

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

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2023 and 2022**

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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, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022, as well as the changes in equity and cash flows for the nine months ended September 30, 2023 and 2022, 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 the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Nan Ya Printed Circuit Board Corporation and its subsidiaries as of September 30, 2023 and 2022, and of its consolidated financial performance for the three months and nine months ended September 30, 2023 and 2022, as well as its consolidated cash flows for the nine months ended September 30, 2023 and 2022 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 2, 2023

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to 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)
NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
September 30, 2023, December 31 and September 30, 2022
(Expressed in Thousands of New Taiwan Dollars)

Assets		September 30, 2023		December 31, 2022		September 30, 2022		Liabilities and equity		September 30, 2023		December 31, 2022		September 30, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 10,445,210	15	20,044,117	25	17,341,689	23	2130	Current contract liabilities (note 6(m))	\$ 1,912,696	3	1,082,286	2	879,472	1
1120	Current financial assets at fair value through other comprehensive income	239,080	-	-	-	-	-	2170	Accounts payable	3,720,444	5	5,003,404	6	5,788,013	8
1170	Notes and accounts receivable, net (notes 6(b) and (m))	8,522,384	12	14,790,920	18	14,026,799	18	2180	Accounts payable to related parties (note 7)	294,094	-	316,155	1	374,706	-
1180	Accounts receivable due from related parties (notes 6(b), (m) and 7)	42,026	-	102,237	-	116,260	-	2219	Other payables	2,684,171	4	3,575,022	4	3,145,448	4
1200	Other receivables (note 6(c))	298,705	-	237,260	-	299,575	-	2220	Other payables to related parties (note 7)	61,057	-	36,960	-	36,194	-
1210	Other receivables due from related parties (notes 6(c) and 7)	2,527	-	5,349	-	3,065	-	2230	Current tax liabilities	936,675	2	3,207,309	4	2,558,159	3
1310	Inventories (note 6(d))	4,852,995	7	5,802,751	7	6,065,667	8	2281	Current lease liabilities (note 6(h))	12,036	-	9,797	-	-	-
1410	Prepayments	311,714	1	327,741	-	721,443	1	2282	Current lease liabilities, related parties (notes 6(h) and 7)	245,472	-	237,025	-	213,831	-
	Total current assets	<u>24,714,641</u>	<u>35</u>	<u>41,310,375</u>	<u>50</u>	<u>38,574,498</u>	<u>50</u>	2399	Other current liabilities	195,710	-	220,572	-	389,738	1
Non-current assets:									Total current liabilities	<u>10,062,355</u>	<u>14</u>	<u>13,688,530</u>	<u>17</u>	<u>13,385,561</u>	<u>17</u>
1550	Investments accounted for using equity method (note 6(e))	483,406	1	513,814	1	505,006	1		Non-current liabilities:						
1600	Property, plant and equipment (note 6(f))	43,847,748	61	37,266,777	46	35,028,385	46	2527	Non-current contract liabilities (note 6(m))	7,360,145	11	7,634,928	9	8,011,302	10
1755	Right-of-use assets (notes 6(g) and 7)	1,774,196	2	1,936,781	2	1,763,790	2	2570	Deferred tax liabilities	3,360,339	5	3,005,723	4	2,746,699	4
1840	Deferred tax assets	618,560	1	711,133	1	698,729	1	2581	Non-current lease liabilities (note 6(h))	2,951	-	7,411	-	-	-
1900	Other non-current assets	9,480	-	11,597	-	5,991	-	2582	Non-current lease liabilities, related parties (notes 6(h) and 7)	1,497,233	2	1,660,156	2	1,524,692	2
	Total non-current assets	<u>46,733,390</u>	<u>65</u>	<u>40,440,102</u>	<u>50</u>	<u>38,001,901</u>	<u>50</u>	2640	Net defined benefit liability, non-current	1,563,280	2	1,902,087	2	2,151,421	3
								2645	Guarantee deposits received	205,999	-	129,075	-	129,775	-
									Total non-current liabilities	<u>13,989,947</u>	<u>20</u>	<u>14,339,380</u>	<u>17</u>	<u>14,563,889</u>	<u>19</u>
									Total liabilities	<u>24,052,302</u>	<u>34</u>	<u>28,027,910</u>	<u>34</u>	<u>27,949,450</u>	<u>36</u>
									Equity (note 6(k)):						
								3100	Ordinary shares	6,461,655	9	6,461,655	8	6,461,655	9
								3200	Capital surplus	18,125,589	25	18,125,608	22	18,125,608	24
								3310	Legal reserve	7,857,185	11	5,896,621	7	5,896,621	8
