

**NAN YA PRINTED CIRCUIT BOARD  
CORPORATION AND SUBSIDIARIES**

**Consolidated Financial Statements**

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

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

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## Independent Auditors' Review Report

To the Board of Directors of  
Nan Ya Printed Circuit Board Corporation:

### Introduction

We have reviewed the accompanying consolidated balance sheets of Nan Ya Printed Circuit Board Corporation and its subsidiaries as of June 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2022 and 2021, as well as the changes in equity and cash flows for the six months ended June 30, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

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

**Conclusion**

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Nan Ya Printed Circuit Board Corporation and its subsidiaries as of June 30, 2022 and 2021, and of its consolidated financial performance for the three months and six months ended June 30, 2022 and 2021, as well as its consolidated cash flows for the six months ended June 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)

August 4, 2022

**Notes to Readers**

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Reviewed only, not audited in accordance with generally accepted auditing standards as of June 30, 2022 and 2021**

**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**June 30, 2022, December 31 and June 30, 2021**

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

| Assets                     |  | June 30, 2022        |            | December 31, 2021 |            | June 30, 2021     |            | Liabilities and equity              |   | June 30, 2022        |            | December 31, 2021 |            | June 30, 2021     |            |
|----------------------------|--|----------------------|------------|-------------------|------------|-------------------|------------|-------------------------------------|---|----------------------|------------|-------------------|------------|-------------------|------------|
|                            |  | Amount               | %          | Amount            | %          | Amount            | %          |                                     |   | Amount               | %          | Amount            | %          | Amount            | %          |
| <b>Current assets:</b>     |  |                      |            |                   |            |                   |            | <b>Current liabilities:</b>         |   |                      |            |                   |            |                   |            |
| 1100                       | Cash and cash equivalents (note 6(a))                              | \$ 18,741,078        | 26         | 13,194,450        | 23         | 10,973,113        | 22         | 2100                                | Current borrowings (note 6(h))                                    | \$ 228,888           | -          | 1,214,969         | 2          | -                 | -          |
| 1170                       | Notes and accounts receivable, net (notes 6(b)(o))                 | 12,566,354           | 17         | 10,981,794        | 20         | 9,941,599         | 20         | 2130                                | Current contract liabilities(note 6(o))                           | 311,718              | 1          | 112,399           | -          | -                 | -          |
| 1180                       | Accounts receivable due from related parties (notes 6(b)(o) and 7) | 223,199              | -          | 79,757            | -          | 47,479            | -          | 2170                                | Accounts payable  | 3,842,006            | 5          | 3,385,225         | 6          | 3,061,514         | 6          |
| 1200                       | Other receivables (note 6(c))                                      | 306,330              | 1          | 63,500            | -          | 76,657            | -          | 2180                                | Accounts payable to related parties(note 7)                       | 277,646              | -          | 272,317           | -          | 300,217           | 1          |
| 1210                       | Other receivables due from related parties (notes 6(c) and 7)      | 3,832                | -          | 7,193             | -          | 908               | -          | 2200                                | Other payables(note 6(m))   | 9,281,325            | 13         | 3,052,073         | 6          | 4,453,300         | 9          |
| 1310                       | Current inventories (note 6(d))                                    | 5,667,501            | 8          | 5,347,835         | 10         | 5,324,748         | 11         | 2220                                | Other payables to related parties(note 7)                         | 28,791               | -          | 50,113            | -          | 1,763,986         | 4          |
| 1410                       | Prepayments  | 526,477              | 1          | 501,116           | 1          | 335,230           | 1          | 2230                                | Current tax liabilities   | 2,063,827            | 3          | 1,590,041         | 4          | 676,379           | 1          |
|                            | <b>Total current assets</b>  | <b>38,034,771</b>    | <b>53</b>  | <b>30,175,645</b> | <b>54</b>  | <b>26,699,734</b> | <b>54</b>  | 2282                                | Current lease liabilities, related parties (notes 6(j) and 7)     | 208,249              | -          | 154,013           | -          | 161,330           | -          |
| <b>Non-current assets:</b> |  |                      |            |                   |            |                   |            | 2322                                | Long-term borrowings, current portion (note 6(i))                 | 487,800              | 1          | 454,395           | 1          | 441,738           | 1          |
| 1550                       | Investments accounted for using equity method (note 6(c))          | 492,604              | 1          | 501,678           | 1          | 479,759           | 1          | 2399                                | Other current liabilities, others                                 | 381,587              | 1          | 230,836           | -          | 235,828           | -          |
| 1600                       | Property, plant and equipment (note 6(f) and 7)                    | 31,067,568           | 43         | 24,471,003        | 43         | 21,482,668        | 43         |                                     | <b>Total current liabilities</b>                                  | <b>17,111,837</b>    | <b>24</b>  | <b>10,516,381</b> | <b>19</b>  | <b>11,094,292</b> | <b>22</b>  |
| 1755                       | Right-of-use assets (note 6(g) and 7)                              | 1,772,094            | 2          | 402,488           | 1          | 225,842           | -          | <b>Non-current liabilities:</b>     |   |                      |            |                   |            |                   |            |
| 1840                       | Deferred tax assets  | 736,689              | 1          | 788,842           | 1          | 846,576           | 2          | 2527                                | Non-current contract liabilities (note 6(o))                      | 5,803,449            | 8          | 711,975           | 1          | 711,975           | 2          |
| 1900                       | Other non-current assets   | 16,185               | -          | 5,519             | -          | 8,184             | -          | 2540                                | Non-current portion of non-current borrowings (note 6(i))         | -                    | -          | 227,197           | -          | 441,738           | 1          |
|                            | <b>Total non-current assets</b>                                    | <b>34,085,140</b>    | <b>47</b>  | <b>26,169,530</b> | <b>46</b>  | <b>23,043,029</b> | <b>46</b>  | 2570                                | Deferred tax liabilities  | 2,421,170            | 4          | 1,871,276         | 4          | 1,457,137         | 3          |
|                            |  |                      |            |                   |            |                   |            | 2582                                | Non-current lease liabilities, related parties (notes 6(j) and 7) | 1,536,572            | 2          | 220,264           | -          | 36,207            | -          |
|                            |  |                      |            |                   |            |                   |            | 2640                                | Net defined benefit liability, non-current                        | 2,163,106            | 3          | 2,189,580         | 4          | 1,949,605         | 4          |
|                            |  |                      |            |                   |            |                   |            | 2645                                | Guarantee deposits received                                       | 119,606              | -          | 129,528           | -          | 93,347            | -          |
|                            |  |                      |            |                   |            |                   |            |                                     | <b>Total non-current liabilities</b>                              | <b>12,043,903</b>    | <b>17</b>  | <b>5,349,820</b>  | <b>9</b>   | <b>4,690,009</b>  | <b>10</b>  |
|                            |  |                      |            |                   |            |                   |            |                                     | <b>Total liabilities</b>  | <b>29,155,740</b>    | <b>41</b>  | <b>15,866,201</b> | <b>28</b>  | <b>15,784,301</b> | <b>32</b>  |
|                            |  |                      |            |                   |            |                   |            | <b>Equity (note 6(m)):</b>          |   |                      |            |                   |            |                   |            |
|                            |  |                      |            |                   |            |                   |            | 3100                                | Ordinary shares   | 6,461,655            | 9          | 6,461,655         | 11         | 6,461,655         | 13         |
|                            |  |                      |            |                   |            |                   |            | 3200                                | Capital surplus   | 18,125,600           | 25         | 18,125,600        | 32         | 18,125,555        | 36         |
|                            |  |                      |            |                   |            |                   |            | 3310                                | Legal reserve   | 5,896,621            | 8          | 4,859,640         | 9          | 4,859,640         | 10         |
|                            |  |                      |            |                   |            |                   |            | 3320                                | Special reserve   | 861,246              | 1          | 592,160           | 1          | 592,160           | 1          |
|                            |  |                      |            |                   |            |                   |            | 3350                                | Unappropriated retained earnings                                  | 12,281,538           | 17         | 11,301,164        | 20         | 4,844,985         | 10         |
|                            |  |                      |            |                   |            |                   |            | 3400                                | Other equity interest   | (662,489)            | (1)        | (861,245)         | (1)        | (925,533)         | (2)        |
|                            |  |                      |            |                   |            |                   |            |                                     | <b>Total equity</b>   | <b>42,964,171</b>    | <b>59</b>  | <b>40,478,974</b> | <b>72</b>  | <b>33,958,462</b> | <b>68</b>  |
| <b>Total assets</b>        |  | <b>\$ 72,119,911</b> | <b>100</b> | <b>56,345,175</b> | <b>100</b> | <b>49,742,763</b> | <b>100</b> | <b>Total liabilities and equity</b> |   | <b>\$ 72,119,911</b> | <b>100</b> | <b>56,345,175</b> | <b>100</b> | <b>49,742,763</b> | <b>100</b> |

See accompanying notes to consolidated financial statements.

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

**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

For the three months and six months ended June 30, 2022 and 2021

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

|      | For the three months ended   |               |        |            | For the six months ended |            |        |            |     |
|------|--|---------------|--------|------------|--------------------------|------------|--------|------------|-----|
|      | June 30,   |               |        |            | June 30,                 |            |        |            |     |
|      | 2022   |               | 2021   |            | 2022                     |            | 2021   |            |     |
|      | Amount   | %             | Amount | %          | Amount                   | %          | Amount | %          |     |
| 4000 | <b>Operating revenue (notes 6(o) and 7)</b>  | \$ 15,185,715 | 100    | 12,484,947 | 100                      | 29,747,370 | 100    | 23,340,766 | 100 |
| 5000 | <b>Operating costs (notes 6(d)(f)(g)(j)(k)(p) and 7)</b>   | 9,242,940     | 61     | 9,114,900  | 73                       | 18,412,093 | 62     | 17,770,775 | 76  |
|      | <b>Gross profit from operations</b>  | 5,942,775     | 39     | 3,370,047  | 27                       | 11,335,277 | 38     | 5,569,991  | 24  |
|      | <b>Operating expenses (notes 6(b)(f)(g)(j)(k)(p) and 7):</b>   |               |        |            |                          |            |        |            |     |
| 6100 | Selling expenses   | 178,153       | 1      | 155,574    | 1                        | 360,983    | 1      | 284,953    | 1   |
| 6200 | Administrative expenses  | 382,351       | 3      | 339,697    | 3                        | 806,033    | 3      | 675,865    | 3   |
| 6450 | Expected credit gain   | (3)           | -      | -          | -                        | (487)      | -      | -          | -   |
| 6000 | <b>Total operating expenses</b>  | 560,501       | 4      | 495,271    | 4                        | 1,166,529  | 4      | 960,818    | 4   |
| 6900 | <b>Net operating income</b>  | 5,382,274     | 35     | 2,874,776  | 23                       | 10,168,748 | 34     | 4,609,173  | 20  |
|      | <b>Non-operating income and expenses (notes 6(e)(f)(j)(q) and 7):</b>  |               |        |            |                          |            |        |            |     |
| 7100 | Interest income  | 28,792        | -      | 12,891     | -                        | 38,328     | -      | 28,269     | -   |
| 7010 | Other income   | 49,363        | -      | 183,132    | 1                        | 90,435     | 1      | 237,754    | 1   |
| 7020 | Other gains and losses   | 602,798       | 5      | (182,105)  | (1)                      | 971,887    | 3      | (152,213)  | (1) |
| 7050 | Finance costs  | (6,964)       | -      | (6,545)    | -                        | (11,523)   | -      | (8,996)    | -   |
| 7060 | Share of profit of associates accounted for using equity method  | 20,973        | -      | 10,652     | -                        | 33,948     | -      | 21,647     | -   |
|      | <b>Total non-operating income and expenses</b>   | 694,962       | 5      | 18,025     | -                        | 1,123,075  | 4      | 126,461    | -   |
|      | <b>Profit before tax</b>   | 6,077,236     | 40     | 2,892,801  | 23                       | 11,291,823 | 38     | 4,735,634  | 20  |
| 7950 | Less: Tax expense (note 6(l))  | 1,212,946     | 8      | 564,006    | 4                        | 2,543,727  | 9      | 822,002    | 3   |
|      | <b>Profit</b>  | 4,864,290     | 32     | 2,328,795  | 19                       | 8,748,096  | 29     | 3,913,632  | 17  |
| 8300 | <b>Other comprehensive income (notes 6(e)(l)(m)):</b>  |               |        |            |                          |            |        |            |     |
| 8310 | <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>                      |               |        |            |                          |            |        |            |     |
| 8320 | Share of other comprehensive income of associates accounted for using equity method                                  | (8,295)       | -      | (2,494)    | -                        | (9,854)    | -      | 1,474      | -   |
| 8349 | Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss | -             | -      | -          | -                        | -          | -      | -          | -   |
|      | <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>                      | (8,295)       | -      | (2,494)    | -                        | (9,854)    | -      | 1,474      | -   |
| 8360 | <b>Components of other comprehensive income that will be reclassified to profit or loss</b>                          |               |        |            |                          |            |        |            |     |
| 8361 | Exchange differences on translation  | (307,793)     | (2)    | (79,699)   | (1)                      | 260,763    | 1      | (152,963)  | (1) |
| 8399 | Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss     | (61,558)      | -      | (15,939)   | -                        | 52,153     | -      | (30,592)   | -   |
|      | <b>Components of other comprehensive income that will be reclassified to profit or loss</b>                          | (246,235)     | (2)    | (63,760)   | (1)                      | 208,610    | 1      | (122,371)  | (1) |
| 8300 | <b>Other comprehensive income, net</b>   | (254,530)     | (2)    | (66,254)   | (1)                      | 198,756    | 1      | (120,897)  | (1) |
|      | <b>Total comprehensive income</b>  | \$ 4,609,760  | 30     | 2,262,541  | 18                       | 8,946,852  | 30     | 3,792,735  | 16  |
|      | <b>Earnings per share(note 6(n))</b>   |               |        |            |                          |            |        |            |     |
| 9750 | <b>Basic earnings per share</b>  | \$ 7.53       |        | 3.61       |                          | 13.54      |        | 6.06       |     |
| 9850 | <b>Diluted earnings per share</b>  | \$ 7.53       |        | 3.61       |                          | 13.54      |        | 6.06       |     |

