication channel for community residents, and our factory has a management office to handle communication with communities. (7) Media: Communication methods include press releases, quarterly press conferences, the official company website, and interviews with the spokesperson.	
VI. Does the Company appoint a professional stock agency to deal the shareholders affairs?		✓	The Company's shareholders' meeting affairs are conducted on its own currently, but the relevant procedures are strictly planned and conducted in accordance with the relevant regulations by designated stock affairs unit, legal department and the President office, and have been evaluated by Taiwan Depository & Clearing Corporation, a designated institution by the FSC, since 2022. All of the Company's recent evaluation results comply	Does not comply with Paragraph 1, Article 7 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, but it does not affect

Assessment item	Implementation status (Note)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Explanation	
			with regulation and ensure the shareholders' meeting can be convened legally, validly and safely and therefore able to protect shareholders' right.	the operations of the shareholders' meeting.
VII. Information disclosure				
(I) Does the Company establish a corporate website to disclose information regarding the Company's financials, operation and corporate governance?	✓		The Company has disclosed information regarding the Company's financials, operation and corporate governance on its corporate website in Chinese and English. Company website: https: //www.nanya.com	Complies with Article 57 and 59 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
(II) Does the Company adopt other disclosure methods (i.e., setting of English website, appointed personnel responsible for information gathering and disclosing, implement of spokesperson system, and uploading the materials of investor conferences on website)?	✓		The Company has implemented a spokesperson and substitute spokesperson system as well as a designated personnel responsible for gathering and disclosing the Company's information as well as providing the spokesperson and relevant departments with answers to inquiries by stakeholders and the competent authorities.	Complies with Article 55, Paragraph 3 and Article 56 and Article 58 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
(III) Does the Company announce and report annual	✓		To strengthen corporate governance and help investors understand the Company's operations, in principle, the Company reports revenue of the	Complies with Article 55, Paragraph 2 of the Corporate

Assessment item	Implementation status (Note) Yes	No	Explanation	Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?			previous month on the 6th of every month, and self-reported figures for the previous quarter early January, April, July, and October. The Company announces and reports annual financial statements within two months after the end of each fiscal year, and announced and reported Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit starting in 2020.	Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
VIII. Does the Company have any other helpful information regarding corporate governance (i.e., the interest and care of employees, investor relations, relationship with vendors, stakeholders' rights, attendance of training courses by Directors and Supervisors, the implementation status for a risk management policy and risk measurement, the	✓		(I) Employee rights and interests: The Company keeps good relationships with employees and pay attention for rights of expressing opinions and suggestions. We set boxes for employees to provide their opinions through computer system. All are replied by designated person and we make policy of abnormal event arrangement to the protection. At the same time, department heads attend regular supervisory board meetings and labor-management meetings to fully communicate with employees. We first listen to the opinions of unions regarding major labor-management issues, and highest level supervisors negotiate with the unions to reach an agreement, ensuring harmonious labor relations and the Company's sustainable development. (II) Care for employees: With a view to taking care of employee physical and mental health, the Company has budgeted every year for Chang Gung Hospital to performs health checkups for employees; in addition to inspection items stipulated by law, it has	Complies with Article 51-54 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.

Assessment item	Implementation status (Note)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Explanation	
implementation status of protection for consumers or customers and liability insurance for Directors and Supervisors with respect to their liabilities resulting from exercising their duties)?			added cancer screening for Alpha-Fetoprotein, AFP and carcinoembryonic antigen, CEA. This allows employees to understand and cherish their health. On the part of diet, we make health regulations to exam the source, people, storage, usage and clearance to protect employee's health and safety. Also, we have dedicated counselors that periodically interview new employees to determine how well they are adapting to the Company, and also provide them with someone for advice and talking when they encounter difficulties at work and in life. Please refer to 5. Labor Relations in V. Business Overview for employee benefits. (III) Investor relations: The Company's President's Office and Stock Affairs Department severe as a communication channel between the Company and shareholders. With regard to information transparency, we provide investor information in an investor relations section on our website. We take part in investment forum held by foreign broker and hold seminars with domestic and foreign periodically. (IV) Supplier relations: The spirit of purchasing activities of the company is creating a fair and competitive environment and seeking for qualified vendors to coordinate with each department by reasonable price, material, equipment and engineering. 1. Open and fair procurement mechanism: We organize "open bids" through the procurement system of Formosa Technology E-Market Place, and provide vendors with online inquiry, quotation, negotiation, purchase order, delivery, and payment progress inquiry functions. All information is encrypted via electronic	

Assessment item	Implementation status (Note) Yes	No	Explanation	Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
			certificates and protected by a firewall to ensure the safety of all data being transferred. Vendors can check requests for quotation online at any time and place, and provide quotations accordingly, significantly increasing operating efficiency while saving time and money. It also reduces operating cost and increases sales profits. After the computer opens all bids for a request for quotation, the vendor that bids the lowest price with a delivery time and quality that meet requirements will be given priority, this way both buyer and seller can achieve their goals in a harmonious atmosphere. 2. Complete supplier management: We implement comprehensive supplier management and assessment to achieve stable material quality and delivery, and also ensure the quality and progress of construction. All suppliers are assessed and graded when they register, and any late delivery (construction), poor quality, or violation of labor safety by suppliers are automatically included in their assessment records. This eliminates bad suppliers and maintains long-term relationships with good suppliers. 3. Win-win through electronic transactions: We combined the ERP computer management system that we have perfected over the years with our quantified, open, and transparent online procurement mechanism to create a high quality, safe, convenient, and fast electronic trading environment. We have expanded to other vertical and horizontal industries to share the "Formosa Plastics Experience" with all enterprises in an electronic era. At present, our supply chain consists of over 10,000 suppliers and contractors who share the business opportunities and	

Assessment item	Implementation status (Note)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Explanation	
			economic benefits of open transactions on this electronic transaction platform. 4. Sustainable supplier management: (1) We comply with the RBA® Code of Conduct in our pursuit of corporate sustainability, and have committed to ethical corporate management. Besides strengthening corporate governance and ensuring shareholder equity, we strive to create a working environment with harmony, health, and safety, and develop towards green technology and environmental sustainability. We invest in social welfare to meet the expectations of society and stakeholders, and also to fulfill our CSR. (2) Suppliers are important members for realizing the core values above. We prepared the Formosa Plastics Group Supplier/Contractor Corporate Social Responsibilities Letter of Undertaking, which contains the Code of Conduct for Suppliers/Contractors, RBA Code of Conduct, and regulations and requirements related to conflict-free minerals established by Formosa Plastics Group. Suppliers are required to make a commitment to comply with CSR regulations before signing the contract, in order to ensure that the operations or activities of suppliers (including contractors) related to workers, health and safety, environmental protection, and business ethics comply with our Code of Conduct, thus contributing to the improvement of the overall business environment for the electronics industry. We communicate elements of human rights and ethical conduct with our suppliers, and ensure that their operations or activities comply with our requirements on employee and ethical conduct by requiring them to sign a letter of commitment, fill out self-assessment	

Assessment item	Implementation status (Note) Yes	No	Explanation	Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
			questionnaires, and conduct on-site audits. (3) To ensure the supply chain's implementation of sustainability, the Company distributes the Nanya Technology Corporation Supply Chain Code of Conduct Questionnaire to major suppliers each year. All major suppliers have to conduct a self-assessment, fill in the questionnaire, and hand it back. Suppliers are required to reply the implementation status of various sustainability issues on the questionnaire, and provide certification documents issued by related management systems. The results of the suppliers' self-assessment questionnaires shall be adopted as the basis of sustainability risk management and as reference for the Company's assistance to achieve supply chain sustainability. The questionnaire assesses economic/social/environmental aspects. We analyzed the self-evaluation results of suppliers and screened the top 5% highest risk suppliers, conducting on-site audits and providing guidance for them to make improvements. Furthermore, we conduct document or on-site audits at least once every three years to improve the sustainable management of supply chain risks, and ensure that corporate sustainability measures are implemented in the supply chain. (V) Stakeholder interests: The company keeps going on own business and performance and achieve mission of caring employees, customer service, and reward shareholder. In addition to better performance in the industry, the company pursues good business performance and strives to achieve its mission to “care for its employees, serve its customers, and give back to shareholders.” To that end, it bears a responsibility to properly care for its shareholders,	

Assessment item	Implementation status (Note) Yes	No	Explanation	Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
			customers, suppliers, employees, and society. In addition to complying with laws and the norms of business ethics, the Company has maintained international standards to enhance competitiveness; created shareholders' rights; pay equal attention to economic, environmental and social aspects; promote green construction and procure green or energy-conserving materials and supplies; conserve energy and reduce carbon emissions; pay attention to social issues; invest in community or social welfare actions suitable for businesses, and thus extend care for society. (VI) Advanced studies of directors and supervisors:	Complies with Article 40 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.

Name	Date of continuing education	Course name	Organizer	Hours	
Chia Chau Wu Wen Yuan Wong Susan Wang Ming-Jen Tzou Lin-Chin Su	2022.11.17	Economic outlook and industry trends in 2023	Securities and Futures Institute	3	6
		Real value created by circular and low carbon innovations – Understanding circular economy and governance	Taiwan Corporate Governance Association	3	
Pei-Ing Lee Tain-Jy Chen	2022.11.23	1. Carbon management trends towards net-zero and response measures	Taiwan Corporate Governance Association	3	6
		2. Variables of international order and corporate governance response		3	
Joseph Wu	2022.7.20	Sustainable development roadmap industry promotion	Taiwan Stock Exchange Corporation	2	9
	2022.7.28	29th TCCS Board Meeting and CEO Seminar	Taiwan Institute for Sustainable Energy	2	
	2022.10.27	30th TCCS Board Meeting and CEO Seminar		2	
	2022.11.18	Forum on public-private partnerships in sustainable talent development		3	
Rex Chuang	2022.10.12	2022 Seminar on Legal Compliance for Stock Transactions by Internal Personnel	Securities and Futures Institute	3	6
	2022.10.18	Merger and acquisition practices – From the perspective of hostile takeover		3	

Name	Date of continuing education	Course name	Organizer	Hours	
Ching-Chyi Lai	2022.7.13	Sustainable development roadmap industry promotion	Taiwan Stock Exchange Corporation	2	14
	2022.10.5	Global response to net zero emissions and corporate ESG actions	Securities and Futures Institute	3	
	2022.10.28	Analysis of company financial information and application in decision-making		3	
	2022.11.17	Economic outlook and industry trends in 2023		3	
		Real value created by circular and low carbon innovations – Understanding circular economy and governance	Taiwan Corporate Governance Association	3	
Shu-Po Hsu	2022.3.22	Development direction of green industries – Low-carbon investment prospects and business strategies in response	Taiwan Corporate Governance Association	3	13
	2022.4.8	Trend of net zero: Practical observations of Board of Directors ESG decisions	Securities and Futures Institute	2	
		Global technology risks and information security governance strategies		2	
	2022.11.17	Economic outlook and industry trends in 2023		3	
		Real value created by circular and low carbon innovations – Understanding circular economy and governance	Taiwan Corporate Governance Association	3	
Tsai-Feng Hou	2022.5.20	2022 Seminar on Prevention of Insider Trading	Securities and Futures Institute	3	8
	2022.7.20	Sustainable development roadmap industry promotion	Taiwan Stock Exchange Corporation	2	
	2022.10.07	Announcement of guidelines for independent directors and the Audit Committee to perform duties and meeting for directors and supervisors in 2022		3	

(VII) Implementation of risk management policies and risk assessment standards:

1. The Company established a Risk Management Committee under the Board of Directors in 2020

Complies with Article 16 of the Corporate

Assessment item	Implementation status (Note)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Explanation	
			to strengthen board functions and risk management mechanisms. The Company further established the Sustainable Development Committee under the Board of Directors in August 2022 with consideration to the implementation of ESG to achieve sustainable development and updated development goals. The Risk Management Committee was then merged into the Sustainable Development Committee due considerations of authority and function. 2. The Company's Risk Management Regulations by the Board of Directors, which includes the risk management policy, and aims to effectively identify, analyze and assess, and continuously monitor risks, raising the risk awareness of all employees in hopes of controlling risks within a tolerable range. This ensures the completeness, effectiveness, and benefits of risk management. 3. The board of directors is the highest level decision-making and supervision unit for risk management, and is responsible for establishing the Company's risk management policy and regulations. The board of directors supervises the implementation of the risk management system and the effective operation of its mechanisms. The Sustainable Development Committee reviews the Company's risk management policies, strategies, and management approach, and supervises the Company's implementation of risk management matters and implementation plans to achieve risk management goals. The Company's risk management implementation status was reported to the Board of Directors on May 4 and November 2, 2022.	Governance Best-Practice Principles for TWSE/TPEx Listed Companies.

Assessment item	Implementation status (Note)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Explanation	
			4. The Risk Management Center is headed by the president and members are departments heads, who form task forces and are responsible for implementing and supervising the work and overall risk management by the task forces. In coordination with the Company's business strategies, five risk management task forces were established, namely industrial and operational, information security, hazards, finance, and legal affairs. Each risk management task force collects information on risks in the internal and external environment. Besides monitoring risks in routine operations, the task forces are required to track and assess the risk level of risk factors, and take improvement measures accordingly. The task forces then report risk management results to the Center. 5. The Risk Management Center meets quarterly to review the performance of risk management organizations and business continuity plans, in order to ensure the suitability, relevance and effectiveness of its ongoing operations. 6. The process of risk management: background data collection → risk analysis → operational impact analysis → confirmation of control mechanisms and setting of regulatory indicators → risk assessment → prevention and improvement measures → selection of recovery plan and strategy. 7. Emergency response mechanism and measures: The Company has a complete set of operational norms and methods for handling emergency anomalies, covering manufacturing, supply chain and warehousing, information security, human resources and other aspects. Through the pre-sufficient plan, can immediately take	

Assessment item	Implementation status (Note)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Explanation	
			response measures in the event of an emergency, mitigate the impact of the incident and quickly recover, ensure the normal operation to meet client needs. For example, raw material shortage, affecting 10% of output (such as earthquakes, typhoons, toxic gases, fire alarms, labor shortages, etc.), abnormal utilities systems, abnormal automation systems, abnormal outsourcing capacity, and large number of customer returns, all have specific treatment steps and improvement measures. In addition, the emergency response to personnel safety, such as fire alarm, gas leakage, leakage, odor, earthquake and radiation leakage, emergency response measures, notification procedures and command systems are all in accordance with EHS related regulations and drilled regularly to effectively control the risk to the minimum damage. 8. Risk identification: Nanya Technology Corporation identifies risk items proposed by the Risk Management Promotion Center each year. We then took response measures against identified risk items based on risk levels. A total of 179 risk items were proposed in 2022, and the risk profile and the distribution of risk items and quantities were specified below after identification. Based on the statistics, 0 items needed immediate improvement; 6 items required improvement plans, 96 items should have indicators set up for monitoring, and 77 items were kept under observation. Teams have formulated and taken response measures and established related handling mechanisms based on risk identification results.	

Assessment item	Implementation status (Note) Yes	No	Explanation	Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
			9. Stress test: The Company conducts sensitivity analysis and stress tests on major risks, including the industry environment, production and sales strategy, water resources, financial position, climate change, information security, and compliance, on an annual basis. We seek to learn about the impact of potential risk factors on the Company's finances, and provide senior executives with information for formulating response measures to mitigate risks and prevent impact brought to the Company by extreme events. 10.Emerging risks: The Company pays close attention to changes in the economic environment. We identify long-term risks and opportunities and adapt our business strategies to ensure sustainability and long-term business performance. Each risk management team or managers at each level gathers related domestic and overseas information to assess potential risks in the Company's long-term operations. They used questionnaires or assessments in meetings of senior executives to identify emerging risks with the highest level of potential impact in the future and review mitigation and response strategies, which are used as important references for formulating future business strategies. Department heads gathered events in 2022, and senior executives identified 4 material emerging risks. The Company has formulated response countermeasures while continuing to implement improvements with the aim of mitigating related impacts (please refer to G. Financial Status, Operating Results and Risk Management VI (XIII) 3. Emerging risks).	

Assessment item	Implementation status (Note)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Explanation	
			11. Creating a risk culture: Risk culture construction: To establish a comprehensive risk management culture, the Company's Sustainable Development Committee, which is subordinate to the board of directors, reviews the Company's risk management policy, strategies, and management approach, and supervises the Company's implementation of risk management matters and plans. In accordance with the defined scopes, organizations, duties, and risk management procedures stipulated in the Risk Management Regulations. The Company's "Risk Management Center" has 3 Directors who are concurrently managerial officers (president, executive vice president, and Vice President Wu) as its director and deputy directors. The Center internalizes risk awareness in the management hierarchy, and reviews risk management performance and emerging risks on an annual basis. We also included risk management result in the annual performance evaluation of management (president and supervisors ranked assistant vice president and above), through the objectives by top managers to implement risk management measures and comprehensively raise the Company's risk awareness. In addition, a variety of incentives are provided to encourage employee proposals and stimulate peers to think innovatively to explore potential risks. We set up a 24-hour reporting hotline, information security hotline, whistleblower hotline, and whistleblower mailbox for employees to report risks, and also deeply rooted the risk management culture among all employees through TV walls, posters, and desktop wallpapers. Our evaluation regulations have	

Assessment item	Implementation status (Note)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Explanation	
			already included employees' understanding and implementation of risk management as an evaluation item in quarterly work evaluations and year-end evaluations, and serves as a basis for performance ratings, promotion, bonuses, and stock options, as well as the implementation of risk management measures. Furthermore, the Company also irregularly organizes management activities to raise employees' risk awareness, such as the "Information Security Month" in 2022, during which information security seminars, online Q&A and information security awareness training built employees' consensus of information security, and created a culture in which all employees participate in the prevention and improvement of risks. 12. Risk management education and training: The Company's managerial officers and Directors take corporate governance and risk management related courses offered by government agencies every year. In addition, business strategy-related risk management courses were offered to members of the Sustainable Development Committee in 2022, in order to assist and strengthen the Company's risk management operations. Furthermore, the Company internally compiles risk management materials, assigns employees through computer systems to read the materials to raise their risk awareness. The Company also implements the spirit of risk management in daily management. For example, various standard operating practices and various types of management functions regularly perform self-inspection operations to identify potential risks as early as possible for prevention and improvement.	

Assessment item	Implementation status (Note)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Explanation	
			(VIII) Implementation of Customer Policy: 1. Customer royalty will be helpful to expand the business scope and strengthen the good partnership with customers. Maintaining good customer relationships help build customer loyalty, and higher loyalty benefits business scope expansion and maintaining partnerships with customers. Creating quality service is one of the core values of the company. The company's goal is to maintain its service in leading position among DRAM manufacturers, and believes that maintaining the aforementioned service objectives and attitudes will help to enhance the existing customer relationship and establish a reputation in the industry, which will be beneficial to attracting new customers. 2. Product design and test verification stage: In order to improve the efficiency and frequency of customer service and effectively build close relationships with customers, the Field Application Engineering Division provides technical support to customers in Taiwan, China, Southeast Asia, Europe, the United States, Japan and South Korea, organizing irregular technology exchange events to meet the technical needs of customers. In 2022, the Division held a total of 115 events, providing technical supports and assisting customers' engineering personnel to solve problems in design and testing. In addition, through the highly efficient, intensive, and high-quality customer platform parameter measurement service, of which 950 cases were completed in 2022, we assisted customers in understanding	

Assessment item	Implementation status (Note)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Explanation	
			the characteristics of their product platforms so that the new product development progress and verification cycles of customers were significantly accelerated, reducing investment risks and helping final products to be launched in a timely manner in the demand market. We also provide "customer product joint validation" services, and help customers discover compatibility issues during early stages of product development and validation, so that they can make improvements before mass production. We completed a total of 31 joint validation services in 2022. 3. Production and sales stag: NTC has obtained the ISO 9001:2015 and IATF 16949:2016 quality system certifications. The Quality Assurance Division monitors and controls product quality as well as implements improvements in order to make sure that all production processes are fully optimized. Moreover, the Division includes each stage of the production process into a well maintained and tightly controlled system, manufacturing the products that meet customers' requirements. The Company’s business staff continuously communicates with the customer through the weekly feedback of the customer’s future demand forecast. The company’s production and sales system converts into a production plan after the head office aggregates the needs of global business feedback. According to weekly feedback from business staff, it is continuously adjusted to facilitate production to meet customer needs. To ensure that product shipments can meet customer needs, the company cooperates with the world's top international express delivery	

Assessment item	Implementation status (Note)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Explanation	
			companies to select the most appropriate delivery company based on customer area and delivery efficiency. 4. After-sales service stage: We are committed to improving product quality and rapidly responding to customers' quality issues to meet their expectations. In order to accelerate the efficiency of problem analysis, our service team will fully understand the problems reported by customers first, update analysis progress to customers based on analysis plans, and send customers corrective measures and handling methods once analysis is completed. Thanks to the cooperation between Field Application Engineering Division, Quality Assurance Division, Product Engineering Division, and Manufacturing Process Division, as well as process management carried out via the customer complaint handling system, 98% of customer complaint cases were resolved within target deadlines in 2022. We will continue to maintain frequent communication with customers and understand how customers use our products and failure conditions in the shortest time possible, in order to accelerate problem analysis and solve problems. 5. Customer privacy protection: The customer is an important partner of the company. Therefore, the customer's privacy and confidential information are classified as confidential information. In order to ensure the protection of confidential information, the company has established "company confidentiality management regulation" for employees to follow when dealing with customers' information. The company will also regularly	

Assessment item	Implementation status (Note)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Explanation	
			conduct advocacy and audits to enhance the awareness and ability of all employees in the process of classifying and handling confidential information. In addition, only authorized personnel have access to customers' information stored into the document control center. There were no customer privacy violations in 2022. If customers have any concerns or facts concerning leakage of information, they can also file a complaint through the company's report box. Their email address is forcibly printed on each employee's business card. The customer can be obtained from the company's employee's business card. 6. Customer Satisfaction: We employ an external third-party institution to for direct trade and to conduct end customer satisfaction surveys via the Internet or interviews, in hopes of understanding customers' needs from a fair and objective perspective. Content of the survey include product, delivery, quality, technical service, communication, business model, and comparison with competitors. With regard to items with low-satisfaction, relevant departments are responsible for the review and proposing corrective measures. In addition, the results of customer satisfaction surveys are reported during top management meeting. Then the sales staff will provide customers with improvement results or the direction of continuous improvements, as to continue enhancing customer satisfaction. In order to improve customer satisfaction, we specially established a review platform that gives priority to handling customers' needs and making improvements accordingly. Our average	

Assessment item	Implementation status (Note)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Explanation	
			customer satisfaction score was 94.7 points in 2022, surpassing the goal of 91 points, and our customer satisfaction has gradually increased each year over the last three years. (IX) Case where the company purchased liability insurance for directors: We have insurance coverage for all directors, please refer to MOPS.	Complies with Article 39 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.

IX. Please indicate the improvement of the results of the corporate governance evaluation issued by the Company's Center for Corporate Governance in the last year of the Taiwan Stock Exchange Co., Ltd. and provide priority measures and measures for those who have not yet improved.

The Company ranked in the top 5% of public companies in the 8th Corporate Governance Evaluation in 2021. However, results of the 9th Corporate Governance Evaluation in 2022 have not been announced as of the date of report. Improvements already made and response measures prioritized for Corporate Governance Evaluation indicators are described below:

(I) Improvements already made

1. The Company's 2022 Annual General Meeting held a directors election, in which the number of independent director seats reached one third of all director seats.
2. Starting in 2022, the Company's interim financial reports are approved by the Audit Committee and submitted to the Board of Directors for discussion and resolution.

(II) Response measures prioritized

1. Minutes of the 2023 Annual General Meeting will focus more on questions from shareholders and the Company's response.
2. We plan to upload changes in shareholding of insiders to the Market Observation Post System before the 10th of each month starting in 2023.

Note: Summarize operations in the description field regardless of whether "Yes" or "No" was selected.

(IV) Composition and Operations of the Company's Remuneration Committee or Nomination Committee

1. Information on Remuneration Committee Members

March 26, 2023

Capacity	Name	Professional qualifications and experience	Independence analysis	Number of other public companies at which the person concurrently serves as remuneration committee member
Convener Independent Director	Shu-Po Hsu	Formerly served as the chairman of the Life Insurance Association of the Republic of China, and is currently the chairman of the General Chamber of Commerce of the Republic of China and vice chairman of Taiwan Life. Has a wealth of experience in management, finance, insurance, and leadership in numerous industries; provided opinions and fulfilled duties from an independent and objective position while serving as an independent director; also serves as the convener of the Company's Compensation Committee; is a member of the Audit Committee and Sustainable Development Committee; was a member of original Risk Management Committee; does not have any conditions specified in Article 30 of the Company Act.	No spouse or relative within the second degree of kinship serves as the Company's director, does not hold the Company's shares in his/her own name, spouse, or others, does not provide audit, business, legal, financial, and accounting services to the Company and receive compensation for such services, and is compliant with the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.	N/A
Independent Director	Ching-Chyi Lai	Formerly served as deputy secretary-general at the Executive Yuan, chief secretary at the National Development Council, and chairman of Chunghwa Post Co., Ltd., has an accountant certificate, and is currently a chair professor at the Department of Finance, Chung Hua University. Has an expertise in management, accounting, or finance; provided recommendations and fulfilled duties from an independent and objective position while serving as an independent director; also serves as the convener of the Company's Audit Committee; is a member of the Compensation Committee and Sustainable Development Committee; served as the convener of original Risk Management Committee; does not have any conditions specified in Article 30 of the Company Act.	No spouse or relative within the second degree of kinship serves as the Company's director, does not hold the Company's shares in his/her own name, spouse, or others, does not provide audit, business, legal, financial, and accounting services to the Company and receive compensation for such services, and is compliant with the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange. Began serving as the independent director of Excellence Optoelectronic Inc. in March 2018.	1

Capacity \ Qualifications / Name		Professional qualifications and experience	Independence analysis	Number of other public companies at which the person concurrently serves as remuneration committee member
Independent Director	Tsai-Feng Hou	Formerly served as the president of a securities firm and is currently the special assistant to the chairman of Orient Semiconductor Electronics, Limited and the Director of Silicon Integrated Systems Corp.. Has experience in finance, securities, and semiconductor packaging and testing industries; provided recommendations and fulfilled duties from an independent and objective position while serving as an independent director; is a member of the Company's Audit Committee, Compensation Committee and Sustainable Development Committee; was a member of original Risk Management Committee; does not have any conditions specified in Article 30 of the Company Act.	No spouse or relative within the second degree of kinship serves as the Company's director, does not hold the Company's shares in his/her own name, spouse, or others, does not provide audit, business, legal, financial, and accounting services to the Company and receive compensation for such services, and is compliant with the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.	N/A
Independent Director	Tain-Jy Chen	Formerly served as the minister of National Development Council, minister/ minister without Portfolio of Executive Yuan ROC, and the president of Chung-Hua Institution for Economic Research; is currently an emeritus professor at National Taiwan University. Has an expertise in international trade and economic development; provided recommendations and fulfilled duties from an independent and objective position while serving as an independent director; is a member of the Company's Audit Committee, Compensation Committee and Sustainable Development Committee; does not have any conditions specified in Article 30 of the Company Act.	No spouse or relative within the second degree of kinship serves as the Company's director, does not hold the Company's shares in his/her own name, spouse, or others, does not provide audit, business, legal, financial, and accounting services to the Company and receive compensation for such services, and is compliant with the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.	N/A

2. Remuneration Committee Meeting Status

(1) There were 4 members of NTC's Remuneration Committee.

(2) Current term for the members: May 26, 2022 ~ May 25, 2023. A total of 2 meetings of the Remuneration Committee were held as of December 31, 2022. The qualifications and attendance of committee members is shown below:

Title	Name	Attendance in person	By Proxy	Attendance rate (%)	Remarks
Convener	Shu-Po Hsu	2	0	100	Reelected on May 26, 2022
Committee member	Ching-Chyi Lai	2	0	100	Reelected on May 26, 2022
Committee member	Tsai-Feng Hou	2	0	100	Reelected on May 26, 2022
Committee member	Tain-Jy Chen	1	0	100	Newly elected on May 26, 2022

Other mentionable items:

I. If the Board of Directors did not adopt or revise the recommendations of the Remuneration Committee, it should describe the date of the Board meeting, term of the Board, agenda item, resolutions adopted by the Board, and actions taken by the Company in response to the opinion of the Remuneration Committee (if the board of directors approved salaries higher than the recommendation of the Remuneration Committee, specify the discrepancy and reason): None.

II. If a member opposes a resolution the Committee has adopted or has reservations with a written record or a statement, the date and session of the meeting, the resolution, opinions of all the members, and the handling of their opinions shall be indicated: None.

III. Scope of authority of the Remuneration Committee:

The Remuneration Committee performs the following duties in accordance with the Remuneration Committee Charter and relevant laws and regulations, and submit recommendations to the board of directors for discussion:

1. Periodically review the Company's Remuneration Committee Charter and submit revision recommendations.
2. Establish and periodically review director and manager performance evaluation and remuneration policies, systems, standards, and structures.
3. Periodically evaluate and set the remuneration to directors and managers.

IV. Operations in the most recent year:

Remuneration Committee Meeting	Content
February 24, 2022 1st meeting in 2022	Proposed 2022 bonuses for managers.
	Remuneration Committee Resolution: All attendants agreed to pass. The Company's handling of the Remuneration Committee's opinions: A matter discussed in the Remuneration Committee meeting were approved by all Directors in attendance during the Board meeting on February 24, 2022, except from some Directors who recused themselves due to conflict of interest, the remaining Directors approved the proposal

Remuneration Committee Meeting	Content
August 3, 2022 2nd meeting in 2022	1. Proposed to continue using the current remuneration of Directors. 2. Proposed the current remuneration standards and structure of managers. 3. Proposed the current performance evaluation system of managers. 4. Proposed salary raise for managers in 2022 does not exceed the salary raise for employees.
	Remuneration Committee resolution: All attendants agreed to pass. The Company's handling of the Remuneration Committee's opinions: Matters discussed in the Remuneration Committee meeting were approved by all Directors in attendance during the Board meeting on August 3, 2022, except from some Directors who recused themselves due to conflict of interest in the first and fourth cases, the remaining Directors approved the proposal.

3. Information on Members and the Operation of the Nomination Committee: None.

(V) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

For details on implementation status, please refer to the Sustainability Report on our website. (https: //www.nanya.com/CSR/tw/index.html)

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?</td><td>✓</td><td></td><td>1. The Company formulated three sustainable development themes – “Creating Shared Value”, “Promoting Sustainable Mutual Prosperity”, and “Achieving Sustainable Development” to drive the six aspects of sustainability strategies, in order to achieve the vision of becoming the “Best DRAM Partner for Smart World.” We set future development goals for material topics under the sustainable development strategies, and periodically examine performance and goal achievement.
2. Implementation status of the sustainable development organization
(1) The Company's Board of Directors adopted the resolution to establish the Sustainable Development Committee during the Board meeting on August 3, 2022 to implement sustainable development goals such as environmental protection, social responsibility and corporate governance. Furthermore, due to considerations of functions and powers, the original Risk Management Committee was merged into the Sustainable Development Committee. The Board of Directors established the " Sustainable Development Committee Charter, and appointed Chairman Mr. Chia Chau Wu, Director Mr. Pei-Ing Lee and Mr. Lin-Chin Su, Independent Directors Mr. Ching-Chyi Lai, Mr. Shu-Po Hsu, Ms. Tsai-Feng Hou, and Mr. Tain-Jy Chen as members of the Sustainable Development Committee (please refer</td><td>Complies with Article 9 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies .</td></tr>
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Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			to C. Corporate Governance of disclosure of information on Directors' professional qualifications and Independence of Independent Directors for the professional ability required by the committee). (2) Function and power of the Sustainable Development Committee: A. Review sustainable development and risk management policies, strategies, and management approaches of the Company. B. Supervise the Company's sustainable development and risk management matters and implementation plan. C. Review material information on sustainable development disclosed in the Company's Sustainability Report, and report it to the Board of Directors. D. Supervise the Company's implementation of GHG inventory and verification planning. E. Supervise the Company to continue monitoring material topics of concern to shareholders, employees, customers, communities, and government agencies. F. Other matters the committee was instructed by the Board of Directors to handle. (3) The Company established the Sustainable Development Committee at the internal management level in 2018, and renamed it the Sustainable Development Promotion Center in 2022, implementing sustainable development strategies and management approaches and goals for material issues each year. The president serves as the director of the Sustainable Development Promotion Center, which plans the execution of corporate governance, economic, social, and environmental aspects, in which the Corporate Governance Officer, Finance Officer, Director of Human Resources, and Director of Safety and Health serve as the director-general for	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			planning sustainable development affairs in each aspect, and report their implementation status and results to the Sustainable Development Promotion Center each quarter. The "Corporate Governance Group", "Environmental Sustainability Group", "Public Affairs Participation Group", "Supply Chain Management Group" and "Customer Relations Group" were established in coordination with material issues in the four aspects of sustainable development, and continue to review key projects and establish KPI to achieve sustainable development goals. (4) A dedicated sustainable development organization was established under the President's Office - Sustainability and Risk Management Division to handle the following affairs: A. The Sustainable Development Promotion Center meets on a quarterly basis to formulate the Company's sustainable development strategy, vision, goals, management policy, and related systems. B. Plan and execute the Company's sustainable development action plans, control progress, and conduct performance assessments. C. Assist working groups in planning sustainable development related approaches, follow up on the execution and performance assessment of material issues, and report execution results to the Sustainable Development Promotion Center. D. Assist the Sustainable Development Committee in preparing the meeting agenda and procedures. 3. Sustainability and Risk Management Division reports the sustainability-related work carried out by the Sustainable Development Promotion Center in the previous year, allowing the Board of Directors to fully understand and supervise the Company's progress in	

Item	Implementation status Yes	No	Summary description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
			sustainability work, management policy, strategy, goal and target setting for material issues in the new year, implementation status of goals in the previous year, highlights, and stakeholder engagement. Key points of the report in 2022 are as follows: (1) Sustainable development highlights in the current year. (2) The Company's sustainable development organization and formulation of sustainability strategies. (3) Overview of sustainable performance, recognition, and awards in the current year. (4) Goal management and performance review of material sustainability issues in the current year, and goal-setting for material sustainability issues in the following year. (5) Encourage participation in domestic and overseas sustainability evaluations, internalize recommendations from the evaluations, and future improvement direction for sustainability. 4. A total of 4 Sustainable Development Promotion Center meetings were convened in 2022, the implementation progress of sustainable development was reported to the Board of Directors on May 26, and the first Sustainable Development Committee meeting was held on November 2.	
II. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant	✓		1. The scope of contents related to sustainability is mainly the Company and its subsidiaries, in which environmental and labor safety performance related data does not include the design house in Hsinchu, Taiwan, overseas design houses, and sales offices (the locations are all offices and do not engage in any production, so there is very low significance to environment related use and consumption). 2. The Company complies with the materiality analysis approach developed by the Global Reporting Initiative (GRI), and determine material sustainability issues	Complies with Article 3, Paragraph 2 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies .

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
risk management policies or strategies?			through six procedures: (1) Determine which stakeholders to communicate with; (2) Collect sustainability issues; (3) Survey the level of concern; (4) Measure the effect on operations; (5) Verify material issues; (6) Decide material issues. We established policies to effectively identify, measure, evaluate, supervise, and manage risks based on the material issues that were identified, in hopes of reducing the impact of related risks. We also formulated sustainability goals in 2022 and 2025. Our risk management strategies for material issues in 2022: (1) Environmental issues: A. Green products: We use complete advanced processes to provide competitive advantages in optimized energy consumption, efficacy, and chip sizes. In addition, we manufacture more advanced, more energy-saving, more eco-friendly, and hazardous substance free products for our customers, while lowering the environmental impacts of the products. B. Climate change: We will include climate change risks into overall considerations of operations, and predict the probability of risk occurrence and levels of influence, formulating risk response plans and crisis handling mechanisms in order to issue warnings as early as possible to mitigate the impact of climate risks on our operations. C. Energy Management: We will improve the efficiency of energy use, promote energy saving measures, reduce greenhouse gas emissions, as well as lower environmental pollution to improve our image in society, and lower manufacturing cost while meeting the requirements of customers or government policies.	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			D. Water Management: Through daily management, reductions and water recovery, we maximize the use of water resources and lower environmental pollution and production cost, while setting up response mechanisms for water shortage to mitigate the production impact risks resulting from water shortage. E. Waste Management: We will recycle waste to improve the effective use of resources and reduce other problems deriving from pollution. Moreover, we will provide waste to other industries for reuse, achieving the advantages of environmental impact reductions and circular economy development. (2) Social issues: A. Talent Retention and Employee Care: Employees are our important assets. We will continue to recruit high potential talent, and provide a friendly workplace, so our employees may continue to contribute to the Company while growing within the organization. Thus, we will maintain our competitive advantages. B. Employee development: As a people-oriented company, we established an advantageous training development system, reinforcing our employees' core technological capabilities to achieve our annual strategic goals, create a harmonious workplace, and cultivate excellent high-tech semiconductor talent. C. Occupational Health and Safety: Through continuous improvements in providing employees with a safe and healthy working environment, we aim to enhance the awareness of safety culture, strengthen self-inspection, and reduce employee occupational accidents. D. Social engagement: Based on our core competencies and values, we gather internal	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			resources, invest in diverse aspects, and cooperate with upstream and downstream partners to convey the power of beauty and benevolence, and help create a better society. E. Human rights: We value basic human rights, implement a human rights culture and training, establish principles of risk mitigation and compensation, and create a working environment that protects human rights. (3) Corporate governance issues: A. Risk Management: We will establish and maintain effective risk management mechanisms and constantly improve them, lower operation cost to ensure corporate sustainable profits, and create a quality working environment to achieve the goals of corporate sustainable operation. B. Ethical Corporate Management: We will build a sound corporate governance system and implement various business ethics policies and risk management mechanisms between suppliers, customers, and stakeholders to maintain the important cornerstone of corporate sustainable operation and value creation. C. R&D and Innovation: In order to maintain competitive advantages, we will research and develop advanced process technologies as well as design new products of the next generation, make forward-looking market plans while providing customers high value-added solutions, and establish high intelligent product lines to enhance efficiency. D. Customer Service: We will provide comprehensive customer services. Through regular communication and visits, we are able to understand customers' opinions about our products and services, which help us grasp customers'	

Item	Implementation status: Yes	Implementation status: No	Implementation status: Summary description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
			needs. Therefore, we will make further improvements to enhance customer satisfaction and market image. E. Sustainable supplier management: We will promote sustainable performance of suppliers, improve resilience of supply chains, manage and control supply chain risks, and cooperate with suppliers to become the best partners in order to jointly move towards a sustainable future.	
III. Environmental issues (I) Has the Company set an environmental management system designed to industry characteristics?	✓		1. The Company has established an EHS Management Policy, EHS Management Regulations, Management Information System, and Office Automation System according to environmental protection regulations (such as the Air Pollution Control Act, Water Pollution Control Act, Waste Disposal Act, and Toxic and Concerned Chemical Substances Control Act) established by the Environmental Protection Administration, strengthening the EHS management in our factories through a comprehensive system. Furthermore, we implemented an environmental accounting system, monitor environmental expenditure information and benefits, and disclosure our environmental protection measures to stakeholders. 2. Our environmental management systems were certified by an independent third party according to the standards established by international organizations, and the certification is still effective as of the date of report. Such as: (1) ISO 14001, ISO 14064-1(Scope 1, 2, 3), and ISO 50001. (2) Compiled a GHG inventory (LCA; 100% product items). (3) Disclosed environment related data on the Sustainability Report and ESG website (https://www.nanya.com/CSR/tw/ index.html).	Complies with Article 13 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
(II) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact	✓		We attach great importance to customers' health and safety in each stage from material procurement to product sales. We continue to improve production processes and are developing non-toxic, eco-friendly, and green energy products in coordination with market trends and the needs of downstream customers. 1. Eco-friendly Products (1) We strive to develop advanced, highly efficient, and eco-friendly products to jointly protect the Earth. We not only assist customers in developing low-energy consumption products, but also exert our influence on the supply chain for hazardous product management and conflict minerals management. (2) We measured the electricity savings from the low power DRAM and 20nm consumer DRAM products sold in 2022 based on how electronic products containing the DRAM products are used, and determined that the products saved approximately 677,610,000 kWh, reducing CO_2e by 344,904 tons, which is roughly 887 times the CO_2 absorption of Daan Forest Park for one year (389 tons of absorption). This contributes to our business expansion and maintaining a green planet. 2. Set and effectively monitor key indicators of material issues: Our GHG emissions are certified by an independent third party every year, and we set energy conservation and carbon reduction goals every year. 3. Certification by an independent third party and information disclosure on the website of international evaluation institutions: We successfully passed the external certification for ISO 14001 Environmental Management System, and implement environment improvement plans each year based on the spirit of making constant improvements, so as to minimize our environmental impact. Furthermore,	Complies with Article 12 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			we began using process gases with lower global warming potential and waste gas treatment equipment with high reduction rate in 2006 to reduce our GHG emission. We compile a GHG inventory according to ISO 14064-1 each year, and commission an independent third-party for verification. The information is disclosed on our Sustainability Report and the ESG website. 4. Establish a Green Product Committee for management and zero violation records: We are committed to promoting environmental protection management, formulating EHS performance indicators, promoting various waste reduction and resource reuse, greenhouse gas reduction and other projects, and implementing green product management in coordination with the Green Product Promotion Committee, in order to comply with the global trend of environmental protection. Our environmental protection certificate management, testing contents, and reporting items were all handled according to law. There was no violation of environmental protection regulations in 2022. 5. Renewable energy: We have purchased 10.4 GWh of green electricity from an onshore wind farm in 2021-2022, and signed a 10-years renewable energy supply contract with a solar power company in 2022. Starting in 2023, we will use 25 GWh of renewable energy per year to reach the threshold for the early bird incentive in the major electricity user clause of the Renewable Energy Development Act in advance. We will evaluate large sites for renewable energy, so that renewable energy will account for 25-30% of our electricity use in 2030, achieve the government's targets early, and gradually meet the SBT/ RE100.	

