

**NAN YA PRINTED CIRCUIT BOARD
CORPORATION**

Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022**

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

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Independent Auditors' Report

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

Opinion

We have audited the financial statements of Nan Ya Printed Circuit Board Corporation (“the Company”), which comprise the balance sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

1. Valuation of inventories

The Company estimates the loss on decline of inventory market price on a monthly basis using the aging analysis of inventories and the lower of cost or net realizable value. Since the net realizable value of inventory relies on the impact of international raw material prices, the valuation of inventories is one of the key audit matters while conducting the audit for the financial statements of the Company. For accounting policies, estimation uncertainty, and related disclosures on the valuation of inventories, please refer to notes 4(g), 5(a), and 6(d), respectively, of the financial statements.

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Ko, Hui-Chih and Lee, Tzu-Hui.

KPMG

Taipei, Taiwan (Republic of China)

February 29, 2024

Notes to Readers

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

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

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

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2023		December 31, 2022		Liabilities and equity		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 7,327,220	11	16,982,031	22	2130	Current contract liabilities (note 6(m))	\$ 1,991,749	3	1,082,286	2
1120	Current financial assets at fair value through other comprehensive income	237,283	-	-	-	2170	Accounts payable	1,605,086	2	2,542,141	3
1170	Notes and accounts receivable, net (notes 6(b) and (m))	4,793,649	7	11,416,977	15	2180	Accounts payable to related parties (note 7)	575,585	1	599,788	1
1180	Accounts receivable due from related parties (notes 6(b), (m) and 7)	11,430	-	75,345	-	2200	Other payables (note 7)	2,322,369	3	3,074,317	4
1200	Other receivables (note 6(c))	162,460	-	226,858	-	2230	Current tax liabilities	849,868	1	2,974,301	4
1210	Other receivables due from related parties (notes 6(c) and 7)	20,515	-	45,561	-	2281	Current lease liabilities (note 6(h))	9,588	-	9,797	-
1310	Current inventories (note 6(d))	2,023,519	3	3,553,982	5	2282	Current lease liabilities, related parties (notes 6(h) and 7)	246,114	-	237,025	-
1470	Prepayments and other current assets	255,971	-	257,811	-	2300	Other current liabilities	98,024	-	147,978	-
	Total current assets	<u>14,832,047</u>	<u>21</u>	<u>32,558,565</u>	<u>42</u>		Total current liabilities	<u>7,698,383</u>	<u>10</u>	<u>10,667,633</u>	<u>14</u>
Non-current assets:						Non-current liabilities:					
1550	Investments accounted for using equity method (notes 6(e) and 7)	24,345,359	35	22,654,782	29	2527	Non-current contract liabilities (note 6(m))	7,233,676	11	7,634,928	10
1600	Property, plant and equipment (notes 6(f) and 7)	27,364,501	40	20,804,070	26	2570	Deferred tax liabilities (note 6(j))	3,441,505	5	3,005,723	4
1755	Right-of-use assets (notes 6(g) and 7)	1,677,857	3	1,905,862	2	2581	Non-current lease liabilities (note 6(h))	2,216	-	7,411	-
1840	Deferred tax assets (note 6(j))	647,139	1	711,133	1	2582	Non-current lease liabilities, related parties (notes 6(h) and 7)	1,435,463	2	1,660,156	2
1900	Other non-current assets	15,202	-	11,471	-	2640	Net defined benefit liability, non-current (note 6(i))	1,112,644	2	1,902,087	2
	Total non-current assets	<u>54,050,058</u>	<u>79</u>	<u>46,087,318</u>	<u>58</u>	2645	Guarantee deposits received	50,302	-	45,378	-
							Total non-current liabilities	<u>13,275,806</u>	<u>20</u>	<u>14,255,683</u>	<u>18</u>
							Total liabilities	<u>20,974,189</u>	<u>30</u>	<u>24,923,316</u>	<u>32</u>
						Equity (note 6(k)):					
						3100	Ordinary shares	6,461,655	10	6,461,655	8
						3200	Capital surplus	18,125,615	26	18,125,608	23
						3310	Legal reserve	7,857,185	12	5,896,621	8
						3320	Special reserve	761,647	1	861,246	1
						3350	Unappropriated retained earnings	15,814,388	23	23,139,084	29
						3400	Other equity interest	(1,112,574)	(2)	(761,647)	(1)
							Total equity	<u>47,907,916</u>	<u>70</u>	<u>53,722,567</u>	<u>68</u>
Total assets		<u>\$ 68,882,105</u>	<u>100</u>	<u>78,645,883</u>	<u>100</u>	Total liabilities and equity		<u>\$ 68,882,105</u>	<u>100</u>	<u>78,645,883</u>	<u>100</u>

See accompanying notes to financial statements.

