

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

Consolidated Financial Statements

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

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

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Independent Auditors' Review Report

To the Board of Directors of
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 September 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2022 and 2021, as well as the changes in equity and cash flows for the nine months ended September 30, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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 September 30, 2022 and 2021, and of its consolidated financial performance for the three months and nine months ended September 30, 2022 and 2021, as well as its consolidated cash flows for the nine months ended September 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)
November 3, 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 September 30, 2022 and 2021

NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2022, December 31 and September 30, 2021

(Expressed in Thousands of New Taiwan Dollars)

	September 30, 2022		December 31, 2021		September 30, 2021			September 30, 2022		December 31, 2021		September 30, 2021		
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%	
Assets								Liabilities and equity						
Current assets:								Current liabilities:						
1100 Cash and cash equivalents (note 6(a))	\$ 17,341,689	23	13,194,450	23	10,986,375	21	2100 Current borrowings (note 6(h))	\$ -	-	1,214,969	2	278,662	1	
1170 Notes and accounts receivable, net (notes 6(b) and (o))	14,026,799	18	10,981,794	20	10,370,364	20	2130 Current contract liabilities (note 6(o))	879,472	1	112,399	-	-	-	
1180 Accounts receivable due from related parties (notes 6(b), (o) and 7)	116,260	-	79,757	-	67,801	-	2170 Accounts payable	5,788,013	8	3,385,225	6	3,453,960	7	
1200 Other receivables (note 6(c))	299,575	-	63,500	-	194,174	-	2180 Accounts payable to related parties (note 7)	374,706	-	272,317	-	260,306	-	
1210 Other receivables due from related parties (notes 6(c) and 7)	3,065	-	7,193	-	995	-	2200 Other payables	3,145,448	4	3,052,073	6	2,659,239	5	
1310 Current inventories (note 6(d))	6,065,667	8	5,347,835	10	5,300,335	11	2220 Other payables to related parties (note 7)	36,194	-	50,113	-	930,645	2	
1410 Prepayments	721,443	1	501,116	1	325,178	1	2230 Current tax liabilities	2,558,159	3	1,590,041	4	1,450,624	3	
Total current assets	<u>38,574,498</u>	<u>50</u>	<u>30,175,645</u>	<u>54</u>	<u>27,245,222</u>	<u>53</u>	2282 Current lease liabilities, related parties (notes 6(j) and 7)	213,831	-	154,013	-	132,734	-	
Non-current assets:								2322 Long-term borrowings, current portion (note 6(i))	-	-	454,395	1	457,285	1
1550 Investments accounted for using equity method (note 6(e))	505,006	1	501,678	1	489,184	1	2399 Other current liabilities, others	389,738	1	230,836	-	244,803	-	
1600 Property, plant and equipment (notes 6(f) and 7)	35,028,385	46	24,471,003	43	22,943,246	44	Total current liabilities	<u>13,385,561</u>	<u>17</u>	<u>10,516,381</u>	<u>19</u>	<u>9,868,258</u>	<u>19</u>	
1755 Right-of-use assets (notes 6(g) and 7)	1,763,790	2	402,488	1	190,438	-	Non-current liabilities:							
1840 Deferred tax assets	698,729	1	788,842	1	857,574	2	2527 Non-current contract liabilities (note 6(o))	8,011,302	10	711,975	1	711,975	1	
1900 Other non-current assets	5,991	-	5,519	-	13,722	-	2540 Non-current portion of non-current borrowings (note 6(i))	-	-	227,197	-	409,286	1	
Total non-current assets	<u>38,001,901</u>	<u>50</u>	<u>26,169,530</u>	<u>46</u>	<u>24,494,164</u>	<u>47</u>	2570 Deferred tax liabilities	2,746,699	4	1,871,276	4	1,641,026	3	
							2582 Non-current lease liabilities, related parties (notes 6(j) and 7)	1,524,692	2	220,264	-	29,656	-	
							2640 Net defined benefit liability, non-current	2,151,421	3	2,189,580	4	1,940,850	4	
							2645 Guarantee deposits received	129,775	-	129,528	-	113,194	-	
							Total non-current liabilities	<u>14,563,889</u>	<u>19</u>	<u>5,349,820</u>	<u>9</u>	<u>4,845,987</u>	<u>9</u>	
							Total liabilities	<u>27,949,450</u>	<u>36</u>	<u>15,866,201</u>	<u>28</u>	<u>14,714,245</u>	<u>28</u>	
							Equity (note 6(m)):							
							3100 Ordinary shares	6,461,655	9	6,461,655	11	6,461,655	13	
							3200 Capital surplus	18,125,608	24	18,125,600	32	18,125,600	35	
							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	17,798,575	23	11,301,164	20	7,958,454	15	
							3400 Other equity interest	(516,756)	(1)	(861,245)	(1)	(972,368)	(2)	
							Total equity	<u>48,626,949</u>	<u>64</u>	<u>40,478,974</u>	<u>72</u>	<u>37,025,141</u>	<u>72</u>	
Total assets	<u>\$ 76,576,399</u>	<u>100</u>	<u>56,345,175</u>	<u>100</u>	<u>51,739,386</u>	<u>100</u>	Total liabilities and equity	<u>\$ 76,576,399</u>	<u>100</u>	<u>56,345,175</u>	<u>100</u>	<u>51,739,386</u>	<u>100</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