								3320	Special reserve	761,647	1	861,246	1	861,246	1
								3350	Unappropriated retained earnings	14,620,559	21	23,139,084	29	17,798,575	23
								3400	Other equity interest	(430,906)	(1)	(761,647)	(1)	(516,756)	(1)
									Total equity	<u>47,395,729</u>	<u>66</u>	<u>53,722,567</u>	<u>66</u>	<u>48,626,949</u>	<u>64</u>
Total assets		<u>\$ 71,448,031</u>	<u>100</u>	<u>81,750,477</u>	<u>100</u>	<u>76,576,399</u>	<u>100</u>	Total liabilities and equity		<u>\$ 71,448,031</u>	<u>100</u>	<u>81,750,477</u>	<u>100</u>	<u>76,576,399</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the three months and nine months ended September 30, 2023 and 2022
(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,				
	2023		2022		2023		2022		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue (notes 6(m) and 7)								
	\$ 10,227,384	100	17,195,441	100	32,941,684	100	46,942,811	100	
5000	Operating costs (notes 6(d), (f), (g), (h), (i), (n) and 7)								
	<u>8,706,219</u>	<u>85</u>	<u>10,186,268</u>	<u>59</u>	<u>25,780,429</u>	<u>78</u>	<u>28,598,361</u>	<u>61</u>	
	Gross profit from operations								
	<u>1,521,165</u>	<u>15</u>	<u>7,009,173</u>	<u>41</u>	<u>7,161,255</u>	<u>22</u>	<u>18,344,450</u>	<u>39</u>	
	Operating expenses (notes 6(b), (f), (g), (h), (i), (n) and 7):								
6100	Selling expenses	120,949	1	162,734	1	366,146	1	523,717	1
6200	Administrative expenses	369,544	4	400,329	2	1,155,160	4	1,206,362	3
6450	Gain on reversal of expected credit impairment	-	-	(1)	-	-	-	(488)	-
6000	Total operating expenses								
	<u>490,493</u>	<u>5</u>	<u>563,062</u>	<u>3</u>	<u>1,521,306</u>	<u>5</u>	<u>1,729,591</u>	<u>4</u>	
6900	Net operating income								
	<u>1,030,672</u>	<u>10</u>	<u>6,446,111</u>	<u>38</u>	<u>5,639,949</u>	<u>17</u>	<u>16,614,859</u>	<u>35</u>	
	Non-operating income and expenses (notes 6(e), (f), (h), (o) and 7):								
7100	Interest income	68,142	1	36,652	-	253,553	1	74,980	-
7010	Other income	48,694	-	54,759	-	180,326	1	145,194	1
7020	Other gains and losses	298,844	3	895,747	5	489,690	1	1,867,634	4
7050	Finance costs	(4,783)	-	(5,961)	-	(14,759)	-	(17,484)	-
7060	Share of profit of associates accounted for using equity method	1,319	-	19,314	-	15,397	-	53,262	-
	Total non-operating income and expenses								
	<u>412,216</u>	<u>4</u>	<u>1,000,511</u>	<u>5</u>	<u>924,207</u>	<u>3</u>	<u>2,123,586</u>	<u>5</u>	
7900	Profit before tax								
	1,442,888	14	7,446,622	43	6,564,156	20	18,738,445	40	
7950	Less: Tax expense (note 6(j))								
	<u>367,251</u>	<u>3</u>	<u>1,929,585</u>	<u>11</u>	<u>1,590,738</u>	<u>5</u>	<u>4,473,312</u>	<u>10</u>	
8200	Profit								
	<u>1,075,637</u>	<u>11</u>	<u>5,517,037</u>	<u>32</u>	<u>4,973,418</u>	<u>15</u>	<u>14,265,133</u>	<u>30</u>	
8300	Other comprehensive income (notes 6(e), (j) and (k)):								
8310	Components of other comprehensive income that will not be reclassified to profit or loss								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(17,677)	-	-	-	(37,526)	-	-	-
8320	Share of other comprehensive income of associates accounted for using equity method	(4,884)	-	(6,914)	-	(2,026)	-	(16,768)	-
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>(22,561)</u>	<u>-</u>	<u>(6,914)</u>	<u>-</u>	<u>(39,552)</u>	<u>-</u>	<u>(16,768)</u>	<u>-</u>	
8360	Components of other comprehensive income that will be reclassified to profit or loss								
8361	Exchange differences on translation	1,000,201	10	190,808	1	462,867	1	451,571	1
8399	Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>200,040</u>	<u>2</u>	<u>38,161</u>	<u>-</u>	<u>92,574</u>	<u>-</u>	<u>90,314</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss								
	<u>800,161</u>	<u>8</u>	<u>152,647</u>	<u>1</u>	<u>370,293</u>	<u>1</u>	<u>361,257</u>	<u>1</u>	
8300	Other comprehensive income, net								
	<u>777,600</u>	<u>8</u>	<u>145,733</u>	<u>1</u>	<u>330,741</u>	<u>1</u>	<u>344,489</u>	<u>1</u>	
8500	Total comprehensive income								
	<u>\$ 1,853,237</u>	<u>19</u>	<u>5,662,770</u>	<u>33</u>	<u>5,304,159</u>	<u>16</u>	<u>14,609,622</u>	<u>31</u>	
	Earnings per share (note 6(l))								
9750	Basic earnings per share								
	<u>\$ 1.66</u>		<u>8.54</u>		<u>7.70</u>		<u>22.08</u>		
9850	Diluted earnings per share								
	<u>\$ 1.66</u>		<u>8.54</u>		<u>7.70</u>		<u>22.07</u>		