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

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		<u>2023</u>		<u>2022</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (notes 6(m) and 7)	\$ 29,480,433	100	48,345,341	100
5000	Operating costs (notes 6(d), (f), (g), (h), (i), (n) and 7)	<u>23,510,903</u>	<u>80</u>	<u>29,565,989</u>	<u>61</u>
	Gross profit from operations	5,969,530	20	18,779,352	39
5910	Less: Unrealized profit on from sales (note 7)	745	-	2,669	-
5920	Add: Realized profit on from sales (note 7)	<u>2,669</u>	<u>-</u>	<u>2,825</u>	<u>-</u>
	Gross profit from operations	<u>5,971,454</u>	<u>20</u>	<u>18,779,508</u>	<u>39</u>
	Operating expenses (notes 6(b), (f), (g), (h), (i), (n) and 7):				
6100	Selling expenses	313,029	1	550,671	1
6200	Administrative expenses	1,135,564	4	1,214,286	3
6450	Gain on reversal of expected credit impairment	<u>(24,950)</u>	<u>-</u>	<u>-</u>	<u>-</u>
6000	Total operating expenses	<u>1,423,643</u>	<u>5</u>	<u>1,764,957</u>	<u>4</u>
6900	Net operating income	<u>4,547,811</u>	<u>15</u>	<u>17,014,551</u>	<u>35</u>
	Non-operating income and expenses (notes 6(f), (h), (o) and 7):				
7100	Interest income	220,023	1	79,096	-
7010	Other income	235,435	1	231,322	-
7020	Other gains and losses	85,139	-	1,212,436	3
7050	Finance costs	(19,371)	-	(14,277)	-
7070	Share of profit (loss) of subsidiaries and associates accounted for using equity method, net	<u>2,108,839</u>	<u>7</u>	<u>5,669,384</u>	<u>12</u>
	Total non-operating income and expenses	<u>2,630,065</u>	<u>9</u>	<u>7,177,961</u>	<u>15</u>
7900	Profit before tax	7,177,876	24	24,192,512	50
7950	Less: Tax expense (note 6(j))	<u>1,361,287</u>	<u>4</u>	<u>4,776,928</u>	<u>10</u>
	Profit	<u>5,816,589</u>	<u>20</u>	<u>19,415,584</u>	<u>40</u>
8300	Other comprehensive income (notes 6(e), (i), (j) and (k)):				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains on remeasurements of defined benefit plans	438,026	1	237,960	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(39,323)	-	-	-
8330	Share of other comprehensive income of associates accounted for using equity method	749	-	(16,216)	-
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>87,606</u>	<u>-</u>	<u>47,592</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>311,846</u>	<u>1</u>	<u>174,152</u>	<u>-</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	(390,144)	(1)	144,380	-
8399	Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>(78,029)</u>	<u>-</u>	<u>28,876</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(312,115)</u>	<u>(1)</u>	<u>115,504</u>	<u>-</u>
8300	Other comprehensive income, net	<u>(269)</u>	<u>-</u>	<u>289,656</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 5,816,320</u>	<u>20</u>	<u>19,705,240</u>	<u>40</u>
	Earnings per share (note 6(l))				
9750	Basic earnings per share	<u>\$ 9.00</u>		<u>30.05</u>	
9850	Diluted earnings per share	<u>\$ 9.00</u>		<u>30.04</u>	

See accompanying notes to financial statements.

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

Statements of Changes in Equity

For the years ended December 31, 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 year ended December 31, 2022	-	-	-	-	19,415,584	-	-	-	19,415,584
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	190,058	115,504	(15,906)	99,598	289,656
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	19,605,642	115,504	(15,906)	99,598	19,705,240
Appropriation and distribution of retained 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 December 31, 2022	<u>6,461,655</u>	<u>18,125,608</u>	<u>5,896,621</u>	<u>861,246</u>	<u>23,139,084</u>	<u>(744,544)</u>	<u>(17,103)</u>	<u>(761,647)</u>	<u>53,722,567</u>
Profit for the year ended December 31, 2023	-	-	-	-	5,816,589	-	-	-	5,816,589
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	350,658	(312,115)	(38,812)	(350,927)	(269)
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	6,167,247	(312,115)	(38,812)	(350,927)	5,816,320
Appropriation and distribution of retained 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	-	7	-	-	-	-	-	-	7
Balance at December 31, 2023	<u>\$ 6,461,655</u>	<u>18,125,615</u>	<u>7,857,185</u>	<u>761,647</u>	<u>15,814,388</u>	<u>(1,056,659)</u>	<u>(55,915)</u>	<u>(1,112,574)</u>	<u>47,907,916</u>

See accompanying notes to financial statements.