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
(III) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	✓		1. The Company’s climate change topic is overseen by the President's Office, and include climate change response as a topic of discussion during quarterly meetings of the Sustainability Development Promotion Center, listing issues as requiring resolution or execution. We are actively implementing energy conservation and carbon reduction measures, and strive to mitigate climate change and improve the Company's adaptability. 2. The Company's Risk Management Promotion Center considers the potential impact of climate change to overall operations each quarter, estimating the probability of risks and their impact. Main climate risks that we have identified include customer requirements on low carbon products, the implementation of total GHG emission control, higher unit price of electricity, and unstable power supply due to energy transition. We have established risk response and mitigation plans, as well as crisis management mechanisms, which enables the working group to give warnings in advance and mitigate the impact of risks on company operations. Furthermore, we have also reviewed the opportunities brought by climate risks that were identified, including the implementation of ISO 50001 Energy Management, supplier engagement in energy conservation and carbon reduction, and development and expansion of low carbon products and services. We will be able to effectively reduce electricity consumption, increase the green value of products, enhance product competitiveness, and increase revenue by seizing these three opportunities.	Complies with Article 17, Paragraph 1 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.
(IV) Did the company collect data for the past two years on greenhouse gas emissions, volume of water	✓		1. The scope of the Company's environmental and labor safety related performance is mainly the Company and its subsidiaries, and does not include the design house in Hsinchu, Taiwan, overseas design houses, and sales offices (the locations are all offices and do not engage in any production, so there is very low significance to	Complies with Article 17, Paragraphs 2-3 of the Sustainable Development Best Practice

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?</td><td></td><td></td><td>environment related use and consumption). Furthermore, the Company has established a Sustainable Development Policy and Occupational Health and Safety and Environmental Management Policy, and established regulations for energy conservation and carbon reduction, GHG reduction, water use reduction, and other waste management on this basis. Statistics of GHG emissions, water consumption, and waste generated in the past two years are as follows:
(1) GHG emissions (all business locations in Taiwan)
<table><tr><th>Item</th><th>2021</th><th>2022</th></tr><tr><td>Scope 1 (Metric tons CO_2e)</td><td>56,409</td><td>59,467</td></tr><tr><td>Scope 2 (Metric tons CO_2e)</td><td>373,639</td><td>385,177</td></tr><tr><td>Emissions per unit production capacity (Metric tons CO_2e /thousand die)</td><td>383</td><td>405</td></tr></table>(2) Water use (all business locations in Taiwan)
<table><tr><th>Item</th><th>2021</th><th>2022</th></tr><tr><td>Water consumption (10,000 metric tons)</td><td>345.6</td><td>338.8</td></tr><tr><td>Water consumption per unit capacity (metric tons/thousand die)</td><td>3.08</td><td>3.11</td></tr></table>(3) Waste generation (all business locations in Taiwan)
<table><tr><th>Item</th><th>2021</th><th>2022</th></tr><tr><td>Hazardous waste (Metric ton)</td><td>17,473</td><td>17,598</td></tr><tr><td>Emissions from hazardous waste per unit production capacity (kg/thousand die)</td><td>15.6</td><td>16.2</td></tr><tr><td>General waste (Metric ton)</td><td>7,113</td><td>6,383</td></tr><tr><td>Emissions from general waste per unit production capacity (kg/thousand die)</td><td>6.3</td><td>5.9</td></tr></table></td><td>Principles for TWSE/TPEx Listed Companies.</td></tr>
</table>

Item	Implementation status: Yes	Implementation status: No	Implementation status: Summary description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
			2. The Company carries out GHG reduction management, water management, and other waste reduction management in accordance with government laws and regulations, as well as the Company's environment management policy. We managed goals for material issues identified by stakeholders, and review the progress of goals every six months to achieve better implementation.	

Issue	2023 Goals	2022 Goals	2022 Performance	Goal achievement
GHG management	Reduce GHG emissions per unit product by 31% from 2017	Reduce unit chip GHG emissions by 38% from 2017	Decreased 33%	Goal non-achieved (Note 1)
	Reduction rate of PFCs emissions from processes reaches a minimum of 93%	Reduction rate of PFCs emissions during process reaches 90 %	Reduction rate reach 93%	Goal achieved
	Reduce unit perfluorocarbons emissions by 30% from 2015	Reduce unit perfluorocarbons emissions by 30% from 2015	Decreased 25%	Goal non-achieved (Note 2)

Note 1: Mainly due to the increase in GHG emissions (which caused by the trial run of new processes and new machines, and the increase in carbon emission coefficient of electricity) and the decrease in output.

Note 2: Mainly due to the increase in perfluorocarbons emissions (which caused by the trial run of new processes and new machines) and the decrease in output.

Issue	2023 Goals	2022 Goals	2022 Performance	Goal achievement
Water Management	Annual average process waste water recovery ratio: 93% and above (according to the formula set by Hsinchu Science Park Bureau)	Annual average process waste water recovery ratio: 90% and above	Annual average process waste water recovery ratio: 92.9%	Goal achieved
	Other losses in production caused by restricted water supply: 0 wafers	Other losses in production caused by restricted water supply: 0 wafers	Other losses in production caused by restricted water supply: 0 wafers	Goal achieved

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<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><th>Issue</th><th>2023 Goals</th><th>2022 Goals</th><th>2022 Performance</th><th>Goal achievement</th></tr>
<tr><td rowspan="3">Waste recycling and reuse</td><td>Non-compliance with environmental laws and regulations: 0 cases</td><td>Non-compliance with environmental laws and regulations: 0 cases</td><td>0 cases</td><td>Goal achieved</td></tr>
<tr><td>Rate of auditing and coaching waste disposal contractors on-site > 98%</td><td>Rate of auditing and coaching waste disposal contractors on-site > 90%</td><td>Auditing and counseling rate of 98%</td><td>Goal achieved</td></tr>
<tr><td>Reduce unit chip VOC emissions by 40% from 2017</td><td>Reduce unit chip VOC emissions by 46% from 2017</td><td>Decreased 38.8%</td><td>Goal non-achieved (Note)</td></tr>
</table>
Note: Mainly due to the increase in VOC emissions (which caused by the trial run of new processes and new machines) and the decrease in output.

3. The goals set for the material issues above and actual implementation data within the scope of the issues have been verified by an independent third party with AA1000 Type 2 assurance, which is still effective as of the date of report.</td><td></td></tr>
<tr><td>IV. Social issues
(I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</td><td>✓</td><td></td><td>The Company not only complies with the Labor Standards Act and other labor regulations to protect the fundamental human rights of employees and customers, but also supports and complies with the UN Guiding Principles on Business and Human Rights, Universal Declaration of Human Rights, International Bill of Human Rights, the principles set forth in Articles 1 and 2 of the UN Global Compact, and International Labour Organization Declaration on Fundamental Principles and Rights at Work. The Company also joined the Responsible Business Alliance (RBA) to implement human rights protection. On this basis, we established personnel regulations and systems to protect employee rights and interests, and also provide competitive salaries, complete education and training, a promotion development system, and create a safe and healthy work environment to enhance employees'</td><td>Complies with Article 18 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
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Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			professional competencies. The Company's president signed the human rights policy for the first time in August 2018, and rolling adjustments were made by related units. The latest policy was signed in April 2021.	
(II) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	✓		1. We have established clear rules for employee promotion, evaluation, training, reward, and punishment. (1) The salary standard for new employees is based on the academic background and work experience of the required talent, as well as the spirit of "equal pay for equal work." The basic pay of male and female employees at the same job grade is 1:1. After employees are hired, they receive salary raises and promotions based on their work performance. (2) The Company set goals for the percentage of female managers each year, and examines the attainment of the goals, in order to give male and female employees equal pay and equal opportunity for promotions. Approximately 27.5% of employees were female and 34.4% of managers were female in 2022. (3) The Company's holidays include two-day weekends, national holidays, and other holidays specified by the central competent authority. We also provide employees with special leave in accordance with the Labor Standards Act. Other employee benefits include holiday bonus, accommodations, and shuttle bus (please refer to E. Labor Relations V. Business Overview for other employee benefits). 2. Our employee salaries include base pay, various allowances, and other compensation. Furthermore, we also offer variable compensations based on employees' individual performance and attainment of organizational goals (or profitability). In doing so, we reward employees for their excellent performance and share with them the profits we make as a group, regardless of their gender. Pursuant to the Articles of Incorporation, the Company shall allocate 1% to 12%	Complies with Article 21, Paragraph 2 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

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			of its pre-tax profits, if any, as employee bonuses. Please refer to 8. Employee Bonuses and Directors' Remuneration in D. Capital Overview for the distribution of employee bonuses.	
(III) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	✓		1. The safe and healthy work environment provided by the Company to employees is described below: (1) Operations of the Occupational Safety and Health Committee: Senior executives, department heads, and committee members (34% are labor representatives in accordance with the law) participate in committee operations. The committee reviews the attainment of EHS management goals, safety and health issues, hazards identification, and risk assessment and management goals on a monthly basis. The safety and health management plan, which involves all employees and contains the occupational safety and health policy, is formulated and implemented on the basis, and complies with regulatory and health promotion requirements. (2) Occupational accident prevention and management: Even through we have already achieved zero disabling injuries in our factories, we have not let our guard down when it comes to disaster prevention. We are constantly raising the safety awareness of new employees and contractors, and have implemented the following measures to prevent occupational accidents: Implement process safety management (PSM), HazOp analysis for potential equipment risks, job safety analysis for operating risks, safety and health education and training, and SWAT. (3) Occupational safety and health management system: We implemented and achieved the ISO 45001:2018 (the certification's valid is from January 30, 2023 to January 29, 2026) and have set goals for hazards of high risk operations according to the PDCA management cycle to continue making improvements.	Complies with Article 20 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

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			(4) Employee healthcare: We are working with the medical team of Chang Gung Memorial Hospital to provide employees with annual health examinations, and follow-up and health management is carried out for employees with abnormal results. All of our factories have a medical room with a physician stationed on site to provide employees with professional medical and consultation services. Seminars on spirituality and health and healthcare courses are arranged each quarter to meet employees' need for knowledge on physical and mental health. 2. Disabling injury frequency rate (No. of disabling injuries/Million work hours) and severe disabling injuries rate (No. of lost work days/Million work hours) were both 0 in 2022. 3. Safety and health education and training: Completed a total of 254 hours of safety and health training courses with 4,362 participants in 2022. Conducted 48 emergency response drills to strengthen personnel training and response abilities. The Safety and Health Division and on-site employees carry out SWAT on 36 topics each month to improve operational and environmental safety, and provided 36 recommendations for improvements in operational safety, so that the contents of standards will be consistent with actions of personnel on site. 4. The goals set for this issue and actual implementation data within the scope of the issue disclosed in Nanya Technology Corporation's Sustainability Report have been verified by an independent third party with AA1000 Type 2 assurance, which is still effective as of the date of report.	
(IV) Has the Company established effective career development training programs for employees?	✓		1. To provide a better and more effective talent cultivation system, we established a complete professional training system and implemented training development management. Training courses include new employee training, general training, position-specific training,	Complies with Article 21, Paragraph 1 of the Sustainable Development

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			manager training, internal lecturer training, direct personnel training. And personal development courses in physical classrooms and online courses. Furthermore, the establishment of a training development system and knowledge management system enriches our professional training system, and also links together internal knowledge and creativity. Employees can access, share, and create professional knowledge, courses, and articles on our internal website, which also provides a variety of learning resources and information to help units learn, including information on external training and lectures, specialized technology communities, and discussions. 2. We planned a variety of on-the-job training and learning channels to promote talent cultivation, lifelong learning, and assist employees with career development, so as to expand their scope of learning. Continuing education and learning channels include: Online learning multimedia center, language learning subsidies, on-the-job degree programs, and participation in external courses. 3. Total employee training expenses was NT$9,604 thousand in 2022, and averaged NT$2,606 per person. Average training hours per person reached 42.8 hours, the highest in the past four years	Best Practice Principles for TWSE/TPEx Listed Companies.
(V) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	✓		1. Customer relations management is an important part of corporate sustainability. In order to learn the precious opinions of our customers, we provide customer complaint channels and refund and compensation application procedures. Customers can express their opinions through the "Customer Feedback Form" and salespeople fill out a "Customer Complaint Handling Form" for refunds when there are customer complaints. The progress of each case is controlled by a computer system. Our website provides service hotlines and e-mails for various products, so that customers can directly provide feedback through different channels. Related departments periodically summarize issues of concern to customers, and set the priority for making	Complies with Article 24 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Item	Implementation status: Yes	Implementation status: No	Implementation status: Summary description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
			improvements based on the importance and time constraints of the issues, ensuring that customer's needs are met. 2. Most of our products are not directly sold to general consumers, so we have relatively few marketing activities such as commercials and flyers. If any promotional activities involve legal aspects, our units will consult the legal and intellectual property departments to avoid violating the law. Furthermore, we established Personal Information Management Procedures and strictly control the access and use of personal information to protect customer privacy. 3. Our customer service process comprises four aspects: (1) Product design: Strengthen technology exchanges with customers. (2) Testing and verification: Participate in customer platform parameter measurement services. (3) Manufacturing: Complete production, sales, and product tracking and identification system, as well as collaboration with global couriers. (4) Product launch: Trouble-shooting and system control progress.	
(VI) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	✓		1. We established a supplier management policy and a Supply Chain Management Committee to build the framework for sustainable supply chain management, which comprises sustainability regulations, active supplier risk assessment and investigation, sustainability risk assessment questionnaires, on-site audits and improvement measures of suppliers with high sustainability risk, and developing suppliers' sustainability abilities. We will promote sustainable performance of suppliers, improve resilience of supply chains, manage and control supply chain risks, and cooperate with suppliers to become the best partners in order to jointly move towards a sustainable future. 2. The following management measures are implemented according to the Sustainable Supplier Management	Complies with Article 26 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

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			Guidelines each year: (1) Conduct sustainability risk assessments and surveys of main suppliers: Developed a sustainability risk assessment questionnaire and conducted a sustainability risk assessment according to responses of the questionnaire. Further identified suppliers with high sustainability risk and arranged on-site audits. Required suppliers to propose improvement measures for deficiencies found in audits, and developed suppliers' sustainable management ability. (2) Key suppliers are the Company's most important partners. Hence, we conduct sustainability audits of key suppliers once every three years, required suppliers to propose improvement measures for deficiencies found in audits, and developed suppliers' sustainable management ability. (3) Sustainability risk assessment covered 100% of major suppliers; key suppliers began conducting sustainability audits once every three years starting in the second year from 2020; 2022 implementation reaches 100% and coverage is at 100%.	
V. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?	✓		The Company's Sustainability Report is compiled in full compliance with the 2021 edition of the Global Sustainability Reporting Standards of the Global Reporting Initiative (GRI), and has been approved by the third-party impartial unit AFNOR Asia in accordance with the standards. The assurance level (AA1000 Type II) has been certified and is still valid as of the publication date of the annual report.	Complies with Article 29 of the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

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VI. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company’s operations:

The Company’s “Corporate Social Responsibility Code” was approved by the Board of Directors on August 10, 2015 and is reviewed regularly every year. In the most recently, the code was renamed to “Sustainable Development Code” and amended some provisions, which was resolved by the Board of Directors on May 4, 2022. Although this code is amended in accordance with the Company’s practice, it is consistent with the spirit of the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies”. For the implementation status, please refer to NTC Sustainability Report and our website.

VII. Other important information to facilitate better understanding of the company’s promotion of sustainable development:

(I) Participation in external associations:

We are dedicated to our core business and different aspects of sustainable development (environmental, social, and economic aspects), including industrial and economic development, technological innovation and development, climate change, employee rights and interests, human rights, and social engagement. We established the "Nanya Technology Corporation Guidelines for Participation in Public Affairs" as the basis for establishing all policies for participating in related industries or joining industry associations. This information is transparent and accessible by the public. We established a Public Affairs Participation Team under the Sustainable Development Committee. The team is responsible for making decisions regarding our participation in public affairs, and periodically assesses and reviews the commercial value of participating in public affairs, as well as whether the policy matches our business goals, corporate policy, and public policy, ensuring that it is in the interest of all stakeholders. Important associations that we are participating in are as follows:

1. Taiwan Semiconductor Industry Association (Director).
2. Taiwan IC Industry & Academia Research Alliance (Member).
3. Center for Corporate Sustainability (Director).
4. Association of Taiwan Net Zero Emissions (Director).
5. Semiconductor Climate Consortium (SCC, Founding member).

(II) Community engagement:

As a leading innovative company of global DRAM product, we believe that we should play a role as a participant who actively contributes to the society to help resolve environmental challenges and social issues, making efforts to create positive influence. The United Nations' Sustainable Development Goals (SDGs) have revealed the sustainable challenges that human beings are facing, and companies are expected to be the key roles in jointly resolving the problems. We have been thinking how to respond to the SDGs on the basis of our core professional innovative capabilities. We implemented the 4U Project in 2019 in coordination with the UN SDGs: Focus On U (talent cultivation), Light Up

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(environmental protection), Power Up (humanistic care, and Line Up (good neighbor) continue to invest human and material resources into talent cultivation, environmental protection, humanistic care, and good neighbor work. Relating to the strategic social welfare, SDG 8 (decent work and economic growth) drives us into talent cultivation and industry-academia cooperation. We have actively promoted technology upgrades and innovations for economic value enhancement in order to cultivate professional skills of youngsters and students, building the main theme of talent cultivation. SDG 13 (climate action) allows us to deeply experience the impact that extreme climate has on the community environment and the ecology. Therefore, NTC has set up a main theme of environmental conservation to safeguard environmental biodiversity and move toward a low carbon society. SDG 17 (Partnerships for the goals) is the foundation for the Company's public welfare practices, so we have built two main themes of humanistic care and community harmony so that we are able to make long-term contributions to the communities and neighborhoods where we have been operating.

1. Focus On U (talent cultivation):

(1) Stars of the Future: We provide various scholarships (including the Technology Talent Scholarship Program, Doctoral Student Sponsorship Program, and College/Master's Scholarship Program) to encourage students to focus on academic research, pursue excellence, and apply what they learn. We hope that students will continue to learn in a field that they are passionate about. The Company provided scholarships to 9 students and provided Future Stars scholarships to 22 students in 2022, which is an event for selecting students to receive a total of NT$6,210K in scholarships.

(2) Outstanding Project: We implemented industry-academia collaboration projects with 5 universities in 2022, and invested a total of NT$ 11,810K in the projects. We also sponsored 4 campus events with a total amount of NT$980K. These efforts aim to promote exchanges between industry and academia, fully utilize academic resources, improve the quality of education through teacher-student interactions, and enhance the competitiveness of domestic industries.

(3) Cultivating Students Project: We are actively involved in campuses and provide young students with an internship platform for two-way cultivation. We jointly offered internship programs with 12 schools in 2022, and provided internship opportunities to a total of 228 students.

(4) Understanding Project: We invite students to visit our company to help them better understand the industry's development. In 2022, we organized a total of 14 visits with 613 visitors and arranged for employees who graduated from the same school to encourage the students by sharing their work experience, building cohesiveness and a sense of belonging.

(5) Speech Seminars: To help students strengthen the connection between what they learn at school with the realities of the workplace, our middle management and executives began interacting with students face-to-face on campus as industry experts in seminars or programs. We organized a total of 36 seminars with approximately 2,931 participants in 2022.

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<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td colspan="5">
2. Light Up (environmental protection):
(1) Earth Hour 60+ is the world's largest voluntary carbon reduction action. The event was launched in Sydney, Australia and turns off lights between 8:30 and 9:30 at night of the last Saturday every March. The initiative calls on families and commercial users to turn off unnecessary lights and electronic products for one hour, calling on people to face the issue of climate change through the action of turning off lights. Nanya Technology Corporation has supported the initiative for 5 consecutive years, and besides sponsoring the organizer of Earth Hour in 2022, the Company invited people on its Facebook to jointly support the event. A supervisor led the filming of a promotional film and video of Nanya Technology Corporation's office buildings turning off lights. We invited employees to take photos of them supporting the event by turning off the lights, and also share their own tips for environmental protection. The event reached 4,563 people and led to 2,070 interactions. Nanya Technology Corporation called on business partners a second time to join the Earth Hour 60+ initiative, which gained the support of 54 business partners. On the day of the event, total electricity savings in Taiwan was approximately 114,000 kWh according to statistics of Taiwan Power Company, which is equal to reducing carbon emissions by approximately 57,228 kg.
(2) The Company called together nearly 70 volunteers to participate in the mountain cleanup activity. On the event day, many employees brought their dependents to remove garbage that did not belong to the mountains while clearing leaves and huge roots piled in the ditches for a long time and returning them to the nature. Mountain cleaning not only protects the mountains and forests, but also protects our own health and provides an excellent opportunity for parent-child education. NTC hopes that the Company would help the society more and even become an active participant in repaying society. Through regular mountain cleanup activities, our employees have the chance to repay the surrounding community and create a mutually beneficial environment.
3. Power Up (humanistic care):
(1) The pandemic subsided around Mid-Autumn Festival in 2022, and Nanya Technology Corporation invited Taiwan Gofe Care Association, Yu-Cheng Social Welfare Foundation, The Mustard Seed Mission, Down Syndrome Foundation, and Taiwan Foundation for the Blind to participate in the charity sale. Nanya Technology Corporation called together a volunteer team to assist with the charity sale and provide needed manpower that the charity organizations were lacking. Employees showed their love and buying power with the two-day charity sale generating NT$233,713 in total revenue. Furthermore, Nanya Technology Corporation donated an additional NT$50,000 to each charity organization, donating a total of NT$250,000. Nanya Technology Corporation calls on employees to support the annual charity sale, and hopes that it will let more people know about and like the products of sheltered workshops.
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(2) Nanya implemented the Love Connection Project to encourage employees to organize charity events by organization, club, or department. We welcome employees to propose charity ideas to the Company, and then implement the projects after obtaining approval. We also established a volunteer team and planned short-term, mid-term, and long-term indicators; short-term: New employees of Nanya all need to understand the importance of the "DNA of good deeds" during orientation and take part; Mid-term: Cultivate Nanya volunteer instructors; Long-term: Volunteers respond to the Love Connection Project on their own. We hope that the management team's leadership and measures of the volunteer team will create a ripple effect and attract more employees to join the volunteer team.

(3) Taishan Renaissance

Nanya Technology Corporation is located in Taishan District, New Taipei City and has focused on being a good neighbor and showing humanistic care over the years. We observed that Taishan District has precious local cultural heritage and ecological resources. Hence, we co-organized the Taishan Renaissance activity series together with local schools (Ming Chi University of Technology), government agencies (Taishan District Office), local temples (Taishun Uptemple), and local organizations (cultural and historical organizations), jointly exploring local culture and creating new memories for precious traditional crafts.

A. Renaissance 1: Taishan Uptemple cultural tour

Volunteers of Taishan Uptemple and experts from the Department of Architecture Art Preservation lead a tour of the cultural origin of Taishan District "Taishan Uptemple" to understand its history, how it influenced local development, and its importance.

B. Renaissance 2: Taishan Drum Festival

The development of temple culture is not limited to the architecture, but also involves people and music. The Taishan Renaissance activity series invited a local performance troupe for an innovative performance using traditional musical instruments. The unique oriental performance showcases three skills "singing, dancing, and music."

C. Renaissance 3: Introduction to drum arts techniques

Taishan District is well known among temples for its craftsmanship in drum-making. After experiencing the architectural features and music, masters with over two decades of experience in drum-making explain the process, and visitors can also experience drumming and stretching the drum head.

D. Renaissance 4: Yinghua Dapai ecological tour

Taishan District is not only known for its temples, but also the ecological park "Yinghua Dapai," all plants and trees in the park were jointly completed by local communities together with the district office. Different flowers bloom in the garden each season. The drainage canal

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in the park has a complete ecosystem of water animal and plant life. The Company invited professional lecturers from community college to take employees on a tour. The Renaissance activity series was held over a period of six months and had a a total of 88 participants.

(4) Taishan Lion Dance Culture Festival

The Taishan Lion Dance Culture Festival, which has been held for 15 consecutive years, is a local cultural event of Taishan District. Nanya Technology Corporation has sponsored the Taishan Lion Dance Culture Festival for three consecutive years since 2019. Nanya Technology Corporation invited Changxing Lion Dance Troupe, which won first place during the Taishan Lion Dance Culture Festival numerous times, to perform at the groundbreaking ceremony of Fab 5A in June 2022, and allowed the over 500 guests to experience the power and beauty of the champion lion dance troupe. Besides sponsoring and promoting the Taishan Lion Dance Culture Festival, we also collaborated with Ming Chi University of Technology and culture and history organizations in organizing the Taishan Lion Workshop, which introduced employees to the traditional event of Taishan District from a different perspective by making lion dolls!

4. Line Up (friendly neighbor):

(1) Cross-school Distance Learning Project

Nanya Technology Corporation began supporting the rural area education policy of New Taipei City Government "Learning together, sharing, and mutually prospering" in 2021. We also participated in the "Cross School System, Local Schooling" Project and "Self-learning Across Time and Space" Project, and assisted the purchase of live streaming equipment and sponsored the production of bilingual teaching videos, in order to provide students in rural areas of New Taipei City with equal opportunity to a wider range of education. Nanya Technology Corporation expanded participated in the Cross-school Distance Learning of New Taipei City Government in 2022, using the power of technology to assist elementary schools in rural areas to create a new distance learning model across schools. Four elementary schools in rural areas formed an alliance under this project, so that students can engage in cross-school interactions and discussions to stimulate their thinking. The dedicated live streaming classroom makes it convenient to integrate teaching resources of the four schools, and broadens the horizons of students in rural areas through richer contents for distance learning, closing the gap in education resources between urban and rural areas. The project has a total budget of NT$1 million and aims to plan a live streaming classroom in 2023 Q1 that will meet the school's needs. The equipment in Bitou Elementary School was copied in the three other schools in 2023 to realize cross-school resource integration.

(2) During the outbreak of COVID-19 in May, all sectors showed they care by donating epidemic prevention supplies to cheer for health workers. We utilized our connections and obtained 50,000 rapid test kits when there was a shortage of epidemic prevention supplies around Taiwan, and donated the rapid test kits to New Taipei City Government to contribute to Taiwan's epidemic prevention and protect citizens.

(VI) Implementation of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons

Assessment item	Implementation status (Note 1)			Departure from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Explanation	
I. Establishment of ethical corporate management policy and approaches				
(I) Did the Company establish an ethical corporate management policy that was approved by the Board of Directors, and declare its ethical corporate management policy and methods in its regulations and external documents, as well as the commitment of its Board and senior management to implementing the management policies?	✓		1. We comply with laws and pursue our business objectives with integrity. Besides complying with the Company Act and Securities and Exchange Act, we uphold the corporate culture of "diligence" and the business philosophy of integrity, fairness, transparency, self-discipline, and responsibility. The Ethical Corporate Management Best Practice Principles established by the Board of Directors on November 10, 2014 is implemented by the President's Office, which established various policies on ethics, and good corporate governance and risk management mechanisms to achieve sustainable development. The Board of Directors and senio executives active implement and supervise the ethical corporate management policy.	Complies with Article 4 and 5 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies.
(II) Does the Company establish mechanisms for assessing the risk of unethical conduct, periodically analyze and assess operating activities within the scope of business	✓		2.(1) NTC has established the Codes of Ethical Conduct and Employee Code of Conduct available on or internet for all employees understanding of the Company's resolve to implement ethical corporate management, the related policies, complaint channel, and the consequences of committing unethical conduct. In order to promote a culture of awareness, we require all employees to be trained periodically on our core values and passed the	Even though we have not established Procedures for Ethical Management and Guidelines for Conduct, the contents are provided in different regulations and

Assessment item	Implementation status (Note 1)			Departure from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Explanation	
with relatively high risk of unethical conduct, and formulate an unethical conduct prevention plan on this basis, which at least includes preventive measures for conduct specified in Article 7, Paragraph 2 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies?			qualification. (2) We periodically analyze and review business activities with higher risk of unethical practices, and established the Business and Ethical Code of Conduct, Human Resources Management Regulations, and Work Rules for management of workers, stipulating that personnel holding positions involved in business, procurement, outsourcing, construction supervision, and budget and other interests of vendors may not accept the invitation of vendors to any form of entertainment, and may not accept money or other benefits from vendors. Violators will be terminated and their supervisors will also be punished. Employees periodically rotate through different positions to prevent corruption from occurring.	systems and implemented accordingly.
(III) Did the Company specify operating procedures, guidelines for conduct, punishments for violation, rules of appeal in the unethical conduct prevention plan, and does it implement and periodically review and revise the plan?	✓		3. Our Business and Ethical Code of Conduct, Human Resources Management Regulations, Ethical Corporate Management Best Practice Principles, Guidelines for the Prevention of Insider Trading, Whistle-blower Policy, and Employee Protection and Grievance Guidelines clearly set forth our ethical corporate management policy, as well as related operating procedures, code of conduct, and rules for whistleblowing, penalties, and complaints. Furthermore, we established the “Code of Ethics of Directors and Managers (please refer to C. Corporate Governance IV. (VIII) Other Important Corporate Governance Information).	Complies with Article 6, Paragraph 1 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies

Assessment item	Implementation status (Note 1)			Departure from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Explanation	
II. Full Implementation of Ethical Management Principles				
(I) Does the Company assess ethical records of business counterparties? Does the Company include business conduct and ethics related clauses in the business contracts?	✓		All contracts signed due to our business activities contain clauses on ethical conduct. Furthermore, we investigate the integrity of stakeholders such as customers and suppliers to prevent unethical conduct from damaging our interests.	Complies with Article 9 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies.
(II) Does the Company set up dedicated units under the Board of Directors in charge of promotion of the ethical corporate management and report the ethical business management policy, action plans to prevent unethical conduct, and implementation status of supervisory	✓		The President's Office implements ethical corporate management, including promotion of the ethical corporate management policy, organizing training related to ethical corporate management issues, and handling reports according to the Company's Reporting Regulations. The ethical corporate management implementation unit reports to the Board of Directors at least once a year. The most recent report was on November 2, 2022 and mainly reports the policy, methods, and implementation status of ethical corporate management, as well as the Board of Directors and management's commitment to actively implementing the policy. Internal audit reports are submitted to independent directors for review each month and periodically reported to the Board of Directors.	Complies with Article 17 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies.

Assessment item	Implementation status (Note 1)			Departure from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Explanation	
measures to the Board of Directors periodically (at least once a year)?				
(III) Does the Company establish policies to prevent conflicts of interest, provides appropriate communication channels and implement the policies?	✓		1. In the Board of Directors Meeting Rules, we require board members to explain the interest they or the entity they represent have in any important issues during the board meeting. If there is a potential conflict of interest, they may not participate in the discussion or voting, and should also recuse themselves. Nor may they vote on other directors' behalf. Furthermore, pursuant to the Procedure of Acquisition or Disposal of Assets, proposals to make transactions with stakeholders must be submitted to the Audit Committee for approval and passed by resolution of the Board of Directors. 2. In the Code of Business Conduct and Ethics and Personnel Management Rules, we require employees to strictly abide by the principle to avoid conflicts of interest and actively report any conflicts of interest. We also have non-compete clauses to prevent conflict of interest. 3. We established the Employee Protection and Grievance Guidelines and Whistle-blower Policy to provide channels to report any illegal or unethical conduct.	Complies with Article 19 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies.
(IV) Does the Company have effective accounting system and internal control systems set up to facilitate ethical corporate	✓		The Company sets up the effective accounting and internal control system. Connecting each operational function, including human resources, finance, operations, production, materials and resources, and engineering, via comprehensive computerization to implement cross audit and abnormal management. We established a professional and independent internal audit structure that comprises two aspects. The Auditing Office under the Board of Directors is	Complies with Article 20 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies.

Assessment item	Implementation status (Note 1)			Departure from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Explanation	
management, does the internal auditing unit formulate audit plans based on unethical conduct risk assessment results, and does it audit compliance with the unethical conduct prevention plan or commission a CPA to perform the audit?			responsible for the first aspect, and formulates audit plans based on abnormalities in operations, deficiencies found in audits, and abnormalities found by departments during self-inspections. Irregular audits are arranged for departments with relatively high risk, which is the basis for verifying compliance with regulations and systems, and lowers the risk of unethical conduct. Furthermore, considering that internal audits are the duty of all employees, each department is required to perform regular (performed monthly, quarterly, semi-annually, or annually, as established per item) self-inspections of business activities for the second aspect, applying the spirit of internal control to all aspects of the Company.	
(V) Does the Company periodically provide internal or external training courses of ethics corporate management?	✓		We promote the corporate spirit of "Diligence & Frugality" through periodic courses, seminars, company periodicals, and at various locations, instilling employees with the concepts and attitude of integrity, fairness, transparency, self-discipline, and responsibility. We also offer training courses on ethical corporate management, anti-corruption, and labor morals. Ethical corporate management related training in 2022 includes Labour&Ethic policy, anti-corruption knowledge, prevention of insider trading, promotion of the anti-trust laws, trade secrets training and responsible business alliance; a total of 27,370 participants received 25,207 hours of training. Regulations relating to ethical corporate management are irregularly promoted during offsite strategy camps for senior managers, manager meetings, or all-hands meetings.	Complies with Paragraph 2, Article 22 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies.

Assessment item	Implementation status (Note 1)			Departure from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Explanation	
III. Implementation of the Company's Whistleblowing System				
(I) Does the Company set up specific reporting and reward system, convenient reporting channel and assign appropriate and dedicated sponsor to handle the case?	✓		1. The Company has established the "Employee Protection and Complaint Regulations" and "Reporting Regulations" to provide channels for reporting any unlawful or unethical conduct. When a breach of laws or inappropriate conduct that affects the interests of individuals or the Company or other related material issues or where an individual attempts to gain unlawful interest by abusing the power of their office is discovered, a report may be filed at any time through the whistleblowing hotline or dedicated mailbox for dedicated units to investigate and handle the situation.	Complies with Article 23 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies.
(II) Does the Company establish standard operating procedures for investigating reported cases, and does it take subsequent measures and implement a confidentiality mechanism after completing investigation?	✓		2. The Company's official website has a whistleblowing hotline (02-29061001) and dedicated mailbox (audit@ntc.com.tw) for stakeholders to file complaints when their rights are damaged. A case officer is assigned or a team is assembled to investigate cases based on the contents, types, nature, and sensitivity of the case, as well as the level of the person being reported. For cases that involve a manager or director, the director that manages the audit department assembles a team to investigate the case.	
(III) Does the Company adopt protection measures of non-retaliation?	✓		3. To protect the whistleblower, personnel responsible for processing cases shall conduct investigations based on the confidentiality principles and they shall be prohibited from disclosing cases to unrelated personnel. When investigating related individuals, the processing personnel shall only discuss parts that are relevant to the individuals to protect the identity of the whistleblower. Documents shall be processed and stored as confidential documents.	

<table>
<tr><th rowspan="2">Assessment item</th><th colspan="3">Implementation status
(Note 1)</th><th rowspan="2">Departure from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td>IV. Enhancing information disclosure
Does the Company disclose the content and the implement status of the Ethical Corporate Management Policies on the Company website and MOPS?</td><td>✓</td><td></td><td>We disclose information on ethical corporate management in the "Investor Relations" section of our Chinese and English\ websites. Our Ethical Corporate Management Best Practice Principles can also be accessed on the Market Observation Post System.</td><td>Complies with Article 25 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies.</td></tr>
<tr><td colspan="5">V. If the Company has established Ethical Corporate Management Best Practice Principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies," the Company shall elaborate on any departure from the principles:
The Company’s Board of Directors approved the “Ethical Corporate Management Best Practice Principles” on November 10, 2014, which was amended by resolution of the Board of Directors on June 22, 2016 and regularly revised every year. Despite the amendment based on our practices, it still in line with the spirit of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies.</td></tr>
<tr><td colspan="5">VI. Other helpful information regarding ethical corporate management:
The Company arrange Directors and managers to take part in corporate governance course, and communicates the act of integrity, so as to enhance corporate governance efficiency and integrate integrity management.</td></tr>
</table>

Note 1: Summarize operations in the description field regardless of whether "Yes" or "No" was selected.

(VII) To access our Corporate Governance Best Practice Principles and related regulations

Please visit our website: (https: //www.nanya.com) and the Market Observation Post System: (https: //mops.twse.com.tw).

(VIII) Other Important Corporate Governance Information

NTC published the “Sustainability Report” to unroll its strategies and related activities in terms of economic, governance, environmental and social aspects. With that, the Company strengthens the communication with employees, shareholders and all stakeholders, as well as demonstrates its efforts in continuous improvement. And the Company has established "Code of Ethics of Directors and Managers " as the following:

The Codes of Ethics of Directors and Managers

Amended by the Board of Directors on June 22, 2016

CHAPTER I GENERAL PRINCIPLES

Article 1
To establish the codes to avoid immoral behavior and activities resulting damages to the interests of company and shareholders in order to enable Directors and Managers (including President, Executive Vice Presidents, Senior Vice Presidents, Vice Presidents, Assistant Vice Presidents, Financial Officer, Accountant Officer and those who can manage affairs for and sign documents on behalf of the company) to conduct business activities on their duties and power for the company ethically.

CHAPTER II CONTENTS OF THE CODES OF ETHICS

Article 2
Directors and Managers should manage affairs of the company honestly, faithfully, lawfully, fairly, justly and ethically.

Article 3
Directors and Managers should avoid to intervene conflicts with personal interests or interests of the company, including but not limited to unable managing affairs objectively and effectively, or letting themselves, spouse, parents, children or a blood relation within the second degree get improper interests for their position. To avoid conflicts, expansion monetary loans or guarantees and acquisition or disposition of major assets to the preceding persons or their affiliated enterprises shall be approved by the Board of Directors. Creating the greatest interests for the Company should be concerned while purchase or sale between these companies.

Article 4
When the company has a chance to gain profit, Directors and Managers should guard interests for Company legally. Directors and Mangers can't gain personal profit by their duties or from using properties or information of the Company. Directors and Managers can't do anything that is within the scope of the company's business except for complying the regulations of Company Law or Articles of Incorporation.

Article 5
Directors and Managers should keep secret for any information of Company's customers and suppliers unless they are authorized or permitted by law. Confidential information includes all undisclosed information that can be used by competitors or will be harmful to the company or customers after disclosure.

Article 6
Directors and Managers should treat customers, suppliers, competitors and employees fairly. They can't gain improper interests by controlling, hiding, or abusing information given by their duties, describing major affairs unreally or transacting unfairly.

Article 7
Directors and Managers should protect and properly utilize properties of the Company, and they should avoid the properties of the company being stolen, neglected or wasted and then affecting profitability.

Article 8
Directors and Managers should follow laws and rules of the Company.

Article 9
When employees find that Directors and Managers violate laws, regulations or the codes, they should provide sufficient evidence to the Audit Committee, Direct Managers, personnel officers, internal control officers or other appropriate persons. Once the report is certified correct, the company should give a reward in accordance with the personal management regulation.
The Company should deal with the said report properly, confidentially and conscientiously, and the Company should protect the reporter's safety from all kinds of retaliation.

Article 10
If Directors and Managers violate the codes, the Company should punish them in accordance with the personal management regulation and report to the Board of Directors after certification. The related violators should take civil and criminal responsibility and the Company should disclose dates of events, reasons of violation, items of violation and handling situation on the Market Observation Post System.

CHAPTER III PROCEDURES OF APPLICATION OF EXEMPTION

Article 11
When the Company proposes to exempt Directors or Managers from complying the codes under special circumstances, the issue shall be determined by the Board of Directors by a resolution adopted by a majority vote at the Board Meeting by over two-thirds of the Directors attendance. The Company should immediately disclose dates of approval by the Board, any opposing or qualified opinion expressed by the independent directors, terms of exemption, reasons of exemption and items of exemption on the Market Observation Post System so as to be assessed the appropriateness by the shareholders and to protect the interests of the Company.

CHAPTER IV WAYS OF DISCLOSURE

Article 12
The codes should be disclosed on the Company's website, annual report, prospectus and the Market Observation Post System. The same shall apply to any amendments to the codes.

CHAPTER ANCILLARY RULES

Article 13
The codes shall take effect after approval by the Board of Directors and be reported to the Shareholders' Meeting. The same shall apply to any amendments to the codes.

(IX) Implementation Status of the Internal Control System

1. Internal Control System Statement

Nanya Technology Corp.
Internal Control System Statement

Date: February 22, 2023

The Company states the following with regard to its internal control system in 2022, based on the findings of a self-assessment:

I. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws.

II. There are inherent limitations to even the most well designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the three aforementioned goals. Moreover, the operating environment and situation may change and impact the effectiveness of the internal control system. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes corrective actions as soon as a deficiency is identified.

III. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter the "Regulations"). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. Control environment, 2. Risk assessment, 3. Control operation, 4. Information and communication, and 5. Monitoring. Each element further contains several items. Please refer to the Regulations for details.

IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.

V. Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that on December 31, 2022, its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for understanding of the degree of achievement of operational effectiveness and efficiency objectives, reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance of reporting, and compliance with applicable laws, regulations, and bylaws, was effectively designed and operating, and reasonably assured the achievement of the above-stated objectives.

VI. This Statement will become a major part of the content of the Company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement has been passed by the Board of Directors Meeting of the Company held on February 22, 2023, where 0 of the 12 attending Directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Nanya Technology Corp.

Chairperson: Chia Chau, Wu

President: Pei-Ing Lee

2. Audit report of internal control system reviewed by independent auditors: None

(X) If any penalties are imposed on the Company and its personnel or punishments are imposed by the Company on personnel in violation of internal control system regulations in the past year and up to the date of report, and the results of the penalty may have a material effect on shareholders' equity or stock price, specify the contents of the penalty, major deficiencies and improvement: None

(XI) Major Resolutions of Shareholders' Meetings and Board Meetings:

1. Important resolutions of the Annual Shareholders' Meeting on May 26, 2022:
   (1) Ratified the Business Report and Financial Statements for 2021.
   (2) Ratified the Proposal for Distribution of 2021 Profits.
   (3) Approved the Amendments to Articles of Incorporation of the Company.
   (4) Approved the Amendments to the "Procedure of Acquisition or Disposal of Assets of the Company".
   (5) Elected the Board of Directors to conform to the applicable laws.
   (6) Approved appropriateness of releasing the newly elected Directors from non-competition restrictions.

2. Implementation Status:
   (1) The 2022 Annual Shareholders' Meeting resolved to distribute cash dividends for a total of NT$11.47 billion which was NT$3.70349993 per share. The distribution ratio changed due to employees exercising their stock options, which increased the number of outstanding shares. The Board meeting on May 26, 2022 thus revised the cash dividend to NT$3.70343835 per share, and set the record date to July 6, 2022, and payment date to July 26. The number of outstanding shares was affected by employees once again exercising their employee stock options up to the suspension date specified in the Employee Stock Option Issuance Plan, and the Chairperson was authorized by the Board of Directors to adjust the cash dividend to NT$3.70281307 per share on June 14, 2022.
   (2) The Amendments to Articles of Incorporation of the Company and the newly elected Directors (including Independent Directors) in the 2022 Annual Shareholders' Meeting were approved by the Ministry of Economic Affairs on June 16, 2022 for change of company registration, and were announced on the Company website.
   (3) The resolutions in 2022 Annual Shareholders' Meeting included amendments to the "Procedure of Acquisition or Disposal of Assets of the Company" and releasing the newly elected Directors from non-

competition restrictions, which have been implemented accordingly and were announced on the Company website.

3. Major Resolutions of Board Meetings in 2022:

(1) February 24, 2022 The Board of Directors approved the proposal to convene the 2022 annual general meeting and approved the proposal for distribution of profits.

(2) February 24, 2022 The Board of Directors approved a capital expenditure budget of no more than NT$28.4 billion.

(3) April 13, 2022 The Board of Directors approved the list of Directors (including Independent Directors) candidates.

(4) August 3, 2022 The Board of Directors approved to establish the Sustainable Development Committee (due to considerations of functions and powers, the original Risk Management Committee was merged into the Sustainable Development Committee).

4. Major Resolutions of Board Meetings in 2023:

(1) February 22, 2023 The Board of Directors approved the proposal to convene the 2023 annual general meeting and approved the proposal for distribution of profits.

(2) February 22, 2023 The Board of Directors approved a capital expenditure budget of no more than NT$18.5 billion.

(XII) Major issues of record or written statements made by any directors or supervisors which specified his/her dissent to important resolutions passed by the Board of Directors in the past year and up to the date of report: None

(XIII) Resignation or dismissal of personnel, including directors, general managers, accounting supervisors, financial officers, internal auditing supervisors, corporate governance supervisor and R&D supervisors, involved in the past year and up to the date of report: None

V. Information Regarding NTC's Audit Fees

Unit: NT$ thousands

Name of accounting firm	CPA name	Audit period	Audit fee	Non-audit fee	Total shares	Remarks
KPMG Certified Public Accountants Firm	Hui-Chih Ko Hsin-Yi Kuo	January 1, 2022 ~ December 31, 2022	3,401	1,857	5,258	

The content of non-audit services:

Non-audit fees include expenditure on transfer price report, master file, country report, tax visa, direct deduction of business tax, translation report and etc.