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the nine months ended September 30, 2023 and 2022
(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, 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
Balance at January 1, 2023	\$ 6,461,655	18,125,608	5,896,621	861,246	23,139,084	(744,544)	(17,103)	(761,647)	53,722,567
Profit for the nine months ended September 30, 2023	-	-	-	-	4,973,418	-	-	-	4,973,418
Other comprehensive income for the nine months ended September 30, 2023	-	-	-	-	-	370,293	(39,552)	330,741	330,741
Total comprehensive income for the nine months ended September 30, 2023	-	-	-	-	4,973,418	370,293	(39,552)	330,741	5,304,159
Appropriation and allocation of earnings:									
Legal reserve appropriated	-	-	1,960,564	-	(1,960,564)	-	-	-	-
Reversal of special reserve	-	-	-	(99,599)	99,599	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(11,630,978)	-	-	-	(11,630,978)
Other changes in capital surplus:									
Other changes in capital surplus	-	(19)	-	-	-	-	-	-	(19)
Balance at September 30, 2023	\$ 6,461,655	18,125,589	7,857,185	761,647	14,620,559	(374,251)	(56,655)	(430,906)	47,395,729

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the nine month ended September 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30,	
	2023	2022
Cash flows from operating activities:		
Profit before tax	\$ 6,564,156	18,738,445
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	4,308,651	3,219,686
Gain on reversal of expected credit impairment	-	(488)
Interest expense	14,759	17,484
Interest income	(253,553)	(74,980)
Dividend income	(12,583)	-
Share of profit of associates accounted for using equity method	(15,397)	(53,262)
Loss on disposal of property, plant and equipment	42,340	59,767
Reversal of impairment loss on non-financial assets	(72)	-
Unrealized foreign exchange gain	(153,707)	(546,235)
Total adjustments to reconcile profit	3,930,438	2,621,972
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes and accounts receivable (including related parties)	6,457,962	(2,598,511)
Increase in other receivables (including related parties)	(49,803)	(160,629)
Decrease (increase) in inventories	948,990	(719,529)
Decrease (increase) in prepayments	15,904	(300,798)
Total changes in operating assets	7,373,053	(3,779,467)
Changes in operating liabilities:		
Increase in contract liabilities	554,816	8,068,118
(Decrease) increase in accounts payable (including related parties)	(1,303,930)	2,490,586
(Decrease) increase in other payables (including related parties)	(866,775)	80,369
(Decrease) increase in other current liabilities	(24,862)	158,902
Decrease in net defined benefit liabilities	(338,807)	(38,159)
Total changes in operating liabilities	(1,979,558)	10,759,816
Total changes in operating assets and liabilities	5,393,495	6,980,349
Total adjustments	9,323,933	9,602,321
Cash inflow generated from operations	15,888,089	28,340,766
Interest received	245,001	75,549
Interest paid	(14,759)	(18,413)
Income taxes paid	(3,508,313)	(2,632,589)
Net cash flows from operating activities	12,610,018	25,765,313
Cash flows used in investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(276,606)	-
Acquisition of property, plant and equipment	(10,439,325)	(13,331,552)
Proceeds from disposal of property, plant and equipment	23,829	23,975
Decrease (increase) in other non-current assets	2,117	(472)
Dividends received	56,364	33,168
Net cash flows used in investing activities	(10,633,621)	(13,274,881)
Cash flows used in financing activities:		
Increase in short-term loans	-	294,811
Decrease in short-term loans	-	(1,550,961)
Repayments of long-term debt	-	(724,868)
Increase in guarantee deposits received	76,924	247
Payment of lease liabilities	(190,649)	(160,633)
Cash dividends paid	(11,630,978)	(6,461,655)
Net cash flows used in financing activities	(11,744,703)	(8,603,059)
Effect of exchange rate changes on cash and cash equivalents	169,399	259,866
Net increase in cash and cash equivalents	(9,598,907)	4,147,239
Cash and cash equivalents at beginning of period	20,044,117	13,194,450
Cash and cash equivalents at end of period	\$ 10,445,210	17,341,689

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the Nine Months Ended September 30, 2023 and 2022
(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 2, 2023.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“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, 2023:

- 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”

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

- (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, 2024, would not have a significant impact on its consolidated financial statements:

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

(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 Group does not expect the following 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 IAS21 “Lack of Exchangeability”

(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).

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, 2022. Please refer to note 4 of the consolidated financial statements as of and for the year ended December 31, 2022 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, 2023	December 31, 2022	September 30, 2022
The Company	NPUC	Selling and other services	100 %	100 %	100 %
The Company	NPHK	Selling and investing in electronic products	100 %	100 %	100 %
	NPHK	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
Notes to Consolidated Financial Statements

(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, 2022. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2022.

(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, 2022. Please refer to note 6 of the consolidated financial statements as of and for the year ended December 31, 2022 for relevant information.

(a) Cash and cash equivalents

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 4	23	52
Cash in banks	5,039,280	11,023,535	10,223,289
Time deposits	3,442,009	7,235,634	5,059,905
Cash equivalents	<u>1,963,917</u>	<u>1,784,925</u>	<u>2,058,443</u>
	<u>\$ 10,445,210</u>	<u>20,044,117</u>	<u>17,341,689</u>

Please refer to note 6(p) 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, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Notes receivable	\$ -	370	-
Accounts receivable – non-related parties- measured at amortized cost	8,570,338	14,838,504	14,074,753
Accounts receivable – related parties-measured at amortized cost	42,026	102,237	116,260
Less: Loss allowance	<u>(47,954)</u>	<u>(47,954)</u>	<u>(47,954)</u>
	<u><u>\$ 8,564,410</u></u>	<u><u>14,893,157</u></u>	<u><u>14,143,059</u></u>

As of September 30, 2023, December 31 and September 30, 2022, 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.

	<u>September 30, 2023</u>		
	<u>Accounts receivables gross carrying amount</u>	<u>Weighted average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 8,452,264	0.534%	45,154
Past due within 3 months	160,012	1.747%	2,796
Past due 3 to 6 months	<u>88</u>	4.443%	<u>4</u>
	<u><u>\$ 8,612,364</u></u>		<u><u>47,954</u></u>

	<u>December 31, 2022</u>		
	<u>Notes and Accounts receivables gross carrying amount</u>	<u>Weighted average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 14,767,608	0.313%	46,174
Past due within 3 months	<u>173,503</u>	1.026%	<u>1,780</u>
	<u><u>\$ 14,941,111</u></u>		<u><u>47,954</u></u>

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

	September 30, 2022		
	Notes and Accounts receivables gross carrying amount	Weighted average loss rate	Loss allowance provision
Current	\$ 14,151,795	0.441%	47,676
Past due within 3 months	39,204	1.231%	275
Past due 3 to 6 months	14	23.994%	3
	\$ 14,191,013		47,954

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

	For the nine months ended September 30,	
	2023	2022
Balance as of January 1	\$ 47,954	48,431
Impairment losses reversed	-	(488)
Effect of exchange rate changes	-	11
Balance as of September 30	\$ 47,954	47,954

As of September 30, 2023, December 31 and September 30, 2022, the Group did not provide any notes and accounts receivable as collateral for its loans.