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

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Profit Before tax	\$ 7,177,876	24,192,512
Adjustments:		
Adjustments to reconcile profit :		
Depreciation expense	3,578,415	2,435,414
Gain on reversal of expected credit impairment	(24,950)	-
Interest expense	19,371	14,277
Interest income	(220,023)	(79,096)
Dividend income	(12,583)	-
Share of profit of subsidiaries and associates accounted for using equity method	(2,108,839)	(5,669,384)
Loss on disposal of property, plant and equipment	2,091	2,861
(Reversal of) impairment loss on non-financial assets	(14,033)	16,425
Unrealized profit on from sales	745	2,669
Realized profit on from sales	(2,669)	(2,825)
Unrealized foreign exchange loss	197,191	188,541
Total adjustments to reconcile profit	<u>1,414,716</u>	<u>(3,091,118)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes and accounts receivable (including related parties)	6,534,206	(2,979,970)
Decrease (increase) in other receivables (including related parties)	87,479	(36,746)
Decrease (increase) in inventories	1,530,463	(577,399)
Decrease (increase) in prepayments	101,753	(58,539)
Total changes in operating assets	<u>8,253,901</u>	<u>(3,652,654)</u>
Changes in operating liabilities:		
Increase in contract liabilities	508,211	8,005,239
(Decrease) increase in accounts payable (including related parties)	(943,704)	402,203
(Decrease) increase in other payables	(751,944)	425,208
(Decrease) increase in other current liabilities	(49,954)	48,683
Decrease in net defined benefit liability	(351,417)	(49,533)
Total changes in operating liabilities	<u>(1,588,808)</u>	<u>8,831,800</u>
Total changes in operating assets and liabilities	<u>6,665,093</u>	<u>5,179,146</u>
Total adjustments	<u>8,079,809</u>	<u>2,088,028</u>
Cash inflow generated from operations	15,257,685	26,280,540
Interest received	220,806	75,833
Interest paid	(19,371)	(14,277)
Income taxes paid	(2,994,252)	(1,898,164)
Net cash flows from operating activities	<u>12,464,868</u>	<u>24,443,932</u>
Cash flows used in investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(276,606)	-
Acquisition of investments accounted for using equity method	-	(2,118,214)
Acquisition of property, plant and equipment	(9,888,656)	(10,316,944)
Proceeds from disposal of property, plant and equipment	10,722	20,558
Increase in other financial assets	(100,000)	-
Increase in other non-current assets	(3,731)	(6,060)
Dividends received	56,364	33,168
Net cash flows used in investing activities	<u>(10,201,907)</u>	<u>(12,387,492)</u>
Cash flows used in financing activities:		
Increase in guarantee deposits received	4,924	15,122
Payment of lease liabilities	(254,960)	(221,939)
Cash dividends paid	(11,630,978)	(6,461,655)
Net cash flows used in financing activities	<u>(11,881,014)</u>	<u>(6,668,472)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(36,758)</u>	<u>(9,055)</u>
Net (decrease) increase in cash and cash equivalents	<u>(9,654,811)</u>	<u>5,378,913</u>
Cash and cash equivalents at beginning of period	<u>16,982,031</u>	<u>11,603,118</u>
Cash and cash equivalents at end of period	<u>\$ 7,327,220</u>	<u>16,982,031</u>

See accompanying notes to financial statements.

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

Notes to the Financial Statements

For the years ended December 31, 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 7F., No. 390, Sec. 6, Nanjing E. Rd., Neihu Dist., Taipei City, Taiwan. The Company’s main operating activities are primarily in the manufacturing and selling of printed circuit boards.

(2) Approval date and procedures of the financial statements

The accompanying financial statements were approved and authorized for issue by the Board of Directors on February 29, 2024.

(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 Company has initially adopted the following new amendments, which do not have a significant impact on its 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 Company has initially adopted the new amendment, which do not have a significant impact on its 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 Company 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 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
Notes to Financial Statements

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

The Company 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 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 material accounting policies

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

- (a) Statement of compliance

The accompanying financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as The Regulations).

- (b) Basis of preparation

- (i) Basis of measurement

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

The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation.

- (ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

- (c) Foreign currency

- (i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

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NAN YA PRINTED CIRCUIT BOARD CORPORATION
Notes to Financial Statements

Exchange differences are generally recognized in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control or significant influence, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty.

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(e) Cash and cash equivalents

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

(f) Financial instruments

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

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: Amortized cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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NAN YA PRINTED CIRCUIT BOARD CORPORATION
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2) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, other receivables and guarantee deposit paid).

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

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

Loss allowance for accounts receivable are always measured at an amount equal to lifetime ECL.

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

The Company assumes a significantly increased credit risk of a financial asset if there are indications of potential breaches of contract over the expected life of the contract period.

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

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

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

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

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

- significant financial difficulty of the borrower or issuer;

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- a breach of contract such as a default or being more than 1 year past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

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

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

3) Derecognition of financial assets

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

(ii) Financial liabilities

1) Classification of liabilities

Debt instruments issued by the Company are classified as financial liabilities in accordance with the substance of the contractual arrangements and the definitions of a financial liability.