(I) If the non-audit fees paid to the CPA, the CPA's accounting firm, and its affiliated enterprises is more than one quarter of the audit fees, the amount of audit and non-audit fees and the content of non-audit services shall be disclosed: None.

(II) Replaced the audit firm and the audit fee paid to the new audit firm was less than the payment of previous year: None.

VI. Replacement of Independent Auditors:

(I) About former accountant

<table>
<tr><td>Change date</td><td colspan="4">February 6, 2023</td></tr>
<tr><td>Reason for replacement and description</td><td colspan="4">internal job adjustment</td></tr>
<tr><td rowspan="3">Note that the appointment or accountant terminates or does not accept the appointment</td><td colspan="2">Party / situation</td><td>accountant</td><td>appointer</td></tr>
<tr><td colspan="2">Take the initiative to terminate the appointment</td><td>V</td><td></td></tr>
<tr><td colspan="2">No longer accept (continue) appointment</td><td></td><td></td></tr>
<tr><td>Comments and reasons for the issuance of unqualified opinions outside the latest two years</td><td colspan="4">N/A</td></tr>
<tr><td rowspan="7">Opinions different from those of issuer</td><td rowspan="5">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial reports</td></tr>
<tr><td></td><td colspan="2">Check the scope or step</td></tr>
<tr><td></td><td colspan="2">Other</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>N/A</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Description</td></tr>
<tr><td>OTHER DISCLOSURES (Disclosures required in Item 1-4 to 1-7, Subparagraph 6, Article 10 of these Regulations)</td><td colspan="4">1. Notice from former accountants that the Company's internal control system is incomplete and financial reports are not credible: None
2. Notice from former accountants that the Company's statement cannot be trusted or is unwilling to be associated with the Company's financial reports: None
3. Notice from former accountants that the Company must expand the scope of audit, or data shows that expanding the scope of audits will damage the creditability of previously certified financial reports or financial reports that are about to be certified, but the scope of audit was not expanded due to replacement of accountant or other reasons: None
4. Notice from former accountants that the creditability of previously certified financial reports or financial reports that are about to be certified may be damaged by the data that was collected, but the former accountant did not handle the matter due to replacement or other reasons: None</td></tr>
</table>

(II) About the successor accountant

Office name	KPMG Certified Public Accountants Firm
CPA name	Hsin-Yi Kuo and Tzu-Hui Lee
Date of appointment	February 6, 2023
Consultation given on accounting treatment or accounting principle adopted for any specific transactions and on possible opinion issued on financial report prior to appointment and results	N/A
Successor accountant's written opinion on the different opinions of the former accountant	N/A

VII. The Company’s Chairman, President, or Managers in charge of Finance or Accounting who have been employed in the Auditing Firm or its Affiliates in the past year shall disclose their name, title, and post during their period of employment at the Auditing Firm or its Affiliates. None

VIII. Share transfer by Directors, managerial officers and shareholders holding more than 10% equity and changes to share pledging by them in the past year and up to the date of report

(I) Change in Shareholding of Directors, Managers and Major Shareholders

Unit: Shares

Title	Name	2022		As of March 26 of the current year	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Corporate Director and Major shareholder	Nan Ya Plastics Corp.	0	0	0	0
Chairman	Nan Ya Plastics Corp. Representative: Chia Chau, Wu	0	0	0	0
Director	Wen Yuan, Wong	0	0	0	0
Director	Susan Wang	0	0	0	0
Director and President	Pei-Ing Lee	300,000	0	0	0
Director	Ming Jen, Tzou	0	0	0	0
Director and Executive Vice President	Lin-Chin Su	320,000	0	(40,000)	0
Corporate Director	Formosa Taffeta Co., Ltd. (Note)	0	0	-	-
Director	Formosa Taffeta Co., Ltd. (Note) Representative: (vacancy)	0	0	-	-
Director	Nan Ya Plastics Corp. Representative: Joseph Wu	150,000	0	0	0
Director	Nan Ya Plastics Corp. Representative: Rex Chuang	0	0	0	0
Independent Director	Ching-Chyi Lai	0	0	0	0
Independent Director	Shu-Po Hsu	0	0	0	0
Independent Director	Tsai-Feng Hou	0	0	0	0
Independent Director	Tain-Jy Chen	0	0	0	0

Note: The Company elected Directors in the annual shareholders' meeting on May 26, 2022.

Title	Name	2022		As of March 26 of the current year	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Vice President	Yau-Ming Chen	0	0	0	0
Assistant Vice President	Chi-Meng Su	0	0	0	0
Assistant Vice President	Mark Mao	0	0	0	0
Assistant Vice President	Jeff J.P. Lin	0	0	0	0
Assistant Vice President	Rex Chen	(9,000)	0	0	0
Assistant Vice President	Chuan-Jen Chang	0	0	0	0
Finance Officer and Corporate Governance Supervisor	Philip Jao	(40,000)	0	0	0
Accounting Officer	Hung-Chi Kuo	0	0	0	0
Major Shareholder	Formosa Plastics Corporation	0	0	0	0
Major Shareholder	Formosa Chemical & Fibre Corporation	0	0	0	0
Major Shareholder	Formosa Petrochemical Corporation	0	0	0	0

(II) Stock Trade/Pledge with Related Party by Directors, Managers and Major Shareholders with 10% Shareholding or More: None

IX. Relationship among the Top Ten Shareholders

March 26, 2023

NAME	Shareholding		Spouse's/ minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders		REMARKS
	Shares	Percentage of shares	Shares	Percentage of shares	Shares	Percentage of shares	Company Name (or name)	Relationship	
Nan Ya Plastics Corp. (Hereinafter "NPC") Legal Representative: Chia Chau, Wu	907,303,775	29.29%	-	-	-	-	FPC	Mutual Corporate Directors	
							FCFC	Mutual Corporate Directors	
							FPCC	Mutual Corporate Directors NPC invests in FPCC under equity method.	
							MLPC	The Chairman of NPC is one of MLPC's Board Directors. NPC is one of MLPS's Board Directors. NPC invests in MLPC under equity method	
Formosa Chemicals & Fibre Corp. (Hereinafter "FCFC") Legal Representative: Fu-Yuan Hung	334,815,409	10.81%	-	-	-	-	FPC	FCFC is one of FPC's Board Directors.	
							NPC	Mutual Corporate Directors	
							FPCC	The Chairman of FCFC is one of FPCC's Executive Directors. Mutual Corporate Directors FCFC invests in FPCC under equity method.	
							MLPC	The Chairman of FCFC is one of MLPC's Board Directors. FCFC is one of MLPC's Supervisors. FCFC invests in MLPC under equity method.	
Formosa Plastics Corp. (Hereinafter "FPC") Legal Representative: Chien-Nan Lin	334,815,409	10.81%	-	-	-	-	NPC	Mutual Corporate Directors	
							FCFC	FCFC is one of FPC's Board Directors.	
							FPCC	Mutual Corporate Directors FPC invests in FPCC under equity method.	
							MLPC	The Chairman of FPC is one of MLPC's Board Directors. FPC is one of MLPC's Board Directors. FPC invests in MLPC under equity method.	

Name	Shareholding		Spouse's/ minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders or their spouses or relatives within the second degree of affinity.		Remarks
	Shares	Percentage of shares	Shares	Percentage of shares	Shares	Percentage of shares	Company Name (or name)	Relationship	
Formosa Petrochemical Corp. (Hereinafter "FPCC") Legal Representative: Pao-Lang Chen	334,815,409	10.81%	-	-	-	-	FPC	Mutual Corporate Directors FPC invests in FPCC under equity method.	
							NPC	Mutual Corporate Directors NPC invests in FPCC under equity method.	
							FCFC	Mutual Corporate Directors FCFC invests in FPCC under equity method.	
							MLPC	Chairperson is the same person. FPCC is one of MLPC's Board Directors. FPCC invests in MLPC under equity method.	
Taishin International Commercial Bank Co., Ltd. is entrusted with the special account of The Taiwan ESG Perpetual High Dividend ETF Securities Investment Trust of Cathay Taiwan High Dividend Umbrella Securities Investment Trust	78,742,000	2.54%	-	-	-	-	N/A	N/A	
Cathy Life Insurance Co., Ltd. Legal Representative: Tiao-Kuei Huang	38,255,000	1.23%	-	-	-	-	N/A	N/A	
Nan Shan Life Insurance Company, Ltd. Legal Representative: Chong-Yao Yin	29,149,000	0.94%	-	-	-	-	N/A	N/A	
Mai-Liao Power Corporation (hereinafter "MLPC") Legal Representative: Pao-Lang Chen	26,261,393	0.85%	-	-	-	-	FPC	The Chairman of FPC is one of MLPC's Board Directors. FPC is one of MLPC's Board Directors. FPC invests in MLPC under equity method.	
							NPC	The Chairman of NPC is one of MLPC's Board Directors. NPC is one of MLPS's Board Directors. NPC invests in MLPC under equity method	
							FCFC	The Chairman of FCFC is one of MLPC's Board Directors. FCFC is one of MLPC's Supervisors. FCFC invests in MLPC under equity method.	
							FPCC	Chairperson is the same person. FPCC is one of MLPC's Board Directors. FPCC invests in MLPC under equity method.	

Name	Shareholding		Spouse's/ minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders or their spouses or relatives within the second degree of affinity.		Remarks
	Shares	Percentage of shares	Shares	Percentage of shares	Shares	Percentage of shares	Company Name (or name)	Relationship	
Fubon Life Insurance Co., Ltd Legal Representative: Richard M. Tsai	22,958,000	0.74%	-	-	-	-	N/A	N/A	
Labor Pension Fund (The New Fund)	21,641,918	0.70%	-	-	-	-	N/A	N/A	

X. The total number of shares and total equity stake held in any single enterprise by the Company, the Company's Directors, managers, and any companies controlled either directly or indirectly by the Company:

Unit: Share; %; April 21, 2023

Reinvestment Entities	Investment by the Company		Investments by Directors, Supervisors, managerial officers and directly or indirectly controlled enterprises		Comprehensive investment	
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage
Formosa Advanced Technologies Co., Ltd.	141,511,000	32%	4,013,287	0.91%	145,524,287	32.91%

D. Capital and Shares

I. Capitalization

Unit: Share; NT$

Year / Month	Issue price (NT$ per share)	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Capitalization	Capital increased by assets other than cash	Other
202103	28.5~29.6	30,000,000,000	300,000,000,000	3,096,434,894	30,964,348,940	Exercised ESOP	N/A	Note 1
202106	28.5	30,000,000,000	300,000,000,000	3,097,011,894	30,970,118,940	Exercised ESOP	N/A	Note 1
202108	28.5~29.6	30,000,000,000	300,000,000,000	3,097,083,894	30,970,838,940	Exercised ESOP	N/A	Note 1
202111	28.0	30,000,000,000	300,000,000,000	3,097,083,894	30,970,838,940	Exercised ESOP	N/A	Note 1
202112	-	30,000,000,000	300,000,000,000	3,096,874,894	30,968,748,940	Repurchased shares were canceled	N/A	Note 2
202203	28.0	30,000,000,000	300,000,000,000	3,097,070,894	30,970,708,940	Exercised ESOP	N/A	Note 1
202206	28.0	30,000,000,000	300,000,000,000	3,097,121,894	30,971,218,940	Exercised ESOP	N/A	Note 1
202208	26.3~28.0	30,000,000,000	300,000,000,000	3,097,677,894	30,976,778,940	Exercised ESOP	N/A	Note 1
202212	26.3	30,000,000,000	300,000,000,000	3,098,007,894	30,980,078,940	Exercised ESOP	N/A	Note 1
202303	26.3	30,000,000,000	300,000,000,000	3,098,042,894	30,980,428,940	Exercised ESOP	N/A	Note 1

Note 1: Approval document no. and approval date: Jin-Guan-Zheng-Fa-Zi No. 1040033035 dated August 24, 2015 from the FSC.

Note 2: Approval document no. for share buyback: Jin-Guan-Zheng-Jiao-Zi No. 1070345433 dated December 3, 2018 from the FSC.

Unit: Share; March 26, 2023

Type of stock	Authorized capital			Remarks
	Outstanding shares (Note)	Outstanding Un-issued shares	Total shares	
Common Stock	3,098,042,894	26,901,957,106	30,000,000,000	

Note: There are listed Outstanding shares.

II. Composition of Shareholders

March 26, 2023

Composition of Shareholders / Quantity	Government agencies	Financial institutions	Other juridical person	Domestic natural person	Foreign institutions & natural person	Total shares
Number of shareholders	2	80	262	128,310	795	129,449
Shareholding (shares)	21,981,918	263,295,958	1,976,723,165	383,032,297	453,009,556	3,098,042,894
Holding (percentage)	0.71	8.50	63.81	12.36	14.62	100

III. Distribution of Shareholding

Par value: NT$10 per share

March 26, 2023

Shareholding range	Number of shareholders	Ownership (shares)	Ownership (percentage)
1 - 999	58,121	7,981,435	0.26
1,000 - 5,000	57,206	116,583,418	3.76
5,001 - 10,000	7,624	60,121,629	1.94
10,001 - 15,000	2,190	28,128,152	0.91
15,001 - 20,000	1,340	24,944,797	0.81
20,001 - 30,000	1,026	26,399,635	0.85
30,001 - 40,000	464	16,576,644	0.54
40,001 - 50,000	303	14,176,134	0.46
50,001 - 100,000	505	36,307,855	1.17
100,001 - 200,000	261	36,968,299	1.19
200,001 - 400,000	145	41,510,924	1.34
400,001 - 600,000	54	26,499,667	0.86
600,001 - 800,000	42	28,878,924	0.93
800,001 - 1,000,000	25	22,115,249	0.71
Over 1,000,001	143	2,610,850,132	84.27
Total shares	129,449	3,098,042,894	100

IV. List of major shareholders

Names, shares and shareholding ratio of shareholders with 5% or more shares or top ten shareholders:

March 26, 2023

Name of major shareholder \ Shares	Shareholding (shares)	Holding (percentage)
Nan Ya Plastics Corp.	907,303,775	29.29
Formosa Chemicals & Fibre Corp.	334,815,409	10.81
Formosa Plastics Corp.	334,815,409	10.81
Formosa Petrochemical Corp.	334,815,409	10.81
Taishin International Commercial Bank Co., Ltd. is entrusted with the special account of The Taiwan ESG Perpetual High Dividend ETF Securities Investment Trust of Cathay Taiwan High Dividend Umbrella Securities Investment Trust	78,742,000	2.54
Cathy Life Insurance Co., Ltd.	38,255,000	1.23
Nan Shan Life Insurance Company, Ltd.	29,149,000	0.94
Mai-Liao Power Corporation	26,261,393	0.85
Fubon Life Insurance Co., Ltd	22,958,000	0.74
Labor Pension Fund (The New Fund)	21,641,918	0.70

V. Market Price, Net Worth, Earnings, and Dividends per Common Share

Item \ Year			2021	2022
Market price per share (Note 1)	Highest market price		105.00	84.20
	Lowest market price		59.40	45.25
	Average market price		78.37	60.96
Book value per share	Before distribution		55.85	58.41
	After distribution		52.15	56.28 (Note 2)
Earnings per share	Weighted average shares (K share)		3,087,329	3,097,571
	Earnings per share		7.40	4.72
Dividends per share	Cash dividends		3.70281307	2.13037721 (Note 3)
	Stock dividend	Stock dividends from retained earnings	—	—
		Stock dividends from capital surplus	—	—
	Accumulated undistributed dividends		—	—
Return on Investment	Original PE ratio (Note 4)		10.59	12.92
	Price-dividend ratio (Note 5)		21.16	28.61
	Cash dividend yield (Note 6)		4.72	3.49

Note 1: Per share of market price is based on the information of Taiwan Stock Exchange Co., Ltd.

Note 2: The amount after distribution for 2022 are calculated based on cash dividends approved by the Board of Directors on February 22, 2023.

Note 3: Dividends for the year are distributed in the following year. The record date for distribution of 2022 cash dividends will be approved by the Board of Directors. (The final cash dividend per share may need to be adjusted accordingly. The Chairman was authorized by the Board of Directors to handle the relevant matter.)

Note 4: Price / earnings ratio = average market price / adjusted earnings per share

Note 5: Price / dividend ratio = average market price / cash dividends per share

Note 6: Cash dividend yield rate = cash dividends per share / average market price

VI. Dividend Policy and Implementation Status

(I) Dividend Policy

Whenever there are profits of the Company, it shall be used to pay all outstanding taxes, recover the Company’s accumulated losses, and set aside 10% thereof in a legal reserve. Thereafter, the remaining profit, if any, after set aside a special reserve or reserves for certain undistributed earnings for business purposes, shall collectively with any undistributed surplus earnings from previous fiscal years, be included in a surplus earning distribution plan submitted by the Board of Directors and be authorized to distribute dividends paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by over two-thirds of the Directors; and in addition thereto a report of such distribution shall be submitted to the shareholders’ meeting. The dividends paid in stock shall be submitted for the approval in a shareholders’ meeting.

The Company belongs to a high-technology and capital intensive industry and its operations are still experiencing significant growth. To accommodate the long-term financial projection of the Company, the Company adopts the policy that dividends shall be distributed appropriately in accordance with the Company's budget of capital expenditures. In principle, the stock dividends distributed by the Company shall not exceed 50% of the total distributable dividends of that year.

The Company will strive to maintain a stable dividend policy, and mainly dividends will be distributed by cash. The target of our dividend policy is around 45%~55% of the earnings of each fiscal year.

(II) Current Proposal to Distribute Profits

The Board meeting on February 22, 2023 approved the distribution of NT$6.6 billion in cash dividends. The dividends distribution will be reported to Annual Shareholder’ Meeting on May 24, 2023, and will be handled according to related regulations. If the total outstanding shares may increase as the Company’s employees may elect to exercise their stock option rights. The final cash dividends per share may need to be adjusted accordingly. The Chairman was authorized by the Board of Directors to handle the relevant matter.

(III) Expect material change in dividend policy: N/A

VII. The effects of the stock dividends proposed by the shareholders' meeting on the Company's business performances and earnings per share: N/A.

VIII. Remuneration of employees and Directors

(I) The percentages or ranges of employees, director's compensation as stated in the Company's Articles of Incorporation:

The Company shall appropriate 1% to 12% for employees' compensation from its profit, if any, before tax. However, the Company's accumulated losses shall have been covered.

The Company may have the profit distributable as employees' compensation distributed in the form of shares or in cash, and the qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirements, entitled to receive compensation shall be determined by the Board of Directors.

Remuneration to employees are decided in accordance with Article 235 of the Company Act.

(II) The accounting treatment of the discrepancy between the actual distributed amount and the estimated figure for the current period:

The bases for estimating the amount of employee and director remuneration are based on relevant laws, the Company's Article of Incorporation, and past experience. The difference, if any, between actual distribution and estimated amount will be included in the profit or loss in the following fiscal year based on relevant accounting principles.

(III) Distribution of Compensation Approved by the Board of Directors:

The Board Meeting on February 22, 2023 approved:

1. Employee remuneration in the amount of NT$1,010,000,000 will be distributed in cash and is consistent with the estimated amount.
2. Share amount of employees' stock compensation is 0, percentage of the share amount to that of all stock dividends are 0%.

(IV) Distribution of Employee and Director compensation in the past year (including the number of shares, amount and stock price); the difference (when present) between the recognized compensation of employees and directors, the reasons, and the handling situation shall be stated

Amount approved in the Board meeting on February 24, 2022 and the amount distributed:

1. Employee remuneration in the amount of NT$1,550,000,000 was distributed in cash.
2. Actual share amount of employees' stock compensation is 0, percentage of the share amount to that of all stock dividends are 0%.
3. The above-listed amount of employee remuneration was consistent with the estimated amount approved by the Board of Directors.

IX. Repurchase of Common Stock: None

X. Corporate bond issuance status: None

XI. Status of Preferred Stock: None

XII. Issuance of Global Depositary Receipts: None

XIII. Status of Employee Stock Options Plan

(I) Issuance of Employee Stock Options

March 26, 2023

ESOP granted	2015-1	2015-2
Approval date by the securities & futures bureau and total number of units	August 24, 2015 97,500 units	August 24, 2015 2,500 units
Issue (grant) date	May 10, 2016	August 11, 2016
Number of options granted	97,500 units	2,500 units
Number of options unissued	0 Unit	0 Unit
Percentage of shares exercisable to outstanding common shares	3.15%	0.08%
Option duration	8 years	8 years
Source of option shares	Issuing new common shares	Issuing new common shares
Vesting schedule (%)	Upon 2 years from the issue date, available subscription ratio for exercising: 50% (accumulated) Upon 3 years from the issue date, available subscription ratio for exercising: 75% (accumulated) Upon 4 years from the issue date, available subscription ratio for exercising: 100% (accumulated)	
Shares exercised	87,615,000 shares	1,593,000 shares
Value of shares exercised	NT$2,841,865,400	NT$51,190,100
Shares unexercised	9,885 Units	907 Units
Exercise price per share	NT$26.3	NT$27.4
Percentage of shares unexercised to outstanding common shares (%)	0.32%	0.03%
Impact to shareholders' equity	This will attract and retain technology and specialized talent required by the company, encourage employees and strengthen their sense of belonging, and maximize profits for shareholders. Dilution to shareholders' equity is 3.15%.	This will attract and retain technology and specialized talent required by the company, encourage employees and strengthen their sense of belonging, and maximize profits for shareholders. Dilution to shareholders' equity is 0.08%.

(II) Employee stock options granted to management team and to top 10 employees:

March 26, 2023

	Title	Name	Number of Options Granted % of shares	exercisable to outstanding common shares	Shares exercised				Shares unexercised (Note)			
					Shares Exercised	Exercise Price Per Share	Value of Shares Exercised	% of shares exercised to outstanding common shares	Shares Exercised	Exercise Price Per Share	Value of Shares Exercised	% of shares exercised to outstanding common shares
Managerial Officers	President Executive Vice President Vice President Vice President Vice President Assistant Vice President Assistant Vice President Assistant Vice President Assistant Vice President Assistant Vice President Finance Officer and Corporate Governance Supervisor Accounting Officer	Pei-Ing Lee Lin-Chin Su Joseph Wu Rex Chuang Yau-Ming Chen Chi-Meng Su Mark Mao Jeff J.P. Lin Rex Chen Chuan-Jen Chang Philip Jao Hung-Chi Kuo	4,990,000 shares	0.1611%	4,905,000 shares	NT$26.3~34.3	NT$148,939,300	0.1583%	85,000 shares	NT$26.3	NT$2,235,500	0.0027%

Note: Number of unexercised shares and amount as of March 26, 2023.

March 26, 2023

	Title	Name	Number of Options Granted % of shares	exercisable to outstanding common shares	Shares exercised				Shares unexercised (Note 2)			
					Shares Exercised	Exercise Price Per Share	Value of Shares Exercised	% of shares exercised to outstanding common shares	Shares Exercised	Exercise Price Per Share	Value of Shares Exercised	% of shares exercised to outstanding common shares
Employees	Executive Administrator Senior Director Senior Director Director Director Director Director Director Vice Director Executive Engineer	Wooder Yang Yao-Hsiung Kung Hsu-Cheng Fan Dong-Liung Yang Peter Chen Eric Chuang Carver Liu Chiang-Lin Shih Benjamin Huang Wen-Hao Chang	1,775,000 shares	0.0573%	1,732,000 shares	NT$28.5~34.3	NT$56,204,700	0.0559%	43,000 shares	NT$26.3	NT$1,130,900	0.0014%

Note : Number of unexercised shares and amount as of March 26, 2023.

XIV. Status of new shares issuance in connection with mergers and acquisitions: None

XV.Financing plans and implementation-cash funding application: None

E. Operations overview

I. Business content

(I) Business scope

NTC is focused on becoming a key supplier in the global memory market with outstanding product research and development capabilities and competitive production cost advantage. We are committed to providing high quality and advanced memory products and services.

Our main product lineup:

1. DRAM chips
   (1) DDR2 DRAM
   — Capacity: 512 Mb、1Gb
   — Speed: 800 Mb/s、1066 Mb/s
   (2) DDR3 DRAM
   — Capacity: 1Gb、2Gb、4Gb
   — Speed: 1600 Mb/s、1866 Mb/s、2133 Mb/s
   (3) DDR4 DRAM
   — Capacity: 4Gb、8Gb
   — Speed: 2667 Mb/s、2933Mb/s、3200 Mb/s
   (4) DDR5 DRAM (developing)
   — Capacity:8Gb、16Gb
   — Speed: 4800Mb/s、5600Mb/s
   (5) LPDDR2
   — Capacity: 1Gb、2Gb、4Gb
   — Speed: 1066 Mb/s
   (6) LPDDR3
   — Capacity: 4Gb、8Gb
   — Speed: 1866 Mb/s、2133 Mb/s
   (7) LPDDR4/4X
   — Capacity: 2Gb、4Gb、8Gb
   — Speed: 3200 Mb/s、3733 Mb/s、4267 Mb/s

2. Wafer production services

In response to meeting market demand in the future, NTC continue to develop products toward higher speed and lower power consumption. Our business strategy focuses on the applications of consumer electronic, mobile devices and servers, and we offer a comprehensive product lineup for meeting market demand on low, medium and high capacity products. Our product portfolio includes 512Mb/1Gb DDR2, 1Gb/2Gb/4Gb DDR3, 4Gb/8Gb DDR4, 1Gb/2Gb/4Gb LPDDR2, 4Gb/8Gb LPDDR3, and 2Gb/4Gb/8Gb LPDDR4/4X.

3. Plans of developing new products and services

We will continue to optimize the application of low power products on the basis of consumer application customers for our 20 nm products. We will increase the speed of products for use in high-end in-vehicle systems and high-end TV sets. With regard to sales of server products, besides maintaining relationships with large customers, we will also expand across the world to medium and small customers, such as regional data centers, to increase our sales channels and customer base.

Our main business strategies this year include the promotion, mass production, and sales of new products from our first generation 10nm process (1A). We have already completed customer verification of the pilot product 8Gb DDR4, and begin mass production on a smaller scale, at which time we will reduce the production of 30nm products. We will also prepare for next generation of DDR5 products.

Trial production of pilot products using second generation 10nm process technology (1B) has already begun, and mass production is expected to begin at the end of this year. We are currently developing new products and will subsequently begin trial production.

(II) Industry Overview

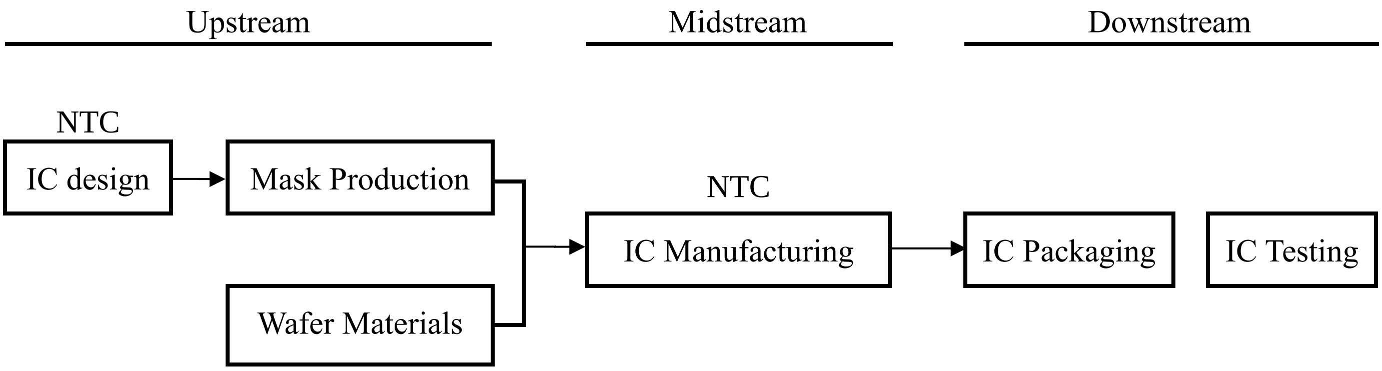
1. DRAM industry current status and development

In 2022, a number of global uncertainties have impacted the world economics, including geopolitical conflict between Russia and Ukraine, energy crisis and inflation, and interest rates hikes. Monetary tightening policy have been adopted by many countries to fight inflation. In addition, China's zero-COVID policy and the US-China trade war impacted the industry's overall supply chain and China's domestic demand, resulting in a decline in consumer confidence and lower capital expenditures among various industries.

The DRAM demand for consumer electronics, such as mobile phones, notebooks, tablet PCs, and TVs, has been poor since the second quarter. DRAM supply and demand was imbalanced and both prices and shipment has declined quarterly. In 2022, overall yearly shipment and average selling price were both declined from 2021, and as a result, the DRAM company’s yearly revenue and profits decreased.

2. Up-, mid-, and downstream DRAM industry supply chain

IC industry (including DRAM) is categorized as IC design, mask making/wafer material in upstream area, IC production in midstream area, IC packing and testing in downstream area. The whole industry system is illustrated as below table. Our operations involve upstream DRAM design and midstream DRAM manufacturing.



3. Product Development Trends

(1) The main application trends:

A. Servers

(a) Artificial intelligence, machine learning, and 5G continue to drive demand on cloud/edge computing, and server shipments are expected to grow steadily in the long-term. However, the overall economy has not shown clear signs of recovery in the short-term, and with impact of large enterprises and cloud service providers continuing a conservative strategy of cutting operating costs, server shipments are only expected to remain the same or grow slightly in 2023.

(b) DRAM demands rise from Cloud Hyperscaler's continuous investment in infrastructure of new data centers and the launch of new computer processors. Also, DRAM content per server will keep growing along with new Server CPU using DDR5 to fulfill high bandwidth, low latency and high performance required by 5G and AI. Expect the launch of new CPU coming shortly in the first part of 2022.

B. Mobile Devices

(a) Global smartphone shipments in the year of 2021 declined drastically due to the COVID-19 pandemic. 5G smartphone shipment continues to gain share in the year of 2022, and pushes up the DRAM content to grow. Yet, the macro uncertainties such as inflation, geopolitical, supply disruption are the key factors to drag down the demand recovery.

(b) The mainstream of DRAM content per phone will stay at the level of 6-8GB in the year of 2022. Other than Android camp, Apple iPhone will follow the demand trend to adopt 6GB in in its flagship models.

C. Personal Computers

Due to the pandemic ending and the impact of global inflation and sluggish economy, demand on personal computers is expected to decline in 2023.

D. Consumer Electronics

Disposable income of individuals decreased due to global inflation, and a portion of their spending has shifted to travel and food after the pandemic ended. Hence, sales of consumer electronics, such as game consoles, video streaming devices, network communication, video and surveillance systems, and smart speakers, is expected to remain the same or slightly decline in 2023. In-vehicle, smart watches, VR headsets, and smart glasses are expected to show steady growth due to 5G and metaverse.

(2) Performance requirements

A. High Density:

Following the arrival of the 10nm process era, 12Gb/6Gb will gradually become the mainstream product capacity, with applications in smartphones, servers, PCs. It is expected that the top three DRAM makers will continue to transfer 1Z/1a nm process, and meet market demands.

B. High Speed:

DRAM specifications have increased in response to the increasing ratio of video/graphic content in data transmission. Currently the product specifications are DDR4-3200Mb/s, LPDDR4/X-4267Mb/s, DDR5-5600Mb/s and LPDDR5 can reach speeds of up to 6400Mb/s.

C. Low Power Consumption:

As the threat of global warming is escalating, low voltage and low power features are key requirements for smart phones, servers, PCs, consumer electronics and automotive devices.

D. Function Requirements:

(a) High data transmission rate and broadband:

The high data transmission rate provided by DDR4 has made it the mainstream specification of servers and personal computers, the import of DDR5 will further increase the data rate in this year. while LPDDR4X and LPDDR5, which are characterized by high bandwidth and lower power, are widely adopted in smartphones.

(b) Diverse package specifications:

In response to diversity of application needs, DRAM package specifications spectrum expanded including module for PC/servers, PoP/eMCP for smart phones, SiP (System in Package) for digital TV, MCP for Mobile WiFi and eMCP for smart module.

4. Competition situation

The global DRAM market is an oligopoly dominated by major manufacturers, capacity expansion is expected to be rational, and the conversion of advanced processes is much more difficult than before, annual bit growth in supply has slowed down.

(III) Technology and R&D Status

1. Development Strategy

To meet the market trends, The Company has been focusing on specialty market development, which includes consumer, low power and server segments. We will provide high speed DDR4 and low power LPDDR4X products on the basis of our 20nm process technology. We will continue to develop DRAM products with 10nm class process technologies to provide comprehensive product lineup for fulfilling the requirements by next-generation electronic devices.

2. Annual R&D Expenses over the past 5 years (Based on Consolidated Financial Statements Report)

Unit: NT$ thousands

Year	2018	2019	2020	2021	2022
R&D Expenses	4,887,311	4,926,428	5,137,872	7,499,780	7,841,499

3. Successfully developed technologies and products

The Company has developed 16Mb, 64Mb, 128Mb, 256Mb, 512Mb, 1Gb, 2Gb and 4Gb DRAM products successfully. DDR4 8Gb DRAM has also been launched to the market. Below are the summaries:

(1) Successfully transfer 0.45μm, 0.36μm, and 0.32μm 16Mb DRAM design, manufacturing process, and element analysis from OKI within 2 years from setting up the 1st factory. Quickly achieve high yields in both wafer and finished goods, and immediately adopt computer automated production management.

(2) Successfully self-development 0.32μm 5V 16Mb EDO DRAM.

(3) Successfully finished design of 4 products, 0.32μm 16Mb SDRAM, 0.28μm 16Mb (2M×8), 0.28μm 64Mb SDRAM and 0.28μm 16Mb SDRAM (1Mb×16), within 2 years. 0.32μm SDRAM and 0.28μm 16Mb SDRAM (1Mb×16) was the main products at that time.

(4) Successfully transfer 0.2μm 64Mb and 0.175μm 256Mb DRAM from IBM. Self-develop 128Mb DRAM based on IBM technology platform, quickly introduce to production line and achieve the desired yield.

(5) Successfully convert FAB-1 from stack technology process to trench technology process. Successfully convert FAB-2 from 0.20μm technology to 0.175μm technology within 8 months from start-up and achieve the desired yield.

(6) Successfully shrink 64Mb and 128Mb DRAM to 0.175μm technology. As to the gross dies of 64Mb DRAM can exceed 1,100 ea per 8-inch wafer; it is very cost-competitive.

(7) Successfully create the combo design of 0.175μm 128Mb and 256Mb SDR/DDR.

(8) Successfully co-develop 0.14μm technology and products with IBM and quickly implement into production line.

(9) Successfully design 0.175μm PC333 DDR product. Successfully develop DDR400 with 0.14μm technology product to ensure the leading position in DDR products.

(10) Successfully design 0.14μm DDR1 128Mb specialty product and implement into mass production.

(11) Successfully design 0.11μm DDR1 256Mb and 512Mb products and implement into mass production.

(12) Successfully design 0.11μm DDR2 400, 533, 667 and 800 products and implement into mass production to ensure the leading position in DDR2 products.

(13) Successfully design 0.90μm DDR1 512Mb and DDR2 400, 533, 667 and 800 products and implement into mass production to ensure the leading position in DDR2 products.

(14) Successfully develop 0.70μm DDR2 512Mb, DDR2 1Gb and DDR3 1Gb products.

(15) Converted to 42nm technology in the fourth quarter of 2010. Successfully completed customer certification of 50nm DDR2 1Gb, 50nm DDR3 2Gb, and 42nm DDR3 2Gb and internal certification of 42nm DDR3 4Gb.

(16) Successfully began mass production of LPDDR memory products and developed 30nm process for DDR3 2Gb in the second half of 2011.

(17) Completed the internal certification of 30nm DDR4 4Gb in the first half of 2012, completed customer certification the same year, and also completed internal certification and customer certification of LPDDR2 512 Mb.

(18) In the first half of 2013, finish low power product, LPDDR2 4Gb internal and customer qualification and implement into mass production in Q2 of 2013.

(19) In the second half of 2013, completed the internal certification of 30nm DDR4 4Gb. Provided customers with early DDR4 products for certification, started developing LPDDR2 1Gb, and began internal certification of LPDDR3 4Gb in the same year.

(20) In the first half of 2014, finish the internal and customer qualification of LPDDR3 4Gb. In Q3 of 2014, start LPDDR3 4Gb mass production and trigger 30nm shrink products design to improve the product competitiveness.

(21) In second half of 2014, finish 30nm shrink product development and implement to mass production, including 4Gb DDR3 and 1Gb LPDDR2.

(22) In first half of 2015, finish 30nm shrink product development and implement to mass production, including 1/2/4Gb DDR3 consumer products. In the second half of 2015, finish 30nm 4Gb DDR4 product development and start to mass production. Finish internal qualification for 30nm shrink mobile products, including 2Gb LPDDR2 and 4Gb LPDDR3 in Q4 of 2015.

(23) In the second half of 2016, completed internal certification, customer certification, and mass production of 30nm 512Mb DDR2 consumer shrink products.

(24) In the first half of 2017, finish 20nm 4Gb DDR3 consumer product qualification and implement to mass production.

(25) In Q4 of 2017, finish 20nm 8Gb DDR4 product development, qualification and implement to mass production.

(26) In Q3 of 2018, completed internal certification, customer certification, and mass production of 20nm 4Gb DDR3 consumer products.

(27) Completed internal certification and mass production of 20nm 4Gb LPDDR4 in Q1 of 2019 and 8Gb LPDDR4 in Q2 of 2019.

(28) In Q3 of 2019, completed internal certification and mass production of 20nm 8Gb LPDDR4X.

(29) In Q1 of 2020, completed internal certification and mass production of 20nm 2Gb LPDDR4/X.

(30) In Q2 of 2021, completed internal certification and mass production of 20nm 1Gb DDR3.

(31) In 2022, completed internal certification and mass production of 4Gb /8Gb LPDDR4 for automotive grade products.

(IV) Long-Term and Short-Term Sales Development Plan

1. Short-Term Sales Development Plan

(1) Optimize the 20nm product portfolio, continue to promote 4Gb/8Gb LPDDR3/DDR4 and 2Gb/4Gb/8Gb LPDDR4/4X products, and obtain a certain market share in the consumer applications, smartphone, smart wearable devices, smart speakers, low power notebooks, and SSD markets.

(2) Continue to cooperate with first-tier data center customers to increase the proportion of shipments to the server market.

(3) Enlarge customer base and shipment of 20nm lower power products for automotive grade products.

2. Long-Term Sales Development Plan

(1) Besides promoting current product lines, we will add product lines for proprietary DDR5 and 1A processes, and provide high density 16GB and more diverse product portfolios to meet customer demand in low, medium, and high density markets.

(2) We plan to complete pilot run of our second generation 1B process technology and the pilot run of a functional testing chip using our third generation 1C process technology this year. In order to enhance our long-term competitiveness, we will begin mass production of 1B and pilot run of products using 1C in our current fab starting in 2024. Construction of the new fab will be carried out according to schedule, and will install process equipment based on market demand starting in 2026.

II. Market Status and the Overview of Sales and Production

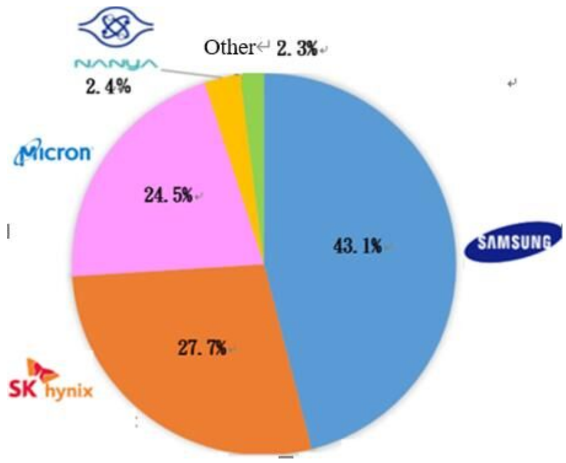
(I) Market Status

1. Sales Regions

The Company has a worldwide customer base. To provide the fast and real time service, we set up a global sales network which includes the U.S., Europe, Japan, China and Taiwan. We will continue expanding the customer groups in all sale regions and respond to diversifying market applications and customization of products.

2. Market Share

The global market's main DRAM suppliers include Samsung, SK hynix, Micron, and Nanya Technology Corporation. In 2022, The Company was ranked number 4 with 2.4% market share.



Source: TrendForce

3. DRAM Market Outlook

The Russo-Ukrainian War raged on Q1, 2023. The inflation has not shown signs of improvement in Europe and America. The China's domestic demand has yet to recover despite COVID restrictions have been lifted, which was compounded by the US's expanding technology sanctions. The DRAM customers were still digesting their inventory on hand, and the DRAM market may remain sluggish in first half of 2023.

Certain negative factors are expected to gradually improve starting in the second quarter. Combined with adjustments to capital expenditures made by DRAM suppliers, there may be an opportunity that inventories will return to normal in the second half of this year, and demand in the DRAM market may return to normal.

Overall demand growth in DRAM in 2023 may be lower than the long-term average. However, DRAM is a key component of smart electronic products. As many smarter electronic products are introduced in the future, 5G, AI, smart city, smart factory, smart automobiles, smart home, smart wearable devices, and AR/VR/MR will drive the development of diverse DRAM applications, and market demand is expected to gradually improve each quarter this year. Long-term bit demand is expected to maintain 10-20% growth each year.

4. Competitive Niche

There are diversified applications and many product specs in the DRAM market, and our company is identified as a key supplier in the global memory market.

5. Favorable and Unfavorable Factors Affecting Our Development

(1) Favorable Factors

A. DRAM market structure already becomes an oligopoly. The market is expected to remain steady and disciplined.

B. Focus on consumer and low power niche markets, and continue to expand market shares in automotive, networking, customized segments which require long-term and stable supply.

C. Develop and offer customers our complete product lines with 20nm and our proprietary 10nm class technology.

D. With the strong support from Formosa Group, and its strict production management system, strictly control quality, cost and delivery time.

(2) Unfavorable Factors

A. The difficulties of develop DRAM advanced technology are high and the investment amount become huge.

B. The market applications are diversified and new applications are introduced at any time.

C. Threats from new comers, no impact in the near term, but need to monitor their development longer term.

(3) Response Measures

A. Develop 10nm class technology to remain competitive.

B. Develop high density products and focus on the server market.

C. With a high-quality customer service, we have established a close strategic alliance with our chip vendors and customers to jointly develop new generations of consumer electronics products and to meet diverse needs.

D. To deeply root in consumer and low-power application markets, and develop automotive, networking, industrial niche market segments which require long-term and stable supply.

E. Collect market information, stay up-to-date on customer trends, and flexibly adjust product portfolio to maintain steady operations.

(II) Key Applications of Primary Products and the Production Process

1. Important Applications of Primary Products

NTC's primary products are DRAM (Dynamic Random Access Memory) and other memory products. DRAM products are used to store the data while data processing and have a wide range of applications, such as mobile phones, servers, PC, consumer electronics and automotive applications.