(c) Other receivables

	September 30, 2023	December 31, 2022	September 30, 2022
Other receivables – related parties	\$ 2,527	5,349	3,065
Tax refund receivable	258,927	216,795	278,105
Others	39,778	20,465	21,470
	\$ 301,232	242,609	302,640

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

(d) Inventories

	September 30, 2023	December 31, 2022	September 30, 2022
Finished goods	\$ 906,420	1,133,325	1,143,707
Work in process	2,262,174	3,033,291	3,167,324
Raw materials	996,814	1,123,455	1,239,335
Supplies	687,587	512,680	515,301
	\$ 4,852,995	5,802,751	6,065,667

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

The details of the cost of sales were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Inventory that has been sold	\$ 8,706,189	10,186,302	25,780,465	28,591,717
Write-down of inventories (Reversal of write-downs)	<u>30</u>	<u>(34)</u>	<u>(36)</u>	<u>6,644</u>
	<u>\$ 8,706,219</u>	<u>10,186,268</u>	<u>25,780,429</u>	<u>28,598,361</u>

For the nine months ended September 30, 2023, the sales of slow-moving inventories resulted in an increase in net realizable value, wherein the reversal of write-downs amounted to \$36.

For the nine months ended September 30, 2022, the write-down of inventories amounted to \$6,644.

As of September 30, 2023, December 31 and September 30, 2022, 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, 2023	December 31, 2022	September 30, 2022
Associates	\$ <u>483,406</u>	<u>513,814</u>	<u>505,006</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,	
	2023	2022	2023	2022
Attributable to the Group:				
Net income	\$ 1,319	19,314	15,397	53,262
Other comprehensive income	<u>(4,884)</u>	<u>(6,914)</u>	<u>(2,026)</u>	<u>(16,768)</u>
Total comprehensive income	<u>\$ (3,565)</u>	<u>12,400</u>	<u>13,371</u>	<u>36,494</u>

As of September 30, 2023, December 31 and September 30, 2022, 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 were as follows:

	<u>Building</u>	<u>Machinery and equipment</u>	<u>Vehicles</u>	<u>Miscellaneous equipment</u>	<u>Unfinished construction and equipment pending acceptance</u>	<u>Total</u>
Cost:						
Balance as of January 1, 2023	\$ 4,504,351	53,921,399	20,571	4,571,856	14,092,674	77,110,851
Additions	-	272,612	3,463	73,990	10,089,260	10,439,325
Disposals	-	(2,300,427)	(1,368)	(23,995)	-	(2,325,790)
Reclassification	41,826	14,096,616	720	1,466,327	(15,605,489)	-
Effect of exchange rate changes	<u>45,437</u>	<u>579,435</u>	<u>62</u>	<u>4,183</u>	<u>12,725</u>	<u>641,842</u>
Balance as of September 30, 2023	<u>\$ 4,591,614</u>	<u>66,569,635</u>	<u>23,448</u>	<u>6,092,361</u>	<u>8,589,170</u>	<u>85,866,228</u>
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>
Accumulated depreciation and impairment:						
Balance as of January 1, 2023	\$ 2,871,867	33,289,354	12,043	3,670,810	-	39,844,074
Depreciation for the period	123,590	3,810,065	1,399	176,476	-	4,111,530
Reversal of impairment loss	-	(65)	(7)	-	-	(72)
Disposals	-	(2,235,227)	(1,262)	(23,132)	-	(2,259,621)
Reclassification	-	(174)	-	174	-	-
Effect of exchange rate changes	<u>30,115</u>	<u>287,278</u>	<u>45</u>	<u>5,131</u>	<u>-</u>	<u>322,569</u>
Balance as of September 30, 2023	<u>\$ 3,025,572</u>	<u>35,151,231</u>	<u>12,218</u>	<u>3,829,459</u>	<u>-</u>	<u>42,018,480</u>
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>
Carrying amounts:						
Balance as of September 30, 2023	<u>\$ 1,566,042</u>	<u>31,418,404</u>	<u>11,230</u>	<u>2,262,902</u>	<u>8,589,170</u>	<u>43,847,748</u>
Balance as of December 31, 2022	<u>\$ 1,632,484</u>	<u>20,632,045</u>	<u>8,528</u>	<u>901,046</u>	<u>14,092,674</u>	<u>37,266,777</u>
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>

For gains and losses on disposals, please refer to note 6(o).

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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, 2023	\$ 386,040	2,135,615	2,521,655
Additions	6,542	-	6,542
Change in an index of lease payment	27,410	-	27,410
Effect of exchange rate changes	<u>685</u>	<u>-</u>	<u>685</u>
Balance as of September 30, 2023	<u><u>\$ 420,677</u></u>	<u><u>2,135,615</u></u>	<u><u>2,556,292</u></u>
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><u>\$ 386,536</u></u>	<u><u>1,898,443</u></u>	<u><u>2,284,979</u></u>
Accumulated depreciation:			
Balance as of January 1, 2023	\$ 93,315	491,559	584,874
Depreciation for the period	52,384	144,737	197,121
Effect of exchange rate changes	<u>101</u>	<u>-</u>	<u>101</u>
Balance as of September 30, 2023	<u><u>\$ 145,800</u></u>	<u><u>636,296</u></u>	<u><u>782,096</u></u>
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><u>\$ 77,877</u></u>	<u><u>443,312</u></u>	<u><u>521,189</u></u>
Carrying amount:			
Balance as of September 30, 2023	<u><u>\$ 274,877</u></u>	<u><u>1,499,319</u></u>	<u><u>1,774,196</u></u>
Balance as of December 31, 2022	<u><u>\$ 292,725</u></u>	<u><u>1,644,056</u></u>	<u><u>1,936,781</u></u>
Balance as of September 30, 2022	<u><u>\$ 308,659</u></u>	<u><u>1,455,131</u></u>	<u><u>1,763,790</u></u>