Consolidated Statements of Comprehensive Income

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

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

	For the three months ended September 30,				For the nine months ended September 30,				
	2022		2021		2022		2021		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue (notes 6(o) and 7)	\$ 17,195,441	100	14,113,689	100	46,942,811	100	37,454,455	100
5000	Operating costs (notes 6(d), (f), (g), (j), (k), (p) and 7)	<u>10,186,268</u>	<u>59</u>	<u>9,705,849</u>	<u>69</u>	<u>28,598,361</u>	<u>61</u>	<u>27,476,624</u>	<u>73</u>
	Gross profit from operations	<u>7,009,173</u>	<u>41</u>	<u>4,407,840</u>	<u>31</u>	<u>18,344,450</u>	<u>39</u>	<u>9,977,831</u>	<u>27</u>
	Operating expenses (notes 6(b), (f), (g), (j), (k), (p) and 7):								
6100	Selling expenses	162,734	1	159,882	1	523,717	1	444,835	1
6200	Administrative expenses	400,329	2	368,693	2	1,206,362	3	1,044,558	3
6450	Expected credit gain	(1)	-	-	-	(488)	-	-	-
6000	Total operating expenses	<u>563,062</u>	<u>3</u>	<u>528,575</u>	<u>3</u>	<u>1,729,591</u>	<u>4</u>	<u>1,489,393</u>	<u>4</u>
6900	Net operating income	<u>6,446,111</u>	<u>38</u>	<u>3,879,265</u>	<u>28</u>	<u>16,614,859</u>	<u>35</u>	<u>8,488,438</u>	<u>23</u>
	Non-operating income and expenses (notes 6(e), (f), (j), (q) and 7):								
7100	Interest income	36,652	-	8,120	-	74,980	-	36,389	-
7010	Other income	54,759	-	136,608	1	145,194	1	374,362	1
7020	Other gains and losses	895,747	5	52,919	-	1,867,634	4	(99,294)	-
7050	Finance costs	(5,961)	-	(15,284)	-	(17,484)	-	(24,280)	-
7060	Share of profit of associates accounted for using equity method	<u>19,314</u>	<u>-</u>	<u>12,270</u>	<u>-</u>	<u>53,262</u>	<u>-</u>	<u>33,917</u>	<u>-</u>
	Total non-operating income and expenses	<u>1,000,511</u>	<u>5</u>	<u>194,633</u>	<u>1</u>	<u>2,123,586</u>	<u>5</u>	<u>321,094</u>	<u>1</u>
7900	Profit before tax	<u>7,446,622</u>	<u>43</u>	<u>4,073,898</u>	<u>29</u>	<u>18,738,445</u>	<u>40</u>	<u>8,809,532</u>	<u>24</u>
7950	Less: Tax expense (note 6(l))	<u>1,929,585</u>	<u>11</u>	<u>960,429</u>	<u>7</u>	<u>4,473,312</u>	<u>10</u>	<u>1,782,431</u>	<u>5</u>
8200	Profit	<u>5,517,037</u>	<u>32</u>	<u>3,113,469</u>	<u>22</u>	<u>14,265,133</u>	<u>30</u>	<u>7,027,101</u>	<u>19</u>
8300	Other comprehensive income (notes 6(e), (l) and (m)):								
8310	Components of other comprehensive income that will not be reclassified to profit or loss								
8320	Share of other comprehensive income of associates accounted for using equity method	(6,914)	-	(2,846)	-	(16,768)	-	(1,372)	-
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>(6,914)</u>	<u>-</u>	<u>(2,846)</u>	<u>-</u>	<u>(16,768)</u>	<u>-</u>	<u>(1,372)</u>	<u>-</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss								
8361	Exchange differences on translation	190,808	1	(54,987)	-	451,571	1	(207,950)	(1)
8399	Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>38,161</u>	<u>-</u>	<u>(10,998)</u>	<u>-</u>	<u>90,314</u>	<u>-</u>	<u>(41,590)</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>152,647</u>	<u>1</u>	<u>(43,989)</u>	<u>-</u>	<u>361,257</u>	<u>1</u>	<u>(166,360)</u>	<u>(1)</u>
8300	Other comprehensive income, net	<u>145,733</u>	<u>1</u>	<u>(46,835)</u>	<u>-</u>	<u>344,489</u>	<u>1</u>	<u>(167,732)</u>	<u>(1)</u>
8500	Total comprehensive income	<u>\$ 5,662,770</u>	<u>33</u>	<u>3,066,634</u>	<u>22</u>	<u>14,609,622</u>	<u>31</u>	<u>6,859,369</u>	<u>18</u>
	Earnings per share (note 6(n))								
9750	Basic earnings per share	<u>\$ 8.54</u>		<u>4.82</u>		<u>22.08</u>		<u>10.88</u>	
9850	Diluted earnings per share	<u>\$ 8.54</u>		<u>4.81</u>		<u>22.07</u>		<u>10.87</u>	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
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NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the nine months ended September 30, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Ordinary 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		
Balance at January 1, 2021	\$ 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 nine months ended September 30, 2021	-	-	-	-	7,027,101	-	-	-	7,027,101
Other comprehensive income for the nine months ended September 30, 2021	-	-	-	-	-	(166,360)	(1,372)	(167,732)	(167,732)
Total comprehensive income for the nine months ended September 30, 2021	-	-	-	-	7,027,101	(166,360)	(1,372)	(167,732)	6,859,369
Appropriation and allocation of earnings:									
Legal reserve appropriated	-	-	347,591	-	(347,591)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(2,196,962)	-	-	-	(2,196,962)
Other changes in capital surplus:									
Other changes in capital surplus	-	45	-	-	-	-	-	-	45
Balance at September 30, 2021	\$ 6,461,655	18,125,600	4,859,640	592,160	7,958,454	(970,971)	(1,397)	(972,368)	37,025,141
Balance at January 1, 2022	\$ 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 nine months ended September 30, 2022	-	-	-	-	14,265,133	-	-	-	14,265,133
Other comprehensive income for the nine months ended September 30, 2022	-	-	-	-	-	361,257	(16,768)	344,489	344,489
Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	14,265,133	361,257	(16,768)	344,489	14,609,622
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)
Other changes in capital surplus:									
Other changes in capital surplus	-	8	-	-	-	-	-	-	8
Balance at September 30, 2022	\$ 6,461,655	18,125,608	5,896,621	861,246	17,798,575	(498,791)	(17,965)	(516,756)	48,626,949