2. Production Process

The production of integrated circuits can divide into three stages: making the silicon wafers, making the integrated circuits, and packing the integrated circuits. Nanya focuses making of integrated circuits. The process, which takes approximately one to two months from start to finish, is very complicated and basically comprised several hundreds of different steps. The circuits are printed on the wafer using layers of masks by repeating processes including lithography, etching, oxidation, ion implantation, and thin film several timers. Then, the wafers are sent to the testing area to verify the functions of each IC. The wafer is then sent to the packaging house for packaging and testing.

(III) Supply of Raw Materials

Raw materials include silicon wafers and chemicals such as photoresist, special gases, and abrasives, and they are provided by the world's leading semiconductor material suppliers from Japan, the U.S. and Taiwan who guarantee quality and stable supply. To diversify the risk of material supply, the Company has alternative solution to ensure the supply chain will not be interrupted by accidents.

We organize "open bids" through the procurement system of Formosa Technology E-Market Place, and provide vendors with online inquiry, quotation, negotiation, purchase order, delivery, and payment progress inquiry functions. All information is encrypted via electronic certificates and protected by a firewall to ensure the safety of all data being transferred. After the computer opens all bids for a request for quotation, the vendor that bids the lowest price with a delivery time and quality that meet requirements will be given priority.

We implement comprehensive supplier management and assessment to achieve stable material quality and delivery, and also ensure the quality and progress of construction. All suppliers are assessed and graded when they register, and any late delivery (construction), poor quality, or violation of labor safety by suppliers are automatically included in their assessment records.

This eliminates lower grade suppliers and maintains long-term relationships with good suppliers.

We combine the ERP computer management system that we have perfected over the years with our quantified, open, and transparent online procurement mechanism to create a high quality, safe, convenient, and fast electronic trading environment. We have expanded to other vertical and horizontal industries to share the "Formosa Plastics Experience" with all enterprises in an electronic era. At present, our supply chain consists of over 10,000 suppliers and contractors who share the business opportunities and economic benefits of open transactions on this electronic transaction platform.

(IV) Suppliers/Customers Accounted for at Least 10% of Annual Procurement/Sales

1. Major Customers for the Last Two Years

Unit: NT$ thousands; %

Item	2021				2022			
	Company Name	Amount	Proportion of total net sales value for the entire year (%)	Relationship with issuer	Company Name	Amount	Proportion of total net sales value for the entire year (%)	Relationship with issuer
1	WPI	11,495,178	13.4	N/A	WPI	7,536,499	13.2	N/A
2	MediaTek Inc.	10,090,072	11.8	N/A	MediaTek Inc.	6,299,036	11.1	N/A
	Other	64,018,908	74.8		Other	43,116,740	75.7	
	Net sales	85,604,158	100.0		Net sales	56,952,275	100.0	
Analysis of Changes in the Most Recent Two Years: Customers accounted for at least 10% of annual sales and the proportion in 2022 are the same as in 2021.								

2. Major Suppliers for the Last Two Years

Unit: NT$ thousands; %

Item	2021				2022			
	Company Name	Amount	As a percentage of net purchase ratio (%)	Relationship with issuer	Company Name	Amount	As a percentage of net purchase ratio (%)	Relationship with issuer
1	−	−	−	−	−	−	−	
	Other	12,376,681	100.0		Other	13,977,097	100.0	
	Net purchase	12,376,681	100.0		Net purchase	13,977,097	100.0	
Analysis of Changes in the Most Recent Two Years: None								

(V) Production over the Last Two Years

Unit: NT$ thousands; Thousands pcs

Year / Output / Products	2021			2022		
	Production capacity (Note)	Output volume	Amount	Production capacity (Note)	Output volume	Amount
Memory	810,000 wafer pcs/year	1,402,026	78,751,707	770,000 wafer pcs/year	1,269,701	79,536,749
Total shares	–	–	78,751,707	–	—	79,536,749

Note: Production capacity refers to total output.

(VI) Shipments over the Last Two Years

Unit: NT$ thousands; Thousands pcs

Year / Sales / Main Products	2021				2022			
	Domestic sales		Export		Domestic sales		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Memory	473,770	24,358,285	1,044,893	61,116,253	247,555	14,826,498	649,954	42,024,464
Other	–	128,612	–	1,008	—	99,741	—	1,572
Total shares	–	24,486,897	–	61,117,261	—	14,926,239	—	42,026,036

III. Number of employees, average years of service, average age, and distribution of academic qualifications in the most recent two years up to the date of annual report publication

Year		2021	2022	As of March 31, 2023
Number of employees (Persons)	Indirect labor	2,020	2,090	2,065
	R&D staff	953	1,000	997
	Direct labor	581	595	584
	Total shares	3,554	3,685	3,646
average age		38.12	38.35	38.61
average seniority		10.74	10.96	11.23
Academic qualification(%)	Ph.D	1.21	1.14	1.12
	Master	38.13	39.08	39.28
	Bachelor	53.88	53.21	53.15
	higher School	6.75	6.54	6.42
	Under high school	0.03	0.03	0.03

IV. Environmental Expenses Information

The environmental capital expenditures in 2022 totaled NT$498,249K, and environmental expenses was NT$722,904K, amounting to NT$1,221,153K, which is 2% of our 2022 consolidated revenue. Environment-related capital expenditures mainly include wastewater recycling and pollution prevention works, and the installation of exhaust treatment equipment for process machinery in response to climate change, reducing PFCs emissions.

NTC is committed to promoting environmental protection management, formulating environmental and safety performance indicators, promoting various waste reduction and resource reuse, greenhouse gas reduction and other projects, in order to comply with the trend of global environmental protection. The Company's environmental protection certificate management, testing contents, and reporting items were all handled according to law. There was no violation of environmental protection regulations and no fines or losses due to environmental pollution in 2022.

The Company's environmental protection measures in 2022 are as follows:

1. Obtained certification for SBT in 2030.
2. Received the National Enterprise Environmental Protection Award.
3. Entered the DJSI and was selected as a constituent stock of DJSI World and DJSI Emerging Markets
4. Annual average process wastewater recycling rate reached 92.9%.
5. The annual reduction of perfluorocarbons in exhaust gas from processes is equal to 1,615x the carbon absorption of Da'an Forest Park.
6. A total of 25 energy conservation plans were completed, and saved an estimated 4,378 MWh.
7. Purchase 7.88 million kWh of electricity from onshore wind farms according to the schedule for purchasing renewable energy.
8. Rated by the CDP at the leadership level A List for water security, A⁻ for climate change, and A List for supplier management.

V. Labor Relations

(I) The Company's employee benefits, continuing education, training, retirement system, and actual state of implementation, as well as labor-management negotiations and measures for employee rights protection:

1. Employee Welfare Measures: We have convenience stores, coffee shops, health care center, gym, basketball and badminton court. In addition, we provide employee dormitory for single personnel; Shuttle

bus services are available in several routes. The Employee Welfare Committee plans several activities and provides employees with a gift coupon on the Dragon Boat Festival, Moon Festival, and Birthday.

2. Training and Development: In order to maintain NTC's development strategy and employee's demand of self-development, we provide a series of complete training courses and advanced studies, including new employee training, helping them adapt to company's environment and culture quickly. We systematically provide employees with courses that teach the professional knowledge, skills, and attitudes required for their duties. NTC also plans on-the-job training, professional training, leading and management training. Besides, we also cooperate with well-known universities to set up further study programs, satisfying employee's self-development demand. We will keep going to offer multiple resources and enhance our demand of employee's competitive in global.

3. Retirement Plan and Its Practices: To keep employee's mind on his work and make his retirement life with good quality, NTC has established a Retirement Plan according to Regulations Governing the Retirement of the Factory Workers of Taiwan Province, Labor Standards Act, and Labor Retirement Pension. For those choosing the old pension fund system, the Company has deposit 2% monthly salary to a special retirement Account of Bank of Taiwan. It has been supervised by NTC Worker Retirement Fund Supervisory Committee. For the others choosing the new pension fund system, the Company contributes 6% monthly salary to employee's individual retirement account in accordance with Monthly Contribution Wages Classification of Labor Pension. Employees are eligible to contribute more amounts voluntarily, and the amount will be deposit into his retirement account also. The execution of the Pension Plan is in good condition.

4.The Company has diverse, open and transparent communication channels in place to maintain harmonic employment relation, facilitate labor-management collaboration and improve workers' benefits. These communication channels not only enable employees to express opinions on various issues concerning health, safety, benefits and basic work conditions, but also allow the Company to take initiative in learning employees' thoughts and address problems in a timely manner. Employees can report any illegal conduct through the employee protection and complaint mailbox and hotline, and the whistleblower mailbox and hotline; employees can express their opinions on the Company's regulations and systems to the Human Resources Department. Employees are entitled to communicate openly and thoroughly with the management about work-related or personal affairs, terms of employment, salary, benefits and personal opinions.

5.NTC has good relationship between employee and management team so far.

(II) Case of Labor Management Conflict which results in any losses at the moment or in the future and disclosure of estimated amount and applicable solutions as of the most recent fiscal years, and during the current fiscal year up to the date of printing of the Annual Report:

NTC complies with local labor laws and protects employees' basic work rights and employee benefits. Stay up-to-date on amendments to labor laws and regulations, review the appropriateness of the Company's internal management regulations, and revise relevant regulations to implement the compliance system. We have adopted self-inspection and risk prevention concepts to protect labor rights and improve the work environment, which lowers the probability of labor-management disputes. There were no administrative fines imposed by the competent authority of labor in 2022 as a result of our efforts.

VI. Information Security Management

(I) Information security risk management framework, information security policy, specific management plans, and resources invested in information security management:

The purpose of information security management is to ensure network security and stability, and prevent information system abnormalities and computer data corruption, which will prevent the Company from continuing to do business. The Company thus established the Computer Resource Requirements and Use Management Guidelines and Company Classified Information Management Guidelines, providing standards for information system, network, and personal computer management, as well as safe conduct guidelines for Internet access and sending/receiving e-mails, in order to ensure the Company's information security. The information security risk management framework, information security policy, specific management plans, and resources invested in information security management are as follows:

1. Information security management framework:

The Company established a cross-departmental Information Security

Committee, in which the president serves as the convener and five senior executives serve as committee members. Meetings of the Information Security Committee are convened every week. The committee is mainly responsible for the planning, formulation, approval, and supervision of the Information Security policies, goals, and related regulations. In addition, the committee quarterly reports the results of the operations of the Information Security Management System to the board of directors. We have an Information Security Section responsible for planning, implementation, auditing, and improvement of information security management, and we established related management regulations and handling guidelines. All of our applications, operating system, and network systems have layers of control and protection mechanisms to prevent disasters, data corruption, and theft of confidential information. These effectively control our corporate information system risks and maintain business continuity.

2. Information security policy:

We insist on strengthening our information security, and ensure the confidentiality, integrity, and availability of information, so as to protect the rights and interests of customers, shareholders, employees, and suppliers, while fulfilling our CSR.

3. Information security measures:

(1) Comprehensive defense-in-depth architecture: Formed by sensitive data encryption, endpoint protection, and network gateway protection, which are supported by network access control, document output management, and e-mail protection mechanisms. We also installed metal detectors for controlled information security products and issued company smartphones for information security, so as to prevent external cyberattacks and internal leaks.

(2) Established physical security measures: Access control, system login identity authentication, password control, access right control, and periodic vulnerability scanning.

(3) Strengthened endpoint security: Installed anti-virus software, updated security patches, controlled USB access, and established a backup mechanism to strengthen system security and lower the risk of system vulnerabilities.

(4) Protection from the threat of external attacks: Installed an information security system, web isolation, and file disarming mechanisms to prevent computer viruses or malware from affecting information system services or accessing confidential data, and also prevent the theft of confidential data through social engineering.

(5) Protection of trade secrets: We reviewed trade secrets and registered them in the system and ensure that the Company's trade secrets are properly protected.

(6) Established an independent R&D environment: We established an independent information system and office with complete security measures, and implemented a classified document encryption and approval and authorization mechanism to ensure the safety and completeness of R&D results.

(7) Real-time intelligence operations center: System log interpretation and analysis, real-time abnormality warnings and emergency response, in order to prevent threats and risks from expanding.

(8) Enhanced training to raise information security awareness: We provide employees with annual information security education, training, social engineering exercises, and testing to raise their awareness of information security risks.

(9) Regulatory compliance: Each year, we examine our information security measures and regulations, follow information security issues, and formulate response plans to ensure their appropriateness and effectiveness.

(10) Supply chain security: In addition to the Company itself, we have expanded our information security to the entire supply chain. Equipment must pass a security inspection when entering our factories before they may be used. We also signed an information security clause with vendors and their employees to prevent attacks through our supply chain.

(11) Specialist cultivation: We recruit and develop the expertise and interdisciplinary integration ability of IT personnel, who obtain international certifications to enhance their core competencies and broaden their expertise.

4. Information security training and promotion 2022:

(1) Completed 2 social engineering drills each quarter, which send phishing e-mail and set drill goals. There were over 28,000 participants in the 8 drills during the year.

(2) All employees are required to complete reading courses on the Company Classified Information Management Guidelines and Computer Resource Requirements and Use Management Guidelines; training was 100% completed.
(3) Organized Information Security Month, in which over 3,500 people participated in the online Q&A with coverage reaching 99%.
(4) Promoted the participation of all employees and presentation in the form of short clips, and have employees share their own experience encountering fraud; 35 units submitted at least one short clip.
(5) Organized physical information security seminars (Virtual Artillery Fire in the Russo-Ukrainian War – Modern Cyber Warfare, Sharing of Trade Secret Cases) with over 120 participants and 204 hours.
(6) Organized social engineering drills and training for all employees; total hours reached 2,571 hours.

5. Resources invested in information security management
(1) Appointed an information security officer and established an Information Security Section under the President's Office, which currently has 7 professional information security personnel, on April 1, 2017.
(2) Installed a door frame metal detector and issued company phones to all employees for information security control in 2017.
(3) Began planning the implementation of a privileged account management system in the first quarter of 2019 for centralized management and records of privileged account login and operations on important servers.
(4) Obtained the international certification ISO/IEC 27001:2013 Information Security Management System (ISMS) for the first time in 2019. In 2022, the Company once again passed the information security verification carried out every three years for ISO 27001, and the scope of verification was expanded to all fabs (international certification valid from October 20, 2022 to October 20, 2025).
(5) Third party penetration tests have been conducted since 2021, and improvements and reinforcement of deficiencies found in drills were carried out. Penetration tests are periodically planned and conducted to examine the results of implementing controls for information security management.
(6) The OT (Facility) information security system established in 2022 increases asset visibility and provides effective monitoring and management mechanisms.

(7) An ISMS inspection of main downstream contractors was carried out in 2022. Appropriate corrective and preventive measures were taken for non-confirming items to ensure that the supply chain meets the Company's information security requirements

(8) Established employee web isolation and file disarming mechanisms to prevent computer viruses or malware from affecting information system services.

(9) Planned and implemented employee information security awareness training and professional information security training courses, and in coordination with the enactment of the Cyber Security Management Act, the Company is required the same as government agencies with Grade A information security responsibilities. We have already obtained EC-Council CCISO (Certified Chief Information Security Officer), EC-Council ECSA (Certified Security Analyst), EC-Council CEH (Certificated Ethical Hacker), EC-Council ECIH(Certified Incident Handler), CompTIA Security+, EC-Council CND and ISO/IEC 27001:2013 Information Security Management System (ISMS) Lead Auditor to enhance the professional competencies and efficiency of information security personnel.

(II) Losses sustained due to major information security incidents, potential impact, and response measures in the most recent year and up to the date of report; if it cannot be reasonably estimated, describe the facts that cannot be reasonably estimated: The Company did not have any major information security incidents in the most recent year and up to the date of report.

VII. Material Contracts

Agreements	Party	Term	Summary	Restriction Clause
Service Agreement	Inotera Memory Inc. (Renamed Micron Memory Taiwan, MMT)	From July 15, 2003 to April 30, 2022	Service provision	N/A
Amended and Restated Technology Transfer and License Agreement	Micron Technology Inc.	From November 26, 2008, until certain termination terms or mutual termination	Technology transfer and license	N/A
Technology Transfer and License Option Agreement for 20nm Process Node	Micron Technology Inc.	From January 1, 2013, until certain termination terms or mutual termination	Technology transfer and license	N/A

F. Financial Overview

I. Five-Year Financial Summary

(I) Condensed Statements of Financial Position and Comprehensive Income – by IFRSs

1. Condensed balance sheet - Consolidated

Unit: NT$ thousands

Item \ Year		Five-Year Financial Summary (Note 1)				
		2022	2021	2020	2019	2018
Current assets		105,512,317	106,459,698	76,744,601	72,862,627	82,386,911
Property, plant and equipment		84,897,394	76,206,692	79,728,620	85,530,112	95,358,992
Intangible assets		766,626	1,013,517	1,258,380	296,710	45,881
Other assets		11,059,413	7,740,956	7,900,379	6,411,203	4,794,029
Total assets		202,235,750	191,420,863	165,631,980	165,100,652	182,585,813
Current liabilities	Before Dist.	16,178,823	15,691,562	8,778,672	12,271,542	16,763,342
	After Dist.	22,778,823 (Note 2)	27,161,562	12,778,672	16,871,542	38,463,342
Non-current liabilities		5,098,877	2,751,233	3,041,281	817,557	915,173
Total Liabilities	Before Dist.	21,277,700	18,442,795	11,819,953	13,089,099	17,678,515
	After Dist.	27,877,700 (Note 2)	29,912,795	15,819,953	17,689,099	39,378,515
Equity attributable to owners of the parent		180,958,050	172,978,068	153,812,027	152,011,553	164,907,298
Common stock		30,980,079	30,968,749	30,935,939	30,733,649	31,032,389
Advance receipts for share capital		736	4,508	36,264	3,475	6,488
Capital surplus		32,824,366	32,804,505	32,451,689	32,005,339	33,557,005
Retained earnings	Before Dist.	116,540,636	113,317,248	94,546,574	91,457,122	103,367,925
	After Dist.	109,940,636 (Note 2)	101,847,248	90,546,574	86,857,122	81,667,925
Other equity		612,233	(4,116,942)	(3,011,507)	(1,041,100)	(273,834)
Treasury stock		—	—	(1,146,932)	(1,146,932)	(2,782,675)
Non-controlling interest		—	—	—	—	—
Total equity	Before Dist.	180,958,050	172,978,068	153,812,027	152,011,553	164,907,298
	After Dist.	174,358,050 (Note 2)	161,508,068	149,812,027	147,411,553	143,207,298

Note 1: The Financial Statements from the past five years have been audited by KPMG.

Note 2: The amount after distribution for 2022 are calculated based on cash dividends approved by the Board of Directors on February 22, 2023.

2. Condensed statement of comprehensive income - Consolidated

Unit: NT$ thousands

Item \ Year	Five-Year Financial Summary (Note)				
	2022	2021	2020	2019	2018
Operating revenues	56,952,275	85,604,158	61,005,514	51,727,458	84,721,804
Gross profit	21,342,094	37,043,948	15,691,578	16,494,087	46,616,003
Operating income	11,002,469	27,186,323	8,434,474	9,516,820	39,355,470
Non-operating income and expenses	5,874,871	581,107	556,743	1,708,462	2,228,867
Income before income tax	16,877,340	27,767,430	8,991,217	11,225,282	41,584,337
Profit from Continuing Operation	14,619,031	22,849,015	7,686,041	9,824,599	39,360,850
Income (Loss) from Discontinued Operation	–	–	–	–	–
Net income (Loss)	14,619,031	22,849,015	7,686,041	9,824,599	39,360,850
Other comprehensive income of the term (Net income after tax)	4,803,532	(1,183,776)	(1,966,996)	(802,668)	(247,580)
Total comprehensive income	19,422,563	21,665,239	5,719,045	9,021,931	39,113,270
Net Income attributable to owners of the parent	14,619,031	22,849,015	7,686,041	9,824,599	39,361,625
Net income attributable to non-controlling interests	–	–	–	–	(775)
Total comprehensive income attributable to owners of the parent	19,422,563	21,665,239	5,719,045	9,021,931	39,114,045
Total comprehensive income attributable to non-controlling interests	–	–	–	–	(775)
Earnings per share (NT$)	4.72	7.40	2.51	3.23	12.80

Note: The Financial Statements from the past five years have been audited by KPMG.

3. Condensed Statements of Financial Position – Stand-alone

Unit: NT$ thousands

Item \ Year		Five-Year Financial Summary (Note 1)				
		2022	2021	2020	2019	2018
Current assets		54,333,279	61,481,974	41,860,123	35,276,840	71,765,971
Property, plant and equipment		84,873,064	76,178,890	79,696,505	85,513,880	95,339,823
Intangible assets		766,626	1,013,517	1,258,380	296,710	45,881
Other assets		62,170,708	52,652,427	42,809,464	44,006,010	36,014,363
Total assets		202,143,677	191,326,808	165,624,472	165,093,440	203,166,038
Current liabilities	Before Dist.	16,091,171	15,601,643	8,776,884	12,267,524	37,346,075
	After Dist.	22,691,171 (Note 2)	27,071,643	12,776,884	16,867,524	59,046,075
Non-current liabilities		5,094,456	2,747,097	3,035,561	814,363	912,665
Total Liabilities	Before Dist.	21,185,627	18,348,740	11,812,445	13,081,887	38,258,740
	After Dist.	27,785,627 (Note 2)	29,818,740	15,812,445	17,681,887	59,958,740
Equity attributable to owners of the parent		—	—	—	—	—
Common stock		30,980,079	30,968,749	30,935,939	30,733,649	31,032,389
Advance receipts for share capital		736	4,508	36,264	3,475	6,488
Capital surplus		32,824,366	32,804,505	32,451,689	32,005,339	33,557,005
Retained earnings	Before Dist.	116,540,636	113,317,248	94,546,574	91,457,122	103,367,925
	After Dist.	109,940,636 (Note 2)	101,847,248	90,546,574	86,857,122	81,667,925
Other equity		612,233	(4,116,942)	(3,011,507)	(1,041,100)	(273,834)
Treasury stock		—	—	(1,146,932)	(1,146,932)	(2,782,675)
Non-controlling interest		—	—	—	—	—
Total equity	Before Dist.	180,958,050	172,978,068	153,812,027	152,011,553	164,907,298
	After Dist.	174,358,050 (Note 2)	161,508,068	149,812,027	147,411,553	143,207,298

Note 1: The Financial Statements from the past five years have been audited by KPMG.

Note 2: The amount after distribution for 2022 are calculated based on cash dividends approved by the Board of Directors on February 22, 2023.

4. Condensed Balance Sheets and Statements of Operations – Stand-alone

Unit: NT$ thousands

Item \ Year	Five-Year Financial Summary (Note)				
	2022	2021	2020	2019	2018
Operating revenues	56,254,747	85,481,242	60,700,390	51,475,494	84,269,952
Gross profit	21,072,487	36,758,281	15,416,122	16,233,371	46,292,143
Operating income	10,906,325	27,058,438	8,343,289	9,449,910	39,248,107
Non-operating income and expenses	5,862,580	615,176	630,729	1,758,464	2,318,431
Income before income tax	16,768,905	27,673,614	8,974,018	11,208,374	41,566,538
Profit from Continuing Operation	14,619,031	22,849,015	7,686,041	9,824,599	39,361,625
Income (Loss) from Discontinued Operation	—	—	—	—	—
Net income (Loss)	14,619,031	22,849,015	7,686,041	9,824,599	39,361,625
Other comprehensive income of the term (Net income after tax)	4,803,532	(1,183,776)	(1,966,996)	(802,668)	(247,580)
Total comprehensive income	19,422,563	21,665,239	5,719,045	9,021,931	39,114,045
Net Income attributable to owners of the parent	—	—	—	—	—
Net income attributable to non-controlling interests	—	—	—	—	—
Total comprehensive income attributable to owners of the parent	19,422,563	21,665,239	5,719,045	9,021,931	39,114,045
Total comprehensive income attributable to non-controlling interests	—	—	—	—	—
Earnings per share (NT$)	4.72	7.40	2.51	3.23	12.80

Note: The Financial Statements from the past five years have been audited by KPMG.

(II) Auditors' Opinions from the past five years

Year	Accounting firm	CPA's Name	Auditing Opinion
2018	KPMG Certified Public Accountants Firm	Hui-Chih Ko and Delphi Chen	An Unqualified Opinion Subsequent to Revision
2019	KPMG Certified Public Accountants Firm	Hui-Chih Ko and Hsin-Yi Kuo	An Unqualified Opinion Subsequent to Revision
2020	KPMG Certified Public Accountants Firm	Hui-Chih Ko and Hsin-Yi Kuo	Unmodified Opinion
2021	KPMG Certified Public Accountants Firm	Hui-Chih Ko and Hsin-Yi Kuo	Unmodified Opinion
2022	KPMG Certified Public Accountants Firm	Hui-Chih Ko and Hsin-Yi Kuo	Unmodified Opinion

II. Five-Year Financial Analysis

(I) Financial Analysis – Consolidated

Item		Five-Year Financial Summary (Note) 2022	2021	2020	2019	2018
Capital structure	Debt ratio (%)	10.52	9.63	7.13	7.92	9.68
	Long-term Fund to Property, Plant and Equipment Ratio (%)	219.15	230.59	196.73	178.68	173.89
Liquidity	Current ratio (%)	652.16	678.45	874.21	593.75	491.47
	Quick ratio (%)	496.23	594.32	695.98	432.73	408.39
	Times interest earned (times)	344.55	1174.25	686.46	3440.11	7240.61
Operating performance	Accounts receivable turnover (times)	7.15	8.80	8.04	6.06	9.26
	Days sales outstanding	51.04	41.47	45.39	60.23	39.41
	Inventory turnover (times)	2.03	3.77	2.81	2.32	3.99
	Accounts payable turnover (times)	8.42	19.57	18.80	9.67	9.58
	Inventory turnover days	179.80	96.81	129.89	157.32	91.47
	Property, plant and equipment turnover (times)	0.70	1.09	0.73	0.57	0.93
	Total assets turnover (times)	0.28	0.47	0.36	0.29	0.50
Profitability	Return on total assets (%)	7.44	12.80	4.65	5.65	23.61
	Return on total equity (%)	8.26	13.98	5.02	6.20	26.50
	Pre-tax income to paid-in capital ratio (%)	54.47	89.65	29.05	36.52	133.97
	Net margin (%)	25.66	26.69	12.59	18.99	46.45
	Earnings per share (NT$)	4.72	7.40	2.51	3.23	12.80
Cash flow	Current Ratio (%)	130.30	281.09	257.57	141.84	287.79
	Quick Ratio (%)	107.94	115.92	85.43	84.72	112.59
	Times Interest Earned (Times)	2.80	12.42	6.23	-1.56	13.67
Leverage	Operating leverage	2.38	1.56	2.71	2.51	1.30
	Financial leverage	1.00	1.00	1.00	1.00	1.00

Reasons for changes in financial ratios in recent two years. (Analysis not necessary if the change does not reach 20%)

1. Liquidity decreased in 2022 due to the decrease in net profit before tax, quick ratio, and times interest earned.
2. Overall operating ability and profitability declined in 2022 due to the decrease in net sales, which led to a decrease in net income after tax.
3. Cash flow ratio and cash reinvestment ratio in 2022 decreased compared to 2021 due to the decrease in net cash inflow from operating activities.
4. Operating leverage in 2022 decreased compared with 2021 due to the decrease in net operating revenue.

Note: The Financial Statements from the past five years have been audited by KPMG.

(II) Financial Analysis – Stand-alone

Item		Five-Year Financial Summary (Note) 2022	2021	2020	2019	2018
Capital structure	Debt ratio (%)	10.48	9.59	7.13	7.92	18.83
	Long-term Fund to Property, Plant and Equipment Ratio (%)	219.21	230.67	196.80	178.71	173.92
Liquidity	Current ratio (%)	337.65	394.07	476.93	287.56	192.16
	Quick ratio (%)	181.11	310.43	299.24	126.92	154.92
	Times interest earned (times)	342.35	1170.29	690.08	3588.82	7806.92
Operating performance	Accounts receivable turnover (times)	6.88	8.36	7.71	5.80	8.74
	Days sales outstanding	53.05	43.66	47.34	62.93	41.76
	Inventory turnover (times)	2.02	3.80	2.81	2.33	4.02
	Accounts payable turnover (times)	8.35	19.59	18.79	9.67	9.62
	Inventory turnover days	180.69	96.05	129.89	156.65	90.79
	Property, plant and equipment turnover (times)	0.69	1.09	0.73	0.56	0.92
	Total assets turnover (times)	0.28	0.47	0.36	0.27	0.47
Profitability	Return on total assets (%)	7.45	12.81	4.65	5.33	22.26
	Return on total equity (%)	8.26	13.98	5.02	6.20	26.51
	Pre-tax income to paid-in capital ratio (%)	54.12	89.35	28.99	36.46	133.91
	Net margin (%)	25.98	26.72	12.66	19.08	46.70
	Earnings per share (NT$)	4.72	7.40	2.51	3.23	12.80
Cash flow	Current Ratio (%)	129.88	279.71	248.57	136.72	128.77
	Quick Ratio (%)	106.36	114.06	84.15	83.75	111.84
	Times Interest Earned (Times)	2.75	12.28	5.96	-1.79	13.62
Leverage	Operating leverage	2.38	1.56	2.73	2.52	1.30
	Financial leverage	1.00	1.00	1.00	1.00	1.00

Reasons for changes in financial ratios in recent two years. (Analysis not necessary if the change does not reach 20%)

1. Liquidity decreased in 2022 due to the decrease in net profit before tax, quick ratio, and times interest earned.
2. Overall operating ability and profitability declined in 2022 due to the decrease in net sales, which led to a decrease in net income after tax.
3. Cash flow ratio and cash reinvestment ratio in 2022 decreased compared to 2021 due to the decrease in net cash inflow from operating activities.
4. Operating leverage in 2022 decreased compared with 2021 due to the decrease in net operating revenue.

Note: The Financial Statements from the past five years have been audited by KPMG.

Formulas for financial analysis are as follows:

1. Capital structure
   (1) Debt ratio = Total liabilities / Total assets
   (2) Long-term fund to property, plant and equipment ratio =(Total equity + non-current liabilities) / Net property, plant and equipment
2. Liquidity
   (1) Current ratio =Current assets / Current liabilities
   (2) Quick ratio = (Current assets – inventory – prepaid expenses) / Current liabilities
   (3) Times interest earned = Net Income before tax and interest expenses / Interest expenses
3. Operating performance
   (1) Account receivable turnover (including accounts receivable and notes receivable) = Net sales / Average account receivable (including account receivable and notes receivable) balance
   (2) Days sales outstanding = 365 / Receivable turnover
   (3) Inventory turnover = Cost of goods sold / Average inventory
   (4) payable turnover (including accounts payable and notes payable) = Cost of goods sold /Average account payable (including account payable and notes payable) balance
   (5) Inventory turnover days = 365 / Inventory turnover
   (6) Property, plant and equipment turnover = Net sales / Average net property, plant and equipment
   (7) Total assets turnover =Net sales / Average total assets
4. Profitability
   (1) Return on total assets = [Net income after tax + interest expense x (1-interest rate)] / Average total assets
   (2) Return on total equity = Net income after tax / Average shareholders' equity
   (3) Net margin = Net income / Net sales
   (4) Earnings per share = (Net income - preferred stock dividend) / Weighted average number of shares outstanding
5. Cash flow
   (1) Cash flow ratio = Net cash flow provided by operating activities / Current liabilities
   (2) Cash flow adequacy ratio = Five-year sum of cash from operations / Five-year sum of capital expenditures, inventory additions, and cash dividend
   (3) Cash flow reinvestment ratio = (Cash provided by operating activities - cash dividends) / (Gross property, plant and equipment + long-term investments + other noncurrent assets + working capital)
6. Leverage
   (1) Operating leverage = (Operating revenues – variable cost and expense) / Operating Income
   (2) Financial leverage = Operating income / (Operating income – interest expenses)

III. Audit Committee’s Review Report for the Most Recent Year:

Audit Committee’s Review Report

The Board of Directors has prepared the Company’s 2022 Business Report, Financial Statements (including consolidated and Stand-alone statements), and Proposal for Profits Distribution. The CPA firm of KPMG has audited the Financial Statements and issued an audit report relating to Financial Statements. The Business Report, Financial Statements, and Proposal for Profits Distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of Nanya Technology Corporation. According to the Article of the Securities and Exchange Act and Article of the Company Law, we hereby submit this report.

Nanya Technology Corporation

Chairman of the Audit Committee: Ching-Chyi Lai

February 22, 2023

IV. Consolidated Financial Statements for the Past Year

Please refer to Appendix A of the Annual Report.

V. Stand-alone Financial Statements for the Most Recent Year Reviewed and Certified by Independent Auditors

Please refer to Appendix B of the Annual Report.

VI. The Company should disclose the financial impact to the Company if the Company and its affiliated companies have incurred any financial or cash flow difficulties in the most recent year and as of the date of this Annual Report: None

G. Financial Status, Operating Results and Risk Management

I. Financial Status

Unit: NT$ thousands

Item \ Year	2022	2021	Difference	
			Amount	%
Current assets	105,512,317	106,459,698	(947,381)	(0.9)
Non-current assets	96,723,433	84,961,165	11,762,268	13.8
Total Assets	**202,235,750**	**191,420,863**	**10,814,887**	**5.6**
Current liabilities	16,178,823	15,691,562	487,261	3.1
Non-current liabilities	5,098,877	2,751,233	2,347,644	85.3
Total Liabilities	**21,277,700**	**18,442,795**	**2,834,905**	**15.4**
Common stock	30,980,079	30,968,749	11,330	0.0
Advance receipts for share capital	736	4,508	(3,772)	(83.7)
Capital surplus	32,824,366	32,804,505	19,861	0.1
Retained earnings	116,540,636	113,317,248	3,223,388	2.8
Other equity interest	612,233	(4,116,942)	4,729,175	(114.9)
Total equity	**180,958,050**	**172,978,068**	**7,979,982**	**4.6**

Explanation for Significant Changes:

1. Non-current liabilities: Mainly due to the increase in non-current lease liabilities.
2. Other equity interest: Mainly due to the positive effect of exchange differences on translation of foreign financial statements.

II. Financial performance

(I) Consolidated Report

Unit: NT$ thousands

Year / Item	2022	2021	Change (amount)	%
Operating revenues	56,952,275	85,604,158	(28,651,883)	(33.5)
Cost of goods sold	35,610,181	48,560,210	(12,950,029)	(26.7)
Gross profit	21,342,094	37,043,948	(15,701,854)	(42.4)
Operating expenses	10,339,625	9,857,625	482,000	4.9
Operating income	11,002,469	27,186,323	(16,183,854)	(59.5)
Non-operating income and expenses	5,874,871	581,107	5,293,764	911.0
Income before income tax	16,877,340	27,767,430	(10,890,090)	(39.2)
Minus: Income tax expense	2,258,309	4,918,415	(2,660,106)	(54.1)
Net income	14,619,031	22,849,015	(8,229,984)	(36.0)

Analysis for Significant Changes:

1. Operating revenues: Mainly due to the decrease in sales quality and average selling price.
2. Cost of goods sold: Mainly due to the decrease in sales quality.
3. Gross profit: Mainly due to the decrease in average selling price.
4. Operating income: Mainly due to the decrease in operating revenues and gross profit.
5. Non-operating income and expenses: Mainly due to the increase in exchange differences on translation and Interest income.
6. Income before income tax: Mainly due to the decrease in operating income.
7. Income tax expense: Mainly due to the decrease in income before income tax.
8. Net income: Mainly due to the decrease in income before income tax.

(II) Expected sales volume and its basis, potential impact on the Company's future financial position and business operations, and response plan: Please refer to A. Letter to Shareholders III. 2023 Business Plan.

III. Cash Flow

(I) Cash Flow Analysis for 2022

Unit: NT$ thousands

Cash balance, beginning (1)	Annual net cash flow from operating activities (2)	Net cash used in investing and financing activities (3)	Cash surplus (deficit) (1)+(2)-(3)	Remedy for insufficient cash	
				Investment plan	Financing plan
80,699,971	21,081,738	(28,188,447)	73,593,262	–	–

1. Operating activities: Net cash inflows from operations this year was NT$21.1 billion, and was mainly due to net income of NT$14.6 billion and depreciation of NT$15.0 billion.
2. Cash outflow from investing activities: Cash outflow from investing activities this year was approximately NT$20.9 billion, was mainly due to an increase of NT$20.7 billion in property, plant and equipment.
3. Cash outflow from financing activities: Cash outflow from financing activities this year was approximately NT$1.18 billion, and was mainly due to cash dividends of NT$1.15 billion.
4. Remedies for insufficient cash: None

Liquidity:

Item \ Year	December 31, 2022	December 31, 2021	Change (%)
Cash flow ratio (%)	130.30	281.09	(53.64)
Cash flow adequacy ratio (%)	107.94	115.92	(6.88)
Cash flow reinvestment ratio (%)	2.80	12.42	(77.46)

Explanation for significant changes:

(1) Cash flow ratio: Mainly due to the decrease in cash inflow from operations.

(2) Cash flow reinvestment ratio: Mainly due to the decrease in cash inflow from operations and the increase in cash dividends.

(II) Cash flow projection for next year:

Unit: NT$ thousands

Cash balance, beginning Balance	Annual net cash flow from operating activities	Annual cash outflow	Cash surplus (deficit)	Remedy for insufficient cash	
				Investment plan	Financing plan
73,593,262	(3,205,568)	(25,100,000)	45,287,694	–	–

Cash inflow from operating activities in the coming year is expected to be approximately NT$3.2 billion. Cash outflow is expected to be NT$25.1 billion, and will mainly be for the capital expenditures and cash dividends; our cash balance will be approximately NT45.3 billion.

IV. Major Capital Expenditures

Unit: NT$ thousands

Project	Sources of Funding	Total Funds Required (2022 and 2021)	Actual Capex AMT	
			2022	2021
Production and factory equipment and other capital expenditures.	Equity Fund	31,971,408	20,711,174	11,260,234

The capital expenditures above will allow the Company to transition a portion of its process technology from 30nm to 10nm and expanse new fab.

V. Reinvestment Policy, Cause of Gain or Loss, Corrective Action, and Investment Plan for the Coming Year Plan

Unit: NT$ thousands; December 31, 2023

Item \ Description	Investment	Policy	Cause of Gain (Loss)	Improvement plan	Other investment plan
NTC-USA	20,392	Selling of semiconductor products	19,979	—	—
Nanya-Delaware	36,005	Designing of semiconductor products	16,998	—	—
Nanya-HK	66,271	Selling of semiconductor products	12,134	—	—
Nanya-Japan	20,161	Selling of semiconductor products	165,340	—	—
Nanya-Europe	30,056	Selling of semiconductor products	9,346	—	—
NTC-Shenzhen	27,275	Selling of semiconductor products	1,470	—	—
Nanya Technology International, Ltd.	48,145,600	Investment business	948,710	—	—

VI. Risk Management

(I) Risk Associated with Interest Rates, Foreign Exchange and Inflation:

1.Interest rate: We do not have any interest bearing debt and our current assets exceed current liabilities. Our cash is mainly invested in short-term investments, future interest rate fluctuations should have no material impact on our profits & losses.

2.Foreign exchange: The functional currency of the Company is NTD. However, since DRAM products are mainly transacted in US dollars, over 90% of the company's revenues are in US dollars. Since over 50% of our capital expenditures each year is paid in USD or other foreign currencies, so we need to maintain an appropriate USD cash position. However, we also need to exchange USD to maintain daily operations and pay cash dividends and employee bonuses. At present, we dynamically adjust our USD cash position each month based on our future USD-denominated asset and debt position, so as to lower the effect of exchange rate fluctuations. In order to minimize the impact to the Company's profits and losses from exchange rate fluctuation, the Company can also buy/sell Foreign Exchange Forward for hedging purposes, if needed.

3.Inflation: According to Directorate of Budget, Accounting, and Statistics, Executive Yuan, the annual growth rate of consumer prices in 2022 was 2.95%, and the annual growth rate of core consumer prices was 2.60%. The increase in raw materials and operating costs affected the Company's profitability but inflation is expected to slow down in the coming year.

(II) Risks Associated with High-risk/high-leveraged Investment; Lending, Endorsements, and Guarantees for Other Parties; and Financial Derivative Transactions:

1. High-risk or high-leveraged investments: The Company did not engage in any high-risk or high-leveraged investments in 2022.
2. Lending to others: We did not lend funds to others in 2022. All lending operations are carried out in accordance with the Company's "The Procedure of Loans of Funds to Others".
3. Endorsements and guarantees: We did not provide any endorsements and guarantees in 2022. The transactions and procedures related to lending and endorsement are based on the Company's "The Procedure of Making Endorsements or Guarantees".
4. Financial derivative transactions: We engaged in financial derivative transactions to avoid market risks caused by exchange rate and interest rate fluctuations, and not for arbitrage or speculation. Transactions are executed in accordance with laws and regulations promulgated by the competent authority, IFRSs, "Handling Procedures to Engage in the Derivative Transaction of Products", and "Foreign Currency Transactions and Risk Management Regulations".

(III) Future Research & Development Plans and Expected R&D Spending:

We will continue to develop 10nm process technology and products. R&D expenses in 2023 are expected to be the same as in 2022.

(IV) Risks Associated with Changes in the Government Policies and Regulatory Environment:

NTC pays close attention to changes in domestic and international politics and economic situations, major policy formation, and regulation amendments. Professional training is provided to NTC employees as needed. The following summarizes major regulatory changes related to our finances and operations from 2022 to February 28, 2023:

On October 21, 2021, the Environmental Protection Administration of the Executive Yuan announced the draft amendment of the "Climate Change Response Law", and bill has passed through the third reading in the Legislative Yuan on Jan 10, 2023. The key points of the amendment include the incorporation of the 2050 net zero emission target, strengthening emission control and incentive mechanisms to promote carbon reduction, levying special carbon fees for designated use, and strengthening carbon footprints management mechanisms and product labeling. The concrete carbon fee rate and timing of levy will be separately announced. The Company will keep paying attention to the latest regulation amendments and following them accordingly.

(V) Impact of recent technological (including information security risk) and market changes on the Company's finance and business, and response measures:

Please refer to G. Financial Status, Operating Results and Risk Management VI. (XIII) 3. (3) Conflict between the United States and China has created tense political relations across the Taiwan Strait, creating uncertainty for future operations and (4) Hacking/Virus attacks may result in production, operations, or financial losses.

(VI) Impact of corporate image change on risk management and response measures:

NTC “keep inquiring to the very root” and “rest only when perfection is achieved” and insist on such determination to face problems openly and solve problems with practical methods. Also, we constantly keep the idea of “work hard, rest only when perfection is achieved, devote ourselves to society, and sustainable management.”

(VII) Risks Associated with Mergers and Acquisitions: None

(VIII) Risks Associated with Capacity Expansion:

Please see G. Financial Status, Operating Results and Risk Management IV. Major Capital Expenditures. NTC will take the best operational strategy for capacity expansion plans or production adjustments depending on customer needs, market supply and demand and funding sources.

(IX) Risks Associated with Sales Concentration and Purchase Concentration:

1. Concentration of sales

   Please refer to E. Operations overview II. (IV) Suppliers/Customers that Accounted for at Least 10% of Annual Procurement/Sales in the most recent two years. WPI and MediaTek Inc. accounted for more than 10% of sales in 2022, and all other customers accounted for less than 10%. Hence, the risk of sales concentration is acceptable.