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

NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

|   | Ordinary share | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings | Other equity interest   |   | Total     | Total equity |
|---|----------------|-----------------|---------------|-----------------|----------------------------------|---|---|-----------|--------------|
|   |                |                 |               |                 |                                  | Exchange differences on translation of foreign financial statements | Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income |           |              |
| <b>Balance at January 1, 2021</b>                                 | \$ 6,461,655   | 18,125,555      | 4,512,049     | 592,160         | 3,475,906                        | (804,611)   | (25)  | (804,636) | 32,362,689   |
| Profit for the six months ended June 30, 2021                     | -              | -               | -             | -               | 3,913,632                        | -   | -   | -         | 3,913,632    |
| Other comprehensive income for the six months ended June 30, 2021 | -              | -               | -             | -               | -                                | (122,371)   | 1,474   | (120,897) | (120,897)    |
| Total comprehensive income for the six months ended June 30, 2021 | -              | -               | -             | -               | 3,913,632                        | (122,371)   | 1,474   | (120,897) | 3,792,735    |
| Appropriation and allocation of earnings:                         |                |                 |               |                 |                                  |   |   |           |              |
| Legal reserve appropriated  | -              | -               | 347,591       | -               | (347,591)                        | -   | -   | -         | -            |
| Cash dividends of ordinary share                                  | -              | -               | -             | -               | (2,196,962)                      | -   | -   | -         | (2,196,962)  |
| <b>Balance at June 30, 2021</b>                                   | \$ 6,461,655   | 18,125,555      | 4,859,640     | 592,160         | 4,844,985                        | (926,982)   | 1,449   | (925,533) | 33,958,462   |
| <b>Balance at January 1, 2022</b>                                 | \$ 6,461,655   | 18,125,600      | 4,859,640     | 592,160         | 11,301,164                       | (860,048)   | (1,197)   | (861,245) | 40,478,974   |
| Profit for the six months ended June 30, 2022                     | -              | -               | -             | -               | 8,748,096                        | -   | -   | -         | 8,748,096    |
| Other comprehensive income for the six months ended June 30, 2022 | -              | -               | -             | -               | -                                | 208,610   | (9,854)   | 198,756   | 198,756      |
| Total comprehensive income for the six months ended June 30, 2022 | -              | -               | -             | -               | 8,748,096                        | 208,610   | (9,854)   | 198,756   | 8,946,852    |
| Appropriation and allocation of earnings:                         |                |                 |               |                 |                                  |   |   |           |              |
| Legal reserve appropriated  | -              | -               | 1,036,981     | -               | (1,036,981)                      | -   | -   | -         | -            |
| Special reserve appropriated                                      | -              | -               | -             | 269,086         | (269,086)                        | -   | -   | -         | -            |
| Cash dividends of ordinary share                                  | -              | -               | -             | -               | (6,461,655)                      | -   | -   | -         | (6,461,655)  |
| <b>Balance at June 30, 2022</b>                                   | \$ 6,461,655   | 18,125,600      | 5,896,621     | 861,246         | 12,281,538                       | (651,438)   | (11,051)  | (662,489) | 42,964,171   |

See accompanying notes to consolidated financial statements.

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

**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the six months ended June 30, 2022 and 2021**

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

|   | For the six months ended<br>June 30 |                    |
|---|-------------------------------------|--------------------|
|   | 2022                                | 2021               |
| <b>Cash flows from operating activities:</b>                          |                                     |                    |
| Profit before tax   | \$ 11,291,823                       | 4,735,634          |
| <b>Adjustments:</b>   |                                     |                    |
| <b>Adjustments to reconcile profit:</b>                               |                                     |                    |
| Depreciation expense  | 2,117,275                           | 1,663,262          |
| Expected credit gain  | (487)                               | -                  |
| Interest expense  | 11,523                              | 8,996              |
| Interest income   | (38,328)                            | (28,269)           |
| Share of profit of associates accounted for using equity method       | (33,948)                            | (21,647)           |
| Loss on disposal of property, plant and equipment                     | 3,077                               | 15,912             |
| Reversal of impairment loss on non-financial assets                   | -                                   | (663)              |
| Unrealized foreign exchange (gain) loss                               | (184,371)                           | 6,762              |
| <b>Total adjustments to reconcile profit</b>                          | <u>1,874,741</u>                    | <u>1,644,353</u>   |
| <b>Changes in operating assets and liabilities:</b>                   |                                     |                    |
| <b>Changes in operating assets:</b>                                   |                                     |                    |
| Increase in notes and accounts receivable (including related parties) | (1,599,224)                         | (851,932)          |
| (Increase) decrease in other receivables                              | (43,228)                            | 16,785             |
| Increase in inventories   | (320,768)                           | (335,216)          |
| (Increase) decrease in prepayments                                    | (189,271)                           | 126,503            |
| <b>Total changes in operating assets</b>                              | <u>(2,152,491)</u>                  | <u>(1,043,860)</u> |
| <b>Changes in operating liabilities:</b>                              |                                     |                    |
| Increase in contract liabilities                                      | 5,293,988                           | 711,975            |
| Increase (decrease) in accounts payable (including related parties)   | 480,265                             | (349,843)          |
| (Decrease) increase in other payables (including related parties)     | (253,203)                           | 168,861            |
| Increase (decrease) in other current liabilities                      | 150,751                             | (41,380)           |
| Decrease in net defined benefit liabilities                           | (26,474)                            | (21,332)           |
| <b>Total changes in operating liabilities</b>                         | <u>5,645,327</u>                    | <u>468,281</u>     |
| <b>Total changes in operating assets and liabilities</b>              | <u>3,492,836</u>                    | <u>(575,579)</u>   |
| <b>Total adjustments</b>  | <u>5,367,577</u>                    | <u>1,068,774</u>   |
| Cash inflow generated from operations                                 | 16,659,400                          | 5,804,408          |
| Interest received   | 36,284                              | 30,014             |
| Interest paid   | (12,065)                            | (24,986)           |
| Income taxes (paid) refund  | (1,523,886)                         | 7,038              |
| <b>Net cash flows from operating activities</b>                       | <u>15,159,733</u>                   | <u>5,816,474</u>   |
| <b>Cash flows used in investing activities:</b>                       |                                     |                    |
| Acquisition of property, plant and equipment                          | (8,391,559)                         | (3,491,884)        |
| Proceeds from disposal of property, plant and equipment               | 15,772                              | 10,274             |
| Decrease in other receivables due from related parties                | -                                   | 3,000,000          |
| Increase in other non-current assets                                  | (10,666)                            | (3,215)            |
| <b>Net cash flows used in investing activities</b>                    | <u>(8,386,453)</u>                  | <u>(484,825)</u>   |
| <b>Cash flows used in financing activities:</b>                       |                                     |                    |
| Increase in short-term loans  | 294,811                             | 611,186            |
| Decrease in short-term loans  | (1,313,748)                         | (900,906)          |
| Proceeds from long-term debt  | -                                   | 273,732            |
| Repayments of long-term debt  | (235,227)                           | -                  |
| Decrease in guarantee deposits received                               | (9,922)                             | (13,596)           |
| Increase in other payables to related parties                         | -                                   | 232,506            |
| Payment of lease liabilities  | (107,525)                           | (92,263)           |
| <b>Net cash flows used in financing activities</b>                    | <u>(1,371,611)</u>                  | <u>110,659</u>     |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>   | <u>144,959</u>                      | <u>(42,349)</u>    |
| <b>Net increase in cash and cash equivalents</b>                      | 5,546,628                           | 5,399,959          |
| <b>Cash and cash equivalents at beginning of period</b>               | <u>13,194,450</u>                   | <u>5,573,154</u>   |
| <b>Cash and cash equivalents at end of period</b>                     | <u>\$ 18,741,078</u>                | <u>10,973,113</u>  |

See accompanying notes to consolidated financial statements.



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

## NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

For the Six Months Ended June 30, 2022 and 2021

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

#### (1) Company history

Nan Ya Printed Circuit Board Corporation “the Company” was legally established with the approval by the Ministry of Economic Affairs on October 28, 1997, with registered address at 3F, No.201-36, Dunhua N. Rd., Jingzhong Vil., Songshan Dist., Taipei City, Taiwan. The Company and its subsidiaries “the Group” main operating activities are primarily in the manufacturing and selling of printed circuit boards.

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

The accompanying consolidated financial statements were approved and authorized for issuance by the Board of Directors on August 4, 2022.

#### (3) New standards, amendments and interpretations adopted:

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

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

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

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

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

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

(Continued)

**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

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

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

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

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

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

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

**(4) Summary of significant accounting policies**

- (a) Statement of compliance

The accompanying 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 IAS 34 “Interim Financial Reporting” which was endorsed by the FSC. These consolidated interim financial statements do not include all disclosures required for full annual consolidated financial statements under International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations as endorsed by the FSC (hereinafter referred to as IFRS endorsed by the FSC).

(Continued)

**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

Except as described below, the significant accounting policies adopted in the accompanying consolidated financial statements are the same as those in the consolidated financial statements as of and for the year ended December 31, 2021. Please refer to note 4 of the consolidated financial statements as of and for the year ended December 31, 2021 relevant information.

(b) Basis of consolidation

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

| Investor    | Name of subsidiary | Business activity                            | Percentage of ownership (%) |                   |               |
|-------------|--------------------|--|-----------------------------|-------------------|---------------|
|             |                    |  | June 30, 2022               | December 31, 2021 | June 30, 2021 |
| The Company | NPUC               | Selling and other services                   | 100 %                       | 100 %             | 100 %         |
| The Company | NPHK               | Selling and investing in electronic products | 100 %                       | 100 %             | 100 %         |
| NPHK        | NPKC               | Producing and selling PCB                    | 100 %                       | 100 %             | 100 %         |

(ii) Subsidiaries excluded from the consolidated financial statements: None.

(c) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(d) Income taxes

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

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

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

(Continued)

**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

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

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

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2021. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2021.

**(6) Explanation of significant accounts**

Except as described below, the description of significant accounts in the accompanying consolidated financial statements is not materially different from those in the consolidated financial statements as of and for the year ended December 31, 2021. Please refer to note 6 of the consolidated financial statements as of and for the year ended December 31, 2021 for relevant information.

(a) Cash and cash equivalents

|                  | <b>June 30,<br/>2022</b>    | <b>December 31,<br/>2021</b> | <b>June 30,<br/>2021</b> |
|------------------|-----------------------------|------------------------------|--------------------------|
| Cash on hand     | \$ 24                       | 30                           | 2                        |
| Cash in banks    | 6,099,393                   | 1,735,833                    | 1,884,148                |
| Time deposits    | 8,331,172                   | 7,090,772                    | 4,482,561                |
| Cash equivalents | <u>4,310,489</u>            | <u>4,367,815</u>             | <u>4,606,402</u>         |
|                  | <b><u>\$ 18,741,078</u></b> | <b><u>13,194,450</u></b>     | <b><u>10,973,113</u></b> |

Please refer to note 6(r) for the interest rate risk and sensitivity analysis of the consolidated financial assets and liabilities of the Group.

(b) Notes and accounts receivables

|  | <b>June 30,<br/>2022</b>    | <b>December 31,<br/>2021</b> | <b>June 30,<br/>2021</b> |
|--|-----------------------------|------------------------------|--------------------------|
| Notes receivable from operating activities                               | \$ -                        | -                            | 7,550                    |
| Accounts receivable – non-related parties-<br>measured at amortized cost | 12,614,308                  | 11,030,225                   | 9,982,477                |
| Accounts receivable – related parties-measured<br>at amortized cost      | 223,199                     | 79,757                       | 47,479                   |
| Less: Loss allowance   | <u>(47,954)</u>             | <u>(48,431)</u>              | <u>(48,428)</u>          |
|  | <b><u>\$ 12,789,553</u></b> | <b><u>11,061,551</u></b>     | <b><u>9,989,078</u></b>  |

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**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

As of June 30, 2022, December 31 and June 30, 2021, the Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes receivable and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information.