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 nine month ended September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended	
	September 30	
	2022	2021
Cash flows from operating activities:		
Profit before tax	\$ 18,738,445	8,809,532
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	3,219,686	2,622,451
Gain on reversal of expected credit loss	(488)	-
Interest expense	17,484	24,280
Interest income	(74,980)	(36,389)
Share of profit of associates accounted for using equity method	(53,262)	(33,917)
Loss on disposal of property, plant and equipment	59,767	32,158
Reversal of impairment loss on non-financial assets	-	(724)
Unrealized foreign exchange gain	(546,235)	(32,764)
Total adjustments to reconcile profit	2,621,972	2,575,095
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in notes and accounts receivable (including related parties)	(2,598,511)	(1,254,392)
Increase in other receivables (including related parties)	(160,629)	(87,859)
Increase in inventories	(719,529)	(310,609)
(Increase) decrease in prepayments	(300,798)	93,844
Total changes in operating assets	(3,779,467)	(1,559,016)
Changes in operating liabilities:		
Increase in contract liabilities	8,068,118	711,975
Increase (decrease) in accounts payable (including related parties)	2,490,586	(125)
Increase in other payables (including related parties)	80,369	615,956
Increase (decrease) in other current liabilities	158,902	(32,405)
Decrease in net defined benefit liabilities	(38,159)	(30,087)
Total changes in operating liabilities	10,759,816	1,265,314
Total changes in operating assets and liabilities	6,980,349	(293,702)
Total adjustments	9,602,321	2,281,393
Cash inflow generated from operations	28,340,766	11,090,925
Interest received	75,549	38,006
Interest paid	(18,413)	(51,491)
Income taxes (paid) refund	(2,632,589)	6,399
Net cash flows from operating activities	25,765,313	11,083,839
Cash flows used in investing activities:		
Acquisition of property, plant and equipment	(13,331,552)	(5,930,915)
Proceeds from disposal of property, plant and equipment	23,975	20,490
Decrease in other receivables due from related parties	-	3,000,000
Increase in other non-current assets	(472)	(8,753)
Dividends received	33,168	30,514
Net cash flows used in investing activities	(13,274,881)	(2,888,664)
Cash flows used in financing activities:		
Increase in short-term loans	294,811	889,848
Decrease in short-term loans	(1,550,961)	(900,906)
Proceeds from long-term debt	-	305,054
Repayments of long-term debt	(724,868)	(48,000)
Increase in guarantee deposits received	247	6,251
Decrease in other payables to related parties	-	(626,736)
Payment of lease liabilities	(160,633)	(144,609)
Cash dividends paid	(6,461,655)	(2,196,962)
Net cash flows used in financing activities	(8,603,059)	(2,716,060)
Effect of exchange rate changes on cash and cash equivalents	259,866	(65,894)
Net increase in cash and cash equivalents	4,147,239	5,413,221
Cash and cash equivalents at beginning of period	13,194,450	5,573,154
Cash and cash equivalents at end of period	\$ 17,341,689	10,986,375

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 Nine Months Ended September 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 November 3, 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.(“FSC”) 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:

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

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

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

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

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NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES
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(4) Summary of significant accounting policies

The significant accounting policies presented in the consolidated financial statements are summarized as follows, and have been applied consistently to all periods presented in these financial statements.

(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).

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 (%)		
			September 30, 2022	December 31, 2021	September 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.

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NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES
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(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.

(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

	September 30, 2022	December 31, 2021	September 30, 2021
Cash on hand	\$ 52	30	27
Cash in banks	10,223,289	1,735,833	2,094,383
Time deposits	5,059,905	7,090,772	5,561,512
Cash equivalents	<u>2,058,443</u>	<u>4,367,815</u>	<u>3,330,453</u>
	<u>\$ 17,341,689</u>	<u>13,194,450</u>	<u>10,986,375</u>

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

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

(b) Notes and accounts receivables

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Notes receivable	\$ -	-	859
Accounts receivable – non-related parties- measured at amortized cost	14,074,753	11,030,225	10,417,930
Accounts receivable – related parties-measured at amortized cost	116,260	79,757	67,801
Less: Loss allowance	<u>(47,954)</u>	<u>(48,431)</u>	<u>(48,425)</u>
	<u><u>\$ 14,143,059</u></u>	<u><u>11,061,551</u></u>	<u><u>10,438,165</u></u>

As of September 30, 2022, December 31 and September 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:

	<u>September 30, 2022</u>		
	<u>Accounts receivables gross carrying amount</u>	<u>Weighted average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 14,151,795	0.441%	47,676
Past due within 3 months	39,204	1.231%	275
Past due 3 to 6 months	<u>14</u>	<u>23.994%</u>	<u>3</u>
	<u><u>\$ 14,191,013</u></u>		<u><u>47,954</u></u>
	<u>December 31, 2021</u>		
	<u>Accounts receivables gross carrying amount</u>	<u>Weighted average loss rate</u>	<u>Loss allowance provision</u>
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	<u>83</u>	<u>23.929%~25%</u>	<u>20</u>
	<u><u>\$ 11,109,982</u></u>		<u><u>48,431</u></u>

(Continued)

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

	September 30, 2021		
	Notes and accounts receivables gross carrying amount	Weighted average loss rate	Loss allowance provision
Current	\$ 10,385,148	0.455%	47,218
Past due within 3 months	100,150	0.877%	879
Past due 3 to 6 months	1,219	23.351%	284
Past due 6 to 12 months	73	60.190%	44
	\$ 10,486,590		48,425

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

	For the nine months ended September 30,	
	2022	2021
Balance as of January 1	\$ 48,431	48,434
Impairment losses reversed	(488)	-
Effect of exchange rate changes	11	(9)
Balance as of September 30	\$ 47,954	48,425

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

(c) Other receivables

	September 30, 2022	December 31, 2021	September 30, 2021
Other receivables – related parties	\$ 3,065	7,193	995
Income tax refund receivable	278,105	56,427	178,714
Others	21,470	7,073	15,460
	\$ 302,640	70,693	195,169

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

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NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES
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(d) Inventories

	September 30, 2022	December 31, 2021	September 30, 2021
Finished goods	\$ 1,143,707	852,624	936,157
Work in process	3,167,324	2,764,291	2,775,425
Raw materials	1,239,335	1,167,558	1,217,069
Supplies	<u>515,301</u>	<u>563,362</u>	<u>371,684</u>
	<u>\$ 6,065,667</u>	<u>5,347,835</u>	<u>5,300,335</u>