2. Concentration of purchase

   Please refer to E. Operations overview II. (IV) Suppliers/Customers that Accounted for at Least 10% of Annual Procurement/Sales in the most recent two years. There is no supplier accounted for more than 10% of purchase in 2022. We still have multiple sources and qualified suppliers to ensure the stability and quality of manufacturing materials. Therefore, the risk of purchase concentration risk is minimal.

(X) Potential Impact and Risks Associated with Sales of Significant Numbers of Shares by Nanya's Directors, and/or Major Shareholders Who Own 10% or More of Nanya's Total Outstanding Shares: None

(XI) Risks Associated with Change in Management: None

(XII) Risks Associated with Litigation:

1. In mid of 2010, Nanya Technology Corporation ("Nanya"), other manufacturers and individuals were alleged to international cartel in the industry for DRAM, which may have effected the Brazilian market. This case is currently being reviewed by the courts in the Federative Republic of Brazil. We have engaged counsels to deal with the case to protect our interests.
2. The U.S.-based Monterey Research LLC. accused Nanya Technology Corporation and subsidiaries Nanya Technology USA and Nanya Technology Delaware in the U.S. District Court for the District of Delaware for patent infringement in November 2019. We have engaged counsels to properly handle the case to protect our rights and interests.

3. The Ireland-based Polaris Innovations Limited accused Nanya Technology Corporation in the U.S. District Court for the Eastern District of Texas for patent infringement in February 2023. We have engaged counsels to properly handle the case to protect our rights and interests.

(XIII)Other Material Risks:

1. Guidelines of internal material information

(1) We uphold the principles of "diligence, perseverance, frugality and trustworthiness" and have established a strict code of conduct. We hope that employees will take responsibility for their actions at work and in life and comply with the code of conduct and code of ethics. Employees are strictly prohibited from leaking trade secrets, giving false information, obtaining fraudulent personal gains, or spreading rumors.

(2) The Company has established the “Operating Procedures for Handling Material Inside Information” to specify the scope of material inside information, to require the Directors, managers and employees to keep the inside material information confidential, and to establish the confidentiality mechanism for material inside information and the provision of penalties for non-compliance. Internal evaluation and approval shall be obtained before public disclosure of material information and the Company's spokesperson or acting spokesperson shall speak on behalf of the Company in principle. In addition, the internal material information processing procedures are incorporated into the internal control and internal audit system, and training is provided on a timely basis.

(3) The Company has a “Personnel Management Rules” and informs the Employee that, without written permission, it shall not disclose any internal information to the public, nor shall it be used for personal or other business purposes.

(4) We also established Spokesperson Guidelines to provide a complete set of principles for handling information transparency and material abnormalities in our factories. Except from the spokesperson, all employees are prohibited from disclosing information and data on company policy, business, or financial position to the public to prevent violating the law and insider trading.

2. Response measures for the COVID-19 pandemic:

(1) Establish a Pandemic Response Task Force:

We establish a Pandemic Response Task Force on January 30, 2020. The special assistant of the President's Office is appointed as the commander and directly reports to the President. The task force meets periodically and is responsible for establishing, implementing, and providing guidance for pandemic prevention measures and tasks in response to developments in the pandemic and government regulations each day.

(2) Pandemic prevention measures:

We strictly enforce pandemic prevention measures with high standards in coordination with government regulations, in order to protect the health of our employees, suppliers, and visitors.

A. Internal pandemic prevention measures include a work model that divides employees into different groups, areas, and work hours, employees of overseas subsidiaries work at home, and all factory personnel have their temperatures taken, wear masks, and maintain healthy diets.

B. External pandemic prevention measures include visitor control and replacing business trips with video/telephone conferences.

(3) Supply Chain Management:

A. Manufacturing and outsourced packaging and testing are all carried out in Taiwan and not impacted by the pandemic.

B. Our suppliers of raw materials and parts and components currently have not been affected.

(a) Shipments and transportation in the supply chain are currently normal.

(b) Increase stocking in factories and at suppliers.

(c) Increase the sources of suppliers to disperse risk.

(4) Customer support:

Exert every effort to assist customers in maintaining stable production lines, ensure the flexibility of their supply chain, and give priority to satisfying customers' needs.

(5) Operating status and subsequent actions:

The Company's operations and shipments have remained normal since the pandemic began. We will continue to closely monitor developments in the pandemic and take necessary epidemic prevention measures when necessary.

3. Emerging risks:

(1) The government's energy transformation and carbon reduction policy may put pressure on the Company's operations:

A. Risk description:

(a) The government adopted a new energy policy to achieve a non-nuclear homeland by 2025, and is thus promoting the energy transformation of Taiwan Power Company and general enterprises.

(b) The government will pass carbon reduction measures into law and promote the carbon reduction transition of enterprises to achieve its commitment to net zero emissions by 2050.

(c) The government may begin collecting carbon fees in 2024, which might increase the Company's operating costs.

(d) The government is expected to set carbon emission limits for each industry in 3-5 years to control total GHG emissions.

B. Impact:

(a) During peak electricity usage in the future, if the power generators or transmission and distribution systems of Taiwan Power Company malfunction and renewable energy supply is unstable, it may result in power rationing.

(b) When carbon reduction measures are passed into law in the future, the cost of raw material production plants will increase and cause the Company's raw materials costs to increase, creating the issue of green inflation.

(c) When Taiwan begins to collect carbon fees in the future, Nanya Technology Corporation expects expenses to increase by NT$43-650 million each year, which will impact profits.

(d) Additional expenses are required to purchase carbon rights when GHG emissions exceed the total limit.

C. Response measures:

(a) To respond to and prevent the risk of power rationing, we have installed diesel fuel power generators and Dynamic Uninterruptible Power Supply (DUPS) to increase the operational resilience of our factories, and planned the following measures:

- Set electricity saving plans and reduce overall electricity consumption.
- Reduce electricity use for non-production purposes when there is insufficient power supply.
- Review available space and install solar panels to generate electricity for self use.

(b) In response to future limits on GHG emissions, the Company began implementing the Science Based Target (SBT) project in 2022 to reduce GHG emissions.

(c) Continue to observe the legislation of related laws and regulations.

(2) Insufficient key talents:

A. Risk description:

(a) The semiconductor industry has become a key industry that has attracted global attention. Recently, many major companies are building new fabs, expanding production capacity, or upgrading technologies, and it has significantly increased demand on key semiconductor talent. Due to the severely low birth rate in Taiwan, the number of students graduating from science and engineering departments has significantly decreased, and impacted the mid-term and long-term talent supply of the overall industry.

(b) A domestic semiconductor manufacturer has announced that its new fab will recruit at least 15,800 employees. This does not include the manpower required when fabs that have passed the environmental impact assessment begin production in the future. As a result, the domestic semiconductor industry will continue to suffer from a labor shortage, which will increase the difficulty of recruiting key talent.

B. Impact:

(a) The semiconductor industry has a shortage of technical talent, insufficient recruitment or loss of current talent will severely impact the product and process technology development of companies, which will further impact their long-term competitiveness.

(b) As new generation fabs are being built, a considerable amount of talent will be needed in the future, and a shortage of employees will impact the time it takes for the Company's new fab to reach mass production, and business growth will be limited.

C. Response measures:

(a) Build a pool of key talent and implement key talent development and retention measures.

(b) Expand the scope of industry-academia collaboration, establish an internship cooperation platform with nearby universities, and establish a stable source of human resources in the long-term.

(c) Monitor industrial, government, academic, and research talent trends, and support and promote talent development measures. Improve company image, enhance the brand as an employer, and attract talent to join the Company.

(d) Encourage women and foreign workers to join the semiconductor industry and increase the percentage they account for in promotions and hiring.

(3) Conflict between the United States and China has created tense political relations across the Taiwan Strait, creating uncertainty for future operations:

A. Risk description:

U.S. House of Representatives Speaker Nancy Pelosi visited Taiwan in August 2022, and caused China to conduct a large scale military exercise in the Taiwan Strait. The U.S. Congress recently passed several bills to support Taiwan and build closer relationships with Taiwan. Hence, cross-Strait relations may become a part of the conflict between the U.S. and China.

B. Impact:

(a) If tensions in the Taiwan Strait rise, it may force the upstream supply chain to change its shipping route, which will significantly increase transportation time and cost.

(b) If tensions in the Taiwan Strait rise, it may also cause downstream customers to worry about the stability of the Company's deliveries, and transfer purchase orders to supply chains in other regions, affecting the company's purchase orders.

(c) If tensions in the Taiwan Strait rise, it may severely impact the confidence of international and domestic financial markets, and will impact the Company's operations.

C. Response measures:

(a) Monitor the situation in the Taiwan Strait and increase inventory of raw materials when appropriate.

(b) Consider increasing overseas production bases to diversify the Company's operational risk and reduce customers' concern about the stability of delivery.

(4) Hacking/Viruses may cause production, operations, or financial losses:

A. Risk description:

(a) The rise and convenience of the Internet provides excellent channels and environment for cyber criminals. The number of information security incidents (mainly extortion) has significantly increased due to cyberattacks/viruses from hackers. The number of major information security incidents among public companies in Taiwan in the fourth quarter of 2022 was higher than the total of the first three quarters (as shown in the table below).

Major information security incidents of public companies in Taiwan in 2022				
Quarter	2022 Q1	2022 Q2	2022 Q3	2022 Q4
Number of suppliers	3	0	2	6

Source: TWSE

(b) According to the Company's internal statistics, the number of hacking attempts in 2022 increased approximately 200% compared with 2021, showing a significant increase in information security risk.

(c) The supply chain has inadequate information security. When hackers cannot directly hack their main target, they will attack the relatively vulnerable supply chain instead to increase their chances of hacking their main target.

B. Impact:

(a) If hackers obtain classified and sensitive data of the Company or customers, they will be able to threaten or extort the Company.

(b) Hackers that steal the Company's advanced process technologies will threaten the Company's sustainability and profitability in the long-term.

(c) If hackers paralyze the Company's operations, it will cause production or operational losses.

C. Response measures:

(a) Establish complete monitoring mechanisms to immediately discover abnormal conduct and lower the probability of hacking or data leakage.

(b) Establish defense-in-depth to increase the difficulty of hacking, and encrypt classified files to prevent the data from being exploited or used for threats after being leaked.

(c) Continue to patch system vulnerabilities to lower known risks.

(d) Continue to analyze hacking methods and patch system vulnerabilities to block attacks.

(e) Continue to conduct information security incident drills to improve emergency response abilities.

(f) Establish supply chain classified management measures, and prepare a supplier information security self-evaluation questionnaire, to help suppliers examine potential risks and vulnerabilities, and thereby improve the overall information security of the supply chain.

VII. Other Important Matters: None

H. Other Special Notes

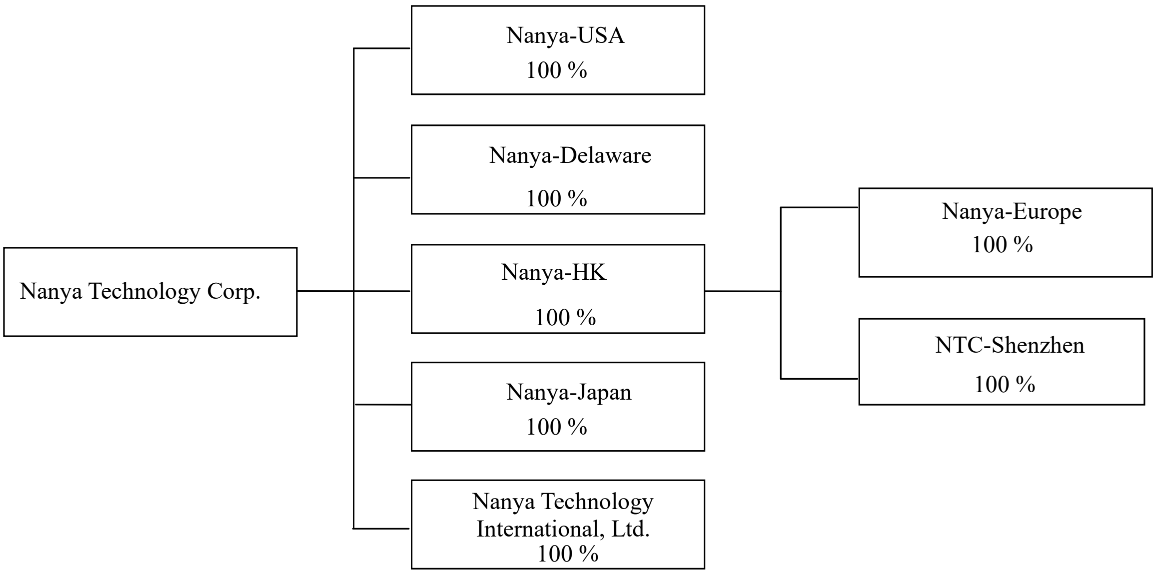
I. Profiles of affiliates and subsidiaries

(I) Consolidated Operation Report of Affiliates

1. Summary of NTC's Subsidiaries

(1) Subsidiary Chart:

December 31, 2022



(2) Subsidiary Information:

Unit: Thousands; December 31, 2022

Name of Subsidiary	Date of Incorporation	Address	Capital Stock	Business Activities
Nanya-USA	1997.04	1735 Technology Drive, Suite 400, San Jose, CA 95110	US$ 720	Selling of semiconductor products.
Nanya-Delaware	2008.10	245 Commerce Green Blvd. #210, Sugar Land, TX 77478	US$ 1,100	Designing of semiconductor products.
Nanya-HK	2002.04	7th Floor, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong	HKD 15,366	Selling of semiconductor products.
Nanya-Japan	2002.09	8F Moriden Building, 3-9-9 Mita, Minato-ku,Tokyo, 108-0073, Japan	JPY 70,000	Selling of semiconductor products.
Nanya-Europe	2002.09	Pempelforter Strasse 50, 40211 Duesseldorf, Germany	EUR 800	Selling of semiconductor products.
NTC-Shenzhen	2006.08	201-209, 2nd Floor, Building 2, Nanyou 4th Industrial Zone, No.1124, Nanshan Avenue, Nanguang Community, Nanshan Subdistrict, Nanshan District, Shenzhen City	US$ 985	Selling of semiconductor products.
Nanya Technology International, Ltd.	2018.11	Vistra Corporate Services Centre, Wickhams Cay II,Road Town, Tortola,VG1110,British Virgin Islands	US$ 1,600,000	General investments

(3) Shareholders in Common of NTC and Its Subsidiary with Deemed Control and Subordination: None

(4) Businesses covered by the affiliated enterprises' overall operations

The subsidiary overall is engaged in research, development, design, manufacturing and sale of semiconductor products. NTC-USA, NTC-Japan, NTC-HK, NTC-Europe and NTC-Shenzhen those are selling semiconductor products on behalf of NTC. Nanya Technology International, Ltd. is engaged in general investments.

(5) Directors, Supervisors and Presidents of NTC's Subsidiaries

December 31, 2022

Name of Subsidiary	Title	Name or Representative	Shareholding	
			Shares (Amount of contribution)	Shareholding percentage
Nanya-USA	Chairman	Pei-Ing Lee	—	—
	Director	Rex Chuang	—	—
	Director	Rex Chen	—	—
	Director	Brian Donahue	—	—
	President	Brian Donahue	—	—
			Nanya Technology Corporation holds 2,400 shares	100%
Nanya-Delaware	Chairman	Pei-Ing Lee	—	—
	Director	Chi-Meng Su	—	—
	Director	Joseph Wu	—	—
	Director	Douglas Lewellen	—	—
	President	Douglas Lewellen	—	—
			Nanya Technology Corporation holds 1 shares	100%
Nanya-HK	Director	Pei-Ing Lee	—	—
	Director	Lin-Chin Su	—	—
	Director	Rex Chen	—	—
	President	Pei-Ing Lee	—	—
			Nanya Technology Corporation holds 19,700 shares	100%
Nanya-Japan (Note)	Representative Director	Pei-Ing Lee	—	—
	Representative Director	Chin-Lu Pan	—	—
	Director	Lin-Chin Su	—	—
	Director	Joseph Wu	—	—
	Director	Rex Chen	—	—
	Supervisor	Hung-Chi Kuo	—	—
	President	Chin-Lu Pan	—	—
			Nanya Technology Corporation holds 1,000 shares	100%

Note: As of March 31, 2023, Nanya-Japan's Representative Director, Director, Supervisor and President are Pei-Ing Lee and Rex Chen, Lin-Chin Su and Joseph Wu, Hung-Chi Kuo, Rex Chen.

Name of Subsidiary	Title	Name or Representative	Shareholding	
			Shares (Amount of contribution)	Shareholding percentage
Nanya-Europe	Managing Director	Jean-Louis Freart	-	-
			(Invested EUR800,000 through Nanya-HK)	100%
NTC-Shenzhen	Chairman	Pei-Ing Lee	—	—
	Director	Lin-Chin Su	—	—
	Director	Rex Chen	—	—
	Supervisor	Hung-Chi Kuo	—	—
	President	Rex Chen (Note)	—	—
			(Invested US$985,000 through Nanya-HK)	100%
Nanya Technology International, Ltd.	Director	Chia Chau, Wu	—	—
	Director	Pei-Ing Lee	—	—
			Nanya Technology Corporation holds 1,600 shares	100%

Note: Chin-Lu Pan, NTC-Shenzhen's new President, took office on March 1, 2023.

(6) Operational Highlights of NTC's Subsidiaries:

Unit: NT$ thousands; December 31, 2022

Name of Subsidiary	Capital	Total assets	Total liabilities	Net worth	Operating revenues	Operating income	Profit or loss for the current period (After-tax)	Earnings per share (NT$) (NT$; After-tax)
Nanya-USA	20,392	1,210,342	981,478	228,864	9,079,422	26,886	19,979	8,325
Nanya-Delaware	36,005	240,549	19,887	220,662	453,363	21,589	16,998	16,997,617
Nanya-HK	66,271	1,001,894	910,756	91,138	5,467,744	5,007	12,134	616
Nanya-Japan	20,161	539,498	136,177	403,321	4,105,524	42,107	165,341	165,341
Nanya-Europe	30,056	955,656	870,705	84,951	5,233,841	(417)	9,346	-
NTC-Shenzhen	30,247	27,595	2,773	24,822	51,599	4,101	1,470	-
Nanya Technology International, Ltd.	48,145,600	50,181,697	-	50,181,697	-	(72)	948,710	592,944

Note: 1. NTC-USA, NTC-HK, NTC-Japan, NTC-Europe and NTC-Shenzhen are product sales offices. Nanya-Dlaware is product design center. Nanya Technology International, Ltd. is engaged in general investments.

2. Daily exchange rate used in the report:

(1)Total assets, Total liabilities 1USD =NT$30.708 ; Operating revenue, Operating income, Net income 1USD =NT$29.8517 。

(2)Total assets, Total liabilities 1JPY =NT$0.2306 ; Operating revenue, Operating income, Net income 1JPY =NT$0.2269 。

(3)Total assets, Total liabilities 1EUR =NT$32.7026 ; Operating revenue, Operating income, Net income 1EUR =NT$31.3162 。

(4)Total assets, Total liabilities 1HKD =NT$3.9345 ; Operating revenue, Operating income, Net income 1HKD =NT$3.9345 。

(5)Total assets, Total liabilities 1CNY =NT$4.4046 ; Operating revenue, Operating income, Net income 1CNY =NT$4.4342 。

(II) Consolidated Financial Statements of Affiliated Enterprises

1. Representation Letter

Representation Letter

The entities that are required to be included in the consolidated financial statements of Nanya Technology Corporation as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Nanya Technology Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

It is hereby declared

Company name: Nanya Technology Corportion

Chairman: Chia Chau, Wu

Date: February 22, 2023

2. Consolidated Financial Statements of Affiliated Enterprises: same as NTC’s Financial Statements.

(III) Consolidated Business Reports of Affiliated Enterprises: None

II. Private Placement Securities in the past year and up to the date of report: None

III. Holding or disposal of stocks of the Company by subsidiaries in the past year and up to the date of report: None

IV. Other supplemental information: None

V. Any Events in the past year and up to the date of report that Had Significant Impacts on Shareholders’ Right or Share Prices as Stated in Item 3 Paragraph 2 of Article36 of Securities and Exchange Law of Taiwan: None

Appendix A

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

Stock Code:2408

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

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

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Representation Letter

The entities that are required to be included in the consolidated financial statements of Nanya Technology Corporation as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Nanya Technology Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Nanya Technology Corporation
Chairman: JIA-ZHAO, WU
Date: Febuary 22, 2023

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KPMG
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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' Report

To the Board of Directors of Nanya Technology Corporation:

Opinion

We have audited the consolidated financial statements of Nanya Technology Corporation ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of inventories

Please refer to Notes 4(h), 5, as well as 6(e) for details on accounting policy, judgments and major sources of estimation uncertainty, as well as disclosure on information about inventory valuation, respectively.

The Group recognizes a loss from the devaluation of inventories on a quarterly basis based on the lower of cost or net realizable value method. The international market price of DRAM has significantly affected the net realizable value of inventories. Therefore, the evaluation of inventory has been identified as a key audit matter in the consolidated financial statements.

The principal audit procedures performed to address the aforementioned key audit matter included understanding the basis adopted by the management in the estimate of net realizable value, and sampling to test the reasonableness of the net realizable value.

Other Matter

The company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. Furthermore, we remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)
Febuary 22, 2023

Notes to Readers

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

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 73,593,262	36	80,699,971	42
1150	Notes receivable, net (Notes 6(c) and (q))	516	-	-	-
1170	Accounts receivable, net (Notes 6(c) and (q))	4,359,244	2	11,568,536	6
1200	Other receivables (Note 6(d))	2,331,729	1	989,699	1
1310	Inventories (Note 6(e))	23,384,447	12	11,611,235	6
1410	Prepayments (Note 6(f))	967,609	1	835,419	1
1470	Other current assets (Note 6(f))	875,510	-	754,838	-
	Total current assets	105,512,317	52	106,459,698	56
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income	16,566	-	11,071	-
1535	Non-current financial assets at amortized cost, net (Notes 6(b) and 8)	728,864	-	-	-
1550	Investments accounted for using equity method (Note (g))	5,385,900	3	5,339,031	3
1600	Property, plant and equipment (Notes 6(h), (w) and 7)	84,897,394	42	76,206,692	39
1755	Right-of-use assets (Notes 6(i), (w) and 7)	4,523,110	2	1,707,092	2
1780	Intangible assets	766,626	1	1,013,517	-
1840	Deferred tax assets (Note 6(m))	333,267	-	296,088	-
194D	Long-term financial lease payments receivable (Note 6(j))	-	-	254,305	-
1990	Other non-current assets (Note 8)	71,706	-	133,369	-
	Total non-current assets	96,723,433	48	84,961,165	44
	Total assets	$ 202,235,750	100	191,420,863	100

	Liabilities and Equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities:				
2170	Accounts payable	$ 5,395,353	3	2,730,151	2
2180	Accounts payable to related parties (Note 7)	208,957	-	119,514	-
2200	Other payables	5,294,136	2	6,648,006	4
2220	Other payables to related parties (Note 7)	1,431,951	1	1,237,215	1
2230	Current tax liabilities	3,477,759	2	4,722,861	2
2280	Current lease liabilities (Notes (k) and 7)	360,895	-	214,928	-
2399	Other current liabilities	9,772	-	18,887	-
	Total current liabilities	16,178,823	8	15,691,562	9
	Non-Current liabilities:				
2570	Deferred tax liabilities (Note 6(m))	4,034	-	28,549	-
2580	Non-current lease liabilities (Notes 6(k) and 7)	4,200,447	2	1,509,673	1
2640	Net defined benefit liability, non-current (Note 6(l))	530,688	-	641,238	-
2670	Other non-current liabilities	363,708	-	571,773	-
	Total non-current liabilities	5,098,877	2	2,751,233	1
	Total liabilities	21,277,700	10	18,442,795	10
	Equity (Note 6(n)):				
3110	Ordinary shares	30,980,079	16	30,968,749	16
3140	Advance receipts for share capital	736	-	4,508	-
3200	Capital surplus	32,824,366	16	32,804,505	17
3310	Legal reserve	17,156,884	9	14,879,816	8
3320	Special reserve	4,116,942	2	3,011,507	2
3350	Unappropriated retained earnings	95,266,810	47	95,425,925	49
3400	Other equity interest	612,233	-	(4,116,942)	(2)
	Total equity	180,958,050	90	172,978,068	90
	Total liabilities and equity	$ 202,235,750	100	191,420,863	100

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 years ended December 31, 2022 and 2021

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

		2022		2021	
		Amount	%	Amount	%
4000	**Operating revenue (Note 6(q))**	56,952,275	100	85,604,158	100
5000	**Operating costs (Notes 6(e), (h), (i), (k), (l), (o), (r) and 7)**	(35,610,181)	(62)	(48,560,210)	(57)
	Gross profit from operations	21,342,094	38	37,043,948	43
	Operating expenses (Notes (h), (i), (k), (l), (o), (r) and 7):				
6100	Selling expenses	(754,103)	(1)	(827,171)	(1)
6200	Administrative expenses	(1,744,023)	(3)	(1,530,674)	(2)
6300	Research and development expenses	(7,841,499)	(14)	(7,499,780)	(8)
	Total operating expenses	(10,339,625)	(18)	(9,857,625)	(11)
	Net operating income	11,002,469	20	27,186,323	32
	Non-operating income and expenses (Notes 6(f), (g), (h), (j), (k), (s) and 7):				
7100	Interest income	1,394,766	2	273,852	-
7010	Other income	514,382	1	-	-
7020	Other gains and losses, net	3,441,255	6	(190,055)	-
7050	Finance costs	(49,125)	-	(23,667)	-
7060	Share of profit of associates accounted for using equity method, net (Notes 6(g), (h), (j), (k), (s) and 7)	573,593	1	520,977	-
	Total non-operating income and expenses	5,874,871	10	581,107	-
7900	**Profit before tax**	16,877,340	30	27,767,430	32
7950	**Income tax expenses** (Note (m))	(2,258,309)	(4)	(4,918,415)	(6)
	Profit	14,619,031	26	22,849,015	26
8300	**Other comprehensive income (Notes 6(l), (m) and (n)):**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Remeasurements of the net defined benefit	97,079	-	(92,311)	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(505)	-	(929)	-
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	(172,968)	-	(16,991)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	19,315	-	(18,648)	-
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	(95,709)	-	(91,583)	-
8360	**Components of other comprehensive income that may be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	4,899,241	8	(1,092,193)	(1)
8399	Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that may be reclassified to profit or loss	4,899,241	8	(1,092,193)	(1)
8300	**Other comprehensive income, net**	4,803,532	8	(1,183,776)	(1)
8500	**Comprehensive income**	**$ 19,422,563**	**34**	**21,665,239**	**25**
	Earnings per share (Note (p))				
9750	Basic earnings per share	**$ 4.72**		**7.40**	
9850	Diluted earnings per share	**$ 4.68**		**7.35**	

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 years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

							Other equity interest				
	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	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	Treasury shares	Total equity
Balance at January 1, 2021	$ 30,935,939	36,264	32,451,689	14,110,871	1,041,100	79,394,603	(2,893,732)	(117,775)	(3,011,507)	(1,146,932)	153,812,027
Net profit for the year months ended December 31, 2021	-	-	-	-	-	22,849,015	-	-	-	-	22,849,015
Other comprehensive income for the year months ended December 31, 2021	-	-	-	-	-	(78,341)	(1,092,193)	(13,242)	(1,105,435)	-	(1,183,776)
Total comprehensive income for the year months ended December 31, 2021	-	-	-	-	-	22,770,674	(1,092,193)	(13,242)	(1,105,435)	-	21,665,239
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	-	768,945	-	(768,945)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	1,970,407	(1,970,407)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(4,000,000)	-	-	-	-	(4,000,000)
Other changes in capital surplus:											
Changes in equity of associates accounted for using equity method	-	-	15	-	-	-	-	-	-	-	15
Past due unclaimed dividends	-	-	123	-	-	-	-	-	-	-	123
Exercise of employee share options	39,280	(31,756)	72,500	-	-	-	-	-	-	-	80,024
Treasury shares transferred to employees	-	-	310,811	-	-	-	-	-	-	1,109,829	1,420,640
Retirement of treasury shares	(6,470)	-	(30,633)	-	-	-	-	-	-	37,103	-
Balance at December 31, 2021	30,968,749	4,508	32,804,505	14,879,816	3,011,507	95,425,925	(3,985,925)	(131,017)	(4,116,942)	-	172,978,068
Net profit for the year months ended December 31, 2022	-	-	-	-	-	14,619,031	-	-	-	-	14,619,031
Other comprehensive income for the year months ended December 31, 2022	-	-	-	-	-	74,357	4,899,241	(170,066)	4,729,175	-	4,803,532
for the year months ended December 31, 2022	-	-	-	-	-	14,693,388	4,899,241	(170,066)	4,729,175	-	19,422,563
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	-	2,277,068	-	(2,277,068)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	1,105,435	(1,105,435)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(11,470,000)	-	-	-	-	(11,470,000)
Other changes in capital surplus:											
Changes in equity of associates accounted for using equity method	-	-	22	-	-	-	-	-	-	-	22
Past due unclaimed dividends	-	-	62	-	-	-	-	-	-	-	62
Exercise of employee share options	11,330	(3,772)	19,777	-	-	-	-	-	-	-	27,335
Balance at December 31, 2022	**$ 30,980,079**	**736**	**32,824,366**	**17,156,884**	**4,116,942**	**95,266,810**	**913,316**	**(301,083)**	**612,233**	**-**	**180,958,050**

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 years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities:		
Profit before tax	$ 16,877,340	27,767,430
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	14,988,409	15,033,765
Amortization expense	258,128	260,025
Interest expense	49,125	23,667
Interest income	(1,394,766)	(273,852)
Share-based payments	-	313,110
Share of profit of associates accounted for using equity method	(573,593)	(520,977)
Gain or loss on disposal of property, plant and equipment	(74,987)	8,876
Impairment loss on non-financial assets	23,263	31,640
Unrealized foreign exchange gain	575,980	(21,785)
Total adjustments to reconcile profit	13,851,559	14,854,469
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	7,163,726	(3,729,591)
Other receivables	(857,582)	527,787
Inventories	(11,773,212)	2,515,747
Prepayments	(132,190)	(275,938)
Other current assets	(120,672)	205,110
Accounts payable (including related parties)	(75,435)	679,016
Other payables (including related parties)	(1,105,000)	2,670,206
Other current liabilities	(9,115)	(56,872)
Net defined benefit liability	(13,471)	(17,356)
Other non-current liabilities	2,343	(3,074)
Total net changes in operating assets and liabilities	(6,920,608)	2,515,035
Cash inflow generated from operations	23,808,291	45,136,934
Interest received	901,973	217,675
Interest paid	(45,372)	(23,806)
Income taxes paid	(3,583,154)	(1,223,342)
Net cash flows from operating activities	21,081,738	44,107,461
Cash flows used in investing activities:		
Acquisition of financial assets at amortized cost	(723,473)	-
Acquisition of financial assets at fair value through other comprehensive income	(6,000)	(12,000)
Acquisition of property, plant and equipment	(20,711,174)	(11,260,234)
Proceeds from disposal of property, plant and equipment	122,847	-
Increase (decrease) in refundable deposits	50,528	(18,799)
Acquisition of intangible assets	(218,437)	(218,437)
Decrease in lease and installment receivables	264,330	264,330
Increase in other non-current assets	(802)	(10,334)
Dividends received	353,778	325,475
Net cash flows used in investing activities	(20,868,403)	(10,929,999)
Cash flows used in financing activities:		
Decrease in guarantee deposits received	(47,318)	(59,248)
Payment of lease liabilities	(281,419)	(188,376)
Cash dividends paid	(11,470,000)	(4,000,000)
Exercise of employee share options	27,335	80,024
Treasury shares transferred to employees	-	1,107,530
Net cash flows used in financing activities	(11,771,402)	(3,060,070)
Effect of exchange rate changes on cash and cash equivalents	4,451,358	(1,143,327)
Net increase in cash and cash equivalents	(7,106,709)	28,974,065
Cash and cash equivalents at beginning of period	80,699,971	51,725,906
Cash and cash equivalents at end of period	$ **73,593,262**	**80,699,971**

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

For the years ended December 31, 2022 and 2021

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

(1) Company history

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

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

The consolidated financial statements were authorized for issuance by the Board of Directors on February 22, 2023.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment—Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	After reconsidering certain aspects of the 2020 amendments1, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability' s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

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

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

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

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission, ROC (hereinafter referred to IFRS as endorsed by the FSC).

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis.

1) Financial assets at fair value through other comprehensive income are measured at fair value.

2) The defined benefit liabilities are measured as the fair value of the plan assets, less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of the Group is determined based on the primary economic environment in which the entities operate. The consolidated financial statements are presented in New Taiwan Dollar, which is the Group's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

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

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

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

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.
Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Exchange differences are generally recognized in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to the Group's functional currency at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Group's functional currency at average rate. Foreign currency differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planed nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under any one of the following conditions. All other assets are classified as non-current.

(i) The asset is expected to be realized, or intended to be sold or consumed, in the Group's normal operating cycle;

(ii) The asset is held primarily for the purpose of trading;

(iii) The asset is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

(Continued)

A liability is classified as current under any one of the following conditions. All other liabilities are classified as non-current.

(i) The liability is expected to be settled in the normal operating cycle;

(ii) The liability is held primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting period; or

(iv) The liability does not have any unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand, checks and cash in bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are classified under cash equivalents.

(g) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost and fair value through other comprehensive income (FVOCI)–equity investment. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Financial assets measured at fair value through other comprehensive income (FVOCI)

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

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

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

3) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated ─ e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

(Continued)

4) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial assets on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

· contingent events that would change the amount or timing of cash flows;

· terms that may adjust the contractual coupon rate, including variable rate features;

· prepayment and extension features; and

· terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features)

5) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and trade receivables (including related parties), other receivable, leases receivable and guarantee deposit paid).

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

· Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for note and trade receivables due from related parties are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

(Continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 60 days past due.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

· a breach of contract such as a default or being more than 60 days past due;

· the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

6) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(ii) Financial liabilities and equity instruments

1) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

2) Financial liabilities

Financial liabilities are classified at amortized cost. Foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged cancelled or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid is recognized in profit or loss.

4) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production costs and other costs incurred in bringing them to their existing location and condition. The cost of inventories is calculated using the weighted-average method. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(Continued)

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group’ s share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate’s equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Unrealized profits resulting from the transactions between the Group and an associate are eliminated to the extent of the Group’ s interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group’s interests in the associate.

When the Group’s share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group’s proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group’s ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(Continued)

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives.

Land is not depreciated.

The estimated useful lives of significant items of property, plant and equipment has an unlimited useful life and therefore are as follows:

1)	buildings	25 years
2)	Machinery and equipment	5~16 years
3)	Other equipment	3~15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

— there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or

— there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of dormitory, plants, parking lots and offices that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The lessor recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor' s net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(l) Intangible assets

(i) Recognition and measurement

Intangible assets, patents that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(Continued)

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(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

The estimated useful lives of patent for current and comparative periods are both 5~10 years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-derivative financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from an acquisition about an investment accounted for using the equity method is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU value in use fair value less costs to sell.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(Continued)

(n) Revenue recognition

Revenue from contracts with customers is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer.

The Group manufactures and sells semiconductor products on the market. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(o) Employee benefit

(i) Defined contribution plan

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plan

The Group’s net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income , and accumulated in retained earnings. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The grant date of a share-based payment is the date which the board of directors authorized the price and number of a share-based payments.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;and,

(iii) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) The same taxable entity; or

2) Different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Earnings per share

The Group discloses the Company’s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee stock options and employee compensation.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group’s chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

In preparing this consolidated financial statement, management has made 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 management continues to monitor its accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

The Group is likely to be facing economic uncertainty, such as geopolitics, lifting rates and inflation, which might have an influence on the demand of DRAM market. These events may have a significant impact on the following accounting estimates made by the Company, which involve the future forecasts.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in amaterial adjustment within the next financial year is as follows:

Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to Note 6(e) for details of the valuation of inventories.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Petty cash	$ 64	83
Checking accounts and demand deposits	9,427,208	18,412,267
Cash equivalents:		
Time deposits	64,068,090	58,098,552
Commercial paper	-	2,378,765
Repurchase agreements collateralized by corporate bonds	97,900	1,810,304
	$ 73,593,262	**80,699,971**

Refer to Note 6(t) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

(b) Non-current financial assets at amortized cost

	December 31, 2022	December 31, 2021
Restricted Demand Deposits	$ 6,100	-
Restricted Time Deposits	722,764	-
	$ 728,864	**-**

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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

	December 31, 2022	December 31, 2021
Notes receivable - from non-operating activities	$ 516	-
Accounts receivable- measured at amortized cost	4,359,244	11,568,536
	$ 4,359,760	**11,568,536**

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

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

	December 31, 2022		
Due days	**Notes and accounts receivables gross carrying amount**	**Weighted average loss rate**	**Loss allowance provision**
Current	$ 4,072,381	-	-
1 to 30 days past due	286,646	-	-
31 to 60 days past due	57	-	-
Over 91 days past due	676	-	-
	$ 4,359,760		**-**

	December 31, 2021		
Due days	**Accounts receivables gross carrying amount**	**Weighted average loss rate**	**Loss allowance provision**
Current	$ 11,384,699	-	-
1 to 30 days past due	183,837	-	-
	$ 11,568,536		**-**

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

(Continued)

(d) Other receivables

	December 31, 2022	December 31, 2021
Tax refund receivable	$ 1,568,945	681,008
Lease payment receivable	254,305	229,131
Interest receivable	485,623	28,029
Others	22,856	51,531
	$ 2,331,729	**989,699**

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

(e) Inventories

	December 31, 2022	December 31, 2021
Raw materials	$ 1,105,157	641,996
Work in progress	8,670,605	7,364,481
Finished goods	13,608,685	3,604,758
	$ 23,384,447	**11,611,235**

The Group recognized cost of goods sold amounting to $34,996,927 and $48,183,263 for the years ended 2022 and 2021, respectively.

The Group did not recognize any loss or gain from devaluation of inventories as there was no indication of impairment loss or net realizable value of inventories has increased because the circumstance that caused the inventory devaluation in prior period has improved on inventories for the years ended December 31, 2022 and 2021.

(f) Prepayments and other current assets

(i) Prepayments

	December 31, 2022	December 31, 2021
Prepaid expense	$ 869,002	817,713
Prepayments to purchases	98,607	17,706
	$ 967,609	**835,419**

(ii) Other current assets

	December 31, 2022	December 31, 2021
Project consumables	$ 535,493	513,850
Suppliers	340,017	240,988
	$ 875,510	**754,838**

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(g) 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:

	December 31, 2022	December 31, 2021
Associates	$ 5,385,900	5,339,031

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 December 31, 2022	Percentage of ownership December 31, 2021
Formosa Advanced Technologies Co., Ltd. (FATC)	It mainly engages in assembling and testing of module products, as well as in the research and development of integrated circuits.	Taiwan	32.00 %	32.00 %

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

	December 31, 2022	December 31, 2021
Formosa Advanced Technologies Co., Ltd.	$ 16,937,111	17,290,889

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

The financial information of FATC was as follows:

	December 31, 2022	December 31, 2021
Current assets	$ 10,767,938	9,538,767
Non-current assets	4,001,646	4,693,324
Current liabilities	(1,403,500)	(1,402,448)
Non-current liabilities	(654,795)	(527,629)
Net asset	$ 12,711,289	12,302,014
Net asset contributed to non-controlling interest of Formosa Petrochemical Corporation	$ 8,643,676	8,365,369
Net asset contributed to FATC	$ 4,067,613	3,936,645

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	For the year ended December 31, 2022	For the year ended December 31, 2021
Operating revenue	$ **10,433,443**	**9,939,192**
Profit	$ 2,055,289	1,557,008
Other comprehensive loss	(540,526)	(53,098)
Total comprehensive income	$ **1,514,763**	**1,503,910**
Comprehensive income allocated to non-controlling interest of Formosa Petrochemical Corporation	$ **1,030,039**	**1,022,659**
Total comprehensive income contributed to FATC	$ **484,724**	**481,251**

	December 31, 2022	December 31, 2021
Share of net assets of the major associate at January 1	$ 3,936,645	3,780,854
Total comprehensive income contributed to the Group	484,724	481,251
Uncollected dividends beyond the collection period which are reclassified to capital surplus	22	15
Cash dividends contributed to the Group	(353,778)	(325,475)
Share of net assets of major associate at September 30	4,067,613	3,936,645
Add: good will	1,463,162	1,463,162
Less: unrealized profits on upstream sales net assets of the associates	(144,875)	(60,776)
Total carrying amount of the major associate	$ **5,385,900**	**5,339,031**

(h) Property, plant and equipment

	Land	Building	Machinery and equipment	Other equipment	Under construction	Total
Cost:						
Balance as of January 1, 2022	$ 1,013,924	8,285,654	207,810,962	897,308	8,447,099	226,454,947
Additions	-	-	1,216,548	66,491	22,151,181	23,434,220
Disposals	-	-	(2,089,359)	(26,530)	-	(2,115,889)
Reclassification	-	295,928	7,818,379	1	(8,114,308)	-
Effect of exchange rate change	-	(68)	3,738	1,356	-	5,026
Balance as of December 31, 2022	$ **1,013,924**	**8,581,514**	**214,760,268**	**938,626**	**22,483,972**	**247,778,304**
Balance as of January 1, 2021	$ 1,013,924	8,144,863	199,055,350	836,742	6,371,857	215,422,736
Additions	-	8,420	829,464	51,411	10,463,480	11,352,775
Disposals	-	-	(305,737)	(11,542)	-	(317,279)
Reclassification	-	132,594	8,234,030	21,614	(8,388,238)	-
Effect of exchange rate change	-	(223)	(2,145)	(917)	-	(3,285)
Balance as of December 31, 2021	$ **1,013,924**	**8,285,654**	**207,810,962**	**897,308**	**8,447,099**	**226,454,947**

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	Land	Building	Machinery and equipment	Other equipment	Under construction	Total
Accumulated depreciation / impairment loss:						
Balance as of January 1, 2022	$ -	2,932,021	146,598,881	717,353	-	150,248,255
Depreciation for the period	-	326,460	14,276,652	71,114	-	14,674,226
Impairment loss	-	-	23,263	-	-	23,263
Disposals	-	-	(2,041,507)	(26,522)	-	(2,068,029)
Reclassification	-	-	130	(130)	-	-
Effect of exchange rate change	-	(61)	2,552	704	-	3,195
Balance as of December 31, 2022	**$ -**	**3,258,420**	**158,859,971**	**762,519**	**-**	**162,880,910**
Balance as of January 1, 2021	$ -	2,609,251	132,426,497	658,368	-	135,694,116
Depreciation for the period	-	322,966	14,451,282	59,177	-	14,833,425
Impairment loss	-	-	31,640	-	-	31,640
Disposals	-	-	(296,890)	(11,513)	-	(308,403)
Reclassification	-	-	(11,908)	11,908	-	-
Effect of exchange rate change	-	(196)	(1,740)	(587)	-	(2,523)
Balance as of December 31, 2021	**$ -**	**2,932,021**	**146,598,881**	**717,353**	**-**	**150,248,255**
Carrying amounts:						
Balance as of December 31, 2022	**$ 1,013,924**	**5,323,094**	**55,900,297**	**176,107**	**22,483,972**	**84,897,394**
Balance as of December 31, 2021	**$ 1,013,924**	**5,353,633**	**61,212,081**	**179,955**	**8,447,099**	**76,206,692**

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 2022 and 2021, the Group reassessed its estimates, wherein the amount of $23,263 and $31,640 of the impairment loss has been recognized, respectively.