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

(h) Lease liabilities

The carrying amount of the lease liabilities was as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current	\$ <u>257,508</u>	<u>246,822</u>	<u>213,831</u>
Non-current	\$ <u>1,500,184</u>	<u>1,667,567</u>	<u>1,524,692</u>

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

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Interest on lease liabilities	\$ <u>4,547</u>	<u>4,501</u>	<u>14,107</u>	<u>9,037</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>10,578</u>	<u>16,770</u>	<u>35,649</u>	<u>46,528</u>

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

	<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Total cash outflow for leases	\$ <u>240,405</u>	<u>216,198</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 2 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.

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

(i) 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, 2022 and 2021.

The pension expenses recorded were as follows:

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Operating costs	\$ 8,593	6,956	25,879	20,955
Selling expenses	335	234	972	675
Administrative expenses	1,370	961	4,045	2,821
	\$ 10,298	8,151	30,896	24,451

(ii) Defined contribution plan

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

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Operating costs	\$ 115,034	125,849	357,685	375,392
Selling expenses	2,136	1,506	5,834	4,980
Administrative expenses	15,063	14,259	47,614	40,286
	\$ 132,233	141,614	411,133	420,658

(j) Income tax

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

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Current income tax expense	\$ 181,245	1,542,372	1,145,740	3,541,705
Deferred income tax expense	186,006	387,213	444,998	931,607
Total income tax expense	\$ 367,251	1,929,585	1,590,738	4,473,312

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

The details of income tax expense under other comprehensive income were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Components of other comprehensive income that will be reclassified to profit or loss:				
Exchange differences on translation of foreign financial statements	\$ 200,040	38,161	92,574	90,314

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

(k) Capital and other equity interest

Except for those described below, there were no material changes in equity for the nine months ended September 30, 2023 and 2022. Please refer to note 6(m) of the consolidated financial statements for the year ended December 31, 2022 for other relevant disclosures.

(i) Capital surplus

The components of capital surplus were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
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	314	333	333
	\$ 18,125,589	18,125,608	18,125,608

(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.

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NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES
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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

The amounts of cash dividends for the 2022 earnings distribution had been approved, during the board meeting held on February 24, 2023; while the earnings distribution for 2021 had been approved during the shareholders' meeting on May 27, 2022, respectively. These earnings were appropriated as follows:

	2022		2021	
	Dividends per share (NTD)	Amount	Dividends per share (NTD)	Amount
Dividends distributed to common shareholders:				
Cash	\$ 18.00	11,630,978	10.00	6,461,655

(iii) Other equity interest (net of tax)

	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, 2023	\$ (744,544)	(17,103)	(761,647)
Exchange differences on translation of foreign operations	370,293	-	370,293
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	-	(37,526)	(37,526)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	(2,026)	(2,026)
Balances as of September 30, 2023	\$ (374,251)	(56,655)	(430,906)
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 other comprehensive income, associates accounted for using equity method	-	(16,768)	(16,768)
Balances as of September 30, 2022	\$ (498,791)	(17,965)	(516,756)

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

(l) Earnings per share

Calculation of earnings per share for the nine months ended September 30, 2023 and 2022 was as follows:

(i) Basic earnings per share

1) Net profit attributable to equity shareholders of the Company

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Net profit attributable to equity shareholders of the Company	\$ 1,075,637	5,517,037	4,973,418	14,265,133

2) Weighted average number of ordinary shares outstanding

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Weighted average number of ordinary shares outstanding (in thousands of shares)	646,166	646,166	646,166	646,166

(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,	
	2023	2022	2023	2022
Net profit attributable to equity shareholders of the Company (diluted)	\$ 1,075,637	5,517,037	4,973,418	14,265,133

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NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES
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2) Weighted average number of ordinary shares outstanding (diluted)

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
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)	47	189	86	199
Weighted average number of ordinary shares outstanding (diluted) (in thousands of shares)	646,213	646,355	646,252	646,365

(m) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Primary geographical markets:				
Taiwan	\$ 2,996,164	7,771,548	11,667,553	21,253,843
USA	725,366	175,759	1,834,742	761,598
Mainland China	4,441,541	6,667,584	13,125,643	17,328,362
Korea	525,554	969,025	1,878,937	2,669,330
Other countries	1,538,759	1,611,525	4,434,809	4,929,678
	\$ 10,227,384	17,195,441	32,941,684	46,942,811
Major products:				
Printed circuit board	\$ 10,050,998	16,947,241	32,433,256	46,236,651
Others	176,386	248,200	508,428	706,160
	\$ 10,227,384	17,195,441	32,941,684	46,942,811

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

(ii) Contract balances

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Notes receivable	\$ -	370	-
Accounts receivable— non-related parties	8,570,338	14,838,504	14,074,753
Accounts receivable— related parties	42,026	102,237	116,260
Less: Loss allowance	<u>(47,954)</u>	<u>(47,954)</u>	<u>(47,954)</u>
	<u>\$ 8,564,410</u>	<u>14,893,157</u>	<u>14,143,059</u>
	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Contract liabilities— unearned sales	<u>\$ 9,272,841</u>	<u>8,717,214</u>	<u>8,890,774</u>
	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current	\$ 1,912,696	1,082,286	879,472
Non-current	<u>7,360,145</u>	<u>7,634,928</u>	<u>8,011,302</u>
	<u>\$ 9,272,841</u>	<u>8,717,214</u>	<u>8,890,774</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.