The details of the cost of sales were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Inventory that has been sold	\$ 10,186,302	9,705,988	28,591,717	27,460,052
Write-down of inventories (Reversal of write-downs)	<u>(34)</u>	<u>(139)</u>	<u>6,644</u>	<u>16,572</u>
	<u>\$ 10,186,268</u>	<u>9,705,849</u>	<u>28,598,361</u>	<u>27,476,624</u>

As of September 30, 2022, December 31 and September 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:

	September 30, 2022	December 31, 2021	September 30, 2021
Associates	<u>\$ 505,006</u>	<u>501,678</u>	<u>489,184</u>

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Attributable to the Group:				
Net income	\$ 19,314	12,270	53,262	33,917
Other comprehensive income	<u>(6,914)</u>	<u>(2,846)</u>	<u>(16,768)</u>	<u>(1,372)</u>
Total comprehensive income	<u>\$ 12,400</u>	<u>9,424</u>	<u>36,494</u>	<u>32,545</u>

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

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

(f) Property, plant and equipment

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

	<u>Building</u>	<u>Machinery and equipment</u>	<u>Vehicles</u>	<u>Miscellaneous equipment</u>	<u>Unfinished construction and equipments pending acceptance</u>	<u>Total</u>
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	-	295,053	657	35,509	13,000,333	13,331,552
Disposals	-	(1,205,323)	-	(527,100)	-	(1,732,423)
Reclassification	-	3,558,302	-	62,678	(3,620,980)	-
Effect of exchange rate changes	<u>67,998</u>	<u>667,994</u>	<u>123</u>	<u>5,983</u>	<u>34,426</u>	<u>776,524</u>
Balance as of September 30, 2022	<u>\$ 4,537,302</u>	<u>53,833,983</u>	<u>19,583</u>	<u>4,530,307</u>	<u>11,521,748</u>	<u>74,442,923</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	-	228,671	-	56,309	5,666,333	5,951,313
Disposals	(2,516)	(3,055,569)	(1,015)	(46,314)	-	(3,105,414)
Reclassification	281	7,355,113	-	243,820	(7,599,214)	-
Effect of exchange rate changes	<u>(37,984)</u>	<u>(335,667)</u>	<u>(86)</u>	<u>(3,693)</u>	<u>(32,097)</u>	<u>(409,527)</u>
Balance as of September 30, 2021	<u>\$ 4,414,660</u>	<u>48,506,175</u>	<u>18,972</u>	<u>4,888,755</u>	<u>1,945,192</u>	<u>59,773,754</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	122,336	2,821,391	1,056	110,403	-	3,055,186
Disposals	-	(1,121,581)	-	(527,100)	-	(1,648,681)
Reclassification	-	11,811	-	(11,811)	-	-
Effect of exchange rate changes	<u>40,167</u>	<u>365,487</u>	<u>94</u>	<u>6,018</u>	<u>-</u>	<u>411,766</u>
Balance as of September 30, 2022	<u>\$ 2,852,400</u>	<u>32,906,799</u>	<u>12,767</u>	<u>3,642,572</u>	<u>-</u>	<u>39,414,538</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	122,321	2,257,126	1,010	95,715	-	2,476,172
Recovery of impairment loss	-	(724)	-	-	-	(724)
Disposals	(578)	(3,005,677)	(591)	(45,920)	-	(3,052,766)
Reclassification	-	7,330	-	(7,330)	-	-
Effect of exchange rate changes	<u>(21,444)</u>	<u>(194,710)</u>	<u>(63)</u>	<u>(3,218)</u>	<u>-</u>	<u>(219,435)</u>
Balance as of September 30, 2021	<u>\$ 2,635,559</u>	<u>30,275,691</u>	<u>11,917</u>	<u>3,907,341</u>	<u>-</u>	<u>36,830,508</u>
Carrying amounts:						
Balance as of September 30, 2022	<u>\$ 1,684,902</u>	<u>20,927,184</u>	<u>6,816</u>	<u>887,735</u>	<u>11,521,748</u>	<u>35,028,385</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 September 30, 2021	<u>\$ 1,779,101</u>	<u>18,230,484</u>	<u>7,055</u>	<u>981,414</u>	<u>1,945,192</u>	<u>22,943,246</u>

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

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NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES
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(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	1,438,818	1,499,470
Change in an index of lease payment	23,111	2,298	25,409
Effect of exchange rate changes	<u>1,025</u>	<u>-</u>	<u>1,025</u>
Balance as of September 30, 2022	<u>\$ 386,536</u>	<u>1,898,443</u>	<u>2,284,979</u>
Balance as of January 1, 2021	\$ 183,653	384,338	567,991
Additions	-	37,930	37,930
Write-off	(129,951)	-	(129,951)
Change in an index of lease payment	579	17,199	17,778
Effect of exchange rate changes	<u>(580)</u>	<u>-</u>	<u>(580)</u>
Balance as of September 30, 2021	<u>\$ 53,701</u>	<u>439,467</u>	<u>493,168</u>
Accumulated depreciation:			
Balance as of January 1, 2022	\$ 31,636	324,951	356,587
Depreciation for the period	46,139	118,361	164,500
Effect of exchange rate changes	<u>102</u>	<u>-</u>	<u>102</u>
Balance as of September 30, 2022	<u>\$ 77,877</u>	<u>443,312</u>	<u>521,189</u>
Balance as of January 1, 2021	\$ 105,862	180,585	286,447
Depreciation for the period	41,447	104,832	146,279
Write-off	(129,951)	-	(129,951)
Effect of exchange rate changes	<u>(45)</u>	<u>-</u>	<u>(45)</u>
Balance as of September 30, 2021	<u>\$ 17,313</u>	<u>285,417</u>	<u>302,730</u>
Carrying amount:			
Balance as of September 30, 2022	<u>\$ 308,659</u>	<u>1,455,131</u>	<u>1,763,790</u>
Balance as of December 31, 2021	<u>\$ 270,112</u>	<u>132,376</u>	<u>402,488</u>
Balance as of September 30, 2021	<u>\$ 36,388</u>	<u>154,050</u>	<u>190,438</u>

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(h) Current borrowings

Details of current borrowings of the Group were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured bank loans	<u>\$ -</u>	<u>1,214,969</u>	<u>278,662</u>
Range of interest rates	<u>-</u>	<u>0.5379%-0.5900%</u>	<u>0.670%</u>

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

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

	December 31, 2021			
	Currency	Interest rate range	Expiration	Amount
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>

	September 30, 2021			
	Currency	Interest rate range	Expiration	Amount
Unsecured long-term bank loans	USD	0.9385%-1.1879%	2023	\$ 866,571
Less: current portion				<u>457,285</u>
Total				<u>\$ 409,286</u>
Unused quota				<u>\$ -</u>

As of September 30, 2022, the Group did not have long term loans (including current portion) and unused quota.