(i) Right-of-use assets

	Land	Building	Total
Cost：			
Balance at January 1, 2022	$ 1,993,336	8,181	2,001,517
Additions	3,081,353	-	3,130,201
Balance at December 31, 2022	**$ 5,074,689**	**8,181**	**5,131,718**
Balance at January 1, 2021	$ 1,884,277	-	1,884,277
Additions	109,059	8,181	117,240
Balance at December 31, 2021	**$ 1,993,336**	**8,181**	**2,001,517**
Accumulated depreciation:			
Balance at January 1, 2022	$ 292,993	1,432	294,425
Depreciation for the period	310,069	3,436	314,183
Balance at December 31, 2022	**$ 603,062**	**4,868**	**608,608**
Balance at January 1, 2021	$ 94,085	-	94,085
Depreciation for the period	198,908	1,432	200,340
Balance at December 31, 2021	**$ 292,993**	**1,432**	**294,425**
Carrying Amount:			
Balance at December 31, 2022	**$ 4,471,627**	**3,313**	**4,523,110**
Balance at December 31, 2021	**$ 1,700,343**	**6,749**	**1,707,092**

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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(j) Lease receivables

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

(ii) The total lease receivable from the capital lease of the building (including facilities) was $5,185,620 thousand; the implicit interest rate was 10.56%. The cost of the leased assets at the beginning of the lease period was $2,656,223. The difference was recognized as unrealized interest revenue of $2,529,397. For the years ended December 31, 2022 and 2021, the Group recognized the interest revenue of $35,199 and $57,880, respectively, from the amortization of unrealized interest revenue.

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

	December 31, 2022	December 31, 2021
Less than one year	$ 264,330	264,330
One to two years	-	264,330
Total lease payments receivable	264,330	528,660
Unearned finance income	(10,025)	(45,224)
Present value of lease payments receivable	**$ 254,305**	**483,436**

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

(k) Lease liabilities

	December 31, 2022	December 31, 2021
Current	$ **360,895**	**214,928**
Non-current	$ **4,200,447**	**1,509,673**

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

The amounts recognized in profit or loss were as follows:

	For the years ended December 31	
	2022	2021
Interest on lease liabilities	$ **49,125**	**23,653**
Expenses relating to short-term leases	$ **73,843**	**94,109**

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

	For the years ended December 31,	
	2022	2021
Total cash outflow for leases	$ **405,042**	**306,217**

(i) Land lease

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

(ii) Other leases

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

(l) Employee benefits

(i) Defined benefit plan

The movements in the present value of the defined benefit obligations and fair value of plan assets were as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ 1,110,273	1,181,856
Fair value of plan assets	(579,585)	(540,618)
Net defined benefit liabilities	$ **530,688**	**641,238**

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The Group has established an employee defined benefit retirement plan covering full-time employees. Under this plan, contributions are made to an independent fund that is deposited with Bank of Taiwan. Employees are eligible for retirement and payments of retirement benefits are based on years of service and the average salary for the last six months before the employee's retirement according to the R.O.C. Labor Standards Law.

1) Composition of plan assets

The Labor Pension Fund Supervisory Committee manages the Group's pension fund which is being funded according to the Labor Standards Law. Under the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, this fund is required to distribute minimum income, but such minimum income shall not be less than the interest income derived from two-year time deposit with the local banks.

As of December 31, 2022, the Group's pension fund with Bank of Taiwan amounted to $579,585. Please refer to the related information published on the website of the Labor Pension Supervisory Committee concerning the utilization of the labor pension fund, related yield rate and its allocation.

2) Movements in present value of the defined benefit obligations

	For the years ended December 31,	
	2022	2021
Defined benefit obligation as of January 1,	$ 1,181,856	1,108,808
Current service and interest costs	9,693	14,958
Remeasurement of net defined benefit liabilities		
—actuarial (gains) losses arising from change in financial assumptions	(53,209)	97,477
Reclassification of liabilities from transfer of employees	(3,815)	(2,406)
Benefits paid	(24,252)	(36,981)
Defined benefit obligation as of December 31,	**$ 1,110,273**	**1,181,856**

3) Movements in fair value of defined benefit plan assets

	For the years ended December 31,	
	2022	2021
Fair value of plan assets as of January 1,	$ 540,618	542,525
Interest income	2,727	5,472
Remeasurement of net defined liabilities		
—return on plan assets (excluding interest income)	43,870	5,166
Contributions from employer	15,253	15,100
Benefits already paid by the plan	(22,883)	(27,645)
Fair value of plan assets as of December 31,	**$ 579,585**	**540,618**

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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4) Expenses recognized in profit or loss

	For the years ended December 31, 2022	2021
Current service costs	$ 3,808	3,894
Net interest income of net defined benefit liabilities	5,885	11,063
Expected rate of return for the plan asset	(2,727)	(5,472)
	$ 6,966	9,485
Operating costs	$ 4,148	5,633
Operating expenses	2,818	3,852
	$ 6,966	9,485

5) Remeasurement of net defined benefit liabilities recognized in other comprehensive income

	For the years ended December 31, 2022	2021
Balance of January 1,	$ 160,185	67,874
Recognized during the period	(97,079)	92,311
Balance of December 31,	$ 63,106	160,185

6) Actuarial assumptions

	December 31, 2022	December 31, 2021
Discount rate	1.25 %	0.50 %
Future salary increases	2.85 %	2.85 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date for 2022 is $14,411.

The weighted average duration of the defined benefit plan is 12.7 years.

7) Sensitivity analysis

	Effect of defined benefit obligations	
	Increase Amount	Decrease Amount
December 31, 2022		
Discount rate (change 0.25%)	$ 28,540	(27,526)
Future salaries (change1%)	118,107	(104,390)

		Effect of defined benefit obligations	
		Increase Amount	Decrease Amount
December 31, 2021			
Discount rate (change 0.25%)	$	36,521	(35,056)
Future salaries (change1%)		151,571	(131,565)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

The same methods and assumptions are adopted in the preparation of sensitivity analysis as in previous year.

(ii) Defined contribution plan

The Taiwanese companies of the Group contributes an amount equal to 6% of the employee's monthly wages to the Labor Pension personal account of the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act, under which, the Group is not required to bear the regulated or putative obligation subsequent to the payment of fixed rate contribution.

The overseas companies of the Group contribute an appropriate pension amount to the designated account of the local government in accordance with the statutory laws, under which, the Group is not required to bear the regulated or putative obligation subsequent to the payment of fixed rate contribution.

The Group's pension costs under the contribution pension plan amounted to $190,852 and $181,830 for the years ended 2022 and 2021, respectively.

(m) Income tax

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

		For the year ended December 31,	
		2022	2021
Current tax expense			
Current period	$	3,155,554	5,395,969
Adjustment for prior periods		(1,212,500)	(648,113)
Surtax on undistributed earnings		395,909	47,505
Taxes on remitted earnings from subsidiary		-	22,524
Deferred tax expense		(80,654)	100,530
Income tax expense	$	**2,258,309**	**4,918,415**

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The Group's income tax (gains) losses recognize directly in other comprehensive income were as follows:

	For the year ended December 31, 2022	2021
Items that could not be reclassified subsequently to profit or loss:		
Remeasurement of net defined benefit plan	$ 19,416	(18,462)
Unrealized gains on equity investments at fair value through other comprehensive income	(101)	(186)
	$ **19,315**	**(18,648)**

Reconciliation of income tax expense and profit before tax were as follows:

	For the years ended December 31, 2022	2021
Income tax calculated based on local tax rate	$ 3,608,101	5,614,504
Effect of foreign tax rate change	(145,456)	2,095
Tax effect of permanent differences	(366,132)	(136,829)
Change in unrecognized temporary difference	(1,586)	17,851
Adjustment for prior periods	(1,232,309)	(648,113)
Surtax on undistributed earnings	395,909	47,505
Taxes on remitted earnings from subsidiary	-	22,524
Other	(218)	(1,122)
Total	$ **2,258,309**	**4,918,415**

(ii) Deferred tax assets and liabilities

Deferred tax assets：

	Operating loss carry forwards	Impairment loss of assets	Improvements cost of environmental safety and factory facilities	Others	Total
Balance as of January 1, 2022	$ -	100,134	102,876	93,078	296,088
Recognized in profit or loss	115,831	(17,712)	(102,876)	60,484	55,727
Recognized in other comprehensive income	-	-	-	(19,315)	(19,315)
Exchange differences on translation of foreign financial statements	-	-	-	767	767
Balance as of December 31, 2022	$ **115,831**	**82,422**	**-**	**135,014**	**333,267**

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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		Operating loss carry forwards	Impairment loss of assets	Improvements cost of environmental safety and factory facilities	Others	Total
Balance as of January 1, 2021	$	-	124,224	134,247	95,096	353,567
Recognized in loss		-	(24,090)	(31,371)	(20,446)	(75,907)
Recognized in other comprehensive income		-	-	-	18,648	18,648
Exchange differences on translation of foreign financial statements		-	-	-	(220)	(220)
Balance as of December 31, 2021	$	**-**	**100,134**	**102,876**	**93,078**	**296,088**

Deferred tax liabilities：

		Unrealized foreign exchange gain	Unrealized gains (losses) on exchange	Total
Balance as of January 1, 2022	$	28,549	-	28,549
Recognized in profit		(24,718)	(209)	(24,927)
Reclassification		(3,831)	3,831	-
Exchange differences on translation of foreign financial statements		-	412	412
Balance as of December 31, 2022	**$**	**-**	**4,034**	**4,034**
Balance as of January 1, 2021	$	4,042	-	4,042
Recognized in loss		24,621	-	24,621
Exchange differences on translation of foreign financial statements		(114)	-	(114)
Balance as of December 31, 2021	**$**	**28,549**	**-**	**28,549**

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

(n) Capital and other equity

As of December 31, 2022 and 2021, the Company's government registered total authorized capital both amounted to $300,000,000 with $10 dollars par value per share, the number of ordinary shares both were 30,000,000 thousand shares and total paid-up ordinary share amounted to $30,980,079 and $30,968,749, respectively. All issued shares were paid up upon issuance.

The movements of shares outstanding for the years ended 2021 and 2020 were as follows:

(in thousand shares)

	Ordinary Shares	
	2022	**2021**
Balance as of January 1,	3,096,875	3,093,594
Exercise of employees share options	1,133	3,928
Retirement of treasury shares	-	(647)
Balance as of December 31,	**3,098,008**	**3,096,875**

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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(i) Ordinary Share

On February 24, May 4, August 3 and November 2, 2022, the Company’s Board of Directors approved to issue the Company’s ordinary shares deriving from the exercise of employee share options. The Company had issued 196 thousand, 51 thousand, 556 thousand and 330 thousand ordinary shares at par value, with the issuing prices of $28.0 to $28.0, $26.3, $28.0 to $26.3 and NT$26.3 dollars per share, which totaled $11,330. All issued shares were paid up upon issuance and the related process for registration had been completed.

For the fourth quarter of 2022, the Company’s ordinary shares were derived from the exercise of employee share options. Accordingly, the Company had issued 28 thousand ordinary shares, at issuing prices of $26.3 dollars per share, which totaled $736, which was recognized as advance receipts for share capital as of December 31, 2022.

On February 26, May 5, August 4 and November 3, 2021 the Company’ s Board of Directors approved to issue the Company's ordinary shares deriving from the exercise of employee share options. The Company had issued 2,841 thousand, 577 thousand, 72 thousand and 438 thousand ordinary shares at par value, with the issuing prices of $28.5 to $29.6,$28.5, $28.5 to $29.6 and $28.0 dollars per share, which totaled $39,280.All issued shares were paid up upon issuance and the related process for registration had been completed.

For the fourth quarter of 2021, the Company’s ordinary shares were derived from the exercise of employee share options. Accordingly, the Company had issued 161 thousand ordinary shares at issuing prices of $28.0 to $ dollars per share, which totaled $4,508, which was recognized as advance receipts for share capital as of December 31, 2021.

(ii) Capital surplus

	December 31, 2022	December 31, 2021
Premium from the issuance of stock	$ 29,490,623	29,470,846
Treasury share transactions	274,385	274,385
Employee stock option plans	2,790,727	2,790,727
Expired employee share option plans	268,292	268,292
Past due unclaimed dividends	264	202
Change in net equity of associates accounted for using equity method	75	53
	$ 32,824,366	**32,804,505**

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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(iii) Retain earning

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

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

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

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

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

(iv) Treasury shares

The Company repurchased shares from the securities exchange market based on section 28(2) of the Securities and Exchange Act and the movement in treasury shares were as follows.

	Reasons for repurchase of shares	
	Transferring to employees	
	thousand shares	Amount
Balance as of January 1, 2022 (Balance as of December 31, 2022)	-	$ -
Balance as of January 1, 2021	20,000	$ 1,146,932
Transfer for the period	(19,353)	(1,109,829)
Retirement for the period	(647)	(37,103)
Balance as of December 31, 2021	-	$ -

(v) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized loss on financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2022	$ (3,985,925)	(131,017)	(4,116,942)
Exchange differences on translation of foreign financial statements	4,899,241	-	4,899,241
Unrealized losses from financial of assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	(169,662)	(169,662)
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(404)	(404)
Balance as of December 31, 2022	$ 913,316	(301,083)	612,233

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		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, 2021	$	(2,893,732)	(117,775)	(3,011,507)
Exchange differences on translation of foreign financial statements		(1,092,193)	-	(1,092,193)
Unrealized losses from financial of assets measured at fair value through other comprehensive income, associates accounted for using equity method		-	(12,499)	(12,499)
Unrealized loss from financial of assets measured at fair value through other comprehensive income, associate accounted for using equity method		-	(743)	(743)
Balance as of December 31, 2021	$	(3,985,925)	(131,017)	(4,116,942)

(o) Share-based payment transactions

As of December 31, 2022, the Company had 6 share-based payment arrangements as follows:

	The 8th batch of Employee Stock Option Plan	The 9th batch of Employee Stock Option Plan	The 1th batch of Treasury Shares Transferred to Emplyees	The 2th batch of Treasury Shares Transferred to Emplyees	The 3th batch of Treasury Shares Transferred to Emplyees	The 4th batch of Treasury Shares Transferred to Emplyees
Grant date	2016.5.10	2016.8.11	2021.1.15	2021.2.2	2021.8.12	2021.10.22
Grant unit	97,500	2,500	3,936	4,064	5,587	6,413
Exercise price (dollar) (Notes1~6)	38.0	36.6	57.4	57.0	-	57.0
Deal period	8 years	8 years				
Vested Conditions	Duration of two years duration and at certain proportion	Duration of two years duration and at certain proportion	Immediately vested	Immediately vested	Immediately vested	Immediately vested

Note 1: The Company approved to distribute its cash dividends in 2016. As a result, the exercise price of the 8th batch of the employee stock option plan were adjusted to $35.3 dollars, in accordance with the offering and exercising terms and conditions of ESOP.

Note 2: The Company approved to distribute its cash dividends in 2017. As a result, the exercise price of the 8th and 9th batch of the employee stock option plan were adjusted to $34.3 dollars and $35.5 dollars, respectively, in accordance with the offering and exercising terms and conditions of ESOP.

Note 3: The Company approved to distribute its cash dividends in 2018. As a result, the exercise price of the 8th and 9th batch of the employee stock option plan were adjusted to $33.1 dollars and $34.3 dollars, respectively, in accordance with the offering and exercising terms and conditions of ESOP.

Note 4: The Company approved to distribute its cash dividends in 2019. As a result, the exercise price of the 8th and 9th batch of the employee stock option plan were adjusted to $29.2 dollars and $30.3 dollars, respectively in accordance with the offering and exercising terms and conditions of ESOP.

(Continued)

Note 5: The Company approved to distribute its cash dividends in 2020. As a result, the exercise price of the 8th and 9th batch of the employee stock option plan were adjusted to $28.5 dollars and $29.6 dollars, respectively in accordance with the offering and exercising terms and conditions of ESOP.

Note 6: The Company approved to distribute its cash dividends in 2021. As a result, the exercise price of the 8th and 9th batch of the employee stock option plan were adjusted to $28.0 dollars and $29.1 dollars, respectively in accordance with the offering and exercising terms and conditions of ESOP.

Note 7: The Company approved to distribute its cash dividends in 2022. As a result, the exercise price of the 8th and 9th batch of the employee stock option plan were adjusted to $26.3 dollars and $27.4 dollars, respectively in accordance with the offering and exercising terms and conditions of ESOP.

(i) Options granted were priced using the Black-Scholes pricing model and the inputs to the model were as follows:

	The 8th batch of Employee Stock Option Plan	The 9th batch of Employee Stock Option Plan	The 1th batch of Treasury Shares Transferred to Employees	The 2th batch of Treasury Shares Transferred to Empolyees	The 3th batch of Treasury Shares Transferred to Employees	The 4th batch of Treasury Shares Transferred to Employees
Dividend rate	- %	- %	- %	- %	- %	- %
Expected volatility	55.47 %	45.80 %	48.33 %	50.77 %	40.01 %	34.15 %
Risk-free rate	0.5728 %	0.529 %	0.1690 %	0.0950 %	0.1090 %	0.2040 %
Fair value of unit stock option (dollar)	$ 18.77	15.30	28.80	29.50	9.00	5.00

Expected volatility is based on weighted average of historical volatility, and it is adjusted accordingly when there is additional market information about the volatility. Expected dividend and risk-free rate is determined based on government bonds.

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

The Company:

	For the years ended December 31,			
	2022		2021	
	Weighted-average exercise (price TWD)	Number of options (Units)	Weighted-average exercise (price TWD)	Number of options (Units)
Outstanding as of January 1,	$ 28.02	1,631	28.51	4,462
Options granted	-	-	57.40	20,000
Options exercised	26.30	(1,000)	53.66	(22,171)
Options expired	-	-	28.51	(13)
Options forfeited	-	-	56.79	(647)
Outstanding as of December 31,	26.35	**631**	28.02	**1,631**
Options exercisable as of December 31,	26.35	**631**	28.02	**1,631**

Further details of the outstanding stock options of the Company as of December 31, 2022 and 2021 were as follows:

	December 31, 2022	December 31, 2021
Range of exercise price (dollar)	26.3~27.4	28.0~29.1
Weighted average of remaining option plan period (year)	1.35~1.61	2.35~2.61

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(iii) Compensation cost

	For the year ended December 31,	
	2022	**2021**
Compensation cost arising from treasury shares transferred to employees	$ -	313,110

(p) Earnings per share

	For the years ended December 31,	
	2022	**2021**
Basic earnings per share:		
Net profit attributable to the Company's ordinary shareholders	$ 14,619,031	22,849,015
Weighted-average number of ordinary shares outstanding	3,097,571	3,087,329
Basic earnings per share (dollar)	$ 4.72	7.40
Diluted earnings per share:		
Net profit attributable to the Company's ordinary shareholders (basic and diluted)	$ 14,619,031	22,849,015
Effect of dilutive potential ordinary shares		
Weighted-average number of ordinary shares (basic)	3,097,571	3,087,329
Effect of employee share option	622	1,451
Effect of employee remuneration	22,683	20,798
Weighted-average number of ordinary shares (diluted)	3,120,876	3,109,578
Diluted earnings per share (dollar)	$ 4.68	7.35

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the years ended December 31, 2022		
	Manufacturing department	**Overseas sales department**	**Total**
Geographic markets of primary destination:			
Taiwan	$ 18,028,822	2,535,283	20,564,105
Japan	-	1,801,364	1,801,364
Malaysia	303,637	1,108,900	1,412,537
Korea	75,987	326,427	402,414
China	18,606,723	6,714,513	25,321,236
USA	41	644,243	644,284
Thailand	692,395	1,167,106	1,859,501
Germany	-	1,282,309	1,282,309
Singapore	488,868	391,148	880,016
Poland	-	609,675	609,675
Other countries	156,932	2,017,902	2,174,834
	$ 38,353,405	18,598,870	56,952,275

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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	For the years ended December 31, 2022		
	Manufacturing department	Overseas sales department	Total
Major products line:			
Dynamic Random Access Memory (DRAM)	$ 38,253,167	18,597,795	56,850,962
Others	100,238	1,075	101,313
	$ 38,353,405	**18,598,870**	**56,952,275**

	For the years ended December 31, 2021		
	Manufacturing department	Overseas sales department	Total
Geographic markets of primary destination:			
Taiwan	$ 28,692,474	1,435,419	30,127,893
Japan	-	3,360,478	3,360,478
Malaysia	422,605	1,860,487	2,283,092
Korea	122,288	401,656	523,944
China	31,030,619	8,474,191	39,504,810
USA	117,981	1,028,274	1,146,255
Thailand	1,065,427	2,294,810	3,360,237
Germany	-	1,140,077	1,140,077
Singapore	425,232	415,621	840,853
Poland	-	476,086	476,086
Other countries	483,235	2,357,198	2,840,433
	$ 62,359,861	**23,244,297**	**85,604,158**
Major products line:			
Dynamic Random Access Memory (DRAM)	$ 62,231,250	23,243,288	85,474,538
Others	128,611	1,009	129,620
	$ 62,359,861	**23,244,297**	**85,604,158**

(ii) Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable	$ 516	-	-
Accounts receivable	4,359,244	11,568,536	7,876,165
	$ 4,359,760	**11,568,536**	**7,876,165**

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

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(r) Remuneration to employees

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

The estimated employee remuneration which was charged to profit or loss under operating costs or expense amounted to $1,010,000 and $1,550,000 for the years ended December 31, 2022 and 2021 respectively. This employee remuneration was estimated based on the Company's net income before tax before deducting any employee compensation, according to the earnings allocation method as stated under the Company's articles of association. If there is any difference between the actual amounts and the estimated amounts of employee remuneration to employees after the financial reports are issued, the management of the Company is expecting that the differences will be treated as a change in accounting estimates and recognized through profit or loss in the following year.

There is no difference between the estimated amounts of employee remuneration for the years ended December 31, 2022 and 2021, and the financial statements for the years ended December 31, 2022 and 2021, which were approved by the Company's Board of Directors. Related information would be available at the Market Observation Post System website.

(s) Non-operating income and expenses

(i) Interest income

	For the years ended December 31,	
	2022	**2021**
Interest income from bank deposits and short-term notes	$ 1,359,567	215,972
Interest income from financial lease receivables	35,199	57,880
	$ 1,394,766	**273,852**

(ii) Other income

	2022	**2021**
Gains on reversal of overestimated payables	**$ 514,382**	**-**

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

(iii) Other gains and losses

		2022	2021
Gain (Loss) on disposal of property, plant and equipment	$	74,987	(8,876)
Foreign exchange gains (losses)		3,190,357	(323,267)
Withholding tax refund		-	45,528
Impairment losses) on non financial assets		(23,263)	(31,640)
Others		199,174	128,200
	$	**3,441,255**	**(190,055)**

(iv) Finance costs

		2022	2021
Amortization interest of lease liability	$	49,125	23,653
Others		-	14
	$	**49,125**	**23,667**

(t) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk.

2) Concentration of credit risk

The majority of the Group's customers are mostly those in the high-tech industry. In order to reduce accounts receivable credit risk, the Group continuously assesses the financial condition of its customers. If it is necessary, the Group will ask for guarantees or warranties. The Group still regularly assesses the likelihood of collectability of accounts receivable and sets aside allowance for bad debts, based on the result of management’s evaluation of the overall amounts of bad debts.

As of December 31, 2022 and 2021, the Group's major customers consisted of four and five customers which accounted for 45.58% and 41.06%, respectively, of accounts receivable so that management believes the concentration of credit risk.

(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 December 31, 2022 and 2021, no allowance for impairment loss was provided because there was no indication of credit-impaired for the 12-month ECL or lifetime ECL allowance for other financial assets measured at amortized cost.

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flow	Within 6 months	6-12months	1-2years	2-5years	Over 5 years
December 31, 2022							
Non-derivative financial liabilities							
Accounts payable (including related parties)	$ 5,604,310	5,604,310	5,604,310	-	-	-	-
Other payables (including related parties)	6,726,087	6,726,087	6,726,087	-	-	-	-
Lease liabilities (including current portion)	4,561,342	5,115,567	213,177	213,052	419,628	1,179,545	3,090,165
	$ 16,891,739	**17,445,964**	**12,543,574**	**213,052**	**419,628**	**1,179,545**	**3,090,165**
December 31, 2021							
Non-derivative financial liabilities							
Accounts payable (including related parties)	$ 2,849,665	2,849,665	2,849,665	-	-	-	-
Other payables (including related parties)	7,885,221	7,885,221	7,885,221	-	-	-	-
Lease liabilities (including current portion)	1,724,601	1,822,315	118,330	118,330	236,536	636,911	712,208
	$ 12,459,487	**12,557,201**	**10,853,216**	**118,330**	**236,536**	**636,911**	**712,208**

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:

	December 31, 2022			December 31, 2021		
	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	$ 634,116	30.708	19,472,434	878,053	27.690	24,313,288
JPY	939,418	0.2306	216,630	2,385,202	0.2404	573,403
EUR	84	32.7026	2,747	113	31.3613	3,544
HKD	66	3.9345	260	1,012	3.5446	3,587
Financial liabilities:						
Monetary items						
USD	$ 159,944	30.708	4,911,560	133,898	27.690	3,707,636
JPY	4,399,149	0.2306	1,014,444	1,046,703	0.2404	251,627
EUR	125,752	32.7026	4,112,417	9,066	31.3613	284,322

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The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange fluctuations on cash and cash equivalents, accounts receivable, accounts payable 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 December 31, 2022 and 2021 would have decreased and increased the net income before tax by $96,537 and $206,502 for the years ended December 31, 2022 and 2021, respectively. This analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis as prior year.

Since the Group has many kinds of functional currency, the information on foreign exchange loss on monetary items is disclosed by total amount. For the years ended December 31, 2022 and 2021, foreign exchange gains and losses (including realized and unrealized portions) amounted to $3,190,357 and $323,267, respectively.

(iv) Other market price risk

For the years ended December 31, 2022 and 2021, 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:

	For the years ended December 31,	
	2022	2021
Prices of securities at the reporting date	Other comprehensive income after tax	Other comprehensive income after tax
Increase 1%	$ 133	89
Decrease 1%	(133)	(89)

(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:

	December 31, 2022				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income:					
Equity instruments without a market price measured at fair value	$ 16,566	-	-	16,566	16,566

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	December 31, 2022				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 73,593,262	-	-	-	-
Financial assets measured at cost	728,864	-	-	-	-
Notes and accounts receivable	4,359,760	-	-	-	-
Other receivables	2,077,424	-	-	-	-
Lease payments receivable	254,305	-	-	-	-
Subtotal	81,013,615	-	-	-	-
Total	**$ 81,030,181**	**-**	**-**	**16,566**	**16,566**
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	$ 5,604,310	-	-	-	-
Other payables (including related parties)	6,726,087	-	-	-	-
Lease liabilities (including current portion)	4,561,342	-	-	-	-
Total	**$ 16,891,739**	**-**	**-**	**-**	**-**

	December 31, 2021				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income:					
Equity instruments without a market price measured at fair value	$ 11,071	-	-	11,071	11,071
Financial assets measured at amortized cost					
Cash and cash equivalents	80,699,971	-	-	-	-
Accounts receivable	11,568,536	-	-	-	-
Other receivables	760,568	-	-	-	-
Lease payments receivable (including current position)	483,436	-	-	-	-
Subtotal	93,512,511	-	-	-	-
Total	**$ 93,523,582**	**-**	**-**	**11,071**	**11,071**
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	$ 2,849,665	-	-	-	-
Other payables (including related parties)	7,885,221	-	-	-	-
Lease liabilities (including current portion)	1,724,601	-	-	-	-
Total	**$ 12,459,487**	**-**	**-**	**-**	**-**

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

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3) Transfer between levels

For the years ended December 31, 2022 and 2021, 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, 2022	$ 11,071
Purchased	6,000
Total losses recognized in other comprehensive income	(505)
Balance as of December 31, 2022	**$ 16,566**
Balance as of January 1, 2021	$ -
Purchased	12,000
Total losses recognized in other comprehensive income	(929)
Balance as of December 31, 2021	**$ 11,071**

For the years ended December 31, 2022 and 2021, total losses that were included in " unrealized losses from existing financial assets at fair value through other comprehensive income" were as follows:

	2022	2021
Total losses recognized in other comprehensive income, and presented in "unrealized losses from financial assets at fair value through other comprehensive income"	**$ (404)**	**(743)**

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

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

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

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income equity investments without an active market	Asset method	·Net asset value ·The discount rate due to lack of marketability as of December 31, 2022 and 2021 were 5%	·The higher the discount for lack of marketability, the lower the fair value.

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

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

	Inputs	Increase or decrease	Effects of changes in fair value on other comprehensive income: Favorable change	Unfavorable change
December 31, 2022				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Discount for lack of marketability	1%	174	(174)
December 31, 2021				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Discount for lack of marketability	1%	117	(117)

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

(i) Nature and extent

The Group has the following exposure risks for holding certain financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following further discloses detailed information about exposure risk arising from the aforementioned risks and the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these exposure risks, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Framework of risk management

The Group's Board of Directors has overall responsibility for the establishment and oversight of the risk management framework, and developing and monitoring the risk management policies. The Risk Management Committee has been established and was merged into Sustainability Development Committee this year.

The Group's risk management policies are established to identify and analyze the risks being faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Board of Directors oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, bank deposits and investments.

1) Accounts receivable

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases, bank references. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval from the Group; these limits are reviewed quarterly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

(Continued)

The Group established an impairment allowance that represents its estimate of incurred losses in respect of accounts receivable and other investments. Major components of this impairment allowance are specific loss component that is related to individually significant exposure and collective loss component where the loss is incurred but not identified. The collective component is based on historical payment experience of similar financial assets.

2) Investment

The credit risk exposure in the bank deposits and other financial instruments are measured and monitored by the Group's finance department. Considering that the Company deals only with banks and other external parties with good credit standing and with above investment grade financial institutions, corporate and partnership organization and government agencies, management is not expecting non-compliance issues and significant credit risk.

3) Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. At December 31, 2022 and 2021, no other guarantees were outstanding.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Also, the Group's approach to managing liquidity is to ensure, as much as possible, that it will always have sufficient current funds, such as cash and cash equivalents, securities with high liquidity and sufficient credit line from banks, to meet its liabilities when due, without incurring unacceptable losses or risking damage to the consolidated Group's reputation.

The Group has unused bank facilities for $46,792,000 and $23,192,000 as of December 31, 2022 and 2021.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives in order to reduce market risks. All these transactions are made in accordance with the risk management policy.

1) Currency risk

The Group's exposure to currency risk is on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group, primarily the New Taiwan Dollars (NTD). The currencies used in these transactions are denominated in NTD, USD, JPY, EUR and HKD.

2) Other market price risk

The Company is exposed to equity price risk due to the investments in equity securities. This is a strategic investment and is not held for trading. The Company does not actively trade in these investments as the management of the Company minimizes the risk by holding different investment portfolios

(v) Capital management

The Group's policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of the Group's equity.

The Group may adjust the payment of dividend to shareholders, return cash to shareholders through capital reduction, issue new shares or sell held for sale assets in order to pay off its liabilities. Likewise, the Group monitors its debt-to-capital ratio which serves as the basis to control capital, the same practice as the other companies in the industry. The Group's debt-to-capital ratio on reporting date was as follows:

	December 31, 2022	**December 31, 2021**
Total Liabilities	$ 21,277,700	18,442,795
Deduct: cash and cash equivalents	(73,593,262)	(80,699,971)
Net liabilities	**$ (52,315,562)**	**(62,257,176)**
Total equity	**$ 180,958,050**	**172,978,068**
Debt-to-capital ratio	**(28.91)%**	**(35.99)%**

The Group has not changed its capital management strategy as of December 31, 2022.

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

The Group's investing and financing activities on non-cash transactions for the years ended December 31, 2022 and 2021 were as follows:

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

(ii)

	For the years ended December 31,	
	2022	**2021**
Acquisition of property, plant and equipment	$ 23,434,220	11,352,775
Add: Payables on equipment at beginning of period	785,854	693,313
Less: Payables on equipment at end of period	(3,508,900)	(785,854)
Cash Paid	**$ 20,711,174**	**11,260,234**

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	For the years ended December 31, 2022	For the years ended December 31, 2021
(iii) Retirement of treasury shares	$ -	37,103

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

	January 1, 2022	Cash flow	Non-Cash changes: Change in an index of lease payment	Non-Cash changes: Increased	Non-Cash changes: Increased by other payables	Non-Cash changes: Foreign exchange movement	December 31, 2022
Lease liabilities	$ 1,724,601	(281,419)	26,136	3,104,065	(12,041)	-	4,561,342
Guarantee deposits	70,506	(47,318)	-	-	-	-	23,188
	$ 1,795,107	(328,737)	26,136	3,104,065	(12,041)	-	4,584,530

	January 1, 2021	Cash flow	Non-Cash changes: Change in an index of lease payment	Non-Cash changes: Increased	Non-Cash changes: Increased by other payables	Non-Cash changes: Foreign exchange movement	December 31, 2021
Lease liabilities	$ 1,796,084	(188,376)	17,429	99,811	(347)	-	1,724,601
Guarantee deposits	134,518	(59,248)	-	-	-	(4,764)	70,506
	$ 1,930,602	(247,624)	17,429	99,811	(347)	(4,764)	1,795,107

(7) Related-party transactions:

(a) Names and relationship with related parties

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

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

(b) Significant transactions with related parties

(i) Purchase from related parties

	Purchases For the year ended December 31,		Accounts payable to related parties	
Relationship	2022	2021	December 31, 2022	December 31, 2021
Entities with significant influence over the Group	$ 245,691	121,418	15,148	12,764
Associates	2,395	852	-	-
Other related parties:				
Formosa Sumco Technology Corporation	1,018,815	661,913	179,353	97,938
Other related parties	277,393	270,612	14,456	8,812
	$ 1,544,294	1,054,795	208,957	119,514

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.

(ii) Consigned out for processing

	Amount For the year ended December 31,		Other payables to related parties	
Relationship	2022	2021	December 31, 2022	December 31, 2021
Associates	$ 8,693,192	7,773,589	1,414,240	1,221,034

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

(iii) Property transactions

Acquisition of equipment

	Acquisition price For the year ended December 31,		Other payables to related parties	
Relationship	2022	2021	December 31, 2022	December 31, 2021
Entities with significant influence over the Group	$ 44,850	32,371	4,485	8,093
Other related parties	29,500	9,718	13,226	8,088
	$ 74,350	42,089	17,711	16,181

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(iv) Leases

Relationship	Acquisition price For the year ended December 31, 2022	2021
Entities with significant influence over the Group	$ 39,628	65,134

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 years ended December 31, 2022 and 2021, the Group recognized the amounts of $48,192 and $23,290, respectively, as interest expenses. Furthermore, on December 31, 2022 and 2021, the balances of lease liabilities amounted to $4,454,312 and $1,633,749, respectively. Additionally, for the years ended December 31, 2022 and 2021, the group recognized the additions of right-of-use asset amounting to $3,055,217 and $0, respectively. For the details of right of use asset.

The Group entered into a 3-year lease agreement in December 2021 with Min Chi University of Technology, at the total values of $50,198. Also, for the three months and the nine months ended September 30, 2022, the Group recognized the amount of $440 and $43, as interest expense. Furthermore, on December 31, 2022 and 2021, the balance of lease liabilities amounted to $33,073 and $49,352, respectively.

(v) Others

Relationship	Other income For the year ended December 31 2022	2021
Associates	$ 260	602

Relationship	Paid in advance For the nine months ended December 31 2022	2021
Associates	$ 19,617	-

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

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the nine months ended December 31, 2022	2021
Short-term employee benefits	$ 97,300	63,913
Share-based payment	-	5,696
	$ 97,300	**69,609**

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

(8) Pledged assets:

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

Pledged assets	Object	December 31, 2022	December 31, 2021
Other non-current assets	Office leasing	$ -	5,391
Non-current financial assets at amortized cost	Performance guarantee	728,864	-
		$ 728,864	**5,391**

(9) Commitments and contingencies:

(a) Significant commitments

	December 31, 2022	December 31, 2021
Guarantees for importation goods provided by bank	$ 1,035,000	835,000
Unused letters of credit	346,484	112,321
Acquisition of property, plant and equipment	22,590,421	-
Total	**$ 23,971,905**	**947,321**

(b) Contingent liabilities

(i) In 2000, the Company was charged by Brazil's Ministry of Justice as being involved in the International Monopolies, which influences Brazil's DRAM market. Consequently, the Company, other large international companies and individuals are investigated at the same time. The lawsuit was in a court hearing. The Company has engaged counsels to properly handle it to ensure the Company's rights.

(ii) In November 2019, Monterey Research LLC (Monterey) filed a lawsuit against Nanya Technology Corp. (Nanya) and two of its subsidiaries, Nanya Technology Corp., USA (NTC USA) and Nanya Technology Corp., Delaware (NTC Delaware), to the US District Court of Delaware for patent infringement. The Company has engaged counsels to properly handle it to ensure the Company's rights.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

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

	For the year ended December 31, 2022			For the year ended December 31, 2021		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salaries	3,350,434	2,703,797	6,054,231	3,719,161	2,882,127	6,601,288
Labor and health insurance	218,220	190,117	408,337	208,937	187,751	396,688
Pension expenses	105,532	92,286	197,818	100,824	90,491	191,315
Remuneration for directors	-	7,870	7,870	-	6,610	6,610
Other personnel expenses	71,678	33,714	105,392	70,520	32,752	103,272
Depreciation expenses	14,342,222	646,187	14,988,409	14,531,453	502,312	15,033,765
Amortization expenses	258,128	-	258,128	260,025	-	260,025

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 year ended December 31, 2022:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held at the reporting date (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	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	-	16,566	2.46 %	16,566	2.46 %	

(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	4,653,743	Yung Ching Construction Co., Ltd. and 6 other companies	Non-related parties	-	-	-	-	Based on market price	For purposes of production and operating	
The Company	Factory construction	April 19, 2022	5,227,880	614,798	Li Jin Engineering Co., Ltd	Non-related parties	-	-	-	-	Based on market price	For purposes of production and operating	
The Company	Factory construction	May 30, 2022	920,000	-	Lien Rong Construction Co., Ltd.	Non-related parties	-	-	-	-	Based on market price	For purposes of production and operating	
The Company	Factory construction	August 1, 2022	2,089,560	104,478	Kwang-Lien Construction Co., Ltd.	Non related parties	-	-	-	-	Based on market price	For purposes of production and operating	

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

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

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Nanya Technology Corp., U.S.A.	Subsidiary	(Sale)	(8,522,364)	(15.15)%	O/A 60~90Days	-		973,990	23.61%	(Note)
The Company	Nanya Technology Corp., Japan	Subsidiary	(Sale)	(4,028,084)	(7.16)%	O/A 180Days	-		71,281	1.73%	(Note)
The Company	Nanya Technology Corp., Europe GmbH	Subsidiary	(Sale)	(5,170,973)	(9.19)%	O/A 60~90Days	-		822,988	19.95%	(Note)
The Company	Nanya Technology Corp., HK	subsidiary	(Sale)	(179,922)	(0.32)%	O/A 60~90 Days	-		37,086	0.90%	(Note)
Nanya Technology Corp., Delaware	Nanya Technology Corp	The parent company	(Sale)	(453,363)	100.00%	O/A 60~90 Days	-		46,268	100.00%	(Note)

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Nanya Technology Corp., U.S.A	Nanya Technology Corp	The parent company	Purchase	8,522,364	100.00%	O/A 60~90 Days	-		(973,990)	(100.00)%	(Note)
Nanya Technology Corp., Japan	Nanya Technology Corp	The parent company	Purchase	4,028,084	100.00%	O/A 180Days	-		(71,281)	(100.00)%	(Note)
Nanya Technology Corp., Europe GmbH	Nanya Technology Corp	The parent company	Purchase	5,170,973	100.00%	O/A 60~90Days	-		(822,988)	(100.00)%	(Note)
Nanya Technology Corp., HK	Nanya Technology Corp	The parent company	Purchase	179,922	100.00%	O/A 60~90Days	-		(37,086)	(100.00)%	(Note)
The Company	Formosa Sumco Technology Corporation	Other related parties	Purchase	1,018,815	7.29%	O/A 60Days	-		(179,353)	(3.20)%	-
The Company	Formosa Biomedical Technology Corporation	Other related parties	Purchase	150,698	1.08%	Payment after arrival and inspection of good	-		(3,765)	(0.07)%	-
The Company	Nanya Plastic Corporation	The entities with significant influence over the Group	Purchase	245,691	1.76%	Payment after arrival and inspection of good	-		(15,148)	(0.27)%	-

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

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

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance of accounts receivable from related parties	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	Nanya Technology Corp., U.S.A.	Subsidiary	973,990	4.42	-	-	379,863	-
The Company	Nanya Technology Europe GmbH	Subsidiary	822,988	5.60	-	-	303,082	-

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	8,522,364	On the basis of general conditions	14.96%
0	Nanya Technology Corp.	Nanya Technology Corp., Japan	1	Sales	4,028,084	On the basis of general conditions	7.07%
0	Nanya Technology Corp.	Nanya Technology Europe GmbH	1	Sales	5,170,973	On the basis of general conditions	9.08%
0	Nanya Technology Corp	Nanya Technology Corp. HK	1	Sales	179,922	On the basis of general conditions	0.32%
1	Nanya Technology Corp.Delaware	Nanya Technology Corp.	2	Sales	453,363	On the basis of general conditions	0.80%
0	Nanya Technology Corp.	Nanya Technology Corp., U.S.A	1	Accounts receivable	973,990	On the basis of general conditions	0.48%
0	Nanya Technology Corp.	Nanya Technology Corp., Japan	1	Accounts receivable	71,281	On the basis of general conditions	0.04%
0	Nanya Technology Corp.	Nanya Technology Europe GmbH	1	Accounts receivable	822,988	On the basis of general conditions	0.41%

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Nanya Technology Corp.	Nanya Technology Corp. HK	1	Accounts receivable	37,086	On the basis of general conditions	0.02%
1	Nanya Technology Corp.Delaware	Nanya Technology Corp.	2	Accounts receivable	46,268	On the basis of general conditions	0.02%

Note 1: Assigned numbers represent the following:

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

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

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

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

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

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

The following is the information on investees for the year ended December 31, 2022:

(In Thousands of New Taiwan Dollars / Thousands Shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Highest Percentage of ownership	Net income of investee	Share of profits of investee	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of ownership	Carrying value				
The Company	Nanya Technology Corp., U.S.A.	U.S.A	Sales of semiconductor products	20,392	20,392	2.4	100.00 %	230,728	100.00	19,979	19,979	(Note1)
The Company	Nanya Technology Corp., Delaware	U.S.A	Design of semiconductor products	36,005	36,005	-	100.00 %	220,662	100.00	16,998	16,998	(Note1)
The Company	Nanya Technology Corp., HK	Hong Kong	Sales of semiconductor products	66,271	66,271	19.7	100.00 %	91,139	100.00	12,134	12,134	(Note1)
The Company	Nanya Technology Corp., Japan	Japan	Sales of semiconductor products	20,161	20,161	1	100.00 %	403,177	100.00	165,340	165,340	(Note1)
The Company	Nanya Technology International, Ltd.	British Virgin Island	General investment business	48,145,600	48,145,600	1.6	100.00 %	50,181,697	100.00	948,710	948,710	(Note 1)
The Company	Formosa Advanced Technologies Co., Ltd.	Yunlin	Assembling, testing and producing modules for IC	5,099,482	5,099,482	141,511	32.00 %	5,385,900	32.00	2,055,289	573,593	(Note 2)
Nanya Technology Corp., HK	Nanya Technology Europe GmbH	Germany	Sales of semiconductor products	30,056	30,056	-	100.00 %	84,951	100.00	9,346	9,346	(Note1)

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

(2) Investment accounted for using equity method.