The amount of revenue recognized for the nine months ended September 30, 2023 and 2022 that were included in the contract liability balance at the beginning of the period were \$788,364 and \$114,222, respectively.

(n) 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 estimated remunerations to employees amounted to \$2,694, \$13,821, \$12,422 and \$35,707 for the three months and nine months ended September 30, 2023 and 2022, 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.

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NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES
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For the years ended December 31, 2022 and 2021, the remunerations to employees amount to \$48,482 and \$24,998, 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.

(o) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Interest income from bank deposits	\$ 60,828	30,779	235,147	62,210
Other interest income	7,314	5,873	18,406	12,770
	<u>\$ 68,142</u>	<u>36,652</u>	<u>253,553</u>	<u>74,980</u>

(ii) Other income

The details of other income were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Rental income	\$ 13,299	12,934	41,414	36,216
Dividend revenue	-	-	12,583	-
Government grants	18,637	7,252	60,635	15,350
Others	16,758	34,573	65,694	93,628
	<u>\$ 48,694</u>	<u>54,759</u>	<u>180,326</u>	<u>145,194</u>

(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,	
	2023	2022	2023	2022
Loss on disposal of property, plant and equipment	\$ (3,352)	(56,690)	(42,340)	(59,767)
Net foreign exchange (loss) gain	282,962	935,057	478,067	1,887,295
Reversal of impairment gain on property, plant and equipment	59	-	72	-
Others	19,175	17,380	53,891	40,106
	<u>\$ 298,844</u>	<u>895,747</u>	<u>489,690</u>	<u>1,867,634</u>

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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 September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Interest expense	\$ <u>(4,783)</u>	<u>(5,961)</u>	<u>(14,759)</u>	<u>(17,484)</u>

(p) 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, 2022 for the related information.

(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, 2023							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 4,014,538	4,014,538	4,014,538	-	-	-	-
Other payables (including related parties)	2,745,228	2,745,228	2,745,228	-	-	-	-
Lease liabilities (including current portion)	<u>1,757,692</u>	<u>1,825,587</u>	<u>137,007</u>	<u>137,007</u>	<u>264,109</u>	<u>653,036</u>	<u>634,428</u>
	<u>\$ 8,517,458</u>	<u>8,585,353</u>	<u>6,896,773</u>	<u>137,007</u>	<u>264,109</u>	<u>653,036</u>	<u>634,428</u>
December 31, 2022							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 5,319,559	5,319,559	5,319,559	-	-	-	-
Other payables (including related parties)	3,611,982	3,611,982	3,611,982	-	-	-	-
Lease liabilities (including current portion)	<u>1,914,389</u>	<u>1,995,477</u>	<u>132,476</u>	<u>132,476</u>	<u>262,477</u>	<u>689,599</u>	<u>778,449</u>
	<u>\$ 10,845,930</u>	<u>10,927,018</u>	<u>9,064,017</u>	<u>132,476</u>	<u>262,477</u>	<u>689,599</u>	<u>778,449</u>
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)	<u>1,738,523</u>	<u>1,814,274</u>	<u>115,219</u>	<u>115,220</u>	<u>230,439</u>	<u>630,881</u>	<u>722,515</u>
	<u>\$ 11,082,884</u>	<u>11,158,635</u>	<u>9,459,580</u>	<u>115,220</u>	<u>230,439</u>	<u>630,881</u>	<u>722,515</u>

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NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES
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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:

September 30, 2023			
	Foreign currency	Exchange rate	New Taiwan Dollars
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 294,532	32.2680	9,503,959
EUR	670	33.8573	22,699
JPY	1,239	0.2155	267
CNY	32	4.4942	144
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	24,150	32.2680	779,282
EUR	106	33.8573	3,593
JPY	2,001,299	0.2155	431,280
CNY	8	4.4942	37
December 31, 2022			
	Foreign currency	Exchange rate	New Taiwan Dollars
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 486,051	30.7080	14,925,649
EUR	424	32.7026	13,863
JPY	84,668	0.2306	19,525
CNY	25	4.4091	108
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	41,675	30.7080	1,279,745
EUR	561	32.7026	18,360
JPY	1,840,577	0.2306	424,437

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

	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

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, 2023 and 2022 would have increased or decreased the net income before tax by \$83,129 and \$109,318 for the nine months ended September 30, 2023 and 2022, 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, 2023 and 2022 were the net exchange gain of \$478,067 and \$1,887,295, respectively.

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Notes to Consolidated Financial Statements

(iii) Interest rate analysis

The Group's exposure to interest rate risk arising from financial assets and liabilities is described in the liquidity risk section of this note.

The following sensitivity analysis is based on the risk exposure to interest rates of the derivative and non-derivative financial instruments on the reporting date. For floating rate instruments, the sensitivity analysis assumes the liabilities bearing variable interest rates are outstanding for the whole year. A 1% increase or decrease in interest rate is assessed by management to be a reasonably possible change in interest rate.

If the interest rates increase or decrease by 1%, (with all the other factors remain constant) for the nine months ended September 30, 2023 and 2022, no significant impact on the Group's profit would occur.