(j) Lease liabilities

The carrying amount of the lease liabilities was as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Current	<u>\$ 213,831</u>	<u>154,013</u>	<u>132,734</u>
Non-current	<u>\$ 1,524,692</u>	<u>220,264</u>	<u>29,656</u>

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

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NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES
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The amounts recognized in profit or loss were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Interest on lease liabilities	<u>\$ 4,501</u>	<u>679</u>	<u>9,037</u>	<u>2,267</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>\$ 16,770</u>	<u>15,193</u>	<u>46,528</u>	<u>43,823</u>

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

	For the nine months ended September 30,	
	2022	2021
Total cash outflow for leases	<u>\$ 216,198</u>	<u>190,699</u>

(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 machinery and 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.

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The pension expenses recorded were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Operating costs	\$ 6,956	9,117	20,955	27,350
Selling expenses	234	281	675	844
Administrative expenses	961	1,183	2,821	3,551
	\$ 8,151	10,581	24,451	31,745

(ii) Defined contribution plan

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Operating costs	\$ 125,849	110,814	375,392	331,717
Selling expenses	1,506	1,666	4,980	4,468
Administrative expenses	14,259	10,483	40,286	29,293
	\$ 141,614	122,963	420,658	365,478

(l) Income tax

(i) The details of income tax expense were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Current income tax expense	\$ 1,542,372	685,524	3,541,705	1,293,793
Deferred income tax expense	387,213	274,905	931,607	488,638
Total income tax expense	\$ 1,929,585	960,429	4,473,312	1,782,431

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NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES
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- (ii) The details of income tax benefit (expense) under other comprehensive income were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Components of other comprehensive income that will be reclassified to profit or loss:				
Exchange differences on translation of foreign financial statements	\$ (38,161)	10,998	(90,314)	41,590

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

- (m) Capital and other equity interest

Except for those described below, there were no material changes in equity for the nine months ended September 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:

	September 30, 2022	December 31, 2021	September 30, 2021
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	333	325	325
	\$ 18,125,608	18,125,600	18,125,600

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NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES
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(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.

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>6,461,655</u>	3.40	<u>2,196,962</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	361,257	-	361,257
Unrealized gains (losses) from financial assets measured at fair value through associates accounted for using the equity method	-	(16,768)	(16,768)
Balances as of September 30, 2022	<u>\$ (498,791)</u>	<u>(17,965)</u>	<u>(516,756)</u>

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Notes to Consolidated Financial Statements

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total
Balances as of January 1, 2021	\$ (804,611)	(25)	(804,636)
Exchange differences on translation of foreign operations	(166,360)	-	(166,360)
Unrealized gains (losses) from financial assets measured at fair value through associates accounted for using the equity method	-	(1,372)	(1,372)
Balances as of September 30, 2021	<u>\$ (970,971)</u>	<u>(1,397)</u>	<u>(972,368)</u>

(n) Earnings per share

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

(i) Basic earnings per share

1) Net profit attributable to equity shareholders of the Company

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Net profit attributable to equity shareholders of the Company	<u>\$ 5,517,037</u>	<u>3,113,469</u>	<u>14,265,133</u>	<u>7,027,101</u>

2) Weighted average number of ordinary shares outstanding

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

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NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES
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(ii) Diluted earnings per share

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

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Net profit attributable to equity shareholders of the Company (diluted)	\$ <u>5,517,037</u>	<u>3,113,469</u>	<u>14,265,133</u>	<u>7,027,101</u>

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

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
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)	<u>189</u>	<u>39</u>	<u>199</u>	<u>44</u>
Weighted average number of ordinary shares outstanding (diluted) (in thousands of shares)	<u>646,355</u>	<u>646,205</u>	<u>646,365</u>	<u>646,210</u>

(Continued)

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

(o) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Primary geographical markets:				
Taiwan	\$ 7,771,548	5,008,567	21,253,843	13,726,445
Mainland China	6,667,584	6,472,656	17,328,362	16,017,635
Korea	969,025	640,647	2,669,330	2,021,252
Other countries	<u>1,787,284</u>	<u>1,991,819</u>	<u>5,691,276</u>	<u>5,689,123</u>
	<u>\$ 17,195,441</u>	<u>14,113,689</u>	<u>46,942,811</u>	<u>37,454,455</u>
Major products:				
Printed circuit board	\$ 16,947,241	13,870,959	46,236,651	36,738,949
Others	<u>248,200</u>	<u>242,730</u>	<u>706,160</u>	<u>715,506</u>
	<u>\$ 17,195,441</u>	<u>14,113,689</u>	<u>46,942,811</u>	<u>37,454,455</u>

(ii) Contract balances

	September 30,	December 31,	September 30,
	2022	2021	2021
Notes receivable	\$ -	-	859
Accounts receivable— non-related parties	14,074,753	11,030,225	10,417,930
Accounts receivable— related parties	116,260	79,757	67,801
Less: Loss allowance	<u>(47,954)</u>	<u>(48,431)</u>	<u>(48,425)</u>
	<u>\$ 14,143,059</u>	<u>11,061,551</u>	<u>10,438,165</u>
	September 30,	December 31,	September 30,
	2022	2021	2021
Contract liabilities— unearned sales	<u>\$ 8,890,774</u>	<u>824,374</u>	<u>711,975</u>
Current	\$ 879,472	112,399	-
Non-current	<u>8,011,302</u>	<u>711,975</u>	<u>711,975</u>
	<u>\$ 8,890,774</u>	<u>824,374</u>	<u>711,975</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.

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

(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 \$13,821, \$7,684, \$35,707 and \$16,911 for the three months and nine months ended September 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.