(c) Information on investment in mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Highest Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Nanya Technology Corp., Shenzhen	Sales of semiconductor products	30,247 (USD985 thousand)	(2)	30,247 (USD985 thousand)	-	-	30,247 (USD985 thousand)	1,470	100.00%	100.00	1,470 (Note 2)	24,821	-

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 thee consolidated financial statements.

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(ii) Limitation on investment in Mainland China:

(In Thousands of New Taiwan Dollars)

Accumulated Investment in Mainland China as of December 31, 2022 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment (Note 2)
30,247 (USD985 thousand)	30,247 (USD985 thousand)	108,574,830

Note 1：The exchange rate of New Taiwan dollars to US dollars on December 31, 2022 was USD1：TWD 30.708

Note 2：60% of net equity.

(iii) Significant transactions: None

(d) Information on major shareholders:

Shareholding Shareholder’s Name	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 ac count. 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:

(a) General information:

The Group has 4 reporting segments: segment of manufacturing, segment of oversea sales , segment of oversea overseas R&D, and segment of investment. The segment of manufacturing is responsible for the manufacture and sales of semiconductor products; the segment of oversea sales is responsible for the sales of semiconductor products; the segment of overseas R&D is responsible for research and development of semiconductor products; and the segment of investment is responsible for investment securities.

The operating decision maker, on the other hand, uses the geographic area information as its management framework in managing the segments mentioned above.

(b) The income of the reporting segment, segment assets, segment liabilities and the information of the measure basis and reconciliation.

The accounting policies of each segment was similar to those described in note 4 “ significant accounting policies” . The performance evaluation of each department is based on the gain or loss of the Group’s operating department, which is measured using the profit before tax. The Group treated intersegment sales and transfers as third-party transactions. They are measured at market price.

No tax expenses(income) were allocated to the reporting segment and the reportable amounts were same as to the report used by the chief operating decision maker.

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The Group's operating segment information and reconciliation are as follows:

		For the year ended December 31, 2022					
		Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:							
From external customers	$	18,598,870	-	38,353,405	-	-	56,952,275
From sales among intersegments		53,820	453,363	17,901,342	-	(18,408,525)	-
Total revenue	$	18,652,690	453,363	56,254,747	-	(18,408,525)	56,952,275
Interest expense	$	-	-	49,125	-	-	49,125
Depreciation and amortization		6,166	4,776	15,235,595	-	-	15,246,537
Share of profit (loss) of associates accounted for using equity method, net		10,816	-	1,736,754	-	(1,173,977)	573,593
Other non-cash significant item:							
Impairment loss on non-financial assets		-	-	23,263	-	-	23,263
Reportable segment profit or loss	**$**	**300,697**	**22,189**	**16,768,905**	**948,710**	**(1,163,161)**	**16,877,340**
Capital expenditure of non-current assets		8,112	16,218	90,162,800	-	-	90,187,130
Reportable segments assets	**$**	**2,751,734**	**240,549**	**202,143,677**	**50,181,697**	**(53,081,907)**	**202,235,750**
Reportable segments liabilities	**$**	**2,028,410**	**19,887**	**21,185,627**	**-**	**(1,956,224)**	**21,277,700**

		For the year ended December 31, 2021					
		Overseas sales division	Overseas R&D division	Manufacturing divisions	Investment divisions	Adjustments and eliminated	Total
Revenue:							
From external customers	$	23,244,297	-	62,359,861	-	-	85,604,158
From sales among intersegments		52,754	437,508	23,121,381	-	(23,611,643)	-
Total revenue	$	23,297,051	437,508	85,481,242	-	(23,611,643)	85,604,158
Interest expense	$	-	-	23,667	-	-	23,667
Depreciation and amortization		5,728	4,622	15,283,440	-	-	15,293,790
Share of profit (loss) of associates accounted for using equity method, net		11,799	-	826,065	-	(316,887)	520,977
Other non-cash significant item:							
Impairment loss on financial assets		-	-	31,640	-	-	31,640
Reportable segment profit or loss	**$**	**229,018**	**21,430**	**27,673,614**	**148,456**	**(305,088)**	**27,767,430**
Capital expenditure of non-current assets	$	12,537	15,265	78,899,499	-	-	78,927,301
Reportable segments assets	**$**	**5,474,495**	**204,459**	**191,326,808**	**44,369,801**	**(49,954,700)**	**191,420,863**
Reportable segments liabilities	**$**	**4,964,224**	**21,250**	**18,348,740**	**-**	**(4,891,419)**	**18,442,795**

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(c) Types of products and service:

The Group's revenue from external customer were as follows:

Products and service		For the year ended , December 31, 2022	December 31, 2021
DRAM	$	56,850,962	85,474,538
Others		101,313	129,620
Total	$	56,952,275	85,604,158

(d) Geographic area information

The Group's revenue from operations from external customers by location of operations and information concerning the location of its non-current assets were as follows:

District		For the year ended , December 31, 2022	December 31, 2021
From external clients:			
Taiwan	$	20,564,105	30,127,893
USA		644,284	1,146,255
Japan		1,801,364	3,360,478
Mainland China		25,321,236	39,504,810
Other countries		8,621,286	11,464,722
Total	$	56,952,275	85,604,158

District		December 31, 2022	December 31, 2021
Non-current assets:			
Taiwan	$	90,162,800	78,899,499
Other countries		24,330	27,802
Total	$	90,187,130	78,927,301

Non-current assets included property, plant and equipment, right-of-use assets and intangible assets, excluding financial instruments and deferred tax assets.

(e) Major clients

		December 31, 2022	December 31, 2021
WPI International Co.	$	7,536,499	11,495,178
MediaTek Inc		6,299,036	10,090,072
Techmosa International Inc.		5,263,137	4,400,453
WT Microelectronics Co., Ltd.		3,753,789	7,464,182
KINSTON TECHNOLOGY CO, LTD		3,403,067	5,116,147
Total	$	26,255,528	38,566,032

Appendix B

NANYA TECHNOLOGY CORPORATION

Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

Stock Code:2408

(English Translation of Financial Statements and Report Originally Issued in Chinese)

NANYA TECHNOLOGY CORPORATION

Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

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

The independent auditors' report and the accompanying 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 financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Nanya Technology Corporation:

Opinion

We have audited the financial statements of Nanya Technology Corporation ("the Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years ended December 31, 2022 and 2021, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Valuation of inventories</u>

Please refer to Notes 4(g), 5, as well as 6(e) for details on accounting policy, judgments, and major sources of estimation uncertainty , as well as disclosure on information about inventory valuation, respectively.

The Company recognizes a loss from the devaluation of inventories on a quarterly basis based on the lower of cost or net realizable value method. The international market price of DRAM has significantly affected the net realizable value of inventories. Therefore, the evaluation of inventory has been identified as a key audit matter in the financial statements.

The principal audit procedures performed to address the aforementioned key audit matter included understanding the basis adopted by the management in the estimate of net realizable value, and sampling to test the reasonableness of the net realizable value.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’ s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’ s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities of the investments in other entities accounted for using the equity method. We are responsible for the direction, supervision and performance of our audit. Furthermore, we remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)
February 22, 2023

Notes to Readers

The accompanying financial statements are intended only to present the 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 audit such financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying 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 financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

Nanya Technology Corporation

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 23,091,422	11	35,267,599	18
1150	Notes receivable, net (Notes 6(c) and (q))	516	-	-	-
1170	Accounts receivable, net (Notes 6(c) and (q))	2,218,945	1	7,376,189	4
1180	Accounts receivable due from related parties, net (Notes 6(c), (q) and 7)	1,905,345	1	4,830,944	3
1200	Other receivables (Note 6(d))	1,927,046	1	957,477	1
1310	Inventories (Note 6(e))	23,355,620	12	11,467,807	6
1410	Prepayments (Note 6(f))	958,875	-	827,120	-
1470	Other current assets (Notes 6(f) and (i))	875,510	1	754,838	-
	Total current assets	54,333,279	27	61,481,974	32
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income	16,566	-	11,071	-
1535	Non-current financial assets at amortized cost, net (Notes 6(b) and (8))	722,764	-	-	-
1550	Investments accounted for using equity method (Note 6(g))	56,513,303	28	50,266,191	26
1600	Property, plant and equipment (Note 6(h))	84,873,064	42	76,178,890	40
1755	Right-of-use assets (Note 6(m))	4,523,110	2	1,707,092	1
1780	Intangible assets	766,626	1	1,013,517	1
1840	Deferred tax assets (Note 6(m))	326,263	-	288,767	-
194D	Long-term financial lease payments receivable (Note 6(j))	-	-	254,305	-
1990	Other non-current assets	68,702	-	125,001	-
	Total non-current assets	147,810,398	73	129,844,834	68
	Total assets	$ 202,143,677	100	191,326,808	100

	Liabilities and Equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities:				
2170	Accounts payable	5,395,353	3	2,729,719	1
2180	Accounts payable to related parties (Note 7)	208,957	-	119,514	-
2200	Other payables	5,223,254	3	6,576,303	4
2220	Other payables to related parties (Note 7)	1,482,830	1	1,297,691	1
2230	Current tax liabilities	3,412,224	1	4,662,411	3
2280	Current lease liabilities (Notes 6(k) and 7)	360,895	-	214,928	-
2399	Other current liabilities	7,658	-	1,077	-
	Total current liabilities	16,091,171	8	15,601,643	9
	Non-Current liabilities:				
2570	Deferred tax liabilities (Note 6(m))	-	-	24,718	-
2580	Non-current lease liabilities (Notes 6(k) and 7)	4,200,447	2	1,509,673	1
2640	Net defined benefit liability, non-current (Note 6(l))	530,688	-	641,238	-
2670	Other non-current liabilities	363,321	-	571,468	-
	Total non-current liabilities	5,094,456	2	2,747,097	1
	Total liabilities	21,185,627	10	18,348,740	10
	Equity (Note 6(n)):				
3110	Ordinary share	30,980,079	16	30,968,749	16
3140	Advance receipts for share capital	736	-	4,508	-
3200	Capital surplus	32,824,366	16	32,804,505	17
3310	Legal reserve	17,156,884	9	14,879,816	8
3320	Special reserve	4,116,942	2	3,011,507	2
3350	Unappropriated retained earnings	95,266,810	47	95,425,925	49
3400	Other equity interest	612,233	-	(4,116,942)	(2)
	Total equity	180,958,050	90	172,978,068	90
	Total liabilities and equity	$ 202,143,677	100	191,326,808	100

(English Translation of Financial Statements and Report Originally Issued in Chinese)

NANYA TECHNOLOGY CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(q) and 7)	$ 56,254,747	100	85,481,242	100
5000	Operating costs (Notes 6(e), (h), (i), (k), (l), (o), (r) and 7)	(35,320,101)	(63)	(48,598,616)	(57)
	Gross profit from operations	20,934,646	37	36,882,626	43
5910	Add: Unrealized profit from sales	1,721	-	(136,120)	-
5920	Realized profit on from sales	136,120	-	11,775	-
	Gross profit from operations	21,072,487	37	36,758,281	43
	Operating expenses (Notes 6(h), (i), (k), (l), (o), (r) and 7):				
6100	Selling expenses	(577,289)	(1)	(663,724)	(1)
6200	Administrative expenses	(1,725,785)	(3)	(1,515,505)	(2)
6300	Research and development expenses	(7,863,088)	(14)	(7,520,614)	(9)
	Total operating expenses	(10,166,162)	(18)	(9,699,843)	(12)
	Net operating income	10,906,325	19	27,058,438	31
	Non-operating income and expenses (Notes 6(g), (h), (j), (k), (s) and 7):				
7100	Total interest income	439,885	1	121,907	-
7010	Other income	514,382	1	-	-
7020	Other gains and losses, net	3,220,684	6	(309,129)	-
7050	Finance costs	(49,125)	-	(23,667)	-
7070	Share of profit of associates accounted for using equity method, net	1,736,754	3	826,065	1
	Total non-operating income and expenses	5,862,580	11	615,176	1
7900	**Profit before tax**	16,768,905	30	27,673,614	32
7950	Less: Income tax expenses (Note 6(m))	(2,149,874)	(4)	(4,824,599)	(6)
	Profit	14,619,031	26	22,849,015	26
8300	**Other comprehensive income (Notes 6(l), (m) and (n)):**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Remeasurements of the net defined benefit	97,079	-	(92,311)	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(505)	-	(929)	-
8330	Share of other comprehensive income of subsidiaries, and associates for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(172,968)	-	(16,991)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	19,315	-	(18,648)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	(95,709)	-	(91,583)	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	4,899,241	9	(1,092,193)	(1)
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	4,899,241	9	(1,092,193)	(1)
8300	**Other comprehensive income(loss) , net**	4,803,532	9	(1,183,776)	(1)
8500	**Comprehensive income**	**$ 19,422,563**	**35**	**21,665,239**	**25**
	Earnings per share (dollar) (Note 6(p))				
9750	Basic earnings per share	**$ 4.72**		**7.40**	
9850	Diluted earnings per share	**$ 4.68**		**7.35**	

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

Nanya Technology Corporation

Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Other equity interest: Exchange differences on translation of foreign financial statements	Other equity interest: Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Treasury shares	Total equity
Balance at January 1, 2021	$ 30,935,939	36,264	32,451,689	14,110,871	1,041,100	79,394,603	(2,893,732)	(117,775)	(3,011,507)	(1,146,932)	153,812,027
Net profit for the year ended December 31, 2021	-	-	-	-	-	22,849,015	-	-	-	-	22,849,015
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	-	(78,341)	(1,092,193)	(13,242)	(1,105,435)	-	(1,183,776)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	-	22,770,674	(1,092,193)	(13,242)	(1,105,435)	-	21,665,239
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	-	768,945	-	(768,945)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	1,970,407	(1,970,407)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(4,000,000)	-	-	-	-	(4,000,000)
Other changes in capital surplus:											
Changes in equity of associates accounted for using equity method	-	-	15	-	-	-	-	-	-	-	15
Past due unclaimed dividends	-	-	123	-	-	-	-	-	-	-	123
Exercise of employee share option	39,280	(31,756)	72,500	-	-	-	-	-	-	-	80,024
Treasury shares transferred to employees	-	-	310,811	-	-	-	-	-	-	1,109,829	1,420,640
Retirement of treasury shares	(6,470)	-	(30,633)	-	-	-	-	-	-	37,103	-
Balance at December 31, 2021	30,968,749	4,508	32,804,505	14,879,816	3,011,507	95,425,925	(3,985,925)	(131,017)	(4,116,942)	-	172,978,068
Net profit for the year ended December 31, 2022	-	-	-	-	-	14,619,031	-	-	-	-	14,619,031
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	74,357	4,899,241	(170,066)	4,729,175	-	4,803,532
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	14,693,388	4,899,241	(170,066)	4,729,175	-	19,422,563
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	-	2,277,068	-	(2,277,068)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	1,105,435	(1,105,435)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(11,470,000)	-	-	-	-	(11,470,000)
Other changes in capital surplus											
Changes in equity of associates accounted for using equity method	-	-	22	-	-	-	-	-	-	-	22
Past due unclaimed dividends	-	-	62	-	-	-	-	-	-	-	62
Exercise of employee share option	11,330	(3,772)	19,777	-	-	-	-	-	-	-	27,335
Balance at December 31, 2022	$ **30,980,079**	**736**	**32,824,366**	**17,156,884**	**4,116,942**	**95,266,810**	**913,316**	**(301,083)**	**612,233**	-	**180,958,050**

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

Nanya Technology Corporation

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities:		
Profit before tax	$ 16,768,905	27,673,614
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	14,977,467	15,023,415
Amortization expense	258,128	260,025
Interest expense	49,125	23,667
Interest income	(439,885)	(121,907)
Share-based payments	-	313,110
Share of profit of subsidiaries and associates accounted for using equity method	(1,736,754)	(826,065)
Gain on disposal of property, plant and equipment	(74,999)	8,814
Impairment loss on non-financial assets	23,263	31,640
Unrealized (losses) gains on sales	(1,721)	136,120
Realized profit from sales	(136,120)	(11,775)
Foreign exchange gain or loss	575,980	(21,785)
Total adjustments to reconcile profit	13,494,484	14,815,259
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	8,037,277	(4,009,001)
Other receivables	(856,700)	522,787
Inventories	(11,887,813)	2,616,448
Prepayments	(131,755)	(275,755)
Other non-current assets	(120,672)	205,110
Accounts payable (including related parties)	(75,003)	678,583
Other payable (including related parties)	(1,113,776)	2,659,092
Other current liabilities	6,581	(74,682)
Net defined benefit liability	(13,471)	(17,356)
Other non-current liabilities	2,265	(1,444)
Total changes in operating assets and liabilities	(6,153,067)	2,303,782
Cash inflow generated from operations	24,110,322	44,792,655
Interest received	316,991	62,533
Interest paid	(45,372)	(23,806)
Income taxes paid	(3,481,590)	(1,191,410)
Net cash flows from operating activities	20,900,351	43,639,972
Cash flows used in investing activities:		
Acquisition of financial assets at amortized cost	(722,764)	-
Acquisition of financial assets at fair value through other comprehensive income	(6,000)	(12,000)
Proceeds from capital reduction of investments accounted for using equity method	-	(11,141,200)
Acquisition of property, plant and equipment	(20,705,523)	(11,253,373)
Proceeds from disposal of property, plant and equipment	122,847	-
Increase (decrease) in refundable deposits	50,555	(17,864)
Acquisition of intangible assets	(218,437)	(218,437)
Decrease in lease and installment receivables	264,330	264,330
Increase in other non-current assets	(802)	(10,516)
Dividends received	353,778	552,502
Net cash flows used in investing activities	(20,862,016)	(21,836,558)
Cash flows used in financing activities:		
Decrease in guarantee deposits received	(47,322)	(59,505)
Payment of lease liabilities	(281,419)	(188,376)
Cash dividends paid	(11,470,000)	(4,000,000)
Exercise of employee share options	27,335	80,024
Treasury shares transferred to employees	-	1,107,530
Net cash flows used in financing activities	(11,771,406)	(3,060,327)
Effect of exchange rate changes on cash and cash equivalents	(443,106)	(48,602)
Net increase in cash and cash equivalents	(12,176,177)	18,694,485
Cash and cash equivalents at beginning of period	35,267,599	16,573,114
Cash and cash equivalents at end of period	$ **23,091,422**	**35,267,599**

See accompanying notes to financial statements.

(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 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 financial statements:

The financial statements were authorized for issue by the Board of Directors on February 22, 2023.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its financial statements:

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

NANYA TECHNOLOGY CORPORATION
Notes to the Financial Statements

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	After reconsidering certain aspects of the 2020 amendments1, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability' s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

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

NANYA TECHNOLOGY CORPORATION
Notes to the Financial Statements

The Company 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 financial statements:

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

(4) Summary of significant accounting policies:

The significant accounting policies presented in the financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

The accompanying financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the “Regulations”).

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis.

1) Financial assets at fair value through other comprehensive income are measured at fair value.

2) The defined benefit liabilities are measured as the fair value of the plan assets, less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entities operate. The financial statements are presented in New Taiwan Dollar, which is the Company’ s functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

(Continued)

NANYA TECHNOLOGY CORPORATION
Notes to the Financial Statements

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to the Company's functional currency at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Company's functional currency at average rate. Foreign currency differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of investment in an associate or joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planed nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under any one of the following conditions. All other assets are classified as non-current.

(i) The asset is expected to be realized, or intended to be sold or consumed, in the Company's normal operating cycle;

(ii) The asset is held primarily for the purpose of trading;

(iii) The asset is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

(Continued)

A liability is classified as current under any one of the following conditions. All other liabilities are classified as non-current.

(i) The liability is expected to be settled in the normal operating cycle;

(ii) The liability is held primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting period; or

(iv) The liability does not have any unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand, checks and cash in bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are classified under cash equivalents.

(f) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost and fair value through other comprehensive income (FVOCI)– equity investment. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(Continued)

NANYA TECHNOLOGY CORPORATION
Notes to the Financial Statements

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Financial assets measured at fair value through other comprehensive income (FVOCI)

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

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

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

3) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

· the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

· how the performance of the portfolio is evaluated and reported to the Company's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

4) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;

- terms that may adjust the contractual coupon rate, including variable rate features;

- prepayment and extension features; and

- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)

5) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and trade receivables (including related parties), other receivable, leases receivable, and guarantee deposit paid).

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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Loss allowance for note and trade receivables due from related parties are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 60 days past due.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

· a breach of contract such as a default or being more than 60 days past due;

· the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

(Continued)

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

6) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(ii) Financial liabilities and equity instruments

1) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

2) Financial liabilities

Financial liabilities are classified at amortized cost. Foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid is recognized in profit or loss.

4) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(Continued)

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production costs and other costs incurred in bringing them to their present location and condition. The cost of inventories is calculated using the weighted-average method. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(i) Subsidiaries

The Company accounts for investee companies in which it has a controlling interest using the equity method. The net income, other comprehensive income, and shareholders' equity in the financial reports of the Company and the net income, other comprehensive income, and shareholder's equity that belongs to the Company in the consolidated financial reports should be the same.

The Company accounts for changes in owners' equity of subsidiaries as equity transactions between the two parties of the transaction, provided that control is still exists.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives.

Land is not depreciated.

The estimated useful lives of significant items of property, plant and equipment has an unlimited useful life and therefore are as follows:

1) Buildings: 25 years.

2) Machinery and equipment: 5 to 16 years.

3) Other equipment: 3 to 15years.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate, the change is accounted for as a change in accounting estimate.

(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

— there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or

— there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of dormitory, parking lots and offices. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

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Notes to the Financial Statements

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The lessor recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(l) Intangible assets

(i) Recognition and measurement

Intangible assets, patents that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

The estimated useful lives of patent for current and comparative periods are both 5~10 years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-derivative financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

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For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from an acquisition about an investment accounted for using the equity method is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is value in use fair value less costs to sell.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Revenue recognition

Revenue from contracts with customers is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer.

The Company manufactures and sells semi-conductor products on the market. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(o) Employee benefits

(i) Defined contribution plan

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plan

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The grant date of a share-based payment is the date which the Board of Directors authorized the price and number of a share-based payment.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction.

(ii) Temporary differences related to investments in subsidiaries that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) The same taxable entity; or

2) Different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Earnings per share

The Company discloses the Company’s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee stock options and employee compensation.

(s) Operating segments

The Company discloses its information on operating segments in its consolidated financial statements, so it need not disclose such information in its financial statements.

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

In preparing these consolidated financial statements, management has made 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 management continues to monitor its accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

The Company is likely to be facing economic uncertainty, such as geopolitics, lifting rates and inflation, which might have an influence on the demand of DRAM market. These events may have a significant impact on the following accounting estimates made by the Company, which involve the future forecasts.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

<u>Valuation of inventories</u>

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to Note 6(e) for details of the valuation of inventories.

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(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2022	December 31, 2021
Cash on hand－pretty cash	$	-	4
Demand deposit and checking accounts		8,787,105	17,392,433
Cash equivalents:			
Time deposits		14,206,417	13,686,093
Commercial paper		-	2,378,765
Repurchase agreements collateralized by corporate bonds		97,900	1,810,304
	$	**23,091,422**	**35,267,599**

Refer to Note 6(t) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Company.

(b) Non-current financial assets at amortized cost

		December 31, 2022	December 31, 2021
Restricted Time Deposits	**$**	**722,764**	**-**

The Company has assessed that these financial assets 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 investments were classified as financial assets measured at amortized cost.

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

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

(c) Accounts receivable

		December 31, 2022	December 31, 2021
Notes receivable from non-operating activities	$	516	-
Accounts receivable -measured at amortized cost		2,218,945	7,376,189
Accounts receivable -related parties		1,905,345	4,830,944
	$	**4,124,806**	**12,207,133**

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

(Continued)

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The expected credit losses for accounts receivables (including related parties) was determined as follows:

	December 31, 2022		
Due days	**Notes and accounts receivables (including related parties) gross carrying amount gross**	**Weighted average loss rate**	**Loss allowance provision**
Current	$ **4,124,806**	-	**-**

	December 31, 2021		
Due days	**Accounts receivables (including related parties) gross carrying amount**	**Weighted average loss rate**	**Loss allowance provision**
Current	$ **12,207,133**	-	**-**

The Company did not recognize any allowance for impairment as there were no uncollected notes and accounts receivable (including related parties) that were past due as of December 31, 2022 and 2021.

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

(d) Other receivables

	December 31, 2022	**December 31, 2021**
Tax refund receivable	$ 1,563,698	677,319
Lease payment receivable	254,305	229,131
Interest receivable	89,336	1,641
Others	19,707	49,386
	$ **1,927,046**	**957,477**

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

(e) Inventories

	December 31, 2022	**December 31, 2021**
Raw materials	$ 1,105,157	641,996
Work in progress	8,670,605	7,364,481
Finished goods	13,579,858	3,461,330
Total	$ **23,355,620**	**11,467,807**

The Company recognized cost of goods sold amounting to $34,706,847 and $48,221,669 for the years ended 2022 and 2021, respectively.

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

(f) Prepayments and other current assets

(i) Prepayments

	December 31, 2022	December 31, 2021
Prepaid expense	$ 860,268	809,414
Prepayments to purchases	98,607	17,706
	$ 958,875	**827,120**

(ii) Other current assets

	December 31, 2022	December 31, 2021
Project consumables	$ 535,493	513,850
Suppliers	340,017	240,988
	$ 875,510	**754,838**

(g) Investments accounted for using equity method

The components of the investments accounted for using equity method at the reporting date were as follows:

	December 31, 2022	December 31, 2021
Subsidiaries	$ 51,127,403	44,927,160
Associates	5,385,900	5,339,031
	$ 56,513,303	**50,266,191**

(i) Subsidiaries

Please refer to the consolidated financial statements as of and for the year ended December 31, 2022 for further information.

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(ii) Associates

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

Name of Associates	Nature of Relationship to the Group	Registration Country	Percentage of ownership December 31, 2022	Percentage of ownership December 31, 2021
Formosa Advanced Technologies Co., Ltd.(FATC)	It mainly engages in assembling and testing of module products, as well as in the research and development of integrated circuits.	Taiwan	32.00 %	32.00 %

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

	December 31, 2022	December 31, 2021
Formosa Advanced Technologies Co., Ltd.	$ 16,937,111	17,290,889

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

The financial information of FATC was as follows:

	December 31, 2022	December 31, 2021
Current assets	$ 10,767,938	9,538,767
Non-current assets	4,001,646	4,693,324
Current liabilities	(1,403,500)	(1,402,448)
Non-current liabilities	(654,795)	(527,629)
Net asset	$ 12,711,289	12,302,014
Net asset contributed to non-controlling interest of Formosa Petrochemical Corporation	$ 8,643,676	8,365,369
Net asset contributed to FATC	$ 4,067,613	3,936,645

	For the year ended December 31, 2022	For the year ended December 31, 2021
Operating revenue	$ 10,433,443	9,939,192
Profit	$ 2,055,289	1,557,008
Other comprehensive loss	(540,526)	(53,098)
Total comprehensive income	$ 1,514,763	1,503,910
Comprehensive income allocated to non-controlling interest of Formosa Petrochemical Corporation	$ 1,030,039	1,022,659
Comprehensive income contributed to FATC	$ 484,724	481,251

(Continued)

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	December 31, 2022	December 31, 2021
Share of net assets of the major associate at January 1	$ 3,936,645	3,780,854
Total comprehensive income contributed to the Company	484,724	481,251
Uncollected dividends beyond the collection period which are reclassified to capital surplus	22	15
Cash dividends contributed to the Company	(353,778)	(325,475)
Share of net assets of major associate at December 31	4,067,613	3,936,645
Add: Goodwill	1,463,162	1,463,162
Less: Unrealized profits on upstream sales net assets of the associates	(144,875)	(60,776)
Total carrying amount of the major associate	**$ 5,385,900**	**5,339,031**

(h) Property, plant and equipment

	Land	Building	Machinery and equipment	Other equipment	Under construction	Total
Cost:						
Balance as of January 1, 2022	$ 1,013,924	8,283,976	207,743,258	860,268	8,447,099	226,348,525
Additions	-	-	1,211,015	66,373	22,151,181	23,428,569
Disposals	-	-	(2,089,301)	(26,373)	-	(2,115,674)
Reclassification	-	295,928	7,818,379	1	(8,114,308)	-
Balance as of December 31, 2022	**$ 1,013,924**	**8,579,904**	**214,683,351**	**900,269**	**22,483,972**	**247,661,420**
Balance as of January 1, 2021	$ 1,013,924	8,142,962	198,973,463	817,016	6,371,857	215,319,222
Additions	-	8,420	825,663	48,351	10,463,480	11,345,914
Disposals	-	-	(305,403)	(11,208)	-	(316,611)
Reclassification	-	132,594	8,249,535	6,109	(8,388,238)	-
Balance as of December 31, 2021	**$ 1,013,924**	**8,283,976**	**207,743,258**	**860,268**	**8,447,099**	**226,348,525**
Accumulated depreciation / impairment:						
Balance as of January 1, 2022	$ -	2,930,495	146,545,413	693,727	-	150,169,635
Depreciation for the period	-	326,364	14,271,775	65,145	-	14,663,284
Impairment loss	-	-	23,263	-	-	23,263
Disposals	-	-	(2,041,453)	(26,373)	-	(2,067,826)
Reclassification	-	-	130	(130)	-	-
Balance as of December 31, 2022	**$ -**	**3,256,859**	**158,799,128**	**732,369**	**-**	**162,788,356**
Balance as of January 1, 2021	$ -	2,607,637	132,363,691	651,389	-	135,622,717
Depreciation for the period	-	322,858	14,446,763	53,454	-	14,823,075
Impairment loss	-	-	31,640	-	-	31,640
Disposals	-	-	(296,589)	(11,208)	-	(307,797)
Reclassification	-	-	(92)	92	-	-
Balance as of December 31, 2021	**$ -**	**2,930,495**	**146,545,413**	**693,727**	**-**	**150,169,635**
Balance as of December 31, 2022	**$ 1,013,924**	**5,323,045**	**55,884,223**	**167,900**	**22,483,972**	**84,873,064**
Balance as of December 31, 2021	**$ 1,013,924**	**5,353,481**	**61,197,845**	**166,541**	**8,447,099**	**76,178,890**

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NANYA TECHNOLOGY CORPORATION
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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 2022 and 2021, the Company reassessed its estimates, wherein the amount of $23,263 and $31,640 of the impairment loss has been recognized, repexctively.

(i) Right-of-use assets

	Land	Building	Machinery and equipment	Total
Cost：				
Balance at January 1, 2022	$ 1,993,336	8,181	-	2,001,517
Additions	3,081,353	-	48,848	3,130,201
Balance at December 31, 2022	**$ 5,074,689**	**8,181**	**48,848**	**5,131,718**
Balance at January 1, 2021	$ 1,884,277	-	-	1,884,277
Additions	109,059	8,181	-	117,240
Balance at December 31, 2021	**$ 1,993,336**	**8,181**	**-**	**2,001,517**
Accumulated depreciation:				
Balance at January 1, 2022	$ 292,993	1,432	-	294,425
Depreciation for the period	310,069	3,436	678	314,183
Balance at December 31, 2022	**$ 603,062**	**4,868**	**678**	**608,608**
Balance at January 1, 2021	$ 94,085	-	-	94,085
Depreciation for the period	198,908	1,432	-	200,340
Balance at December 31, 2021	**$ 292,993**	**1,432**	**-**	**294,425**
Carrying Amount:				
Balance at December 31, 2022	**$ 4,471,627**	**3,313**	**48,170**	**4,523,110**
Balance at December 31, 2021	**$ 1,700,343**	**6,749**	**-**	**1,707,092**

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(j) Lease receivables

(i) On June 18, 2009, the Company 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 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 building (including facilities and land) were USD13,010 thousand and USD1,990 thousand, respectively from January 1, 2010 to December 31, 2018; the first yearly renewal rentals for the leased building (including facilities and land) will be USD8,010 thousand and USD1,990 thousand, respectively, from January 1, 2019 to December 31, 2023; the subsequent yearly renewal rentals for the leased building (including facilities and land) will be USD10 thousand and USD1,990 thousand commencing from January 1, 2024. The amended lease agreement for the building (including facilities) is treated as a capital lease because (a) the present value of the periodic rental payments made since the inception date is at least 90% of the market value of the leased assets and (b) the lease term is equal to 75% or more of the total estimated economic life of the leased assets. The land is treated as an operating lease.

(ii) The total lease receivable from the capital lease of the building (including facilities) was $5,185,620; the implicit interest rate was 10.56%. The cost of the leased assets at the beginning of the lease period was $2,656,223. The difference was recognized as unrealized interest revenue of $2,529,397. For the years ended 2022, the Company recognized the interest revenue of $35,199 and $57,880, respectively, from the amortization of unrealized interest revenue.

The details of lease receivables were as follows:

		December 31, 2022	December 31, 2021
Less than one year	$	264,330	264,330
One to two years		-	264,330
Total lease payments receivable		264,330	528,660
Unearned finance income		(10,025)	(45,224)
Present value of lease payments receivable	**$**	**254,305**	**483,436**

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

(k) Lease liabilities

	December 31, 2022	December 31, 2021
Current	$ **360,895**	**214,928**
Non-current	$ **4,200,447**	**1,509,673**

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

The amount recognized in profit or loss were as follows:

	For the years ended December 31	
	2022	2021
Interest on lease liabilities	$ **49,125**	**23,653**
Expenses relating to short term leases	$ **46,296**	**67,983**

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

	For the years ended December 31,	
	2022	2021
Total cash outflow for leases	$ **377,496**	**280,091**

(i) Land lease

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

(ii) Other leases

The Company leases staff dorm, factory, parking lots and office spaces which are short-term leases. The Company 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

The movements in the present value of the defined benefit obligations and fair value of plan assets were as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ 1,110,273	1,181,856
Fair value of plan assets	(579,585)	(540,618)
Net defined benefit liabilities	$ **530,688**	**641,238**

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The Company has established an employee defined benefit retirement plan covering full-time employees. Under this plan, contributions are made to an independent fund that is deposited with Bank of Taiwan. Employees are eligible for retirement and payments of retirement benefits are based on years of service and the average salary for the last six months before the employee's retirement according to the R.O.C. Labor Standards Law.

1) Composition of plan assets

The Labor Pension Fund Supervisory Committee manages the Company's pension fund which is being funded according to the Labor Standards Law. Under the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, this fund is required to distribute minimum income, but such minimum income shall not be less than the interest income derived from two-year time deposit with the local banks.

As of December 31, 2022, the Company's pension fund with Bank of Taiwan amounted to $579,585. Please refer to the related information published on the website of the Labor Pension Supervisory Committee concerning the utilization of the labor pension fund, related yield rate and its allocation.

2) Movements in present value of the defined benefit obligations

	For the years ended December 31,	
	2022	**2021**
Defined benefit obligation as of January 1,	$ 1,181,856	1,108,808
Current service and interest costs	9,693	14,958
Remeasurement of net defined benefit liabilities		
—actuarial losses arising from change in financial assumptions	(53,209)	97,477
Reclassification of liabilities from transfer of employees	(3,815)	(2,406)
Benefits paid	(24,252)	(36,981)
Defined benefit obligation as of December 31,	**$ 1,110,273**	**1,181,856**

3) Movements in fair value of defined benefit plan assets

	For the years ended December 31,	
	2022	**2021**
Fair value of plan assets as of January 1,	$ 540,618	542,525
Interest income	2,727	5,472
Remeasurement of net defined liabilities		
—return on plan assets (excluding interest income)	43,870	5,166
Contributions from employer	15,253	15,100
Benefits already paid by the plan	(22,883)	(27,645)
Fair value of plan assets as of December 31,	**$ 579,585**	**540,618**

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NANYA TECHNOLOGY CORPORATION
Notes to the Financial Statements

4) Expenses recognized in profit or loss

	For the years ended December 31, 2022	2021
Current service costs	$ 3,808	3,894
Net interest income of net defined benefit liabilities	5,885	11,063
Operating expected rate of return for the plan asset	(2,727)	(5,472)
	$ 6,966	**9,485**

	2022	2021
Operating costs	$ 4,148	5,633
Operating expenses	2,818	3,852
	$ 6,966	**9,485**

5) Remeasurement of net defined benefit liabilities recognized in other comprehensive income

	For the years ended December 31, 2022	2021
Balance as of January 1,	$ 160,185	67,874
Recognized during the period	(97,079)	92,311
Balance as of December 31,	**$ 63,106**	**160,185**

6) Actuarial assumptions

	December 31, 2022	December 31, 2021
Discount rate	1.25 %	0.50 %
Future salary increases	2.85 %	2.85 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date for 2022 is $14,411.

The weighted average duration of the defined benefit plan is 12.7 years.

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Notes to the Financial Statements

7) Sensitivity analysis

		Effect of defined benefit obligations	
		Increase amount	**Decrease amount**
December 31, 2022			
Discount rate (change 0.25%)	$	28,540	(27,526)
Future salaries (change1%)		118,107	(104,390)
December 31, 2020			
Discount rate (change 0.25%)		36,521	(35,056)
Future salaries (change1%)		151,571	(131,565)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. The sensitivity analysis adopts the same methods for determining the defined benefit assets at balance sheet date.

The same methods and assumptions are adopted in the preparation of sensitivity analysis as in previous year.

(ii) Defined contribution plan

The Company contributes an amount equal to 6% of the employee’s monthly wages to the Labor Pension personal account of the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act, under which, the Company is not required to bear the regulated or putative obligation subsequent to the payment of fixed-rate contribution.

The Company’s pension costs under the contribution pension plan amounted to $170,253 and $160,322 for the years ended 2022 and 2021, respectively.

(m) Income tax

(i) The Company’s income tax expense recognized were as follows:

		For the years ended December 31,	
		2022	**2021**
Current tax expense			
Current period	$	3,047,998	5,315,259
Surtax on undistributed earnings		395,909	47,505
Adjustment for prior periods		(1,212,504)	(661,118)
Taxes on remitted earnings from subsidiary		-	22,524
Deferred tax expense		(81,529)	100,429
Tax expense	$	**2,149,874**	**4,824,599**

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NANYA TECHNOLOGY CORPORATION
Notes to the Financial Statements

The Company's income tax (gains) losses recognized directly in other comprehensive income were as follows:

	For the years ended December 31, 2022	2021
Items that could not be reclassified subsequently to profit or loss:		
Remeasurement of net defined benefit plan	$ 19,416	(18,462)
Unrealized gains on equity investments at fair value through other comprehensive income	(101)	(186)
	$ 19,315	(18,648)

Reconciliation of income tax expense and profit before tax were as follows:

	For the years ended December 31, 2022	2021
Income tax calculated based on local tax rate	$ 3,353,781	5,534,723
Tax effect of permanent differences	(365,917)	(136,886)
Change in unrecognized temporary differences	(1,586)	17,851
Adjustment for prior periods	(1,232,313)	(661,118)
Taxes on remitted earnings from subsidiary	-	22,524
Surtax on undistributed earnings	395,909	47,505
Total	$ 2,149,874	4,824,599

(ii) Deferred tax assets and liabilities

1) Deferred tax assets：

	Operating loss carry forwards	Impairment loss of assets	Improvements costs of environmental safety and factory facilities	Others	Total
Balance as of January 1, 2022	$ -	100,134	102,876	85,757	288,767
Recognized in profit or loss	115,831	(17,712)	(102,876)	61,568	56,811
Recognized in other comprehensive income	-	-	-	(19,315)	(19,315)
Balance as of December 31, 2022	**$ 115,831**	**82,422**	**-**	**128,010**	**326,263**
Balance as of January 1, 2021	$ -	124,224	134,247	87,359	345,830
Recognized in loss	-	(24,090)	(31,371)	(20,250)	(75,711)
Recognized in other comprehensive income	-	-	-	18,648	18,648
Balance as of December 31, 2021	**$ -**	**100,134**	**102,876**	**85,757**	**288,767**

NANYA TECHNOLOGY CORPORATION
Notes to the Financial Statements

2) Deferred tax liabilities：

		Unrealized gains (losses) on exchange
Balance as of January 1, 2022	$	24,718
Recognized in profit		(24,718)
Balance as of December 31, 2022	**$**	**-**
Balance as of January 1, 2021	$	-
Recognized in loss		24,718
Balance as of December 31, 2021	**$**	**24,718**

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

(n) Capital and other equity

As of December 31, 2022 and 2021, the Company’s government registered total authorized capital both amounted to $300,000,000 with $10 dollars par value per share, the number of ordinary shares both were 30,000,000 thousand shares and total paid-up ordinary share amounted to $30,980,079, and $30,968,749 respectively. All issued shares were paid up upon issuance.

The movements of shares outstanding for the years ended 2022 and 2021 were as follows:

(in thousand shares)

	Ordinary Shares	
	2022	**2021**
Balance as of January 1,	3,096,875	3,093,594
Exercise of employees share options	1,133	3,928
Retirement of treasury shares	-	(647)
Balance as of December 31,	**3,098,008**	**3,096,875**

(i) Ordinary share

On February 24, May 4, August 3 and November 2, 2022, the Company’s Board of Directors approved to issue the Company's ordinary shares deriving from the exercise of employee share options. The Company had issued 196 thousand, 51 thousand, 556 thousand and 330 thousand ordinary shares at par value, respectively, with the issuing prices of $28.0, $28.0, $26.3 to $28.0 and $26.3 dollars per share, which totaled $11,330. All issued shares were paid up upon issuance and the related process for registration had been completed.

For the fourth quarter of 2022, the Company’s ordinary shares were derived from the exercise of employee share options. Accordingly, the Company had issued 28 thousand ordinary shares, at issuing prices of $26.3 dollars per share, which totaled $736, which was recognized as advance receipts for share capital as of December 31, 2022.

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NANYA TECHNOLOGY CORPORATION
Notes to the Financial Statements

On February 26, May 6, August 4 and November 3, 2021, the Company's Board of Directors approved to issue the Company's ordinary shares deriving from the exercise of employee share options. The Company had issued 2,841 thousand, 577 thousand, 72 thousand and 438 thousand ordinary shares at par value, with the issuing prices of $28.5 to 29.6, $28.5, $28.5 to $29.6, $28.0, $39,280 dollars per share, which totaled. All issued shares were paid up upon issuance and the related process for registration had been completed.

For the fourth quarter of 2021, the Company's ordinary shares were derived from the exercise of employee share options. Accordingly, the Company had issued 161 thousand ordinary shares, at issuing prices of $28.5 to $28.0 dollars per share, which totaled $4,508, which was recognized as advance receipts for share capital as of December 31, 2021.

(ii) Capital surplus

	December 31, 2022	December 31, 2021
Premium from the issuance of stock	$ 29,490,623	29,470,846
Treasure shares transactions	274,385	274,385
Employee stock option plans	2,790,727	2,790,727
Expired employee share option plans	268,292	268,292
Past due unclaimed dividends	264	202
Change in equity of associates accounted for using equity method	75	53
	$ 32,824,366	**32,804,505**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the paid-up capital.