2) Financial liabilities

Financial liabilities are classified as measured at amortized cost. Financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

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NAN YA PRINTED CIRCUIT BOARD CORPORATION
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3) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations have been met cancelled, or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different from the original liability. A new financial liability is then recognized, at fair value, based on the modified terms.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(g) Inventories

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

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

(h) Investment in associates

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

Investments in associates are accounted for using equity method and are recognized initially at cost. The carrying amount of the investment in associates includes goodwill arising from the acquisition.

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

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

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

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(i) Investment in subsidiaries

On preparing financial statements, the Company values the investees over which it holds control using the equity method. Under the equity method, net income and other comprehensive income on the separate financial statement is the same as the net income and other comprehensive income attributable to parent on the consolidated financial statements. The stockholders' equity on the separate financial statement is the same as the stockholders' equity attributable to the parent on the consolidated financial statement.

The Company accounts the changes in equity, under the condition that control is still present, as equity transactions between the proprietors.

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings:	25 to 35 years
2) Machinery equipment:	3 to 15 years
3) Vehicles:	6 to 15 years
4) Miscellaneous equipment:	5 to 15 years

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

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Notes to Financial Statements

(k) Leases

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

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there are any lease modifications

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

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

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery and office equipment that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

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

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

For operating leases, the Company recognizes lease payments received under the straight-line basis as lease income over the lease term.

(I) Intangible assets

(i) Technical cooperation fee

The technical cooperation fee paid by the Company is measured at cost, less, accumulated amortization.

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(ii) Subsequent expenditure

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

(iii) Amortization

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

Amortization is recognized as an expense on a straight-line basis over the estimated useful lives from the date that the technical cooperation fee is made available for use. The estimated useful life for the technical cooperation fee is 10 years.

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

(m) Impairment of non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

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

(n) Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

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(i) Sale of goods

The Company recognizes revenue when control of the products has transferred, and when the products are delivered to the customer, wherein the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(ii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

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When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

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- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(q) Earnings per share

The Company reports the basic earnings per share and the diluted earnings per share. The basic earnings per share are calculated based on the profit attributable to the ordinary shareholder of the Company divided by the weighted average number of ordinary shares outstanding. The diluted earnings per share is calculated based on the profit attributable to ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as employee compensation.

(r) Operating segments

The Company disclosed information on its operating segments in its consolidated financial statements. Therefore, no information on operating segments is disclosed in the separate financial statements.

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

The preparation of financial statements 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 management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. These assumptions and estimations have been updated to reflect the impact of COVID-19 pandemic:

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories.

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(6) Explanation of significant accounts

(a) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand	\$ -	23
Cash in banks	851,094	8,615,290
Time deposits	2,389,079	6,581,793
Cash equivalents	<u>4,087,047</u>	<u>1,784,925</u>
	<u><u>\$ 7,327,220</u></u>	<u><u>16,982,031</u></u>

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

(b) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ -	370
Accounts receivable – non-related parties-measured at amortized cost	4,816,653	11,464,561
Accounts receivable – related parties-measured at amortized cost	11,430	75,345
Less: Loss allowance	<u>(23,004)</u>	<u>(47,954)</u>
	<u><u>\$ 4,805,079</u></u>	<u><u>11,492,322</u></u>

As of December 31, 2023 and 2022, the Company 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>December 31, 2023</u>		
	<u>Accounts receivables gross carrying amount</u>	<u>Weighted average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 4,771,258	0.460%	21,970
Past due within 3 months	<u>56,825</u>	1.819%	<u>1,034</u>
	<u><u>\$ 4,828,083</u></u>		<u><u>23,004</u></u>

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	December 31, 2022		
	Notes and accounts receivables gross carrying amount	Weighted average loss rate	Loss allowance provision
Current	\$ 11,412,817	0.405%	46,174
Past due within 3 months	127,459	1.396%	1,780
	\$ 11,540,276		47,954

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

	For the years ended December 31	
	2023	2022
Balance at January 1	\$ 47,954	47,954
Impairment losses reversed	(24,950)	-
Balance at December 31	\$ 23,004	47,954

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

(c) Other receivables

	December 31, 2023	December 31, 2022
Other receivables—other related parties	\$ 20,515	45,561
Tax refund receivable	141,558	216,795
Others	20,902	10,063
	\$ 182,975	272,419

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

(d) Inventories

	December 31, 2023	December 31, 2022
Finished goods	\$ 466,211	699,730
Work in process	1,146,944	2,240,418
Raw materials	234,006	419,590
Supplies	176,358	194,244
	\$ 2,023,519	3,553,982

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The details of costs of sales were as follows:

	For the years ended December 31	
	2023	2022
Inventory that has been sold	\$ 19,314,009	29,566,163
Reversal of write-downs	(18)	(174)
Unapportioned manufacturing expenses	4,196,912	-
Total	\$ 23,510,903	29,565,989

During the years ended December 31, 2023 and 2022, the increase in market demand led to the reversal of write-downs of inventories.