(q) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the three months ended		For the nine months ended	
	September 30		September 30,	
	2022	2021	2022	2021
Interest income from bank deposits	\$ 30,779	6,028	62,210	16,281
Other interest income	5,873	2,092	12,770	20,108
	\$ 36,652	8,120	74,980	36,389

(ii) Other income

The details of other income were as follows:

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Rental income	\$ 12,934	12,516	36,216	59,341
Government grants	7,252	97,642	15,350	234,138
Others	34,573	26,450	93,628	80,883
	\$ 54,759	136,608	145,194	374,362

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

(iii) Other gains and losses

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Loss on disposal of property, plant and equipment	\$ (56,690)	(16,246)	(59,767)	(32,158)
Net foreign exchange gain (loss)	935,057	60,661	1,887,295	(110,800)
Reversal of impairment loss on property, plant and equipment	-	61	-	724
Others	17,380	8,443	40,106	42,940
	\$ 895,747	52,919	1,867,634	(99,294)

(iv) Finance costs

The details of finance costs were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Interest expense	\$ (5,961)	(15,284)	(17,484)	(44,678)
Less: Interest capitalized	-	-	-	20,398
	\$ (5,961)	(15,284)	(17,484)	(24,280)

(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.

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

(i) Liquidity risk

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

	Carrying amount	Contractual cash flow	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
September 30, 2022							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 6,162,719	6,162,719	6,162,719	-	-	-	-
Other payables (including related parties)	3,181,642	3,181,642	3,181,642	-	-	-	-
Lease liabilities (including current portion)	1,738,523	1,814,274	115,219	115,220	230,439	630,881	722,515
	\$ 11,082,884	11,158,635	9,459,580	115,220	230,439	630,881	722,515
December 31, 2021							
Non-derivative financial liabilities							
Unsecured short-term bank loans	\$ 1,214,969	1,215,646	1,215,646	-	-	-	-
Unsecured long-term bank loans (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	-
	\$ 9,030,566	9,045,637	8,313,213	276,844	299,983	155,597	-
September 30, 2021							
Non-derivative financial liabilities							
Unsecured short-term bank loans	\$ 278,662	278,954	278,954	-	-	-	-
Unsecured long-term bank loans (including current portion)	866,571	874,213	229,034	230,230	414,949	-	-
Accounts payable (including related parties)	3,714,266	3,714,266	3,714,266	-	-	-	-
Other payables (including related parties)	3,589,884	3,608,049	2,730,531	877,518	-	-	-
Lease liabilities (including current portion)	162,390	163,860	82,533	51,417	21,265	8,645	-
	\$ 8,611,773	8,639,342	7,035,318	1,159,165	436,214	8,645	-

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

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

(ii) Currency risk

1) Exposure to foreign currency risk

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

September 30, 2022			
	Foreign currency	Exchange rate	New Taiwan Dollars
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 421,182	31.7430	13,369,596
EUR	156	31.0969	4,862
JPY	6,161	0.2193	1,351
CNY	176	4.4709	788
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	51,091	31.7430	1,621,770
EUR	1,292	31.0969	40,165
JPY	3,568,266	0.2193	782,521
CNY	72	4.4709	321
December 31, 2021			
	Foreign currency	Exchange rate	New Taiwan Dollars
<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

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

	September 30, 2021		
	Foreign currency	Exchange rate	New Taiwan Dollars
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 426,622	27.8660	11,888,235
EUR	119	32.3037	3,848
JPY	82,324	0.2488	20,482
CNY	595	4.2967	2,556
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	70,180	27.8660	1,955,623
JPY	1,785,362	0.2488	444,198
EUR	105	32.3037	3,392

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 September 30, 2022 and 2021 would have increased or decreased the net income before tax by \$109,318 and \$95,119 for the nine months ended September 30, 2022 and 2021, respectively. The analysis is performed on the same basis for both periods.

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 nine months ended September 30, 2022 and 2021 were the net exchange gain (loss) of \$1,887,295 and \$(110,800), respectively.

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

(iii) Fair value of information

1) Fair value of financial instruments

The carrying amount 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:

	September 30, 2022				
	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured by amortized cost					
Cash and cash equivalents	\$ 17,341,689	-	-	-	-
Notes and accounts receivable, net (including related parties)	14,143,059	-	-	-	-
Other receivables (including related parties)	<u>302,640</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 31,787,388</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured by amortized cost					
Accounts payable (including related parties)	\$ 6,162,719	-	-	-	-
Other payables (including related parties)	3,181,642	-	-	-	-
Lease liabilities (including current portion)	<u>1,738,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 11,082,884</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	December 31, 2021				
	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured by amortized cost					
Cash and cash equivalents	\$ 13,194,450	-	-	-	-
Accounts receivable, net (including related parties)	11,061,551	-	-	-	-
Other receivables (including 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 amortized cost					
Short-term loans	\$ 1,214,969	-	-	-	-
Accounts payable (including related parties)	3,657,542	-	-	-	-
Other payables (including related parties)	3,102,186	-	-	-	-
Lease liabilities (including current portion)	<u>374,277</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Long-term loans (including 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>

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

	September 30, 2021				
	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured by amortized cost					
Cash and cash equivalents	\$ 10,986,375	-	-	-	-
Notes and accounts receivable, net (including related parties)	10,438,165	-	-	-	-
Other receivables (including related parties)	195,169	-	-	-	-
Total	\$ 21,619,709	-	-	-	-
Financial liabilities measured by amortized cost					
Short-term loans	\$ 278,662	-	-	-	-
Accounts payable (including related parties)	3,714,266	-	-	-	-
Other payables (including related parties)	3,589,884	-	-	-	-
Lease liabilities (including current portion)	162,390	-	-	-	-
Long-term loans (including current portion)	866,571	-	-	-	-
Total	\$ 8,611,773	-	-	-	-

(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.