(iii) Retain earning

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

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

1) Legal reserve

When the Company 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

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

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

	For the year ended December 31, 2020	
	Dividends per share	**Amount**
Dividends attributable to ordinary shareholders:		
Cash dividends	$ 1.30	**4,000,000**

(Continued)

NANYA TECHNOLOGY CORPORATION
Notes to the Financial Statements

(iv) Treasury shares

The Company repurchased shares from the securities exchange market based on section 28(2) of the Securities and Exchange Act and the movement in treasury shares were as follows:

	Reasons for repurchase of shares	
	Transferring to employees	
	Thousand shares	Amount
Balance as of January 1, 2022 (Balance as of December 31,2022)	-	$ -
Balance as of January 1, 2021	20,000	$ 1,146,932
Transferring for the period	(19,353)	(1,109,829)
Retirement for the period	(647)	(37,103)
Balance as of December 31, 2021	-	$ -

On November 3, 2021, the Company's Board of Directors approved to retire 647 thousand treasury shares, resulting in a decrease in ordinary shares amounting to $6,470. The Company recognized the decrease in capital surplus of $30,633, on November 29, 2021 as the capital reduction, due to the book value being higher than the par value of the treasury shares. The related process for registration had been completed.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

(v) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized losses from financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2022	(3,985,925)	(131,017)	(4,116,942)
Exchange differences on translation of foreign financial statements	4,899,241	-	4,899,241
Unrealized losses from financial of assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	(169,662)	(169,662)
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(404)	(404)
Balance as of December 31, 2022	$ 913,316	(301,083)	612,233

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Notes to the Financial Statements

		Exchange differences on translation of foreign financial statements	Unrealized losses from financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2021	$	(2,893,732)	(117,775)	(3,011,507)
Exchange differences on translation of foreign financial statements		(1,092,193)	-	(1,092,193)
Unrealized losses from financial of assets measured at fair value through other comprehensive income, associates accounted for using equity method		-	(12,499)	(12,499)
Unrealized losses from financial assets measured at fair value through other comprehensive income		-	(743)	(743)
Balance as of December 31, 2021	$	**(3,985,925)**	**(131,017)**	**(4,116,942)**

(o) Share-based payment transactions

As of December 31, 2022, the Company had 6 share-based payment arrangements as follows:

	The 8th batch of Employee Stock Option Plan	The 9th batch of Employee Stock Option Plan	The 1th batch of Treasury Shares Transferred to Emplyees	The 2th batch of Treasury Shares Transferred to Emplyees	The 3th batch of Treasury Shares Transferred to Emplyees	The 4th batch of Treasury Shares Transferred to Emplyees
Grant date	2016.5.10	2016.8.11	2021.1.15	2021.2.2	2021.8.12	2021.10.22
Grant unit	97,500	2,500	3,936	4,064	5,587	6,413
Exercise price (dollar) (Notes1~6)	38.0	36.6	57.4	57.4	57.4	57.4
Deal period	8 years	8 years	-	-	-	-
Vested Conditions	Duration of two years duration and at certain proportion	Duration of two years duration and at certain proportion	Immediately vested	Immediately vested	Immediately vested	Immediately vested

Note 1: The Company approved to distribute its cash dividends in 2016. As a result, the exercise price of the 8th batch of the employee stock option plan were adjusted to $35.3 dollars, in accordance with the offering and exercising terms and conditions of ESOP.

Note 2: The Company approved to distribute its cash dividends in 2017. As a result, the exercise price of the 8th and 9th batch of the employee stock option plan were adjusted to $34.3 dollars and $35.5 dollars, respectively, in accordance with the offering and exercising terms and conditions of ESOP.

Note 3: The Company approved to distribute its cash dividends in 2018. As a result, the exercise price of the 8th and 9th batch of the employee stock option plan were adjusted to $33.1 dollars and $34.3 dollars, respectively, in accordance with the offering and exercising terms and conditions of ESOP.

Note 4: The Company approved to distribute its cash dividends in 2019. As a result, the exercise price of the 8th and 9th batch of the employee stock option plan were adjusted to $29.2 dollars and $30.3 dollars, respectively in accordance with the offering and exercising terms and conditions of ESOP.

Note 5: The Company approved to distribute its cash dividends in 2020. As a result, the exercise price of the 8th and 9th batch of the employee stock option plan were adjusted to $28.5 dollars and $29.6 dollars, respectively in accordance with the offering and exercising terms and conditions of ESOP.

Note 6: The Company approved to distribute its cash dividends in 2021. As a result, the exercise price of the 8th and 9th batch of the employee stock option plan were adjusted to $28.0 dollars and $29.1 dollars, respectively in accordance with the offering and exercising terms and conditions of ESOP.

Note 7: The Company approved to distribute its cash dividends in 2022. As a result, the exercise price of the 8th and 9th batch of the employee stock option plan were adjusted to $26.3 dollars and $27.4 dollars, respectively in accordance with the offering and exercising terms and conditions of ESOP.

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(i) Options granted were priced using the Black-Scholes pricing model and the inputs to the model were as follows:

	The 8th batch of Employee Stock Option Plan	The 9th batch of Employee Stock Option Plan	The 1th batch of Treasury Shares Transferred to Emplyees	The 2th batch of Treasury Shares Transferred to Emplyees	The 3th batch of Treasury Shares Transferred to Emplyees	The 4th batch of Treasury Shares Transferred to Emplyees
Dividend rate	- %	- %	- %	- %	- %	- %
Expected volatility	55.47 %	45.80 %	48.33 %	50.77 %	40.01 %	34.15 %
Risk-free rate	0.5728 %	0.529 %	0.1690 %	0.0950 %	0.1090 %	0.2040 %
Fair value of unit stock option (dollar)	$ 18.77	15.30	28.80	29.50	9.00	5.00

Expected volatility is based on weighted average of historical volatility, and it is adjusted accordingly when there is additional market information about the volatility. Expected dividend and risk-free rate is determined based on government bonds.

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

	For the years ended December 31,			
	2022		2021	
	Weighted-average exercise (price TWD)	Number of options (Units)	Weighted-average exercise (price TWD)	Number of options (Units)
Outstanding as of January 1,	$ 28.02	1,631	28.51	4,462
Options granted	-	-	57.40	20,000
Options exercised	26.30	(1,000)	53.66	(22,171)
Options forfeited	-	-	28.51	(13)
Options expired	-	-	56.79	(647)
Outstanding as of December 31,	26.35	**631**	28.02	**1,631**
Options exercisable as of December 31,	26.35	**631**	28.02	**1,631**

Further details of the outstanding stock options of the Company as of December 31, 2022 and 2021 were as follows:

	December 31, 2022	December 31, 2021
Range of exercise price (dollar)	26.3~27.4	28.0~29.1
Weighted average of remaining option plan period (year)	1.35~1.61	2.35~2.61

(iii) Compensation cost

	For the years ended December 31,	
	2022	2021
Compensation cost arising from treasury shares transferred to employees	$ -	313,110
	$ -	**313,110**

(Continued)

NANYA TECHNOLOGY CORPORATION
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(p) Earnings per share

	For the years ended December 31, 2022	2021
Basic earnings per share：		
Net profit attributable to the Company's ordinary shareholders	$ **14,619,031**	**22,849,015**
Weighted-average number of ordinary shares outstanding (basic)	3,097,571	3,087,329
Basic earnings per share (dollar)	$ **4.72**	**7.40**
Diluted earnings per share:		
Net profit attributable to the Company's ordinary shareholders (basic and diluted)	$ **14,619,031**	**22,849,015**
Effect of potentially dilutive ordinary shares		
Weighted-average number of ordinary shares (basic)	3,097,571	3,087,329
Effect of employee stock option	622	1,451
Effect of employee remuneration	22,683	20,798
Weighted-average number of ordinary shares (diluted)	3,120,876	3,109,578
Diluted earnings per share (dollar)	$ **4.68**	**7.35**

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the year ended December 31, 2022	For the year ended December 31, 2021
	Manufacturing department	**Manufacturing department**
Geographic markets of primary destination:		
Taiwan	$ 18,028,822	28,692,474
Japan	4,028,084	5,899,564
China	18,786,645	31,198,947
USA	8,522,405	12,062,287
Other countries	6,888,791	7,627,970
	$ **56,254,747**	**85,481,242**
Major products line:		
Dynamic Random Access Memory (DRAM)	$ 56,154,509	85,352,631
Others	100,238	128,611
	$ **56,254,747**	**85,481,242**

NANYA TECHNOLOGY CORPORATION
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(i) Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable	$ 516	-	-
Accounts receivable (including related parties)	4,124,290	12,207,133	8,235,352
Total	**$ 4,124,806**	**12,207,133**	**8,235,352**

For details on notes and accounts receivable (including related parties), and loss allowance for impairment, 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 compensation which is calculated based on 1% to 12% of the Company's net income before tax before deduction of employee compensation, and after offsetting accumulated deficits, if any, should be distributed as employee compensations. Employees who are entitled to receive the above-mentioned employee compensation, in shares or cash, include the employees of the subsidiaries of the Company who meet certain specific requirements.

The estimated employee remuneration which was charged to profit or loss under operating costs or expense amounted to $1,010,000 and $1,550,000 for the years ended 2022 and 2021, respectively. This employee remuneration was estimated based on the Company's net income before tax before deducting any employee compensation, according to the earnings allocation method as stated under the Company's articles of association. If there is any difference between the actual amounts and the estimated amounts of employee remuneration to employees after the financial reports are issued, the management of the Company is expecting that the differences will be treated as a change in accounting estimates and recognized through profit or loss in the following year.

There is no difference between the estimated amounts of employee remuneration for the year ended December 31, 2022 and 2021 and the financial statements for the year ended December 31, 2022 and 2021, which were approved by the Company's Board of Directors. Related information would be available at the Market Observation Post System website.

(s) Non-operating income and expenses

(i) Interest income

	For the years ended December 31,	
	2022	2021
Interest income from bank deposits and short-term notes	$ 404,686	64,027
Interest income from financial lease receivables	35,199	57,880
	$ 439,885	**121,907**

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Notes to the Financial Statements

(ii) Other income

	For the years ended December 31, 2022	For the years ended December 31, 2021
Gains on reversal of overestimated payables	$ 514,382	-

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

(iii) Other gains and losses

	For the years ended December 31, 2022	For the years ended December 31, 2021
Withholding tax refund	$ -	45,528
Loss on disposal of property, plant and equipment	74,999	(8,814)
Foreign exchange losses	2,965,267	(438,534)
Impairment loss on non-financial assets	(23,263)	(31,640)
Others	203,681	124,331
	$ 3,220,684	(309,129)

(iv) Finance costs

	For the years ended December 31, 2022	For the years ended December 31, 2021
Amortization interest of lease liabilities	$ 49,125	23,653
Others	-	14
	$ 49,125	23,667

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(t) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk.

2) Concentration of credit risk

The majority of Company's customers are mostly those in the high-tech industry. In order to reduce accounts receivable credit risk, the Company continuously assesses the financial condition of its customers. If it is necessary, the Company will ask for guarantees or warranties. The Company still regularly assesses the likelihood of collectability of accounts receivable and sets aside allowance for bad debts, based on the result of management's evaluation of the overall amounts of bad debts.

As of December 31, 2022 and 2021, the Company's major customers consisted of five and six customers which accounted for 74.51% and 72.14%, respectively, of accounts receivable so that management believes the concentration of credit risk.

3) Credit risk of receivables

For credit risk exposure of receivables (including related parties), please refer to note 6(c).

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

Considering that the Company 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 December 31, 2022 and 2021, no allowance for impairment was provided because there was no indication of credit-impaired for the 12-month ECL or lifetime ECL allowance for other financial assets measured at amortized cost.

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flow	Within 6 months	6-12months	1-2years	2-5years	Over 5 years
December 31, 2022							
Non-derivative financial liabilities							
Accounts payable (including related parties)	$ 5,604,310	5,604,310	5,604,310	-	-	-	-
Other payable (including related parties)	6,706,084	6,706,084	6,706,084	-	-	-	-
Lease liabilities (including current portion)	4,561,342	5,115,567	213,177	213,052	419,628	1,179,545	3,090,165
	$ 16,871,736	**17,425,961**	**12,523,571**	**213,052**	**419,628**	**1,179,545**	**3,090,165**

NANYA TECHNOLOGY CORPORATION
Notes to the Financial Statements

	Carrying amount	Contractual cash flow	Within 6 months	6-12months	1-2years	2-5years	Over 5 years
December 31, 2021							
Non-derivative financial liabilities							
Accounts payable (including related parties)	$ 2,849,233	2,849,233	2,849,233	-	-	-	-
Other payables (including related parties)	7,873,994	7,873,994	7,873,994	-	-	-	-
Lease liabilities (including current portion)	1,724,601	1,822,315	118,330	118,330	236,536	636,911	712,208
Total	**$ 12,447,828**	**12,545,542**	**10,841,557**	**118,330**	**236,536**	**636,911**	**712,208**

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

(iii) Currency risk

1) Exposure to currency risk

The Company’s significant exposure to foreign currency risk was as follows:

	December 31, 2022			December 31, 2021		
	Foreign currency (in thousands)	Foreign rate (dollars)	New Taiwan Dollars	Foreign currency (in thousands)	Foreign rate (dollars)	New Taiwan Dollars
Financial assets:						
Monetary items						
USD	$ 693,633	30.708	21,300,082	1,024,412	27.690	28,365,968
JPY	1,248,529	0.2306	287,911	5,605,835	0.2404	1,347,643
EUR	279	32.7026	9,124	242	31.361	7,589
HKD	66	3.9345	260	1,012	3.545	3,587
Financial liabilities:						
Monetary items						
USD	$ 159,944	30.708	4,911,560	133,898	27.690	3,707,636
JPY	4,399,149	0.2306	1,014,444	1,046,703	0.2404	251,627
EUR	125,752	32.7026	4,112,417	9,066	31.361	284,322

2) Sensitivity analysis

The Company’s exposure to foreign currency risk arises from translation of the foreign currency exchange fluctuations on cash and cash equivalents, accounts receivable (including related parties), accounts payable, and other payables (including related parties) which are denominated in different foreign currencies. A 1% appreciaition and depreciation of the TWD against the USD, EUR, and JPY as of December 31, 2022 and 2021 would have decreased and increased the net income before tax by $115,590 and $254,812 for the years ended 2022 and 2021, respectively. This analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis.

Since the Company has many kinds of functional currency, the information on foreign exchange loss on monetary items is disclosed by total amount. For the years ended December 31, 2022 and 2021, foreign exchange gain (loss) (including realized and unrealized portions) amounted to $2,965,267 and $438,534, respectively.

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Notes to the Financial Statements

(iv) Other market price risk

For the years ended December 31, 2022 and 2021, 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:

	For the years ended December 31,	
	2022	2021
Prices of securities at the reporting date	Other comprehensive income after tax	Other comprehensive income after tax
Increase 1%	$ 133	89
Decrease 1%	(133)	(89)

(v) Fair value of financial instruments

1) Types and fair value of financial instruments

The Company'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 Company'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:

	December 31, 2022				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income:					
Equity instruments without an market price measured at fair value	$ 16,566	-	-	16,566	16,566
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 23,091,422	-	-	-	-
Financial assets measured at cost	722,764	-	-	-	-
Accounts receivable(including related parties)	4,124,806	-	-	-	-
Other receivables	1,672,741	-	-	-	-
Lease payments receivable	254,305	-	-	-	-
Subtotal	**$ 29,866,038**	**-**	**-**	**-**	**-**
Total	**$ 29,882,604**	**-**	**-**	**16,566**	**16,566**
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	$ 5,604,310	-	-	-	-
Other payables (including related parties)	6,706,084	-	-	-	-
Lease liabilities (including current portion)	4,561,342	-	-	-	-
Total	**$ 16,871,736**	**-**	**-**	**-**	**-**

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	December 31, 2021				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income:					
Equity instruments without an market price measured at fair value	$ 11,071	-	-	11,071	11,071
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 35,267,599	-	-	-	-
Accounts receivable(including related parties)	12,207,133	-	-	-	-
Other receivables	728,346	-	-	-	-
Lease payments receivable (including current portion)	483,436	-	-	-	-
Subtotal	**$ 48,686,514**	**-**	**-**	**-**	**-**
Total	**$ 48,697,585**	**-**	**-**	**11,071**	**11,071**
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	$ 2,849,233	-	-	-	-
Other payables (including related parties)	7,873,994	-	-	-	-
Lease liabilities (including current portion)	1,724,601	-	-	-	-
Total	**$ 12,447,828**	**-**	**-**	**-**	**-**

2) Valuation techniques for financial instruments measured at fair value

The category and attribute of the Company'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 years ended December 31, 2022 and 2021, there was no transfer from financial assets.

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Notes to the Financial Statements

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance as of January 1, 2022	$ 11,071
Purchased	6,000
Total losses recognized in other comprehensive income	(505)
Balance as of December 31, 2022	**$ 16,566**
Balance as of January 1, 2021	-
Purchased	12,000
Total losses recognized in other comprehensive income	(929)
Balances as of December 31, 2021)	**$ 11,071**

For the years ended December 31, 2022 and 2021, total losses that were included in " unrealized losses from financial assets at fair value through other comprehensive income" were as follows:

	2022	**2021**
Total losses recognized in other comprehensive income, and presented in "unrealized losses from financial assets at fair value through other comprehensive income"	**$ (404)**	**(743)**

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

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

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

Quantified information of significant unobservable inputs was as follows:

Item	**Valuation technique**	**Significant unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value measurement**
Financial assets at fair value through other comprehensive income equity investments without an active market	Asset method	·Net asset value ·The discount rate due to lack of marketability as of December 31, 2022 was 5%	·The higher the discount for lack of marketability, the lower the fair value.

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

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

	Inputs	Increase or decrease	Effects of changes in fair value on other comprehensive income: Favorable change	Effects of changes in fair value on other comprehensive income: Unfavorable change
December 31, 2022				
Equity investments without an active market				
Financial assets at fair value through other comprehensive income equity investments without an active markets	Discount for lack of marketability	1%	174	(174)
December 31, 2021				
Equity investments without an active market	Net asset value	5%		
Financial assets at fair value through other comprehensive income equity investments without an active market			117	(117)

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

(i) Nature and extent

The Company has the following exposure risks for holding certain financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following further discloses detailed information about exposure risk arising from the aforementioned risks and the Company’s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these exposure risks, please refer to the respective notes in the financial statements.

(ii) Framework of risk management

The Company'sBoard of Directors has overall responsibility for the establishment and oversight of the risk management framework, and developing and monitoring the risk management policies. The Risk Management Committee has been established and was merged into Sustainability Development Committee this year.

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The Company's risk management policies are established to identify and analyze the risks being faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, bank deposits and investments.

1) Accounts receivable

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases, bank references. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval from the Company; these limits are reviewed quarterly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

The Company established an impairment allowance that represents its estimate of incurred losses in respect of accounts receivable and investments. Major components of this impairment allowance are specific loss component that is related to individually significant exposure and collective loss component where is the loss is incurred but not identified. The collective component is based on historical payment experience of similar financial assets.

2) Investment

The credit risk exposure in the bank deposits and other financial instruments are measured and monitored by the Company's finance department. Considering that the Company deals only with banks and other external parties with good credit standing and with above investment grade financial institutions, corporate and partnership organization and government agencies, management is not expecting non-compliance issues and significant credit risk.

3) Guarantees

The Company’ s policy is to provide financial guarantees only to wholly owned subsidiaries. At December 31, 2022 and 2021, no other guarantees were outstanding.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Also, the Company's approach to managing liquidity is to ensure, as much as possible, that it will always have sufficient current funds, such as cash and cash equivalents, securities with high liquidity and sufficient credit line from banks, to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Consolidated Company's reputation.

The Company has unused bank facilities for $46,792,000 and $23,192,000 as of December 31, 2022 and 2021.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company buys and sells derivatives in order to reduce market risks. All these transactions are made in accordance with the risk management policy.

1) Currency risk

The Company's exposure to currency risk is on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company, primarily the New Taiwan Dollars (NTD). The currencies used in these transactions are denominated in NTD, USD, JPY, EUR and HKD.

2) Other market price risk

The Company is exposed to equity price risk due to the investments in equity securities. This is a strategic investment and is not held for trading. The Company does not actively trade in these investments as the management of the Company minimizes the risk by holding different investment portfolios.

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(v) Capital management

The Company's policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of the Company's equity.

The Company may adjust the payment of dividend to shareholders, return cash to shareholders through capital reduction, issue new shares or sell held for sale assets in order to pay off its liabilities. Likewise, the Company monitors its debt-to-capital ratio which serves as the basis to control capital, the same practice as the other companies in the industry. The Company's debt-to-capital ratio on reporting date was as follows:

	December 31, 2022	December 31, 2021
Total Liabilities	$ 21,185,627	18,348,740
Deduct: cash and cash equivalents	(23,091,422)	(35,267,599)
Net liabilities	**$ (1,905,795)**	**(16,918,859)**
Total equity	**$ 180,958,050**	**172,978,068**
Debt-to-capital ratio	**(1.05)%**	**(9.78)%**

The Company has not changed its capital management strategy as of December 31, 2022.

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

The Company's investing and financing activities on non-cash transactions for the years ended 2022 and 2021 were as follows:

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

(ii)

	For the years ended December 31, 2022	For the years ended December 31, 2021
Acquisition of property, plant and equipment	$ 23,428,569	11,345,914
Add: Payables on equipment at beginning of period	785,854	693,313
Less: Payables on equipment at end of period	(3,508,900)	(785,854)
Cash Paid	**$ 20,705,523**	**11,253,373**

	For the years ended December 31, 2022	For the years ended December 31, 2021
(iii) Retirement of treasury shares	**$ -**	**37,103**

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(iv) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2022	Cash flow	Non-Cash changes: Change in an index of lease payment	Non-Cash changes: Increased	Non-Cash changes: Increased of other payables	December 31, 2022
Lease liabilities	$ 1,724,601	(281,419)	26,136	3,104,065	(12,041)	4,561,342
Guarantee deposits	70,248	(47,322)	-	-	-	22,926
	$ 1,794,849	**(328,741)**	**26,136**	**3,104,065**	**(12,041)**	**4,584,268**

	January 1, 2021	Cash flow	Non-Cash changes: Changes in an index of lease payments	Non-Cash changes: Increased	Non-Cash changes: Increased by other payables	December 31, 2021
Lease liabilities	$ 1,796,084	(188,376)	17,429	99,811	(347)	1,724,601
Guarantee deposits	129,753	(59,505)	-	-	-	70,248
	$ 1,925,837	**(247,881)**	**17,429**	**99,811**	**(347)**	**1,794,849**

(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 financial statements.

Name of related party	Relationship with the Company
Nanya Technology Corp. U.S.A.	The Company's subsidiary
Nanya Technology Corp. Delaware	The Company's subsidiary
Nanya Technology Corp. H.K.	The Company's subsidiary
Nanya Technology Corp. Japan	The Company's subsidiary
Nanya Technology International, Ltd.	The Company's subsidiary
Nanya Technology Corp. Europe GmbH	The Company's subsidiary
Nanya Technology Corp. Shenzhen	The Company's subsidiary
Formosa Advanced Technologies Co., Ltd.	The Company's associates
Formosa Petrochemical Corporation	The Company's other related parties
Nan Ya Photonics Incorporation	The Company's other related parties
Formosa Sumco Technology Corporation	The Company's other related parties
Formosa Technologies Corporation	The Company's other related parties
Formosa Biomedical Technology Corp.	The Company's other related parties
Formosa Plastics Corporation	The Company's other related parties
Formosa FCFC Carpet Corporation	The Company's other related parties
Formosa Waters Technology Co., Ltd.	The Company's other related parties
Nan Ya Plastics Corporation	The entity with significant influence over the Company
Min Chi University of Technology	The Company's other related parties

(Continued)

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(b) Significant related-party transactions

(i) Sales to related parties

	Sales For the years ended December 31,		Accounts receivable to related parties	
	2022	**2021**	**December 31, 2022**	**December 31, 2021**
Subsidiaries				
Nanya Technology Corp. USA	$ 8,522,364	11,944,306	973,990	2,880,267
Other Subsidiaries	9,378,978	11,177,075	931,355	1,950,677
Total	$ 17,901,342	23,121,381	1,905,345	4,830,944

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 60 to 180 days and due for collection on the 15th day of the month following the month of delivery of goods sold. 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.

(ii) Purchase from related parties

	Purchases For the years ended December 31,		Accounts payable to related parties	
	2022	**2021**	**December 31, 2022**	**December 31, 2021**
Entities with significant influence over the Company	$ 245,691	121,418	15,148	12,764
Associates	2,395	852	-	-
Other related parties:				
Formosa Sumco Technology Corporation	1,018,815	661,913	179,353	97,938
Other related parties	277,393	270,612	14,456	8,812
Total	$ 1,544,294	1,054,795	208,957	119,514

The purchase price and payment terms for the purchase from related parties above are not significantly different from those with third party vendors, and the average payment period for notes and accounts payable pertaining to such purchase transactions ranged from one to two months, which was similar to that of other normal vendors.

NANYA TECHNOLOGY CORPORATION
Notes to the Financial Statements

(iii) Consigned out for processing

	Amount For the years ended December 31, 2022	Amount For the years ended December 31, 2021	Other payables to related parties December 31, 2022	Other payables to related parties December 31, 2021
Associates	$ 8,693,192	7,773,589	1,414,240	1,221,034

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) Service received

Relationship	Other gains For the years ended December 31, 2022	Other gains 2021	Administrative expenses For the years ended December 31, 2022	Administrative expenses 2021	Other payables to related parties December 31, 2022	Other payables to related parties December 31, 2021
Subsidiaries						
Nanya Technology Corp. USA	$ 306	278	-	-	-	-
Nanya Technology Corp. Europe GmbH	184	166	-	-	-	-
Nanya Technology Corp. Shen zhen	-	-	55,031	51,880	4,611	3,945
Nanya Technology Corp. Delaware	153	139	459,530	440,475	46,268	56,531
Nanya Technology Corp. Japan	-	-	433	2,039	-	-
	$ 643	583	514,994	494,394	50,879	60,476

(v) Property transactions

1) Acquisition of equipment:

	Acquisition price For the years ended December 31, 2022	Acquisition price 2021	Other payables to related parties December 31, 2022	Other payables to related parties December 31, 2021
Entities with significant influence over the Company	$ 44,850	32,371	4,485	8,093
Other related parties	29,500	9,718	13,226	8,088
	$ 74,350	42,089	17,711	16,181

2) Acquisition of Financial Assets

Relationship	Account	For the year ended December 31, 2021 Number of shares of transaction (in thousands)	Item of transaction	Acquisition price
Subsidiary	Investments accounted for using equity method	0.4	Shares of Nanya Technology International, Ltd.	$ 11,141,200

(Continued)

NANYA TECHNOLOGY CORPORATION
Notes to the Financial Statements

(vi) Lease contracts

Relationship	Acquisition price For the years ended December 31, 2022	2021
Entities with significant influence over the Company	$ 39,628	65,134

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 Company 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 years ended December 31, 2022 and 2021, the Company recognized the amounts of $48,192 and $23,290, respectively, as interest expenses. Furthermore, on December 31, 2022 and 2021, the balances of lease liabilities amounted to $4,454,312 and $1,633,479, respectively.Additionally, for the year ended December 31, 2022 and 2021, the Company recognized the additions of the right of use asset amounting to $3,055,217 and $0, respectively.

The Company 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 year ended December 31, 2022, the Company recognized the amount of $440, as interest expense. Furthermore, on December 31, 2022, the balance of lease liability amounted to $33,073 and $49,352.

(vii) Others

	Other income December 31, 2022	December 31, 2021
Associates	$ 260	602

	Paid in advance December 31, 2022	December 31, 2021
Associates	$ 19,617	-

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

(Continued)

NANYA TECHNOLOGY CORPORATION
Notes to the Financial Statements

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31, 2022	For the years ended December 31, 2021
Short-term employee benefits	$ 76,610	46,749
Share-based payment	-	5,696
	$ 76,610	**52,445**

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

(8) Pledged assets:

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

Pledged assets	Object	December 31, 2022	December 31, 2021
Non-current financial assets at amortized cost	Performance guarantee	**$ 722,764**	**-**

(9) Commitments and contingencies:

(a) Significant commitments

	December 31, 2022	December 31, 2021
Guarantees for importation goods provided by bank	$ 1,035,000	835,000
Unused letters of credit	346,484	112,321
Acquisition of property, plant and equipment	22,590,421	-
Total	**$ 23,971,905**	**947,321**

(b) Contingent liabilities

(i) In 2000, the Company was charged by Brazil's Ministry of Justice as being involved in the International Monopolies, which influences Brazil's DRAM market. Consequently, the Company, other large international companies and individuals are investigated at the same time. The lawsuit was in a court hearing. The Company has engaged counsels to properly handle it to ensure the Company's rights.

(ii) In November 2019, Monterey Research LLC (Monterey) filed a lawsuit against Nanya Technology Corp. (Nanya) and two of its subsidiaries, Nanya Technology Corp., USA (NTC USA) and Nanya Technology Corp., Delaware (NTC Delaware), to the US District Court of Delaware for patent infringement. The Company has engaged counsels to properly handle it to ensure the Company's rights.

(Continued)

NANYA TECHNOLOGY CORPORATION
Notes to the Financial Statements

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

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

	For the year ended December 31, 2022			For the year ended December 31, 2021		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salaries	3,350,434	2,264,179	5,614,613	3,719,161	2,471,749	6,190,910
Labor and health insurance	218,220	115,516	333,736	208,937	108,991	317,928
Pension expenses	105,532	71,687	177,219	100,824	68,983	169,807
Remuneration of directors	-	7,870	7,870	-	6,610	6,610
Other personnel expenses	71,678	33,714	105,392	70,520	32,752	103,272
Depreciation expenses	14,342,222	635,245	14,977,467	14,531,453	491,962	15,023,415
Amortization expenses	258,128	-	258,128	260,025	-	260,025

The Company's number of employees and additional information on employee benefits for the years ended December 31, 2022 and 2021 are as follows：

	For the years ended December 31, 2022	2021
Number of employees	3,572	3,470
Number of directors who were not employees	8	8
The average employee benefit	$ 1,748	1,959
The average salaries and wages	$ 1,575	1,788
Changes of the average salaries and wages	(11.91)%	26.81 %
Remuneration to supervisor	$ -	-

The Company’s salary and remuneration policies (including directors, managers, and employees) are as follows:

The Company established a remuneration committee to monitor its directors and executives, and to protect the rights of its shareholders and employees. Also, the Company formulates the policies, standards and structures of remuneration, to regularly examine the performance of directors and executives. Furthermore, the Company aims to attract and hold talented employees though providing competitive salaries.

(Continued)

NANYA TECHNOLOGY CORPORATION
Notes to Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company for the year ended December 31, 2022:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of December 31, 2022 (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 measured at fair value through other comprehensive income－non-current	-	-	- %	-	
				-	16,566	2.46 %	16,566	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of $300 million or 20% of the Company's paid-in capital:None

(v) Acquisition of individual real estate with amount exceeding the lower of $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	4,653,743	Yung Ching Construction Co., Ltd. and 6 other companies	Non-related parties				-	Based on market price	For purposes of production and operating	
The Company	Factory Construction	April 19, 2022	5,227,880	614,798	Li Jin Eingeering Co., Ltd.	Non-related parties				-	Based on market price	For purposes of production and operating	
The Company	Factory Construction	May 30, 2022	920,000	-	Lien Rong Construction Co., Ltd.	Non-related parties				-	Based on market price	For purposes of production and operating	
The Company	Factory Construction	August 1, 2022	2,089,560	104,478	Kwang-Lien Construction Co., Ltd.	Non-related parties				-	Based on market price	For purposes of production and operating	

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

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

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Nanya Technology Corp., U.S.A.	Subsidiary	(Sale)	(8,522,364)	(15.15)%	O/A 60~90Days	-		973,990	23.61%	
The Company	Nanya Technology Corp., Japan	Subsidiary	(Sale)	(4,028,084)	(7.16)%	O/A 180Days	-		71,281	1.73%	
The Company	Nanya Technology Corp., Europe GmbH	Subsidiary	(Sale)	(5,170,973)	(9.19)%	O/A 60~90Days	-		822,988	19.95%	
The company	Nanya Technology Corp., HK	Subsidiary	(Sale)	(179,922)	(0.32)%	O/A 60~90 Days	-		37,086	0.90%	

NANYA TECHNOLOGY CORPORATION
Notes to Financial Statements

Name of company	Related party	Nature of relationship	Transaction details: Purchase /Sale	Transaction details: Amount	Transaction details: Percentage of total purchases/sales	Transaction details: Payment terms	Transactions with terms different from others: Unit price	Transactions with terms different from others: Payment terms	Notes/Accounts receivable (payable): Ending balance	Notes/Accounts receivable (payable): Percentage of total notes/accounts receivable (payable)	Note
Nanya Technology Corp. Delaware	Nanya Technology Corp.	The parent company	(Sale)	(453,363)	100.00%	O/A 60~90 Days	-		46,268	100.00%	-
Nanya Technology Corp., U.S.A.	Nanya Technology Corp	The parent company	Purchase	8,522,364	100.00%	O/A 60~90Days	-		(973,990)	(100.00)%	-
Nanya Technology Corp., Japan	Nanya Technology Corp	The parent company	Purchase	4,028,084	100.00%	O/A 180Days	-		(71,281)	(100.00)%	
Nanya Technology Corp., Europe GmbH	Nanya Technology Corp	The parent company	Purchase	5,170,973	100.00%	O/A 60~90Days	-		(822,988)	(100.00)%	
Nanya Technology Corp., HK	Nanya Technology Corp	The parent company	Purchase	179,922	100.00%	O/A 60~90Days	-		(37,086)	(100.00)%	
Nanya Technology Corp. Delaware	Nanya Technology Corp.	The parent company	(Sale)	1,018,815	7.29%	O/A 60~90 Days	-		(179,353)	(3.20)%	-
				150,698	1.08%		-		(3,765)	(0.07)%	
Nanya Technology Corp., U.S.A.	Nanya Technology Corp.	The parent company	Purchase	245,691	1.76%	O/A 60~90Days	-		(15,148)	(0.27)%	(Note)

(viii) Receivables from related parties with amounts exceeding the lower of $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	Account receivable from related parties	Turnover rate	Overdue: Amount	Overdue: Action taken	Amounts received in subsequent period	Allowance for bad debts
The Company	Nanya Technology Corp., U.S.A.	Subsidiary	973,990	4.42	-	-	379,863	-
The Company	Nanya Technology Corp., Japan	Subsidiary	822,988	5.26	-		303,082	-

(ix) Trading in derivative instruments: None

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2022 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars / Thousands Shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount: December 31, 2022	Original investment amount: December 31, 2021	Balance as of December 31, 2022: Shares (thousand)	Balance as of December 31, 2022: Percentage of ownership	Balance as of December 31, 2022: Carrying value	Net income (losses) of investee	Share of profits/losses of investee	Note
The Company	Nanya Technology Corp., U.S.A.	U.S.A	Sales of semiconductor products	20,392	20,392	2.4	100.00 %	230,728	19,979	19,979	(Note 1)
The Company	Nanya Technology Corp., Delaware	U.S.A	Design of semiconductor products	36,005	36,005	-	100.00 %	220,662	16,998	16,998	(Note 1)
The Company	Nanya Technology Corp., HK	Hong Kong	Sales of semiconductor products	66,271	66,271	19.7	100.00 %	91,139	12,134	12,134	(Note 1)
The Company	Nanya Technology Corp., Japan	Japan	Sales of semiconductor products	20,161	20,161	1	100.00 %	403,177	165,340	165,340	(Note 1)
The Company	Piece Makers Technology Inc.	Hsinchu	Design of semiconductor products	48,145,600	48,145,600	2	100.00 %	50,181,697	948,710	948,710	(Note 1)
Nanya Technology Corp., HK	Nanya Technology Europe GmbH	Germany	Sales of semiconductor products	5,099,482	5,099,482	141,511	32.00 %	5,385,900	2,055,289	573,593	(Note 3)
The Company	Sumpro Electronics Corporation	Taoyuan	Business of electronic products	30,056	30,056	-	100.00 %	84,951	9,346	9,346	(Note 2)

Note 1: As subsidiary

Note 2: As sub-subsidiary

Note 3: As investee company accounted for using equity method

NANYA TECHNOLOGY CORPORATION
Notes to Financial Statements

(c) Information on investment in mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Nanya Technology Corp., Shenzhen	Sales of semiconductor products	30,247 (USD985 thousand)	(2)	30,247 (USD985 thousand)	-	-	30,247 (USD985 thousand)	1,470	100.00%	1,470 (Note 2)	24,821	-

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.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2022 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment (Note 2)
30,247 (USD985 thousand)	30,247 (USD985 thousand)	108,574,830

Note 1：The exchange rate of New Taiwan dollars to US dollars on December 31, 2022 was USD1：TWD 30.708.

Note 2：60% of net equity.

(iii) Significant transactions: None

(a) 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 ac count. 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:

Please refer to the consolidated financial statements as of and for the year ended December 31, 2022.

Nanya Technology Corporation

STATEMENT OF CASH AND CASH EQUIVALENTS

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Cash in bank	Checking Account	$ 18,964	
	Demand deposits	4,283,457	
	Foreign currency deposits	4,484,684	(Note1)
Cash Equivalents	Time deposits	14,206,417	(Note2)
Repurchase bonds		97,900	(Note3)
Total		**$ 23,091,422**	

Note 1

Original currency (in thousand)		Currency rate
USD	138,891	30.708
JPY	939,418	0.2306
EUR	84	32.70
HKD	66	3.9345

Note 2

Original currency (in thousand)		Maturity	Interest rate
USD	423,551	112.1.03~112.4.14	4.20%~5.30%
TWD	1,200,000	112.1.16~112.1.31	1.12%~1.20%

Note 3

Original currency (in thousand)		Maturity	Interest rate
TWD	97,900	2022.1.05~2022.1.21	0.86%

Nanya Technology Corporation

Statement of trade receivables

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Clients	Amount
Non-related parties:	
MediaTek Inc.	$ 568,819
KINGSTON	444,960
WPI International Co.	262,401
WT Microelectronics Co., Ltd	202,731
Techmosa International Inc.	184,162
HP Singapore (Private) Limited	146,445
Other (Less than 5% of the ending balance)	409,427
Total	**$ 2,218,945**

Nanya Technology Corporation

STATEMENT OF INVENTORIES

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Items	Amount: Cost	Amount: Net Realizable value
Raw materials	$ 1,105,157	1,105,157
Work in process	8,670,605	8,670,605
Finished goods	13,579,858	13,579,858
Total	**$ 23,355,620**	**23,355,620**

Nanya Technology Corporation

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

	Beginning Balance		Additions		Disposals				Ending Balance			
Investee Company	**Number of Shares**	**Amount**	**Number of Shares**	**Amount (Note1)**	**Number of Shares**	**Amount (Note 1)**	**Others (Note2)**	**Income from investments**	**Number of Shares**	**Percentage of ownership**	**Amount**	**Guarantee or pledge**
Nanya Technology Corp, USA	2,400	$ 67,956	-	-	-	-	137,356	19,979	2,400	100.00 %	225,291	Nil
Nanya Technology Corp, Delaware	1	199,707	-	-	-	-	-	16,998	1	100.00 %	216,705	Nil
Nanya Technology Corp, HK	19,699	90,985	-	-	-	-	-	12,134	19,699	100.00 %	103,119	Nil
Nanya Technology Corp, Japan	1,000	294,009	-	-	-	-	485	165,340	1,000	100.00 %	459,834	Nil
Formosa Advanceed Technologies Co., Ltd.	141,511,000	5,339,031	-	-	-	353,778	(172,946)	573,593	141,511,000	32.00 %	5,385,900	Nil
Nanya Technology International, Ltd	1,600	48,260,428	-	-	-	-	-	948,710	1,600	100.00 %	49,209,138	Nil
Subtoatl		54,252,116		-		353,778	(35,105)	1,736,754			55,599,987	
Add: Exchange differences on translation of foreign financial statements												
Nanya Technology Corp, USA		(15,609)		-		-	21,046	-			5,437	
Nanya Technology Corp, Delaware		(16,499)		-		-	20,456	-			3,957	
Nanya Technology Corp, HK		(13,867)		-		-	1,887	-			(11,980)	
Nanya Technology Corp, Japan		(49,323)		-		-	(7,334)	-			(56,657)	
Nanya Technology International, Ltd		(3,890,627)		-		-	4,863,186	-			972,559	
Subtoatl		(3,985,925)		-		-	4,899,241	-			913,316	
		$ 50,266,191		-		353,778	4,864,136	1,736,754			56,513,303	

Note1 : The amounts consisted of cash dividend.

Note2 : The amounts consisted of unrealized net profit or loss from sales amounting to $137,841, share of other comprehensive income of associates accounted for using equity method amounting to $(172,968),and changes in Capital surplus amounting to $22.

Nanya Technology Corporation

STATEMENT OF TRADE PAYABLES

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Items	Amount
Accounts O/A payable	$ 2,895,868
Accounts raw material and supplies payable	2,432,026
Others (Less than 5% of the ending balance)	67,459
Total	**$ 5,395,353**

STATEMENT OF OTHER PAYABLES

Items	Amount
Salaries payable	$ 1,989,378
Royalty Payable	2,069,390
Consigned out for processing	474,396
Others (Less than 5% of the ending balance)	690,090
	$ 5,223,254

Nanya Technology Corporation

STATEMENT OF OPERATING COSTS

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Items	Amount
Beginning balance of year for raw materials	$ 641,996
Add: raw materials purchased	13,977,097
Ending balance of year for raw materials	(1,105,157)
Add: Others	56,149
Less: Reclassified to manufacturing and operating expenses	(4,763,113)
Usage material	8,806,772
Direct labor	560,464
Manufacturing expenses	40,110,744
Manufacturing Costs	49,477,980
Beginning balance of year for work in progress	7,364,481
Add: Transferred from finished goods	4,972,713
Less: Reclassified to operating expenses	(3,311,187)
Ending balance of year for work in progress	(8,670,605)
Cost of finished goods	49,833,382
Beginning balance of year for finished goods	3,461,330
Less: Reclassified to work in progress	(4,972,713)
Reclassified to operating expenses	(35,294)
Ending balance of year for finished goods	(13,579,858)
Inventory cost	34,706,847
Add: Other costs	117,259
Loss on work stoppage	495,995
Operating costs	**$ 35,320,101**

Nanya Technology Corporation

STATEMENT OF SELLING EXPENSES

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Items		Amount
Salaries	$	252,390
Air Freights on export sales		86,569
Commissions on export sales		89,708
Others (Less than 5% of the ending balance)		148,622
Total	**$**	**577,289**

Nanya Technology Corporation

STATEMENT OF ADMINISTRATIVE EXPENSES

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Items	Amount
Salaries	$ 526,021
Miscellaneous expenses	217,010
Amortization expenses	196,322
Professional service fee	187,635
Depreciation expenses	149,107
Utilities	104,119
Others (Less than 5% of the ending balance)	345,571
	$ 1,725,785

Nanya Technology Corporation

STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSE

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Items	Amount
Testing material expenses	$ 4,487,419
Salaries	1,710,785
Depreciation expenses	481,476
Others (Less than 5% of the ending balance)	1,183,408
	$ 7,863,088