As of December 31, 2023 and 2022, the Company 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 equity method were as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	\$ 23,858,502	22,140,968
Associates	486,857	513,814
	\$ 24,345,359	22,654,782

(i) Subsidiaries

For subsidiaries, please refer to the consolidated financial statements for the year ended December 31, 2023.

(ii) Associates

The Company's financial information for investments accounted for using the equity method that are individually insignificant were as follows:

Aggregate information of associates that were not individually material:

	For the years ended December 31	
	2023	2022
Attributable to the Company:		
Net income	\$ 16,072	61,518
Other comprehensive income	749	(16,216)
Total comprehensive income	\$ 16,821	45,302

(Continued)

NAN YA PRINTED CIRCUIT BOARD CORPORATION
Notes to Financial Statements

(iii) Collateral

As of December 31, 2023 and 2022, the Company did not provide any investments accounted for using equity method as collateral for its loans.

(f) Property, plant and equipment

The cost and accumulated depreciation and impairment of the property, plant and equipment of the Company 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	\$ 2,158,382	29,909,690	16,863	4,291,667	9,259,680	45,636,282
Additions	-	192,669	3,463	76,191	9,616,333	9,888,656
Disposals	-	(2,598,466)	(805)	(22,581)	-	(2,621,852)
Reclassification	42,234	9,155,643	720	1,557,613	(10,756,210)	-
Balance as of December 31, 2023	<u>\$ 2,200,616</u>	<u>36,659,536</u>	<u>20,241</u>	<u>5,902,890</u>	<u>8,119,803</u>	<u>52,903,086</u>
Balance as of January 1, 2022	\$ 2,158,382	28,387,645	14,763	4,699,401	1,483,054	36,743,245
Additions	-	233,997	-	39,807	10,043,140	10,316,944
Disposals	-	(902,625)	-	(521,282)	-	(1,423,907)
Reclassification	-	2,190,673	2,100	73,741	(2,266,514)	-
Balance as of December 31, 2022	<u>\$ 2,158,382</u>	<u>29,909,690</u>	<u>16,863</u>	<u>4,291,667</u>	<u>9,259,680</u>	<u>45,636,282</u>
Accumulated depreciation and impairment:						
Balance as of January 1, 2023	\$ 1,394,082	19,992,563	9,472	3,436,095	-	24,832,212
Depreciation for the period	53,973	3,058,912	1,475	202,098	-	3,316,458
Reversal of impairment loss	-	(936)	(7)	(13,090)	-	(14,033)
Disposals	-	(2,574,733)	(698)	(20,621)	-	(2,596,052)
Reclassification	-	(174)	-	174	-	-
Balance as of December 31, 2023	<u>\$ 1,448,055</u>	<u>20,475,632</u>	<u>10,242</u>	<u>3,604,656</u>	<u>-</u>	<u>25,538,585</u>
Balance as of January 1, 2022	\$ 1,341,210	18,794,295	8,479	3,865,595	-	24,009,579
Depreciation for the period	52,872	2,051,531	993	102,895	-	2,208,291
Impairment loss	-	16,427	-	(2)	-	16,425
Disposals	-	(881,451)	-	(520,632)	-	(1,402,083)
Reclassification	-	11,761	-	(11,761)	-	-
Balance as of December 31, 2022	<u>\$ 1,394,082</u>	<u>19,992,563</u>	<u>9,472</u>	<u>3,436,095</u>	<u>-</u>	<u>24,832,212</u>
Carrying amounts:						
Balance as of December 31, 2023	<u>\$ 752,561</u>	<u>16,183,904</u>	<u>9,999</u>	<u>2,298,234</u>	<u>8,119,803</u>	<u>27,364,501</u>
Balance as of December 31, 2022	<u>\$ 764,300</u>	<u>9,917,127</u>	<u>7,391</u>	<u>855,572</u>	<u>9,259,680</u>	<u>20,804,070</u>

(Continued)

NAN YA PRINTED CIRCUIT BOARD CORPORATION
Notes to Financial Statements

The impairment loss of \$16,425 incurred by the Company in 2022 was due to incapability of its machinery equipment and other equipment for future manufacturing process, which led the value-in-use to be lower than the carrying amount, resulting in the Company to expect a decrease in its future cash flow. However, in 2023, the Company decided to use and dispose some of its equipment mentioned above, resulting in a reversal of impairment gain of \$14,033, recognized as " other gains and losses " in the statement of comprehensive income, wherein the Company used the value-in-use to calculate the recoverable amount of its property, plant and equipment.