The aging analysis of notes and accounts receivable with expected credit losses was determined as follows:

|                          | <b>June 30, 2022</b>  |   |                                     |
|--------------------------|---|---|-------------------------------------|
|                          | <b>Notes and<br/>accounts<br/>receivables gross<br/>carrying amount</b> | <b>Weighted<br/>average loss<br/>rate</b> | <b>Loss allowance<br/>provision</b> |
| Current                  | \$ 12,740,527   | 0.491%                                    | 47,355                              |
| Past due within 3 months | 96,969  | 1.232%                                    | 597                                 |
| Past due 3 to 6 months   | 11  | 23.994%                                   | 2                                   |
|                          | <b><u>\$ 12,837,507</u></b>   |   | <b><u>47,954</u></b>                |
|                          | <b>December 31, 2021</b>  |   |                                     |
|                          | <b>Accounts<br/>receivables gross<br/>carrying amount</b>               | <b>Weighted<br/>average loss<br/>rate</b> | <b>Loss allowance<br/>provision</b> |
| Current                  | \$ 11,016,340   | 0.005%~0.547%                             | 47,725                              |
| Past due within 3 months | 93,559  | 0.632%~0.835%                             | 686                                 |
| Past due 3 to 6 months   | 83  | 23.929%~25%                               | 20                                  |
|                          | <b><u>\$ 11,109,982</u></b>   |   | <b><u>48,431</u></b>                |
|                          | <b>June 30, 2021</b>  |   |                                     |
|                          | <b>Notes and<br/>accounts<br/>receivables gross<br/>carrying amount</b> | <b>Weighted<br/>average loss<br/>rate</b> | <b>Loss allowance<br/>provision</b> |
| Current                  | \$ 9,885,000  | 0.465%                                    | 45,997                              |
| Past due within 3 months | 150,575   | 0.877%                                    | 1,321                               |
| Past due 3 to 6 months   | 143   | 23.352%                                   | 34                                  |
| Past due 6 to 12 months  | 1,788   | 60.190%                                   | 1,076                               |
|                          | <b><u>\$ 10,037,506</u></b>   |   | <b><u>48,428</u></b>                |

(Continued)

**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

The movements in the allowance for notes and accounts receivable were as follows:

|                                 | <b>For the six months ended</b> |               |
|---------------------------------|---------------------------------|---------------|
|                                 | <b>June 30,</b>                 |               |
|                                 | <b>2022</b>                     | <b>2021</b>   |
| Balance as of January 1         | \$ 48,431                       | 48,434        |
| Impairment losses reversed      | (487)                           | -             |
| Effect of exchange rate changes | 10                              | (6)           |
| Balance as of June 30           | <u>\$ 47,954</u>                | <u>48,428</u> |

As of June 30, 2022, December 31 and June 30, 2021, the Group did not provide any notes and accounts receivable as collateral for its loans.

(c) Other receivables

|   | <b>June 30,</b>   | <b>December 31,</b> | <b>June 30,</b> |
|---|-------------------|---------------------|-----------------|
|   | <b>2022</b>       | <b>2021</b>         | <b>2021</b>     |
| Other receivables — other related parties | \$ 3,832          | 7,193               | 908             |
| Income tax refund receivable              | 252,053           | 56,427              | 28,367          |
| Others                                    | 54,277            | 7,073               | 48,290          |
|   | <u>\$ 310,162</u> | <u>70,693</u>       | <u>77,565</u>   |

For further credit risk information, please refers to note 6(r).

(d) Inventories

|                 | <b>June 30,</b>     | <b>December 31,</b> | <b>June 30,</b>  |
|-----------------|---------------------|---------------------|------------------|
|                 | <b>2022</b>         | <b>2021</b>         | <b>2021</b>      |
| Finished goods  | \$ 875,540          | 852,624             | 1,024,973        |
| Work in process | 2,875,057           | 2,764,291           | 2,765,599        |
| Raw materials   | 1,260,473           | 1,167,558           | 1,193,061        |
| Supplies        | 656,431             | 563,362             | 341,115          |
|                 | <u>\$ 5,667,501</u> | <u>5,347,835</u>    | <u>5,324,748</u> |

The details of the cost of sales were as follows:

|  | <b>For the three months ended</b> |                  | <b>For the six months ended</b> |                   |
|--|-----------------------------------|------------------|---------------------------------|-------------------|
|  | <b>June 30,</b>                   |                  | <b>June 30,</b>                 |                   |
|  | <b>2022</b>                       | <b>2021</b>      | <b>2022</b>                     | <b>2021</b>       |
| Inventory that has been sold                           | \$ 9,242,930                      | 9,115,101        | 18,405,415                      | 17,754,064        |
| Write-down of inventories<br>(Reversal of write-downs) | 10                                | (201)            | 6,678                           | 16,711            |
|  | <u>\$ 9,242,940</u>               | <u>9,114,900</u> | <u>18,412,093</u>               | <u>17,770,775</u> |

(Continued)

**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

As of June 30, 2022, December 31 and June 30, 2021, the Group did not provide any inventories as collateral for its loan.

(e) Investments accounted for using the equity method

The components of the investments accounted for using the equity method were as follows:

|            | <b>June 30,<br/>2022</b> | <b>December 31,<br/>2021</b> | <b>June 30,<br/>2021</b> |
|------------|--------------------------|------------------------------|--------------------------|
| Associates | \$ <u>492,604</u>        | <u>501,678</u>               | <u>479,759</u>           |

The Group's financial information on investments accounted for using the equity method that are individually insignificant was as follows:

|                            | <b>For the three months ended<br/>June 30,</b> |              | <b>For the six months ended<br/>June 30,</b> |               |
|----------------------------|--|--------------|--|---------------|
|                            | <b>2022</b>                                    | <b>2021</b>  | <b>2022</b>                                  | <b>2021</b>   |
| Attributable to the Group: |  |              |  |               |
| Net income                 | \$ 20,973                                      | 10,652       | 33,948                                       | 21,647        |
| Other comprehensive income | (8,295)  | (2,494)      | (9,854)                                      | 1,474         |
| Total comprehensive income | <u>\$ 12,678</u>                               | <u>8,158</u> | <u>24,094</u>                                | <u>23,121</u> |

(i) Collateral

As of June 30, 2022, December 31 and June 30, 2021, the Group did not provide any investments accounted for using the equity method as collateral for its loans.

(f) Property, plant and equipment

The cost and accumulated depreciation and impairment of the property, plant and equipment of the Group for the six months ended June 30, 2022 and 2021 were as follows:

|                                 | <b>Building</b>     | <b>Machinery<br/>and<br/>equipment</b> | <b>Vehicles</b> | <b>Miscellaneous<br/>equipment</b> | <b>Construction<br/>in progress</b> | <b>Total</b>      |
|---------------------------------|---------------------|--|-----------------|------------------------------------|-------------------------------------|-------------------|
| Cost:                           |                     |  |                 |                                    |                                     |                   |
| Balance as of January 1, 2022   | \$ 4,469,304        | 50,517,957                             | 18,803          | 4,953,237                          | 2,107,969                           | 62,067,270        |
| Additions                       | -                   | 158,340                                | 656             | 41,362                             | 8,191,201                           | 8,391,559         |
| Disposals                       | -                   | (611,440)                              | -               | (439,279)                          | -                                   | (1,050,719)       |
| Reclassification                | -                   | 2,007,301                              | -               | 21,814                             | (2,029,115)                         | -                 |
| Effect of exchange rate changes | 45,800              | 443,953                                | 78              | 4,009                              | 11,845                              | 505,685           |
| Balance as of June 30, 2022     | <u>\$ 4,515,104</u> | <u>52,516,111</u>                      | <u>19,537</u>   | <u>4,581,143</u>                   | <u>8,281,900</u>                    | <u>69,913,795</u> |

(Continued)

**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

|  | <u>Building</u>     | <u>Machinery<br/>and<br/>equipment</u> | <u>Vehicles</u> | <u>Miscellaneous<br/>equipment</u> | <u>Construction<br/>in progress</u> | <u>Total</u>      |
|--|---------------------|--|-----------------|------------------------------------|-------------------------------------|-------------------|
| Balance as of January 1, 2021            | \$ 4,454,879        | 44,313,627                             | 20,073          | 4,638,633                          | 3,910,170                           | 57,337,382        |
| Additions                                | -                   | 122,783                                | -               | 60,113                             | 3,329,386                           | 3,512,282         |
| Disposals                                | (2,526)             | (2,097,091)                            | (1,019)         | (19,316)                           | -                                   | (2,119,952)       |
| Reclassification                         | 281                 | 6,013,146                              | -               | 43,241                             | (6,056,668)                         | -                 |
| Effect of exchange rate changes          | (28,840)            | (260,429)                              | (63)            | (2,714)                            | (18,146)                            | (310,192)         |
| Balance as of June 30, 2021              | <u>\$ 4,423,794</u> | <u>48,092,036</u>                      | <u>18,991</u>   | <u>4,719,957</u>                   | <u>1,164,742</u>                    | <u>58,419,520</u> |
| Accumulated depreciation and impairment: |                     |  |                 |                                    |                                     |                   |
| Balance as of January 1, 2022            | \$ 2,689,897        | 30,829,691                             | 11,617          | 4,065,062                          | -                                   | 37,596,267        |
| Depreciation for the period              | 81,490              | 1,854,084                              | 696             | 71,915                             | -                                   | 2,008,185         |
| Disposals                                | -                   | (591,863)                              | -               | (440,007)                          | -                                   | (1,031,870)       |
| Reclassification                         | -                   | 131                                    | -               | (131)                              | -                                   | -                 |
| Effect of exchange rate changes          | 26,611              | 243,057                                | 62              | 3,915                              | -                                   | 273,645           |
| Balance as of June 30, 2022              | <u>\$ 2,797,998</u> | <u>32,335,100</u>                      | <u>12,375</u>   | <u>3,700,754</u>                   | <u>-</u>                            | <u>38,846,227</u> |
| Balance as of January 1, 2021            | \$ 2,535,260        | 31,212,346                             | 11,561          | 3,868,094                          | -                                   | 37,627,261        |
| Depreciation for the period              | 81,792              | 1,424,725                              | 678             | 62,263                             | -                                   | 1,569,458         |
| Recovery of impairment loss              | -                   | (663)                                  | -               | -                                  | -                                   | (663)             |
| Disposals                                | (579)               | (2,073,373)                            | (593)           | (19,221)                           | -                                   | (2,093,766)       |
| Reclassification                         | -                   | 7,358                                  | -               | (7,358)                            | -                                   | -                 |
| Effect of exchange rate changes          | (16,208)            | (146,744)                              | (47)            | (2,439)                            | -                                   | (165,438)         |
| Balance as of June 30, 2021              | <u>\$ 2,600,265</u> | <u>30,423,649</u>                      | <u>11,599</u>   | <u>3,901,339</u>                   | <u>-</u>                            | <u>36,936,852</u> |
| Carrying amounts:                        |                     |  |                 |                                    |                                     |                   |
| Balance as of June 30, 2022              | <u>\$ 1,717,106</u> | <u>20,181,011</u>                      | <u>7,162</u>    | <u>880,389</u>                     | <u>8,281,900</u>                    | <u>31,067,568</u> |
| Balance as of December 31, 2021          | <u>\$ 1,779,407</u> | <u>19,688,266</u>                      | <u>7,186</u>    | <u>888,175</u>                     | <u>2,107,969</u>                    | <u>24,471,003</u> |
| Balance as of June 30, 2021              | <u>\$ 1,823,529</u> | <u>17,668,387</u>                      | <u>7,392</u>    | <u>818,618</u>                     | <u>1,164,742</u>                    | <u>21,482,668</u> |

For gains and losses on disposals and interest rate of capitalization, please refer to note 6(q).