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Notes to Consolidated Financial Statements

(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 nine months ended September 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, 2022	Cash flows	Non-cash changes		September 30, 2022
			Foreign exchange movement	Acquisition	
Short-term loans	\$ 1,214,969	(1,256,150)	41,181	-	-
Long-term loans (including current portion)	681,592	(724,868)	43,276	-	-
Lease liabilities(including current portion)	374,277	(160,633)	-	1,524,879	1,738,523
Total liabilities from financing activities	<u>\$ 2,270,838</u>	<u>(2,141,651)</u>	<u>84,457</u>	<u>1,524,879</u>	<u>1,738,523</u>

	January 1, 2021	Cash flows	Non-cash changes		September 30, 2021
			Foreign exchange movement	Acquisition	
Short-term loans	\$ 293,630	(11,058)	(3,910)	-	278,662
Long-term loans (including current portion)	625,745	257,054	(16,228)	-	866,571
Lease liabilities (including current portion)	251,291	(144,609)	-	55,708	162,390
Other payables to related parties (borrowings from related parties)	1,511,697	(626,736)	(25,608)	-	859,353
Total liabilities from financing activities	<u>\$ 2,682,363</u>	<u>(525,349)</u>	<u>(45,746)</u>	<u>55,708</u>	<u>2,166,976</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:

	<u>For the three months ended</u> <u>September 30,</u>		<u>For the nine months ended</u> <u>September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Associates	\$ 275,620	87,765	805,981	294,966
Other related parties	290	357	915	893
	<u>\$ 275,910</u>	<u>88,122</u>	<u>806,896</u>	<u>295,859</u>

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NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES
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The sales price from related parties is not significantly different from non-related general parties. 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>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Accounts receivable due from related parties	Associates	\$ 116,143	79,663	67,707
Accounts receivable due from related parties	Other related parties	<u>117</u>	<u>94</u>	<u>94</u>
		<u>\$ 116,260</u>	<u>79,757</u>	<u>67,801</u>

(iii) Purchases from related parties

Significant purchases from related parties were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
The parent company	\$ 734,773	349,607	1,316,139	900,862
Other related parties				
NEMK	207,488	346,473	774,073	1,118,073
Others	<u>98,875</u>	<u>72,335</u>	<u>273,660</u>	<u>184,443</u>
	<u>\$ 1,041,136</u>	<u>768,415</u>	<u>2,363,872</u>	<u>2,203,378</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>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Accounts payable to related parties	The parent company	\$ 250,508	93,271	110,045
Accounts payable to related parties	Other related parties			
	NEMK	76,406	141,870	106,380
Accounts payable to related parties	WTC	29,949	23,029	36,920
Accounts payable to related parties	Others	17,843	14,147	6,961
		<u>\$ 374,706</u>	<u>272,317</u>	<u>260,306</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 nine months ended September 30, 2022 and 2021. There was no unpaid balance as of September 30, 2022, December 31 and September 30, 2021.

The Group purchased fixed assets from Nan Ya Electric (Nantong) Co., Ltd. with the acquisition price of \$0 and \$8,471 (untaxed) for the nine months ended September 30, 2022 and 2021., respectively. As of September 30, 2022, December 31 and September 30, 2021, the Group still had an unpaid payable of \$0, \$0 and \$1,089, accounted for as other payables to related parties, respectively.

(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>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Other related parties – NEMK	\$ -	-	859,353
Range of interest rate	-	3.08%	3.08%

The borrowings provided from related parties are unsecured.

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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:

	Lease revenue			
	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
The parent company	\$ 3,720	2,844	9,407	28,468

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 September 30, 2022, December 31 and September 30, 2021, the Group still had an unreceived receivable of \$0, \$0 and \$995 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 nine months ended September 30, 2022 and 2021, the above rentals amounting to \$7,409, \$6,754, \$20,797 and \$19,389, respectively, were recognized as expenses. For the three months and nine months ended September 30, 2022 and 2021, the amount of \$4,501, \$679, \$9,037 and \$2,267 was recognized as interest expense. As of September 30, 2022, December 31 and September 30, 2021 the balance of lease liabilities amounting to \$1,738,523, \$374,277 and \$162,390.

The Group added a right-of-use asset amounting to \$1,499,470 and \$37,930, for the nine months ended September 30, 2022 and 2021, respectively.

(viii) Others

The Group bought utilities from Nan Ya Electronic Materials (Kunshan) Co., Ltd. amounting to \$121,801, \$98,305, \$268,892 and \$301,076, for the three months and nine months ended September 30, 2022 and 2021, respectively. As of September 30, 2022, December 31 and September 30, 2021, the Group still had unpaid payables accounted for as other payables to related parties amounting to \$36,194, \$50,113 and \$70,203, respectively.

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NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES
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For the three months and nine months ended September 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 \$8,799, \$38,435 and \$73,421 with the remaining balance of \$3,065, \$7,193 and \$0 recognized as other receivables due from related parties, that has yet to be collected.

(d) Key management personnel compensation

Key management personnel compensation comprised

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Short-term employee benefits	\$ 9,264	7,462	27,646	21,938

(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:

	September 30, 2022	December 31, 2021	September 30, 2021
Outstanding letters of credit for the importation of raw materials	\$ 300,821	1,884,489	585,295

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

	September 30, 2022	December 31, 2021	September 30, 2021
The guarantee for customs	\$ 42,000	39,000	39,000
The guarantee for letters of credit	\$ 52,000	42,000	42,000

(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.

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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, and depreciation by function, was as follows:

	For the three months ended September 30, 2022			For the three months ended September 30, 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	2,343,135	214,033	2,557,168	2,190,558	283,504	2,474,062
Labor and health insurance	171,292	18,529	189,821	152,553	16,163	168,716
Pension expenses	132,805	16,960	149,765	119,931	13,613	133,544
Remuneration of directors	-	1,540	1,540	-	1,590	1,590
Other personnel expenses	58,911	7,857	66,768	53,118	6,863	59,981
Depreciation expenses	1,097,866	4,545	1,102,411	955,123	4,066	959,189

	For the nine months ended September 30, 2022			For the nine months ended September 30, 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	7,021,447	716,290	7,737,737	6,294,994	782,282	7,077,276
Labor and health insurance	500,515	53,850	554,365	457,338	47,220	504,558
Pension expenses	396,347	48,762	445,109	359,067	38,156	397,223
Remuneration of directors	-	4,720	4,720	-	4,590	4,590
Other personnel expenses	175,211	23,045	198,256	159,399	19,734	179,133
Depreciation expenses	3,206,444	13,242	3,219,686	2,610,763	11,688	2,622,451