(iv) 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, 2023				
	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	\$ 239,080	239,080	-	-	239,080
Financial assets measured by amortized cost					
Cash and cash equivalents	10,445,210	-	-	-	-
Accounts receivable, net (including related parties)	8,564,410	-	-	-	-
Other receivables (including related parties)	42,305	-	-	-	-
Total	<u>\$ 19,291,005</u>	<u>239,080</u>	<u>-</u>	<u>-</u>	<u>239,080</u>
Financial liabilities measured by amortized cost					
Accounts payable (including related parties)	\$ 4,014,538	-	-	-	-
Other payables (including related parties)	2,745,228	-	-	-	-
Lease liabilities (including current portion)	1,757,692	-	-	-	-
Total	<u>\$ 8,517,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES
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	December 31, 2022				
	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured by amortized cost					
Cash and cash equivalents	\$ 20,044,117	-	-	-	-
Notes and accounts receivable, net (including related parties)	14,893,157	-	-	-	-
Other receivables (including related parties)	25,814	-	-	-	-
Total	<u>\$ 34,963,088</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured by amortized cost					
Accounts payable (including related parties)	\$ 5,319,559	-	-	-	-
Other payables (including related parties)	3,611,982	-	-	-	-
Lease liabilities (including current portion)	1,914,389	-	-	-	-
Total	<u>\$ 10,845,930</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	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)	24,535	-	-	-	-
Total	<u>\$ 31,509,283</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)	1,738,523	-	-	-	-
Total	<u>\$ 11,082,884</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES
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(q) Financial risk management

There were no significant changes in the Group's financial risk management objective and policy since December 31, 2022. 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, 2022.

(r) Capital management

The objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2022. Please refer to note 6(t) of the consolidated financial statements as of and for the year ended December 31, 2022, for the detailed disclosure on capital management.

(s) 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, 2023 and 2022 were as follows:

(i) A description of acquisition the right-of-use assets through lease, please refer to note 6(g).

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

	January 1, 2023	Cash flows	Non-cash changes		September 30, 2023
			Foreign exchange movement	Acquisition	
Lease liabilities(including current portion)	\$ 1,914,389	(190,649)	-	33,952	1,757,692
Total liabilities from financing activities	<u>\$ 1,914,389</u>	<u>(190,649)</u>	<u>-</u>	<u>33,952</u>	<u>1,757,692</u>

	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>

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NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES
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(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 (NYPC)	The parent company
Formosa Advanced Technologies Co., Ltd. (FATC)	The Group's associates
Nan Ya Electronic Materials (Kunshan) Co., Ltd. (NEMK)	The Group's parent company is the ultimate controlling parent of the company
Nan Ya Electric (Nantong) Co., Ltd. (NENC)	The Group's parent company is the ultimate controlling parent of the company
Formosa Plastics Corporation (FPC)	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. (WTC)	The same chairman
Nanya Technology Corporation	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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Associates	\$ 85,027	275,620	421,007	805,981
Other related parties	141	290	617	915
	<u>\$ 85,168</u>	<u>275,910</u>	<u>421,624</u>	<u>806,896</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, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts receivable due from related parties	Associates	\$ 42,026	102,050	116,143
Accounts receivable due from related parties	Other related parties	-	187	117
		<u>\$ 42,026</u>	<u>102,237</u>	<u>116,260</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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
The parent company	\$ 462,557	734,773	1,424,266	1,316,139
Other related parties				
NEMK	204,940	207,488	579,962	774,073
Others	93,590	98,875	276,290	273,660
	<u>\$ 761,087</u>	<u>1,041,136</u>	<u>2,280,518</u>	<u>2,363,872</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 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, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts payable to related parties	The parent company	\$ 160,147	210,111	250,508
Accounts payable to related parties	Other related parties			
	NEMK	71,037	77,206	76,406
Accounts payable to related parties	WTC	22,723	13,587	29,949
Accounts payable to related parties	NENC	20,520	-	-
Accounts payable to related parties	Others	19,667	15,251	17,843
		<u>\$ 294,094</u>	<u>316,155</u>	<u>374,706</u>

(v) 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:

	<u>Lease revenue</u>			
	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
The parent company	<u>\$ 3,109</u>	<u>3,720</u>	<u>9,327</u>	<u>9,407</u>

The monthly rentals charged to related parties are determined based on the market prices within the vicinity. As of September 30, 2023, December 31 and September 30, 2022, all rentals have been collected by the Group.

- 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, 2023 and 2022, the above rentals amounting to \$8,235, \$7,409, \$25,047 and \$20,797, respectively, were recognized as expenses. For the three months and nine months ended September 30, 2023 and 2022, the amount of \$4,500, \$4,501, \$13,950 and \$9,037 was recognized as interest expense. As of September 30, 2023, December 31 and September 30, 2022 the balance of lease liabilities amounting to \$1,742,705, \$1,897,181 and \$1,738,523, respectively.

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

(vi) Others

The Group bought utilities such as steam, water and electricity from other related parties-Nan Ya Electronic Materials (Kunshan) Co., Ltd. amounting to \$81,629, \$121,801, \$251,103 and \$268,892, for the three months and nine months ended September 30, 2023 and 2022, respectively. As of September 30, 2023, December 31 and September 30, 2022, the Group still had unpaid payables accounted for as other payables to related parties amounting to \$61,057, \$36,960 and \$36,194, respectively.

For the three months and nine months ended September 30, 2023 and 2022, the Group provides sewage treatment service to Nan Ya Electronic Materials (Kunshan) Co., Ltd. and receives \$6,977, \$8,799, \$20,267 and \$38,435, respectively. As of September 30, 2023, December 31 and September 30, 2022, the Group still had uncollected receivables accounted for as other receivables due from related parties amounting to \$2,527, \$5,349 and \$3,065, respectively.