(g) Right-of-use assets

The Company leases assets including land and buildings. Information about leases for which the Company as a lessee is presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance as of January 1, 2023	\$ 350,663	2,135,615	2,486,278
Additions	6,542	-	6,542
Change in an index of lease payment	27,410	-	27,410
Balance as of December 31, 2023	<u>\$ 384,615</u>	<u>2,135,615</u>	<u>2,520,230</u>
Balance as of January 1, 2022	\$ 266,900	457,327	724,227
Additions	60,652	1,458,460	1,519,112
Change in an index of lease payment	23,111	219,828	242,939
Balance as of December 31, 2022	<u>\$ 350,663</u>	<u>2,135,615</u>	<u>2,486,278</u>
Accumulated depreciation:			
Balance as of January 1, 2023	\$ 88,857	491,559	580,416
Depreciation for the period	68,974	192,983	261,957
Balance as of December 31, 2023	<u>\$ 157,831</u>	<u>684,542</u>	<u>842,373</u>
Balance as of January 1, 2022	\$ 28,342	324,951	353,293
Depreciation for the period	60,515	166,608	227,123
Balance as of December 31, 2022	<u>\$ 88,857</u>	<u>491,559</u>	<u>580,416</u>
Carrying amount:			
Balance as of December 31, 2023	<u>\$ 226,784</u>	<u>1,451,073</u>	<u>1,677,857</u>
Balance as of December 31, 2022	<u>\$ 261,806</u>	<u>1,644,056</u>	<u>1,905,862</u>

(h) Lease liabilities

The carrying amount of the lease liabilities was as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current	<u>\$ 255,702</u>	<u>246,822</u>
Non-current	<u>\$ 1,437,679</u>	<u>1,667,567</u>

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

(Continued)

NAN YA PRINTED CIRCUIT BOARD CORPORATION
Notes to Financial Statements

The amounts recognized in profit or loss was as follows:

	For the years ended December 31	
	2023	2022
Interest on lease liabilities	<u>\$ 18,487</u>	<u>13,969</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>\$ 40,471</u>	<u>53,627</u>

The amounts recognized in the statement of cash flows for the Company was as follows:

	For the years ended December 31	
	2023	2022
Total cash outflow for leases	<u>\$ 313,918</u>	<u>289,535</u>

(i) Real estate leases

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

(i) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	<u>\$ 2,361,295</u>	<u>2,844,755</u>
Fair value of the plan assets	<u>(1,248,651)</u>	<u>(942,668)</u>
Net defined benefit liabilities	<u>\$ 1,112,644</u>	<u>1,902,087</u>

(Continued)

NAN YA PRINTED CIRCUIT BOARD CORPORATION
Notes to Financial Statements

1) Composition of the plan assets

The Labor Pension Fund Supervisory Committee (the “LPFSC”) manages the Company's pension fund which is being funded according to the Labor Standards Act. Under the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by the local banks.

As of the report date, the Company's pension fund with Bank of Taiwan amounted to \$1,248,651. Please refer to the related information published on the website of the Labor Pension Fund Supervisory Committee concerning the utilization of the labor pension fund, related yield rate, and its allocation.

2) Movements in the present value of the defined benefit obligations were as follows:

The movements in the present value of defined benefit obligations of the Company were as follows:

	For the years ended	
	December 31	
	2023	2022
Present value of defined benefit obligations as of January 1	\$ 2,844,755	3,053,708
Current service cost and interest	53,075	37,021
Remeasurement of net defined benefit obligations		
-Experience adjustments	(427,267)	(171,273)
Benefits paid	(109,268)	(74,701)
Present value of defined benefit obligations as of December 31	\$ 2,361,295	2,844,755

3) Movements in the fair value of the plan assets were as follows:

The movements in the fair value of the plan assets of the Company were as follows:

	For the years ended	
	December 31	
	2023	2022
Fair value of plan assets as of January 1	\$ 942,668	864,128
Interest income	11,880	4,420
Remeasurements of net defined benefit obligations		
-Return on plan assets for the period (excluding interest for the period)	10,759	66,687
Appropriations to the plan	383,178	75,649
Benefits paid by plan assets	(99,834)	(68,216)
Fair value of plan assets as of December 31	\$ 1,248,651	942,668

(Continued)

NAN YA PRINTED CIRCUIT BOARD CORPORATION
Notes to Financial Statements

4) Expense recognized as profit or loss

Expense of the Company recognized as profit or loss were as follows:

	For the years ended December 31	
	2023	2022
Current service cost	\$ 17,892	21,844
Net interest of defined benefit obligations	23,303	10,757
	\$ 41,195	32,601

	For the years ended December 31	
	2023	2022
Operating costs	\$ 34,460	27,894
Selling expenses	1,302	915
Administrative expenses	5,433	3,792
	\$ 41,195	32,601

5) Remeasurements of the net defined benefit obligations recognized as other comprehensive income

The Company's cumulated pretax remeasurements of the net defined benefit obligations recognized in other comprehensive income were as follows:

	For the years ended December 31	
	2023	2022
Balance as of January 1	\$ (602,818)	(840,778)
Recognized in the current period	438,026	237,960
Balance as of December 31	\$ (164,792)	(602,818)

6) Actuarial assumptions

The principal actuarial assumptions were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.25 %	1.25 %
Future salary increase rate	2.85 %	2.85 %

The Company is expected to make a contribution of \$67,383 to the defined benefit plans for the one-year period after the reporting date.