(g) Right-of-use assets

The Group leases assets including land and buildings, as recognized right-of-use assets. Information about leases for which the Group as a lessee was presented below:

|                                     | <u>Land</u>       | <u>Buildings</u> | <u>Total</u>     |
|-------------------------------------|-------------------|------------------|------------------|
| Cost:                               |                   |                  |                  |
| Balance as of January 1, 2022       | \$ 301,748        | 457,327          | 759,075          |
| Additions                           | 60,652            | 1,394,306        | 1,454,958        |
| Change in an index of lease payment | 23,111            | -                | 23,111           |
| Effect of exchange rate changes     | 691               | -                | 691              |
| Balance as of June 30, 2022         | <u>\$ 386,202</u> | <u>1,851,633</u> | <u>2,237,835</u> |

(Continued)



**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

|                                     | <u>Land</u>       | <u>Buildings</u> | <u>Total</u>     |
|-------------------------------------|-------------------|------------------|------------------|
| Balance as of January 1, 2021       | \$ 183,653        | 384,338          | 567,991          |
| Additions                           | -                 | 37,930           | 37,930           |
| Change in an index of lease payment | 579               | -                | 579              |
| Effect of exchange rate changes     | (441)             | -                | (441)            |
| Balance as of June 30, 2021         | <u>\$ 183,791</u> | <u>422,268</u>   | <u>606,059</u>   |
| Accumulated depreciation:           |                   |                  |                  |
| Balance as of January 1, 2022       | \$ 31,636         | 324,951          | 356,587          |
| Depreciation for the period         | 30,640            | 78,450           | 109,090          |
| Effect of exchange rate changes     | 64                | -                | 64               |
| Balance as of June 30, 2022         | <u>\$ 62,340</u>  | <u>403,401</u>   | <u>465,741</u>   |
| Balance as of January 1, 2021       | \$ 105,862        | 180,585          | 286,447          |
| Depreciation for the period         | 27,615            | 66,189           | 93,804           |
| Effect of exchange rate changes     | (34)              | -                | (34)             |
| Balance as of June 30, 2021         | <u>\$ 133,443</u> | <u>246,774</u>   | <u>380,217</u>   |
| Carrying amount:                    |                   |                  |                  |
| Balance as of June 30, 2022         | <u>\$ 323,862</u> | <u>1,448,232</u> | <u>1,772,094</u> |
| Balance as of December 31, 2021     | <u>\$ 270,112</u> | <u>132,376</u>   | <u>402,488</u>   |
| Balance as of June 30, 2021         | <u>\$ 50,348</u>  | <u>175,494</u>   | <u>225,842</u>   |

## (h) Current borrowings

Details of current borrowings of the Group were as follows:

|                         | <u>June 30,<br/>2022</u> | <u>December 31,<br/>2021</u> | <u>June 30,<br/>2021</u> |
|-------------------------|--------------------------|------------------------------|--------------------------|
| Unsecured bank loans    | <u>\$ 228,888</u>        | <u>1,214,969</u>             | <u>-</u>                 |
| Range of interest rates | <u>1.54%~1.63%</u>       | <u>0.5379%~0.5900%</u>       |                          |

## (i) Non-current portion of non-current borrowings

The non-current portion of non-current borrowings consisted of the following:

|                                | <u>June 30, 2022</u> |                            |                   |                |
|--------------------------------|----------------------|----------------------------|-------------------|----------------|
|                                | <u>Currency</u>      | <u>Interest rate range</u> | <u>Expiration</u> | <u>Amount</u>  |
| Unsecured long-term bank loans | USD                  | 1.8157%-2.7416%            | 2023              | \$ 487,800     |
| Less: current portion          |                      |                            |                   | <u>487,800</u> |
| Total                          |                      |                            |                   | <u>\$ -</u>    |
| Unused quota                   |                      |                            |                   | <u>\$ -</u>    |

(Continued)

**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

|                                | <b>December 31, 2021</b> |                            |                   |                   |
|--------------------------------|--------------------------|----------------------------|-------------------|-------------------|
|                                | <b>Currency</b>          | <b>Interest rate range</b> | <b>Expiration</b> | <b>Amount</b>     |
| Unsecured long-term bank loans | USD                      | 0.9429%-1.1879%            | 2023              | \$ 681,592        |
| Less: current portion          |                          |                            |                   | <u>454,395</u>    |
| Total                          |                          |                            |                   | <u>\$ 227,197</u> |
| Unused quota                   |                          |                            |                   | <u>\$ -</u>       |

  

|                                | <b>June 30, 2021</b> |                            |                   |                     |
|--------------------------------|----------------------|----------------------------|-------------------|---------------------|
|                                | <b>Currency</b>      | <b>Interest rate range</b> | <b>Expiration</b> | <b>Amount</b>       |
| Unsecured long-term bank loans | USD                  | 0.9323%~1.2084%            | 2023              | \$ 883,476          |
| Less: current portion          |                      |                            |                   | <u>441,738</u>      |
| Total                          |                      |                            |                   | <u>\$ 441,738</u>   |
| Unused quota                   |                      |                            |                   | <u>\$ 2,567,875</u> |

## (j) Lease liabilities

The carrying amount of the lease liabilities was as follows:

|             | <b>June 30,<br/>2022</b> | <b>December 31,<br/>2021</b> | <b>June 30,<br/>2021</b> |
|-------------|--------------------------|------------------------------|--------------------------|
| Current     | <u>\$ 208,249</u>        | <u>154,013</u>               | <u>161,330</u>           |
| Non-current | <u>\$ 1,536,572</u>      | <u>220,264</u>               | <u>36,207</u>            |

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

The amounts recognized in profit or loss were as follows:

|  | <b>For the three months ended<br/>June 30,</b> |               | <b>For the six months ended<br/>June 30,</b> |               |
|--|--|---------------|--|---------------|
|  | <b>2022</b>                                    | <b>2021</b>   | <b>2022</b>                                  | <b>2021</b>   |
| Interest on lease liabilities  | <u>\$ 3,359</u>                                | <u>752</u>    | <u>4,536</u>                                 | <u>1,588</u>  |
| Variable lease payment not included in the measurement of lease liabilities; expenses relating to short-term leases; expenses relating to leases of low-value assets | <u>\$ 15,415</u>                               | <u>14,354</u> | <u>29,758</u>                                | <u>28,630</u> |

(Continued)

**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

The amounts recognized in the statement of cash flows for the Group were as follows:

|                               | <b>For the six months ended<br/>June 30,</b> |                |
|-------------------------------|--|----------------|
|                               | <b>2022</b>                                  | <b>2021</b>    |
| Total cash outflow for leases | <b>\$ 141,819</b>                            | <b>122,481</b> |

(i) Real estate leases

The Group leases land and buildings to be used for its office space and plants, which typically runs for a period of 5 to 10 years.

(ii) Other leases

The Group leases equipment with contract periods within a year. These leases are short-term leases or leases of low-value items. The Group has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(k) Employee benefits

(i) Defined benefit plan

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim consolidated financial statements was measured and disclosed according to the actuarial report as of December 31, 2021 and 2020.

The pension expenses recorded were as follows:

|                         | <b>For the three months ended<br/>June 30,</b> |               | <b>For the six months ended<br/>June 30,</b> |               |
|-------------------------|--|---------------|--|---------------|
|                         | <b>2022</b>                                    | <b>2021</b>   | <b>2022</b>                                  | <b>2021</b>   |
| Operating costs         | \$ 6,992                                       | 9,121         | 13,999                                       | 18,233        |
| Selling expenses        | 225  | 284           | 441  | 563           |
| Administrative expenses | 933  | 1,177         | 1,860  | 2,368         |
|                         | <b>\$ 8,150</b>                                | <b>10,582</b> | <b>16,300</b>                                | <b>21,164</b> |

(ii) Defined contribution plan

The pension costs contributed to the related authority were as follows:

|                         | <b>For the three months ended<br/>June 30,</b> |                | <b>For the six months ended<br/>June 30,</b> |                |
|-------------------------|--|----------------|--|----------------|
|                         | <b>2022</b>                                    | <b>2021</b>    | <b>2022</b>                                  | <b>2021</b>    |
| Operating costs         | \$ 125,705                                     | 110,191        | 249,543                                      | 220,903        |
| Selling expenses        | 1,727  | 1,583          | 3,474  | 2,802          |
| Administrative expenses | 13,245   | 11,504         | 26,027                                       | 18,810         |
|                         | <b>\$ 140,677</b>                              | <b>123,278</b> | <b>279,044</b>                               | <b>242,515</b> |

(Continued)

**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(l) Income tax

(i) Income tax expense

The details of income tax expense were as follows:

|                             | <b>For the three months ended</b> |                       | <b>For the six months ended</b> |                       |
|-----------------------------|-----------------------------------|-----------------------|---------------------------------|-----------------------|
|                             | <b>June 30,</b>                   |                       | <b>June 30,</b>                 |                       |
|                             | <b>2022</b>                       | <b>2021</b>           | <b>2022</b>                     | <b>2021</b>           |
| Current income tax expense  | \$ 913,312                        | 608,269               | 1,999,333                       | 608,269               |
| Deferred income tax expense | <u>299,634</u>                    | <u>(44,263)</u>       | <u>544,394</u>                  | <u>213,733</u>        |
| Total income tax expense    | <b><u>\$ 1,212,946</u></b>        | <b><u>564,006</u></b> | <b><u>2,543,727</u></b>         | <b><u>822,002</u></b> |

(ii) The details of income tax benefit (expense) under other comprehensive income were as follows:

|   | <b>For the three months ended</b> |                      | <b>For the six months ended</b> |                      |
|---|-----------------------------------|----------------------|---------------------------------|----------------------|
|   | <b>June 30,</b>                   |                      | <b>June 30,</b>                 |                      |
|   | <b>2022</b>                       | <b>2021</b>          | <b>2022</b>                     | <b>2021</b>          |
| Components of other comprehensive income that will be reclassified to profit or loss: |                                   |                      |                                 |                      |
| Exchange differences on translation of foreign financial statements                   | <b><u>\$ 61,558</u></b>           | <b><u>15,939</u></b> | <b><u>(52,153)</u></b>          | <b><u>30,592</u></b> |

(iii) The Company's tax returns for the year through 2020 were assessed by the ROC tax authorities.

(Continued)

**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(m) Capital and other equity interest

Except for those described below, there were no material changes in equity for the six months ended June 30, 2022 and 2021. Please refer to note 6(m) of the consolidated financial statements for the year ended December 31, 2021 for other relevant disclosures.

(i) Capital surplus

The components of capital surplus were as follows:

|  | <b>June 30,<br/>2022</b>    | <b>December 31,<br/>2021</b> | <b>June 30,<br/>2021</b> |
|--|-----------------------------|------------------------------|--------------------------|
| Paid-in capital in excess of par value | \$ 17,874,841               | 17,874,841                   | 17,874,841               |
| Employee stock options                 | 250,434                     | 250,434                      | 250,434                  |
| Others                                 | <u>325</u>                  | <u>325</u>                   | <u>280</u>               |
|  | <b><u>\$ 18,125,600</u></b> | <b><u>18,125,600</u></b>     | <b><u>18,125,555</u></b> |

(ii) Retained earnings

According to the rules of the Company's articles, the Company's annual net earnings, 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. In addition, a special reserve in accordance with applicable laws and regulations shall also be set aside. 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. The Company's 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 or more of the directors, thereafter, to be reported to the shareholders' meeting ; while the distribution of stock dividends shall be submitted to the shareholders' meeting for approval.

The Company adopts three kinds of dividend distribution policies, which are cash dividends, capitalization of earnings, and capital surplus. The net earnings after deducting the legal reserve and special reserve may first be distributed by way of cash dividends which shall be equal to at least fifty percent of the Company's total dividend distribution every year. The capitalization of earnings and capital surplus shall not exceed fifty percent of the total dividends.

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**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

1) Earnings distribution

Earnings distribution for 2021 and 2020 was approved in the general meeting of shareholders held on May 27, 2022 and August 3, 2021. The relevant dividend distributions to shareholders were as follows:

|   | <u>2021</u>                      |                         | <u>2020</u>                      |                         |
|---|----------------------------------|-------------------------|----------------------------------|-------------------------|
|   | <u>Dividends per share (NTD)</u> | <u>Amount</u>           | <u>Dividends per share (NTD)</u> | <u>Amount</u>           |
| Dividends distributed to common shareholders: |                                  |                         |                                  |                         |
| Cash  | \$ 10.00                         | <u><u>6,461,655</u></u> | 3.40                             | <u><u>2,196,962</u></u> |

(iii) Other equity interest (net of tax)

|   | <u>Exchange differences on translation of foreign financial statements</u> | <u>Unrealized gains (losses) on financial assets at fair value through other comprehensive income</u> | <u>Total</u>            |
|---|--|---|-------------------------|
| Balances as of January 1, 2022  | \$ (860,048)   | (1,197)   | (861,245)               |
| Exchange differences on translation of foreign operations   | 208,610  | -   | 208,610                 |
| Unrealized gains (losses) from financial assets measured at fair value through associates accounted for using the equity method | -  | (9,854)   | (9,854)                 |
| Balances as of June 30, 2022  | <u><u>\$ (651,438)</u></u>   | <u><u>(11,051)</u></u>  | <u><u>(662,489)</u></u> |
| Balances as of January 1, 2021  | \$ (804,611)   | (25)  | (804,636)               |
| Exchange differences on translation of foreign operations   | (122,371)  | -   | (122,371)               |
| Unrealized gains (losses) from financial assets measured at fair value through associates accounted for using the equity method | -  | 1,474   | 1,474                   |
| Balances as of June 30, 2021  | <u><u>\$ (926,982)</u></u>   | <u><u>1,449</u></u>   | <u><u>(925,533)</u></u> |

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**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(n) Earnings per share

Calculation of earnings per share for the six months ended June 30, 2022 and 2021 was as follows:

(i) Basic earnings per share

1) Net profit attributable to equity shareholders of the Company

|   | <b>For the three months ended</b> |                  | <b>For the six months ended</b> |                  |
|---|-----------------------------------|------------------|---------------------------------|------------------|
|   | <b>June 30,</b>                   |                  | <b>June 30,</b>                 |                  |
|   | <b>2022</b>                       | <b>2021</b>      | <b>2022</b>                     | <b>2021</b>      |
| Net profit attributable to equity shareholders of the Company | <u>\$ 4,864,290</u>               | <u>2,328,795</u> | <u>8,748,096</u>                | <u>3,913,632</u> |