(d) Key management personnel compensation

Key management personnel compensation comprised

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Short-term employee benefits	\$ 8,749	9,264	27,205	27,646

(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, 2023	December 31, 2022	September 30, 2022
Outstanding letters of credit for the importation of raw materials	\$ 1,052,866	1,319,143	300,821

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

	September 30, 2023	December 31, 2022	September 30, 2022
The guarantee for customs	\$ 22,000	52,000	42,000
The guarantee for letters of credit	\$ 48,000	52,000	52,000

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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, 2023			For the three months ended September 30, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	1,763,737	184,374	1,948,111	2,343,135	214,033	2,557,168
Labor and health insurance	160,874	19,021	179,895	171,292	18,529	189,821
Pension expenses	123,627	18,904	142,531	132,805	16,960	149,765
Remuneration of directors	-	1,500	1,500	-	1,540	1,540
Other personnel expenses	55,712	7,655	63,367	58,911	7,857	66,768
Depreciation expenses	1,534,219	5,831	1,540,050	1,097,866	4,545	1,102,411

	For the nine months ended September 30, 2023			For the nine months ended September 30, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	5,674,660	574,906	6,249,566	7,021,447	716,290	7,737,737
Labor and health insurance	511,423	59,075	570,498	500,515	53,850	554,365
Pension expenses	383,564	58,465	442,029	396,347	48,762	445,109
Remuneration of directors	-	4,775	4,775	-	4,720	4,720
Other personnel expenses	167,567	24,078	191,645	175,211	23,045	198,256
Depreciation expenses	4,292,297	16,354	4,308,651	3,206,444	13,242	3,219,686

(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	-	11,848,932 (Note 2)	23,697,865 (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, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(in thousands of shares and New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	FPC stock	Other related parties	Current financial assets at fair value through other comprehensive income	2,996	239,080	0.05 %	239,080	-

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of \$300 million or 20% of the capital stock: None

(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	1,417,865	19.42 %	O/A 30 days	-	-	(158,777)	(6.12)%	-
The Company	NPKC	Subsidiary of the Company	Purchase	2,910,454	39.87 %	O/A 30 days	-	-	(385,915)	(14.89)%	Note
The Company	FATC	Associates	(sale)	(143,066)	(0.63)%	O/A 70 days	-	-	7,000	0.12%	-
NPKC	The Company	Parent company	(sale)	(2,910,454)	(21.85)%	O/A 30 days	-	-	385,915	12.06%	Note
NPKC	FATC	Associates	(sale)	(277,941)	(2.09)%	O/A 70 days	-	-	35,026	1.09%	-
NPKC	NEMK	Same chairman	Purchase	579,962	10.08 %	O/A 60 days	-	-	(71,037)	(3.93)%	-

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		
NPKC	The Company (Note)	Parent company	385,915	10.21	-		385,915	-

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	2,910,454	O/A 30 days	8.84%
1	NPKC	The Company	2	Accounts receivable due from related parties	385,915	O/A 30 days	0.54%

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, 2023 (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, 2023			Net income (losses) of investee	Share of profits/(losses) of investee	Note
				September 30, 2023	December 31, 2022	Shares (in thousands)	Percentage of ownership	Carrying amount			
The Company	NPHK	HK	Business of electronic products	8,595,674	8,595,674	2,152,020	100.00 %	24,367,532	1,771,890	1,771,890	Note1
The Company	NPUC	USA	Customer sales promotion	3,479	3,479	1,000	100.00 %	20,458	1,192	1,192	Note1
The Company	FATC	TW	Assembling testing and producing modules for IC	472,968	472,968	13,267	3.00 %	483,406	506,266	15,397	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, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2023	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)	8,592,495	-	-	8,592,495	1,771,412	100.00%	1,771,412 (Note 2)	24,352,404	-

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, 2023	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, 2023.

(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, 2023				
	Domestic	American	Asian	Adjustments and elimination	Total
Revenue:					
From external clients	\$ 7,003,050	-	3,224,334	-	10,227,384
Intersegments	<u>3,636</u>	<u>7,132</u>	<u>1,066,311</u>	<u>(1,077,079)</u>	<u>-</u>
Total revenue	<u>\$ 7,006,686</u>	<u>7,132</u>	<u>4,290,645</u>	<u>(1,077,079)</u>	<u>10,227,384</u>
Income/Loss of reportable segments	<u>\$ 1,344,546</u>	<u>(73)</u>	<u>356,976</u>	<u>(258,561)</u>	<u>1,442,888</u>
	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 nine months ended September 30, 2023				
	Domestic	American	Asian	Adjustments and elimination	Total
Revenue:					
From external clients	\$ 22,529,640	-	10,412,044	-	32,941,684
Intersegments	<u>13,554</u>	<u>22,579</u>	<u>2,910,454</u>	<u>(2,946,587)</u>	<u>-</u>
Total revenue	<u>\$ 22,543,194</u>	<u>22,579</u>	<u>13,322,498</u>	<u>(2,946,587)</u>	<u>32,941,684</u>
Income/Loss of reportable segments	<u>\$ 6,198,644</u>	<u>1,831</u>	<u>2,136,763</u>	<u>(1,773,082)</u>	<u>6,564,156</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>

(Continued)

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

	<u>Domestic</u>	<u>American</u>	<u>Asian</u>	<u>Adjustments and elimination</u>	<u>Total</u>
Assets of reportable segments					
September 30, 2023	\$ <u>69,138,112</u>	<u>20,471</u>	<u>27,138,511</u>	<u>(24,849,063)</u>	<u>71,448,031</u>
December 31, 2022	\$ <u>78,645,883</u>	<u>18,300</u>	<u>25,726,474</u>	<u>(22,640,180)</u>	<u>81,750,477</u>
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>
Liabilities of reportable segments					
September 30, 2023	\$ <u>21,742,383</u>	<u>13</u>	<u>2,716,722</u>	<u>(406,816)</u>	<u>24,052,302</u>
December 31, 2022	\$ <u>24,923,316</u>	<u>13</u>	<u>3,538,464</u>	<u>(433,883)</u>	<u>28,027,910</u>
September 30, 2022	\$ <u>23,629,969</u>	<u>-</u>	<u>5,107,665</u>	<u>(788,184)</u>	<u>27,949,450</u>