(b) The seasonality of operation

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

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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	-	12,156,737 (Note 2)	24,313,475 (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 September 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	21,169,956 (Note 1) (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	-	-	-	-	-	21,155,494 (Note 1) (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	NYPK	Parent company	Purchase	1,309,660	10.30 %	O/A 30 days	-	-	(248,057)	(7.36)%	-
The Company	NPKC	Subsidiary of the Company	Purchase	5,638,527	44.36 %	O/A 30 days	-	-	(752,071)	(22.31)%	Note
The Company	FATC	Associates	(sale)	(433,078)	(1.24)%	O/A 70 days	-	-	50,157	0.47%	-
NPKC	The Company	Parent company	(sale)	(5,638,527)	(31.74)%	O/A 30 days	-	-	752,071	18.26%	Note
NPKC	FATC	Associates	(sale)	(372,903)	(2.10)%	O/A 70 days	-	-	65,986	1.60%	-
NPKC	NEMK	Same chairman	Purchase	774,073	10.51 %	O/A 60 days	-	-	(76,406)	(2.15)%	-
NPKC	WTC	Same chairman	Purchase	107,476	1.46 %	O/A 60 days	-	-	(29,472)	(0.83)%	-

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

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(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		
NPKC	The Company (Note)	Parent company	752,071	9.93	-		752,071	-

Note : The above transactions listed 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	5,638,527	O/A 30 days	12.01%
1	NPKC	The Company	2	Accounts receivable due from related parties	752,071	O/A 30 days	0.98%

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.

Note 4: The transactions listed above have been written off during the preparation of the consolidated financial statements.

(b) Information on investees

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

(in thousands of shares and New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2022			Net income (losses) of investee	Share of profits/(losses) of investee	Note
				September 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 %	21,169,956	4,350,732	4,350,732	Note1
The Company	NPUC	USA	Customer sales promotion	3,479	3,479	1,000	100.00 %	19,119	1,726	1,726	Note1
The Company	FATC	TW	Assembling testing and producing modules for IC	472,968	472,968	13,267	3.00 %	505,006	1,773,263	53,262	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 September 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	4,350,754	100.00%	4,350,754 (Note 2)	21,155,494	-

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 September 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 nine months ended September 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:

	For the three months ended September 30, 2022				
	Domestic	American	Asian	Adjustments and elimination	Total
Revenue:					
From external clients	\$ 12,609,890	-	4,585,551	-	17,195,441
Intersegments	<u>13,059</u>	<u>6,926</u>	<u>1,976,031</u>	<u>(1,996,016)</u>	<u>-</u>
Total revenue	<u>\$ 12,622,949</u>	<u>6,926</u>	<u>6,561,582</u>	<u>(1,996,016)</u>	<u>17,195,441</u>
Income/Loss of reportable segments	<u>\$ 6,896,357</u>	<u>911</u>	<u>2,177,391</u>	<u>(1,628,037)</u>	<u>7,446,622</u>
	For the three months ended September 30, 2021				
	Domestic	American	Asian	Adjustments and elimination	Total
Revenue:					
From external clients	\$ 11,216,548	-	2,897,141	-	14,113,689
Intersegments	<u>6,207</u>	<u>6,190</u>	<u>2,365,930</u>	<u>(2,378,327)</u>	<u>-</u>
Total revenue	<u>\$ 11,222,755</u>	<u>6,190</u>	<u>5,263,071</u>	<u>(2,378,327)</u>	<u>14,113,689</u>
Income/Loss of reportable segments	<u>\$ 3,834,321</u>	<u>873</u>	<u>1,158,155</u>	<u>(919,451)</u>	<u>4,073,898</u>
	For the nine months ended September 30, 2022				
	Domestic	American	Asian	Adjustments and elimination	Total
Revenue:					
From external clients	\$ 34,815,374	-	12,127,437	-	46,942,811
Intersegments	<u>27,750</u>	<u>19,005</u>	<u>5,638,527</u>	<u>(5,685,282)</u>	<u>-</u>
Total revenue	<u>\$ 34,843,124</u>	<u>19,005</u>	<u>17,765,964</u>	<u>(5,685,282)</u>	<u>46,942,811</u>
Income/Loss of reportable segments	<u>\$ 17,817,614</u>	<u>1,363</u>	<u>5,271,925</u>	<u>(4,352,457)</u>	<u>18,738,445</u>
	For the nine months ended September 30, 2021				
	Domestic	American	Asian	Adjustments and elimination	Total
Revenue:					
From external clients	\$ 30,852,288	-	6,602,167	-	37,454,455
Intersegments	<u>58,182</u>	<u>17,764</u>	<u>7,079,221</u>	<u>(7,155,167)</u>	<u>-</u>
Total revenue	<u>\$ 30,910,470</u>	<u>17,764</u>	<u>13,681,388</u>	<u>(7,155,167)</u>	<u>37,454,455</u>
Income/Loss of reportable segments	<u>\$ 8,438,594</u>	<u>1,318</u>	<u>2,008,589</u>	<u>(1,638,969)</u>	<u>8,809,532</u>

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	<u>Domestic</u>	<u>American</u>	<u>Asian</u>	<u>Adjustments and elimination</u>	<u>Total</u>
Assets of reportable segments					
September 30, 2022	\$ <u>72,256,918</u>	<u>19,119</u>	<u>26,346,627</u>	<u>(22,046,265)</u>	<u>76,576,399</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>
September 30, 2021	\$ <u>47,668,877</u>	<u>15,071</u>	<u>17,889,870</u>	<u>(13,834,432)</u>	<u>51,739,386</u>
Liabilities of reportable segments					
September 30, 2022	\$ <u>23,629,969</u>	<u>-</u>	<u>5,107,665</u>	<u>(788,184)</u>	<u>27,949,450</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>
September 30, 2021	\$ <u>10,643,736</u>	<u>-</u>	<u>4,859,011</u>	<u>(788,502)</u>	<u>14,714,245</u>