2) Weighted average number of ordinary shares outstanding

|   | <b>For the three months ended</b> |                | <b>For the six months ended</b> |                |
|---|-----------------------------------|----------------|---------------------------------|----------------|
|   | <b>June 30,</b>                   |                | <b>June 30,</b>                 |                |
|   | <b>2022</b>                       | <b>2021</b>    | <b>2022</b>                     | <b>2021</b>    |
| Weighted average number of ordinary shares outstanding (in thousands of shares) | <u>646,166</u>                    | <u>646,166</u> | <u>646,166</u>                  | <u>646,166</u> |

(ii) Diluted earnings per share

1) Net profit attributable to equity shareholders of the Company (diluted)

|   | <b>For the three months ended</b> |                  | <b>For the six months ended</b> |                  |
|---|-----------------------------------|------------------|---------------------------------|------------------|
|   | <b>June 30,</b>                   |                  | <b>June 30,</b>                 |                  |
|   | <b>2022</b>                       | <b>2021</b>      | <b>2022</b>                     | <b>2021</b>      |
| Net profit attributable to equity shareholders of the Company (diluted) | <u>\$ 4,864,290</u>               | <u>2,328,795</u> | <u>8,748,096</u>                | <u>3,913,632</u> |

(Continued)

**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

2) Weighted average number of ordinary shares outstanding (diluted)

|   | <b>For the three months ended<br/>June 30,</b> |                       | <b>For the six months ended<br/>June 30,</b> |                       |
|---|--|-----------------------|--|-----------------------|
|   | <b>2022</b>                                    | <b>2021</b>           | <b>2022</b>                                  | <b>2021</b>           |
| Weighted average number of ordinary shares outstanding (basic) (in thousands of shares)   | 646,166  | 646,166               | 646,166                                      | 646,166               |
| Effects of dilutive potential ordinary shares   |  |                       |  |                       |
| Effects of employee stock compensation (in thousands of shares)                           | 49   | 24                    | 103  | 32                    |
| Weighted average number of ordinary shares outstanding (diluted) (in thousands of shares) | <b><u>646,215</u></b>                          | <b><u>646,190</u></b> | <b><u>646,269</u></b>                        | <b><u>646,198</u></b> |

(o) Revenue from contracts with customers

(i) Disaggregation of revenue

|                               | <b>For the three months ended<br/>June 30,</b> |                          | <b>For the six months ended<br/>June 30,</b> |                          |
|-------------------------------|--|--------------------------|--|--------------------------|
|                               | <b>2022</b>                                    | <b>2021</b>              | <b>2022</b>                                  | <b>2021</b>              |
| Primary geographical markets: |  |                          |  |                          |
| Taiwan                        | \$ 7,493,620                                   | 4,841,304                | 13,482,295                                   | 8,717,878                |
| Mainland China                | 5,154,433                                      | 5,005,192                | 10,660,778                                   | 9,544,979                |
| Korea                         | 916,517  | 778,690                  | 1,700,305                                    | 1,380,605                |
| Other countries               | 1,621,145                                      | 1,859,761                | 3,903,992                                    | 3,697,304                |
|                               | <b><u>\$ 15,185,715</u></b>                    | <b><u>12,484,947</u></b> | <b><u>29,747,370</u></b>                     | <b><u>23,340,766</u></b> |
| Major products:               |  |                          |  |                          |
| Printed circuit board         | \$ 14,983,677                                  | 12,228,407               | 29,289,410                                   | 22,867,990               |
| Others                        | 202,038  | 256,540                  | 457,960                                      | 472,776                  |
|                               | <b><u>\$ 15,185,715</u></b>                    | <b><u>12,484,947</u></b> | <b><u>29,747,370</u></b>                     | <b><u>23,340,766</u></b> |

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**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(ii) Contract balances

|  | <u>June 30,<br/>2022</u>    | <u>December 31,<br/>2021</u> | <u>June 30,<br/>2021</u> |
|--|-----------------------------|------------------------------|--------------------------|
| Notes receivable from operating activities | \$ -                        | -                            | 7,550                    |
| Accounts receivable— non-related parties   | 12,614,308                  | 11,030,225                   | 9,982,477                |
| Accounts receivable— related parties       | 223,199                     | 79,757                       | 47,479                   |
| Less: Loss allowance                       | <u>(47,954)</u>             | <u>(48,431)</u>              | <u>(48,428)</u>          |
|  | <u><b>\$ 12,789,553</b></u> | <u><b>11,061,551</b></u>     | <u><b>9,989,078</b></u>  |
|  | <u>June 30,<br/>2022</u>    | <u>December 31,<br/>2021</u> | <u>June 30,<br/>2021</u> |
| Contract liabilities— unearned sales       | <u><b>\$ 6,115,167</b></u>  | <u><b>824,374</b></u>        | <u><b>711,975</b></u>    |
| Current                                    | \$ 311,718                  | 112,399                      | -                        |
| Non-current                                | <u>5,803,449</u>            | <u>711,975</u>               | <u>711,975</u>           |
|  | <u><b>\$ 6,115,167</b></u>  | <u><b>824,374</b></u>        | <u><b>711,975</b></u>    |

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

The contract liabilities primarily relate to the advance consideration received from customers, for which revenue will be recognized when products are delivered to customers.

(p) Employee compensation

According to the Company's Articles of Incorporation, which are subject to the shareholders' approval, the Company's annual net profit should be set aside from the allocation 0.05% to 0.5% as employee compensation based on the Company's net profit before tax offsetting employee compensation. When the Company incurs accumulated deficit, the Company should reserve in advance with covering the accumulated deficit. The remunerations to employees amounted to \$12,157, \$5,534, \$21,886 and \$9,227 for the three months and six months ended June 30, 2022 and 2021, respectively. These amounts were calculated using the Company's net income before tax without the remunerations to employees for each period, multiplied by the proposed percentage which is stated under the Company's Article of Incorporation. These remunerations were expensed under operating costs or expenses for the period. Related information would be available at the Market Observation Post System website.

For the years ended December 31, 2021 and 2020, the remunerations to employees amount to \$24,998 and \$7,641, respectively, which were paid in cash. There was no difference from the actual distribution. Related information can be accessed from the Market Observation Post System website.

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**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(q) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

|                                    | <b>For the three months ended<br/>June 30</b> |                      | <b>For the six months ended<br/>June 30,</b> |                      |
|------------------------------------|---|----------------------|--|----------------------|
|                                    | <b>2022</b>                                   | <b>2021</b>          | <b>2022</b>                                  | <b>2021</b>          |
| Interest income from bank deposits | \$ 24,334                                     | 4,897                | 31,431                                       | 10,253               |
| Other interest income              | 4,458   | 7,994                | 6,897  | 18,016               |
|                                    | <b><u>\$ 28,792</u></b>                       | <b><u>12,891</u></b> | <b><u>38,328</u></b>                         | <b><u>28,269</u></b> |

(ii) Other income

The details of other income were as follows:

|                   | <b>For the three months ended<br/>June 30,</b> |                       | <b>For the six months ended<br/>June 30,</b> |                       |
|-------------------|--|-----------------------|--|-----------------------|
|                   | <b>2022</b>                                    | <b>2021</b>           | <b>2022</b>                                  | <b>2021</b>           |
| Rental income     | \$ 11,408                                      | 21,055                | 23,282                                       | 46,825                |
| Government grants | 7,673  | 130,559               | 8,098  | 136,496               |
| Others            | 30,282   | 31,518                | 59,055                                       | 54,433                |
|                   | <b><u>\$ 49,363</u></b>                        | <b><u>183,132</u></b> | <b><u>90,435</u></b>                         | <b><u>237,754</u></b> |

(iii) Other gains and losses

The details of other gains and (losses) were as follows:

|   | <b>For the three months ended<br/>June 30,</b> |                         | <b>For the six months ended<br/>June 30,</b> |                         |
|---|--|-------------------------|--|-------------------------|
|   | <b>2022</b>                                    | <b>2021</b>             | <b>2022</b>                                  | <b>2021</b>             |
| Loss on disposal of property, plant and equipment                   | \$ (682)                                       | (10,148)                | (3,077)                                      | (15,912)                |
| Net foreign exchange gain (loss)                                    | 597,024  | (189,986)               | 952,238                                      | (171,461)               |
| Gain on recovery of property, plant and equipment (impairment loss) | -  | 656                     | -  | 663                     |
| Other gains and losses  | 6,456  | 17,373                  | 22,726                                       | 34,497                  |
|   | <b><u>\$ 602,798</u></b>                       | <b><u>(182,105)</u></b> | <b><u>971,887</u></b>                        | <b><u>(152,213)</u></b> |

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**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

## (iv) Finance costs

The details of finance costs were as follows:

|                            | For the three months ended<br>June 30, |                | For the six months ended<br>June 30, |                |
|----------------------------|--|----------------|--------------------------------------|----------------|
|                            | 2022                                   | 2021           | 2022                                 | 2021           |
| Interest expense           | \$ (6,964)                             | (15,147)       | (11,523)                             | (29,394)       |
| Less: Interest capitalized | -                                      | 8,602          | -                                    | 20,398         |
|                            | <u>\$ (6,964)</u>                      | <u>(6,545)</u> | <u>(11,523)</u>                      | <u>(8,996)</u> |

## (r) Financial instruments

Except for the contention mentioned below, there was no significant change with regard to the fair value and exposure risks of credit risk, liquidity risk and market risk on financial instruments. Please refer to note 6(r) of the consolidated financial statements for the year ended December 31, 2021 for the related information.

## (i) Liquidity risk

The following table shows the remaining contractual maturities of financial liabilities, including estimated interest payments :

|   | Carrying<br>amount   | Contractual<br>cash flow | Within 6<br>months | 6-12 months    | 1-2 years      | 2-5 years      | Over 5<br>years |
|---|----------------------|--------------------------|--------------------|----------------|----------------|----------------|-----------------|
| <b>June 30, 2022</b>  |                      |                          |                    |                |                |                |                 |
| Non-derivative financial liabilities                          |                      |                          |                    |                |                |                |                 |
| Unsecured short-term bank loans                               | \$ 228,888           | 229,723                  | 229,723            | -              | -              | -              | -               |
| Unsecured long-term bank loans<br>(including current portion) | 487,800              | 494,683                  | 245,773            | 248,910        | -              | -              | -               |
| Accounts payable (including related parties)                  | 4,119,652            | 4,119,652                | 4,119,652          | -              | -              | -              | -               |
| Other payables (including related parties)                    | 9,310,116            | 9,310,116                | 9,310,116          | -              | -              | -              | -               |
| Lease liabilities (including current portion)                 | 1,744,821            | 1,822,888                | 112,487            | 112,487        | 224,975        | 630,014        | 742,925         |
|   | <u>\$ 15,891,277</u> | <u>15,977,062</u>        | <u>14,017,751</u>  | <u>361,397</u> | <u>224,975</u> | <u>630,014</u> | <u>742,925</u>  |
| <b>December 31, 2021</b>                                      |                      |                          |                    |                |                |                |                 |
| Non-derivative financial liabilities                          |                      |                          |                    |                |                |                |                 |
| Unsecured short-term bank loans                               | \$ 1,214,969         | 1,215,646                | 1,215,646          | -              | -              | -              | -               |
| Unsecured long-term bank loans<br>(including current portion) | 681,592              | 687,444                  | 227,914            | 229,151        | 230,379        | -              | -               |
| Accounts payable (including related parties)                  | 3,657,542            | 3,657,542                | 3,657,542          | -              | -              | -              | -               |
| Other payables (including related parties)                    | 3,102,186            | 3,102,186                | 3,102,186          | -              | -              | -              | -               |
| Lease liabilities (including current portion)                 | 374,277              | 382,819                  | 109,925            | 47,693         | 69,604         | 155,597        | -               |
|   | <u>\$ 9,030,566</u>  | <u>9,045,637</u>         | <u>8,313,213</u>   | <u>276,844</u> | <u>299,983</u> | <u>155,597</u> | <u>-</u>        |

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**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

| <b>June 30, 2021</b>                                       | <u>Carrying amount</u> | <u>Contractual cash flow</u> | <u>Within 6 months</u> | <u>6-12 months</u> | <u>1-2 years</u> | <u>2-5 years</u> | <u>Over 5 years</u> |
|--|------------------------|------------------------------|------------------------|--------------------|------------------|------------------|---------------------|
| Non-derivative financial liabilities                       |                        |                              |                        |                    |                  |                  |                     |
| Unsecured long-term bank loans (including current portion) | \$ 883,476             | 893,302                      | 221,568                | 222,736            | 448,998          | -                | -                   |
| Accounts payable (including related parties)               | 3,361,731              | 3,361,731                    | 3,361,731              | -                  | -                | -                | -                   |
| Other payables (including related parties)                 | 6,217,286              | 6,250,345                    | 5,362,576              | 887,769            | -                | -                | -                   |
| Lease liabilities (including current portion)              | 197,537                | 199,505                      | 87,377                 | 75,583             | 25,279           | 11,266           | -                   |
|  | <u>\$ 10,660,030</u>   | <u>10,704,883</u>            | <u>9,033,252</u>       | <u>1,186,088</u>   | <u>474,277</u>   | <u>11,266</u>    | <u>-</u>            |