The weighted average duration of the defined benefit plan is 12.2 years.

(Continued)

NAN YA PRINTED CIRCUIT BOARD CORPORATION
Notes to Financial Statements

7) Sensitivity analysis

The effects on the present value of the defined benefit obligation arising from changes in principal actuarial assumptions were as follows:

	Effect on present value of defined benefit obligations	
	Decrease Amount	Increase Amount
December 31, 2023		
Discount rate (0.25% variation)	\$ 61,766	(59,538)
Future salaries (1% variation)	(223,248)	252,827
December 31, 2022		
Discount rate (0.25% variation)	88,154	(84,717)
Future salaries (1% variation)	(316,778)	363,158

The sensitivity analysis was conducted based on the assumption that only a single variable changed and all other variables remained constant. However, the assumptions may be correlated. The sensitivity analysis adopts the same methods used in determining the defined benefit liability on the balance sheet.

The same methods and assumptions are adopted in the two-year sensitivity analysis.

(ii) Defined contribution plan

The Company contributes an amount equal to 6% of the employees' monthly wages to the labor pension personal account of the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act, under which, the Company is not required to bear the regulated or putative obligation subsequent to the payment of fixed-rate contribution.

The Company's pension costs under the contribution pension plan amounted to \$237,225 and \$252,358 for the years ended December 31, 2023 and 2022, respectively.

(j) Income tax

(i) Income tax expense

The details of income tax expense for company were as follows:

	For the years ended December 31	
	2023	2022
Current income tax expense	\$ 871,088	3,641,240
Deferred income tax expense	490,199	1,135,688
Income tax expense	\$ 1,361,287	4,776,928

(Continued)

NAN YA PRINTED CIRCUIT BOARD CORPORATION
Notes to Financial Statements

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

	For the years ended December 31	
	2023	2022
Components of other comprehensive income that will not be reclassified to profit or loss:		
Remeasurements of defined benefit plans	\$ <u><u>(87,606)</u></u>	<u><u>(47,592)</u></u>
Components of other comprehensive income that will be reclassified to profit or loss:		
Exchange differences on translation of foreign financial statements	\$ <u><u>78,029</u></u>	<u><u>(28,876)</u></u>

Reconciliation of income tax and profit before tax for company were as follow:

	For the years ended December 31	
	2023	2022
Profit before tax	\$ <u><u>7,177,876</u></u>	<u><u>24,192,512</u></u>
Income tax expense calculated based on profit before tax	\$ 1,435,575	4,838,502
Effect of profit of associates accounted for using equity method	(3,214)	(12,304)
Other adjustments required by the tax law	3,255	14,743
Investment tax credits	(80,392)	(64,013)
Under provision in prior periods	<u>6,063</u>	<u>-</u>
Income tax expense	\$ <u><u>1,361,287</u></u>	<u><u>4,776,928</u></u>

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

As of December 31, 2023 and 2022, the Company's unrecognized deferred tax assets both amounted to \$0.

(Continued)

NAN YA PRINTED CIRCUIT BOARD CORPORATION
Notes to Financial Statements

2) Recognized deferred tax liabilities and assets

Movements in recognized deferred tax assets and liabilities for the years ended December 31, 2023 and 2022 were as follows:

Deferred tax assets:

	Defined benefit plan	Exchange differences on translation of foreign financial statements	Others	Total
Balance on January 1, 2023	\$ 373,784	186,136	151,213	711,133
Recognized in profit or loss	(70,283)	-	15,866	(54,417)
Recognized in other comprehensive income	(87,606)	78,029	-	(9,577)
Balance on December 31, 2023	<u>\$ 215,895</u>	<u>264,165</u>	<u>167,079</u>	<u>647,139</u>
Balance on January 1, 2022	\$ 431,283	215,012	142,547	788,842
Recognized in profit or loss	(9,907)	-	8,666	(1,241)
Recognized in other comprehensive income	(47,592)	(28,876)	-	(76,468)
Balance on December 31, 2022	<u>\$ 373,784</u>	<u>186,136</u>	<u>151,213</u>	<u>711,133</u>

Deferred tax liabilities:

	Foreign investment income	Others	Total
Balance on January 1, 2023	\$ 2,565,567	440,156	3,005,723
Recognized in profit or loss	418,553	17,229	435,782
Balance on December 31, 2023	<u>\$ 2,984,120</u>	<u>457,385</u>	<u>3,441,505</u>
Balance on January 1, 2022	\$ 1,443,994	427,282	1,871,276
Recognized in profit or loss	1,121,573	12,874	1,134,447
Balance on December 31, 2022	<u>\$ 2,565,567</u>	<u>440,156</u>	<u>3,005,723</u>

(iii) The Company's tax returns for the year through 2021 were assessed by the ROC tax authority.