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

(ii) Currency risk

1) Exposure to foreign currency risk

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

|                              | <b>June 30, 2022</b>    |                      |                           |
|------------------------------|-------------------------|----------------------|---------------------------|
|                              | <u>Foreign currency</u> | <u>Exchange rate</u> | <u>New Taiwan Dollars</u> |
| <u>Financial assets</u>      |                         |                      |                           |
| <u>Monetary items</u>        |                         |                      |                           |
| USD                          | \$                      | 435,355              | 29.7260                   |
| EUR                          |                         | 248                  | 31.0393                   |
| JPY                          |                         | 8,468                | 0.2177                    |
| CNY                          |                         | 69                   | 4.4291                    |
| <u>Financial liabilities</u> |                         |                      |                           |
| <u>Monetary items</u>        |                         |                      |                           |
| USD                          |                         | 53,813               | 29.7260                   |
| JPY                          |                         | 1,559,503            | 0.2177                    |
| EUR                          |                         | 651                  | 31.0393                   |

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**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**  
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|                              |    |           |  | <b>December 31, 2021</b>    |                          |                               |
|------------------------------|----|-----------|--|-----------------------------|--------------------------|-------------------------------|
|                              |    |           |  | <b>Foreign<br/>currency</b> | <b>Exchange<br/>rate</b> | <b>New Taiwan<br/>Dollars</b> |
| <u>Financial assets</u>      |    |           |  |                             |                          |                               |
| <u>Monetary items</u>        |    |           |  |                             |                          |                               |
| USD                          | \$ | 403,830   |  | 27.6900                     |                          | 11,182,051                    |
| EUR                          |    | 535       |  | 31.3613                     |                          | 16,785                        |
| JPY                          |    | 52,853    |  | 0.2404                      |                          | 12,706                        |
| CNY                          |    | 518       |  | 4.3487                      |                          | 2,253                         |
| <u>Financial liabilities</u> |    |           |  |                             |                          |                               |
| <u>Monetary items</u>        |    |           |  |                             |                          |                               |
| USD                          |    | 94,991    |  | 27.6900                     |                          | 2,630,294                     |
| JPY                          |    | 1,478,828 |  | 0.2404                      |                          | 355,510                       |
| EUR                          |    | 465       |  | 31.3613                     |                          | 14,583                        |
|                              |    |           |  | <b>June 30, 2021</b>        |                          |                               |
|                              |    |           |  | <b>Foreign<br/>currency</b> | <b>Exchange<br/>rate</b> | <b>New Taiwan<br/>Dollars</b> |
| <u>Financial assets</u>      |    |           |  |                             |                          |                               |
| <u>Monetary items</u>        |    |           |  |                             |                          |                               |
| USD                          | \$ | 395,009   |  | 27.8700                     |                          | 11,008,902                    |
| EUR                          |    | 467       |  | 33.2287                     |                          | 15,519                        |
| JPY                          |    | 57,398    |  | 0.2527                      |                          | 14,504                        |
| CNY                          |    | 39        |  | 4.3141                      |                          | 167                           |
| <u>Financial liabilities</u> |    |           |  |                             |                          |                               |
| <u>Monetary items</u>        |    |           |  |                             |                          |                               |
| USD                          |    | 66,929    |  | 27.8700                     |                          | 1,865,322                     |
| JPY                          |    | 1,016,673 |  | 0.2527                      |                          | 256,913                       |
| EUR                          |    | 70        |  | 33.2287                     |                          | 2,326                         |

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the foreign currency exchange fluctuations on cash and cash equivalents, accounts receivable and other receivables, loans, accounts payable and other payables which are denominated in foreign currencies. A 1% depreciation or appreciation of the NTD against the USD, EUR, JPY and CNY as of June 30, 2022 and 2021 would have increased or decreased the net income before tax by \$109,919 and \$89,145 for the six months ended June 30, 2022 and 2021, respectively. The analysis is performed on the same basis for both periods.

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**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**  
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3) Foreign exchange gain and loss on monetary items

Due to the variety of functional currencies, the Group disclosed its aggregated foreign exchange gains (losses); the Group's foreign exchange gains, including realized and unrealized, for the six months ended June 30, 2022 and 2021 were the net exchange gain (loss) of \$952,238 and \$(171,461), respectively.

(iii) Fair value of information

1) Fair value of financial instruments

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

|   | Carrying<br>Amount   | June 30, 2022 |          |          | Total    |
|---|----------------------|---------------|----------|----------|----------|
|   |                      | Fair Value    |          |          |          |
|   |                      | Level 1       | Level 2  | Level 3  |          |
| Financial assets measured by<br>amortized cost                    |                      |               |          |          |          |
| Cash and cash equivalents   | \$ 18,741,078        | -             | -        | -        | -        |
| Notes and accounts receivable,<br>net (including related parties) | 12,789,553           | -             | -        | -        | -        |
| Other receivables (including<br>related parties)                  | 310,162              | -             | -        | -        | -        |
| Total   | <u>\$ 31,840,793</u> | <u>-</u>      | <u>-</u> | <u>-</u> | <u>-</u> |
| Financial liabilities measured by<br>amortized cost               |                      |               |          |          |          |
| Short-term loans  | \$ 228,888           | -             | -        | -        | -        |
| Accounts payable (including<br>related parties)                   | 4,119,652            | -             | -        | -        | -        |
| Other payables (including related<br>parties)                     | 9,310,116            | -             | -        | -        | -        |
| Lease liabilities (including current<br>portion)                  | 1,744,821            | -             | -        | -        | -        |
| Long-term loans (including<br>current portion)                    | 487,800              | -             | -        | -        | -        |
| Total   | <u>\$ 15,891,277</u> | <u>-</u>      | <u>-</u> | <u>-</u> | <u>-</u> |

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**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

|   | December 31, 2021    |            |          |          |          |
|---|----------------------|------------|----------|----------|----------|
|   | Carrying<br>Amount   | Fair Value |          |          | Total    |
|   |                      | Level 1    | Level 2  | Level 3  |          |
| Financial assets measured by<br>amortized cost                    |                      |            |          |          |          |
| Cash and cash equivalents   | \$ 13,194,450        | -          | -        | -        | -        |
| Accounts receivable, net<br>(including related parties)           | 11,061,551           | -          | -        | -        | -        |
| Other receivables (including<br>related parties)                  | <u>70,693</u>        | <u>-</u>   | <u>-</u> | <u>-</u> | <u>-</u> |
| Total   | <u>\$ 24,326,694</u> | <u>-</u>   | <u>-</u> | <u>-</u> | <u>-</u> |
| Financial liabilities measured by<br>amortized cost               |                      |            |          |          |          |
| Short-term loans  | \$ 1,214,969         | -          | -        | -        | -        |
| Accounts payable (including<br>related parties)                   | 3,657,542            | -          | -        | -        | -        |
| Other payables (including related<br>parties)                     | 3,102,186            | -          | -        | -        | -        |
| Lease liabilities (including current<br>portion)                  | 374,277              | -          | -        | -        | -        |
| Long-term loans (including<br>current portion)                    | <u>681,592</u>       | <u>-</u>   | <u>-</u> | <u>-</u> | <u>-</u> |
| Total   | <u>\$ 9,030,566</u>  | <u>-</u>   | <u>-</u> | <u>-</u> | <u>-</u> |
|   |                      |            |          |          |          |
|   | June 30, 2021        |            |          |          |          |
|   | Carrying<br>Amount   | Fair Value |          |          | Total    |
|   |                      | Level 1    | Level 2  | Level 3  |          |
| Financial assets measured by<br>amortized cost                    |                      |            |          |          |          |
| Cash and cash equivalents   | \$ 10,973,113        | -          | -        | -        | -        |
| Notes and accounts receivable, net<br>(including related parties) | 9,989,078            | -          | -        | -        | -        |
| Other receivables (including<br>related parties)                  | <u>77,565</u>        | <u>-</u>   | <u>-</u> | <u>-</u> | <u>-</u> |
| Total   | <u>\$ 21,039,756</u> | <u>-</u>   | <u>-</u> | <u>-</u> | <u>-</u> |
| Financial liabilities measured by<br>amortized cost               |                      |            |          |          |          |
| Accounts payable (including<br>related parties)                   | 3,361,731            | -          | -        | -        | -        |
| Other payables (including related<br>parties)                     | 6,217,286            | -          | -        | -        | -        |
| Lease liabilities (including current<br>portion)                  | 197,537              | -          | -        | -        | -        |
| Long-term loans (including<br>current portion)                    | <u>883,476</u>       | <u>-</u>   | <u>-</u> | <u>-</u> | <u>-</u> |
| Total   | <u>\$ 10,660,030</u> | <u>-</u>   | <u>-</u> | <u>-</u> | <u>-</u> |

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**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(s) Financial risk management

There were no material changes in the Group's financial risk management objective and policy since December 31, 2021. Please refer to the detailed disclosure on financial risk management in note 6(s) of the consolidated financial statements for the year ended December 31, 2021.

(t) Capital management

There were no material changes in the Group's capital management target, policy and procedure and in quantitative information adopted for capital management since December 31, 2021. Please refer to note 6(t) of the consolidated financial statements as of and for the year ended December 31, 2021 for the detailed disclosure on capital management.

(u) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow for the six months ended June 30, 2022 and 2021 were as follows:

(i) For right-of-use assets, please refer to note 6(g).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

|   | January 1,<br>2022  | Cash flows         | Non-cash changes          |                  | June 30, 2022    |
|---|---------------------|--------------------|---------------------------|------------------|------------------|
|   |                     |                    | Foreign exchange movement | Acquisition      |                  |
| Short-term loans                              | \$ 1,214,969        | (1,018,937)        | 32,856                    | -                | 228,888          |
| Long-term loans (including current portion)   | 681,592             | (235,227)          | 41,435                    | -                | 487,800          |
| Lease liabilities (including current portion) | 374,277             | (107,525)          | -                         | 1,478,069        | 1,744,821        |
| Total liabilities from financing activities   | <u>\$ 2,270,838</u> | <u>(1,361,689)</u> | <u>74,291</u>             | <u>1,478,069</u> | <u>2,461,509</u> |

  

|   | January 1,<br>2021  | Cash flows     | Non-cash changes          |               | June 30, 2021    |
|---|---------------------|----------------|---------------------------|---------------|------------------|
|   |                     |                | Foreign exchange movement | Acquisition   |                  |
| Short-term loans  | \$ 293,630          | (289,720)      | (3,910)                   | -             | -                |
| Long-term loans (including current portion)                         | 625,745             | 273,732        | (16,001)                  | -             | 883,476          |
| Lease liabilities (including current portion)                       | 251,291             | (92,263)       | -                         | 38,509        | 197,537          |
| Other payables to related parties (borrowings from related parties) | 1,511,697           | 232,506        | (18,539)                  | -             | 1,725,664        |
| Total liabilities from financing activities                         | <u>\$ 2,682,363</u> | <u>124,255</u> | <u>(38,450)</u>           | <u>38,509</u> | <u>2,806,677</u> |

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**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

**(7) Related-party transactions**

(a) Parent company and ultimate controlling party

Nan Ya Plastics Corporation is both the parent company and the ultimate controlling party of the Group. It owns 66.97% of all shares outstanding of the Company, and has issued the consolidated financial statements available for public use.

(b) Names and relationship with related parties

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements.

| <u>Name of related party</u>                    | <u>Relationship with the Group</u>   |
|---|--|
| Nan Ya Plastics Corporation                     | The parent company   |
| Formosa Advanced Technologies Co., Ltd.         | The Group's associates   |
| Nan Ya Electronic Materials (Kunshan) Co., Ltd. | The Group's parent company is the ultimate controlling parent of the company |
| Nan Ya Electric (Nantong) Co., Ltd.             | The Group's parent company is the ultimate controlling parent of the company |
| Formosa Plastics Corporation                    | The Group's parent company is the company's board of director                |
| Formosa Biomedical Technology Corporation       | The Group's parent company is a board of director of the company             |
| Wellink Technology Co., Ltd.                    | The same chairman  |

(c) Significant related-party transactions

(i) Operating revenues

Significant sales to related parties were as follows:

|                       | <b>For the three months ended</b> |               | <b>For the six months ended</b> |                |
|-----------------------|-----------------------------------|---------------|---------------------------------|----------------|
|                       | <b>June 30,</b>                   |               | <b>June 30,</b>                 |                |
|                       | <b>2022</b>                       | <b>2021</b>   | <b>2022</b>                     | <b>2021</b>    |
| Associates            | \$ 302,148                        | 74,224        | 530,361                         | 207,201        |
| Other related parties | 357                               | 268           | 625                             | 536            |
|                       | <b>\$ 302,505</b>                 | <b>74,492</b> | <b>530,986</b>                  | <b>207,737</b> |

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**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

The sales price from related parties is not significantly different from non-related general parties. Sales price is cost plus profit as quoted price. The normal credit term with the companies above is collection on open account 70 days. There is no collateral received among related parties accounts receivable and there is no need to estimate loss allowance.

(ii) Receivables from related parties

The balances of accounts receivable from related parties were as follows:

| <u>Account</u>                               | <u>Relationship</u>   | <u>June 30,<br/>2022</u> | <u>December 31,<br/>2021</u> | <u>June 30,<br/>2021</u> |
|--|-----------------------|--------------------------|------------------------------|--------------------------|
| Accounts receivable due from related parties | Associates            | \$ 223,105               | 79,663                       | 47,385                   |
| Accounts receivable due from related parties | Other related parties | <u>94</u>                | <u>94</u>                    | <u>94</u>                |
|  |                       | <u>\$ 223,199</u>        | <u>79,757</u>                | <u>47,479</u>            |

(iii) Purchases from related parties

Significant purchases from related parties were as follows:

|                       | <u>For the three months ended<br/>June 30,</u> |                | <u>For the six months ended<br/>June 30,</u> |                  |
|-----------------------|--|----------------|--|------------------|
|                       | <u>2022</u>                                    | <u>2021</u>    | <u>2022</u>                                  | <u>2021</u>      |
| The parent company    | \$ 316,646                                     | 290,489        | 581,366                                      | 551,255          |
| Other related parties |  |                |  |                  |
| NEMK                  | 256,231  | 407,514        | 566,585                                      | 771,600          |
| Others                | <u>90,128</u>                                  | <u>56,053</u>  | <u>174,785</u>                               | <u>112,108</u>   |
|                       | <u>\$ 663,005</u>                              | <u>754,056</u> | <u>1,322,736</u>                             | <u>1,434,963</u> |

The purchase price from related parties is not significantly different from non-related general parties. The normal credit term with the related parties above is collected on open account 30 days, on open account 60 days, on open account 90 days, on open account 2 months and on the day following the day of approving payment, respectively.

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**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**  
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(iv) Payables to related parties

The details of accounts payable to related parties were as follows:

| <u>Account</u>                      | <u>Relationship</u>   | <u>June 30,<br/>2022</u> | <u>December 31,<br/>2021</u> | <u>June 30,<br/>2021</u> |
|-------------------------------------|-----------------------|--------------------------|------------------------------|--------------------------|
| Accounts payable to related parties | The parent company    | \$ 126,320               | 93,271                       | 116,772                  |
| Accounts payable to related parties | Other related parties |                          |                              |                          |
|                                     | NEMK                  | 102,591                  | 141,870                      | 149,908                  |
| Accounts payable to related parties | WTC                   | 32,184                   | 23,029                       | 26,551                   |
| Accounts payable to related parties | Others                | <u>16,551</u>            | <u>14,147</u>                | <u>6,986</u>             |
|                                     |                       | <u>\$ 277,646</u>        | <u>272,317</u>               | <u>300,217</u>           |

(v) Property transactions

The Group purchased fixed assets from the parent company with the acquisition price of \$0 and \$1,005, respectively, for the six months ended June 30, 2022 and 2021. There was no unpaid balance as of June 30, 2022, December 31 and June 30, 2021.

(vi) Borrowings from related parties

The borrowings from related parties (accounted for as other payables to related parties) were as follows:

|                              | <u>Other payables to related parties</u> |                              |                          |
|------------------------------|--|------------------------------|--------------------------|
|                              | <u>June 30,<br/>2022</u>                 | <u>December 31,<br/>2021</u> | <u>June 30,<br/>2021</u> |
| Other related parties – NEMK | \$ -                                     | -                            | <u>1,725,664</u>         |
| Range of interest rate       | -  | <u>3.08%</u>                 | <u>3.08%</u>             |

The borrowings provided from related parties are unsecured.

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**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(vii) Lease of property, plant and equipment

- 1) The lease revenue of the Group from leasing its property, plant and equipment to its related parties, accounted for as other income, were as follows:

|                    | <b>Lease revenue</b>              |               |                                 |               |
|--------------------|-----------------------------------|---------------|---------------------------------|---------------|
|                    | <b>For the three months ended</b> |               | <b>For the six months ended</b> |               |
|                    | <b>June 30,</b>                   |               | <b>June 30,</b>                 |               |
|                    | <b>2022</b>                       | <b>2021</b>   | <b>2022</b>                     | <b>2021</b>   |
| The parent company | <b>\$ 2,843</b>                   | <b>10,768</b> | <b>5,687</b>                    | <b>25,624</b> |

The rentals charged to related parties are determined based on the local market prices and rents that are collected monthly depending on the contract. As of June 30, 2022, December 31 and June 30, 2021, the Group still had an unreceived receivable of \$0, \$0 and \$908 accounted for as other receivables due from related parties, respectively.

- 2) The rental expenses of the Group's property, plant and equipment leased from its related parties were as follows:

The Group entered into different lease agreements with its parent company for its Taipei office, as well as its factories and employee dormitories, both located at Luchu Dist., Taoyuan City and Shulin Dist., New Taipei City, with monthly rental fees based on the local market prices within their respective vicinities. For the three months and six months ended June 30, 2022 and 2021, the above rentals amounting to \$6,650, \$6,307, \$13,388 and \$12,635, respectively, were recognized as expenses. For the three months and six months ended June 30, 2022 and 2021, the amount of \$3,359, \$752, \$4,536 and \$1,588 was recognized as interest expense. As of June 30, 2022, December 31 and June 30, 2021 the balance of lease liabilities amounting to \$1,744,821, \$374,277 and \$197,537.

The Group added a right-of-use asset amounting to \$1,454,958 and \$37,930, for the six months ended June 30, 2022 and 2021, respectively.

(viii) Others

The Group bought utilities from Nan Ya Electronic Materials (Kunshan) Co., Ltd. amounting to \$59,437, \$95,494, \$147,091 and \$202,771, for the three months and six months ended June 30, 2022 and 2021, respectively. As of June 30, 2022, December 31 and June 30, 2021 the Group still had unpaid payables accounted for as other payables to related parties amounting to \$28,791, \$50,113 and \$38,322, respectively.

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For the three months and six months ended June 30, 2022 and for the years ended December 31, 2021, the Group provides sewage treatment service to Nan Ya Electronic Materials (Kunshan) Co., Ltd. at the amount of \$8,472, \$29,636, \$73,421 with the remaining balance of \$3,832 and \$7,193 recognized as other receivables to related parties, that has yet to be collected.

(d) Key management personnel compensation

Key management personnel compensation comprised

|                              | For the three months ended |       | For the six months ended |        |
|------------------------------|----------------------------|-------|--------------------------|--------|
|                              | June 30,                   |       | June 30,                 |        |
|                              | 2022                       | 2021  | 2022                     | 2021   |
| Short-term employee benefits | \$ 9,940                   | 8,218 | 18,382                   | 14,476 |

**(8) Pledged assets: None**

**(9) Commitments and contingencies**

(a) The outstanding letters of credit for the importation of raw materials by the Group were as follows:

|  | June 30,<br>2022 | December 31,<br>2021 | June 30,<br>2021 |
|--|------------------|----------------------|------------------|
| Outstanding letters of credit for the importation of raw materials | \$ 365,890       | 1,884,489            | 455,163          |

(b) The endorsements by the bank were as follows:

|                           | June 30,<br>2022 | December 31,<br>2021 | June 30,<br>2021 |
|---------------------------|------------------|----------------------|------------------|
| The guarantee for customs | \$ 39,000        | 39,000               | 35,000           |

|                                     | June 30,<br>2022 | December 31,<br>2021 | June 30,<br>2021 |
|-------------------------------------|------------------|----------------------|------------------|
| The guarantee for letters of credit | \$ 42,000        | 42,000               | 32,000           |

(c) The Company provided a comfort letter for the loan from Mega International Commercial Bank of the Company's subsidiary, NPKC, and are responsible for monitoring timely repayments.

(Continued)

**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

**(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, was as follows:

|                            | For the three months ended June 30, 2022 |                    |           | For the three months ended June 30, 2021 |                    |           |
|----------------------------|--|--------------------|-----------|--|--------------------|-----------|
|                            | Operating costs                          | Operating expenses | Total     | Operating costs                          | Operating expenses | Total     |
| Employee benefits          |  |                    |           |  |                    |           |
| Salaries                   | 2,414,697                                | 236,996            | 2,651,693 | 2,055,708                                | 281,761            | 2,337,469 |
| Labor and health insurance | 166,898                                  | 17,906             | 184,804   | 152,187                                  | 16,839             | 169,026   |
| Pension expenses           | 132,697                                  | 16,130             | 148,827   | 119,312                                  | 14,548             | 133,860   |
| Remuneration of directors  | -  | 1,650              | 1,650     | -  | 1,500              | 1,500     |
| Other personnel expenses   | 58,375                                   | 7,583              | 65,958    | 52,613                                   | 7,700              | 60,313    |
| Depreciation expenses      | 1,061,913                                | 4,440              | 1,066,353 | 862,682                                  | 3,808              | 866,490   |

|                            | For the six months ended June 30, 2022 |                    |           | For the six months ended June 30, 2021 |                    |           |
|----------------------------|--|--------------------|-----------|--|--------------------|-----------|
|                            | Operating costs                        | Operating expenses | Total     | Operating costs                        | Operating expenses | Total     |
| Employee benefits          |  |                    |           |  |                    |           |
| Salaries                   | 4,678,312                              | 502,257            | 5,180,569 | 4,104,436                              | 498,778            | 4,603,214 |
| Labor and health insurance | 329,223                                | 35,321             | 364,544   | 304,785                                | 31,057             | 335,842   |
| Pension expenses           | 263,542                                | 31,802             | 295,344   | 239,136                                | 24,543             | 263,679   |
| Remuneration of directors  | -                                      | 3,180              | 3,180     | -                                      | 3,000              | 3,000     |
| Other personnel expenses   | 116,300                                | 15,188             | 131,488   | 106,281                                | 12,871             | 119,152   |
| Depreciation expenses      | 2,108,578                              | 8,697              | 2,117,275 | 1,655,640                              | 7,622              | 1,663,262 |

(b) The seasonality of operation

The operation of the Group is not influenced by seasonality and periodicity.

(Continued)

## NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES

### Notes to Consolidated 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 Group:

##### (i) Loans to other parties:

(in thousands of New Taiwan Dollars)

| Number | Name of lender | Name of borrower | Account name                               | Related party | Highest balance of financing to other parties during the period | Ending balance | Actual usage amount | Range of interest rates during the period | Purposes of fund financing for the borrower (Note 1) | Transaction amount for business between two parties | Reasons for short-term financing | Loss Allowance | Collateral |       | Individual funding loan limits | Maximum limit of fund financing |
|--------|----------------|------------------|--|---------------|---|----------------|---------------------|---|--|---|----------------------------------|----------------|------------|-------|--------------------------------|---------------------------------|
|        |                |                  |  |               |   |                |                     |   |  |   |                                  |                | Item       | Value |                                |                                 |
| 0      | The Company    | NPHK             | Other receivables due from related parties | Yes           | 50,000  | 50,000         | -                   | -   | 2  | -   | Operating capital                | -              | None       | -     | 10,741,043<br>(Note 2)         | 21,482,086<br>(Note 3)          |

Note 1: 1. With business contact

2. Necessary for short-term financing

Note 2: The amount of financing to related parties or parties with business contact is subjected to a limit, which is 25% of the net value. To other counterparties, the limit is 20% of the net value.

Note 3: The amount of financing to others is subjected to a limit, which is 50% of the net value. To those without business contact but in need of fund, the limit is 40% of the net value.

##### (ii) Guarantees and endorsements for other parties: None

##### (iii) Securities held as of June 30, 2022 (excluding investment in subsidiaries, associates and joint ventures): None

##### (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of \$300 million or 20% of the capital stock:

(In thousands of shares and New Taiwan Dollars)

| Name of company | Category and name of security | Account name                                      | Name of counter-party | Relationship with the Company                     | Beginning Balance |            | Purchases |           | Sales  |       |      |                         | Ending Balance |                                    |
|-----------------|-------------------------------|---|-----------------------|---|-------------------|------------|-----------|-----------|--------|-------|------|-------------------------|----------------|------------------------------------|
|                 |                               |   |                       |   | Shares            | Amount     | Shares    | Amount    | Shares | Price | Cost | Gain (loss) on disposal | Shares         | Amount                             |
| The Company     | NPHK                          | Investments accounted for using the equity method | NPHK                  | Investments accounted for using the equity method | 1,598,220         | 14,256,899 | 553,800   | 2,118,214 | -      | -     | -    | -                       | 2,152,020      | 19,351,507<br>(Note 1)<br>(Note 2) |
| NPHK            | NPKC                          | Investments accounted for using the equity method | NPKC                  | Investments accounted for using the equity method | -                 | 14,244,263 | -         | 2,118,214 | -      | -     | -    | -                       | -              | 19,337,978<br>(Note 1)<br>(Note 2) |

Note 1: End of period amount includes investments income and transaction adjustment under the equity method and the effect of exchange changes.

Note 2: The transaction listed in the left have been written off during the preparation of the consolidated financial statements.

##### (v) Acquisition of individual real estate with amount exceeding the lower of \$300 million or 20% of the capital stock: None

##### (vi) Disposal of individual real estate with amount exceeding the lower of \$300 million or 20% of the capital stock: None

##### (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of \$100 million or 20% of the capital stock:

(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     | NYPC          | Parent company            | Purchase            | 577,614     | 7.07 %                                | O/A 30 days   | -   | -             | (125,124)                           | (4.21)%   | -    |
| The Company     | NPKC          | Subsidiary of the Company | Purchase            | 3,662,496   | 44.81 %                               | O/A 30 days   | -   | -             | (626,041)                           | (21.08)%  | Note |
| The Company     | FATC          | Associates                | (sale)              | (319,296)   | (1.44)%                               | O/A 70 days   | -   | -             | 155,241                             | 1.61%   | -    |
| NPKC            | The Company   | Parent company            | (sale)              | (3,662,496) | (32.69)%                              | O/A 30 days   | -   | -             | 626,041                             | 16.60%  | Note |
| NPKC            | FATC          | Associates                | (sale)              | (211,065)   | (1.88)%                               | O/A 70 days   | -   | -             | 67,864                              | 1.80%   | -    |
| NPKC            | NEMK          | Same chairman             | Purchase            | 566,585     | 11.94 %                               | O/A 60 days   | -   | -             | (102,591)                           | (5.75)%   | -    |

Note: The transactions listed in the left have been written off during the preparation of the consolidated financial statements.

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## NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

(viii) Receivables from related parties with amounts exceeding the lower of \$100 million or 20% of the capital stock:

(in thousands of New Taiwan Dollars)

| Name of company | Counter-party      | Nature of relationship | Ending balance                                       | Turnover rate | Overdue |              | Amounts received in subsequent period | Loss Allowance |
|-----------------|--------------------|------------------------|--|---------------|---------|--------------|---------------------------------------|----------------|
|                 |                    |                        |  |               | Amount  | Action taken |                                       |                |
| The Company     | FATC               | Associates             | Accounts receivable due from related parties 155,241 | 7.27          | -       |              | 55,322                                | -              |
| NPKC            | The Company (Note) | Parent company         | Accounts receivable due from related parties 626,041 | 10.55         | -       |              | 626,041                               | -              |

Note : The transactions listed in the left have been written off during the preparation of 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 |
| 1   | NPKC            | The Company           | 2                      | Sales  | 3,662,496 | O/A 30 days   | 12.31%   |
| 1   | NPKC            | The Company           | 2                      | Accounts receivable due from related parties | 626,041   | O/A 30 days   | 0.87%  |

Note 1: Numbers are filled in as follows

1. 0 represents the parent company
2. Subsidiaries are numbered from 1

Note 2: Classifications of relation with counterparty are listed as follows:

1. Parent to subsidiary
2. Subsidiary to parent
3. Between subsidiaries

Note 3: Only data related to sales and accounts receivable of all the intercompany transactions and business contact are disclosed. The related purchase and accounts payable are not stated.

(b) Information on investees

The following is the information on investees for the six months ended June 30, 2022 (excluding information on investees in Mainland China):

(in thousands of New Taiwan Dollars)

| Name of investor | Name of investee | Location | Main businesses and products                    | Original investment amount |                   | Balance as of June 30, 2022 |                         |                 | Net income (losses) of investee | Share of profits/(losses) of investee | Note  |
|------------------|------------------|----------|---|----------------------------|-------------------|-----------------------------|-------------------------|-----------------|---------------------------------|---------------------------------------|-------|
|                  |                  |          |   | June 30, 2022              | December 31, 2021 | Shares (in thousands)       | Percentage of ownership | Carrying amount |                                 |                                       |       |
| The Company      | NPHK             | HK       | Business of electronic products                 | 8,595,674                  | 6,477,460         | 2,152,020                   | 100.00 %                | 19,351,507      | 2,724,089                       | 2,724,089                             | Note1 |
| The Company      | NPUC             | USA      | Customer sales promotion                        | 3,479                      | 3,479             | 1,000                       | 100.00 %                | 16,497          | 331                             | 331                                   | Note1 |
| The Company      | FATC             | TW       | Assembling testing and producing modules for IC | 472,968                    | 472,968           | 13,267                      | 3.00 %                  | 492,604         | 1,146,447                       | 33,948                                | Note2 |

Note1: The transactions listed in the left have been written off during the preparation of the consolidated financial statements.

Note2: Investee company accounted for using equity method.

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**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

(c) Information on investment in mainland China

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

(in thousands of New Taiwan Dollars)

| Name of investee | Main businesses and products     | Total amount of paid-in capital | Method of investment | Accumulated outflow of investment from Taiwan as of January 1, 2022 | Investment flows |        | Accumulated outflow of investment from Taiwan as of June 30, 2022 | Net income (losses) of the investee | Percentage of ownership | Investment income (losses) | Carrying amount | Accumulated remittance of earnings in current period |
|------------------|----------------------------------|---------------------------------|----------------------|---|------------------|--------|---|-------------------------------------|-------------------------|----------------------------|-----------------|--|
|                  |                                  |                                 |                      |   | Outflow          | Inflow |   |                                     |                         |                            |                 |  |
| NPKC             | Production and marketing of PCBs | 8,592,495                       | (Note 1)             | 6,474,281   | 2,118,214        | -      | 8,592,495   | 2,724,125                           | 100.00%                 | 2,724,125<br>(Note 2)      | 19,337,978      | -  |

Note 1: NPKC in Mainland China is invested through a company established in a third region.

Note 2: Investment income or loss is recognized according to the financial statements reviewed by the CPA of the Taiwanese parent company.

Note 3: The transaction listed above has been written off during the preparation of the consolidated financial statements.

(ii) Limitation on investment in Mainland China:

(in thousands of New Taiwan Dollars)

| Accumulated Investment in Mainland China as of June 30, 2022 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment (Note) |
|--|--|----------------------------------|
| 8,592,495  | 8,592,495  | -                                |

Note: The Industrial Development Bureau of the MOEA issued a letter to the Company stating that it qualifies under Section 12 of the Statute for Upgrading Industries.

(iii) Significant transactions:

Please refer to "Information on significant transactions" for direct or indirect significant transactions (written off during the preparation of the consolidated financial statements), between the Company and its investees in Mainland China for the six months ended June 30, 2022.

(d) Major shareholders:

| Shareholder's Name          | Shareholding | Shares      | Percentage |
|-----------------------------|--------------|-------------|------------|
| Nan Ya Plastics Corporation |              | 432,744,977 | 66.97 %    |

(i) 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 common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

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

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**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

**(14) Segment information:**

The information and reconciliation of operating segments of the Group are as follows:

|                                    | <b>For the three months ended June 30, 2022</b> |                      |                          |  |                          |
|------------------------------------|---|----------------------|--------------------------|--|--------------------------|
|                                    | <b>Domestic</b>                                 | <b>American</b>      | <b>Asian</b>             | <b>Adjustments<br/>and<br/>elimination</b> | <b>Total</b>             |
| Revenue:                           |   |                      |                          |  |                          |
| From external clients              | \$ 11,208,248                                   | -                    | 3,977,467                | -  | 15,185,715               |
| Intersegments                      | <u>6,978</u>                                    | <u>6,006</u>         | <u>1,579,330</u>         | <u>(1,592,314)</u>                         | <u>-</u>                 |
| Total revenue                      | <b><u>\$ 11,215,226</u></b>                     | <b><u>6,006</u></b>  | <b><u>5,556,797</u></b>  | <b><u>(1,592,314)</u></b>                  | <b><u>15,185,715</u></b> |
| Income/Loss of reportable segments | <b><u>\$ 6,066,500</u></b>                      | <b><u>132</u></b>    | <b><u>1,719,021</u></b>  | <b><u>(1,708,417)</u></b>                  | <b><u>6,077,236</u></b>  |
|                                    |   |                      |                          |  |                          |
|                                    | <b>For the three months ended June 30, 2021</b> |                      |                          |  |                          |
|                                    | <b>Domestic</b>                                 | <b>American</b>      | <b>Asian</b>             | <b>Adjustments<br/>and<br/>elimination</b> | <b>Total</b>             |
| Revenue:                           |   |                      |                          |  |                          |
| From external clients              | \$ 10,283,188                                   | -                    | 2,201,759                | -  | 12,484,947               |
| Intersegments                      | <u>10,967</u>                                   | <u>5,571</u>         | <u>2,344,667</u>         | <u>(2,361,205)</u>                         | <u>-</u>                 |
| Total revenue                      | <b><u>\$ 10,294,155</u></b>                     | <b><u>5,571</u></b>  | <b><u>4,546,426</u></b>  | <b><u>(2,361,205)</u></b>                  | <b><u>12,484,947</u></b> |
| Income/Loss of reportable segments | <b><u>\$ 2,761,440</u></b>                      | <b><u>118</u></b>    | <b><u>731,579</u></b>    | <b><u>(600,336)</u></b>                    | <b><u>2,892,801</u></b>  |
|                                    |   |                      |                          |  |                          |
|                                    | <b>For the six months ended June 30, 2022</b>   |                      |                          |  |                          |
|                                    | <b>Domestic</b>                                 | <b>American</b>      | <b>Asian</b>             | <b>Adjustments<br/>and<br/>elimination</b> | <b>Total</b>             |
| Revenue:                           |   |                      |                          |  |                          |
| From external clients              | \$ 22,205,484                                   | -                    | 7,541,886                | -  | 29,747,370               |
| Intersegments                      | <u>14,691</u>                                   | <u>12,079</u>        | <u>3,662,496</u>         | <u>(3,689,266)</u>                         | <u>-</u>                 |
| Total revenue                      | <b><u>\$ 22,220,175</u></b>                     | <b><u>12,079</u></b> | <b><u>11,204,382</u></b> | <b><u>(3,689,266)</u></b>                  | <b><u>29,747,370</u></b> |
| Income/Loss of reportable segments | <b><u>\$ 10,921,257</u></b>                     | <b><u>452</u></b>    | <b><u>3,094,534</u></b>  | <b><u>(2,724,420)</u></b>                  | <b><u>11,291,823</u></b> |
|                                    |   |                      |                          |  |                          |
|                                    | <b>For the six months ended June 30, 2021</b>   |                      |                          |  |                          |
|                                    | <b>Domestic</b>                                 | <b>American</b>      | <b>Asian</b>             | <b>Adjustments<br/>and<br/>elimination</b> | <b>Total</b>             |
| Revenue:                           |   |                      |                          |  |                          |
| From external clients              | \$ 19,635,740                                   | -                    | 3,705,026                | -  | 23,340,766               |
| Intersegments                      | <u>51,975</u>                                   | <u>11,574</u>        | <u>4,713,291</u>         | <u>(4,776,840)</u>                         | <u>-</u>                 |
| Total revenue                      | <b><u>\$ 19,687,715</u></b>                     | <b><u>11,574</u></b> | <b><u>8,418,317</u></b>  | <b><u>(4,776,840)</u></b>                  | <b><u>23,340,766</u></b> |
| Income/Loss of reportable segments | <b><u>\$ 4,604,273</u></b>                      | <b><u>445</u></b>    | <b><u>850,434</u></b>    | <b><u>(719,518)</u></b>                    | <b><u>4,735,634</u></b>  |

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**NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES**  
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|   | <u>Domestic</u>      | <u>American</u> | <u>Asian</u>      | <u>Adjustments<br/>and<br/>elimination</u> | <u>Total</u>      |
|---|----------------------|-----------------|-------------------|--|-------------------|
| <b>Assets of reportable segments</b>      |                      |                 |                   |  |                   |
| June 30, 2022                             | \$ <u>68,915,240</u> | <u>16,497</u>   | <u>23,322,622</u> | <u>(20,134,448)</u>                        | <u>72,119,911</u> |
| December 31, 2021                         | \$ <u>52,392,739</u> | <u>15,053</u>   | <u>19,052,290</u> | <u>(15,114,907)</u>                        | <u>56,345,175</u> |
| June 30, 2021                             | \$ <u>45,189,704</u> | <u>14,205</u>   | <u>17,565,270</u> | <u>(13,026,416)</u>                        | <u>49,742,763</u> |
| <b>Liabilities of reportable segments</b> |                      |                 |                   |  |                   |
| June 30, 2022                             | \$ <u>25,951,069</u> | <u>-</u>        | <u>3,899,884</u>  | <u>(695,213)</u>                           | <u>29,155,740</u> |
| December 31, 2021                         | \$ <u>11,913,765</u> | <u>5</u>        | <u>4,731,501</u>  | <u>(779,070)</u>                           | <u>15,866,201</u> |
| June 30, 2021                             | \$ <u>11,231,242</u> | <u>-</u>        | <u>5,398,008</u>  | <u>(844,949)</u>                           | <u>15,784,301</u> |