(k) Capital and other equity interest

(i) Ordinary share

As of December 31, 2023 and 2022, the Company's total authorized capital both amounted to \$7,000,000, of which \$84,110 were reserved for stock options. As of December 31, 2023 and 2022, the total authorized common stocks were both 700,000 thousand shares, and the total issued common stocks both amounted to 646,166 thousand shares, with \$10 par value per share. All issued shares were paid up upon issuance.

(Continued)

NAN YA PRINTED CIRCUIT BOARD CORPORATION
Notes to Financial Statements

(ii) Capital surplus

The components of capital surplus were as follows:

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Paid-in capital in excess of par value	\$ 17,874,841	17,874,841
Employee stock options	250,434	250,434
Others	<u>340</u>	<u>333</u>
	<u>\$ 18,125,615</u>	<u>18,125,608</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus should not exceed 10% of the total common stock outstanding.

(iii) 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 the board of directors prepares a shareholder dividend distribution plan, in which the cash dividend distribution plan authorizes the board of directors to distribute with more than two-thirds of the directors present and a resolution of more than half of the directors present, and report to the shareholders' meeting; the stock dividend distribution plan is submitted to the shareholders' meeting for resolution on distribution.

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) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(Continued)

NAN YA PRINTED CIRCUIT BOARD CORPORATION
Notes to Financial Statements

2) Special reserve

According to Ruling by FSC, when the Company distributes its earnings, it should set aside from the earnings of the current period and the accumulated unappropriated earnings a special reserve which is equivalent to the amount of the net reductions of other equity interest in the current period. If the distributed earnings were appropriated from the accumulated unappropriated earnings of prior periods, a special reserve which is equivalent to the amount of the distribution should be appropriated. If subsequently there is a reversal of the reductions in other equity interest, earnings can be distributed from the reversal. Except for the above appropriations required by the regulations, the special reserve also includes:

The special reserve includes the following:

- a) Special reserve recorded for special purposes.
- b) Investment income under the equity method.
- c) Net valuation gains from financial instrument transactions. Only when its accumulated amount decreases, the special reserve should be decreased at the same amount and is restricted to the recognized amount in this item.

(iv) Earnings distribution

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

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

The amount of cash dividends on the 2023 earnings distribution had been approved and proposed, respectively during the board meeting on February 29, 2024, as follows:

	<u>2023</u>	
	<u>Dividends per share (NTD)</u>	<u>Amount</u>
Dividends distributed to ordinary shareholders:		
Cash	\$ 5.50	<u>3,553,910</u>

(Continued)

NAN YA PRINTED CIRCUIT BOARD CORPORATION
Notes to Financial Statements

(v) 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	(312,115)	-	(312,115)
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	-	(39,323)	(39,323)
Unrealized gains (losses) from financial assets measured at fair value through associates accounted for using the equity method	-	511	511
Balances as of December 31, 2023	<u>\$ (1,056,659)</u>	<u>(55,915)</u>	<u>(1,112,574)</u>
Balances as of January 1, 2022	\$ (860,048)	(1,197)	(861,245)
Exchange differences on translation of foreign operations	115,504	-	115,504
Unrealized gains (losses) from financial assets measured at fair value through associates accounted for using the equity method	-	(15,906)	(15,906)
Balances as of December 31, 2022	<u>\$ (744,544)</u>	<u>(17,103)</u>	<u>(761,647)</u>

(l) Earnings per share

Calculation of earnings per share for company were as follows:

(i) Basic earnings per share

1) Net profit attributable to equity shareholders of the Company

	For the years ended December 31	
	2023	2022
Net profit attributable to equity shareholders of the Company	<u>\$ 5,816,589</u>	<u>19,415,584</u>

2) Weighted average number of ordinary shares outstanding

	For the years ended December 31	
	2023	2022
Weighted average number of ordinary shares outstanding (in thousands of shares)	<u>\$ 646,166</u>	<u>646,166</u>

(Continued)

NAN YA PRINTED CIRCUIT BOARD CORPORATION
Notes to Financial Statements

(ii) Diluted earnings per share

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

	For the years ended	
	December 31	
	2023	2022
Net profit attributable to equity shareholders of the Company (diluted)	\$ 5,816,589	19,415,584

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

	For the years ended	
	December 31	
	2023	2022
Weighted average number of ordinary shares outstanding (basic) (in thousands of shares)	646,166	646,166
Effects of dilutive potential ordinary shares		
Effects of employee stock compensation (in thousands of shares)	87	221
Weighted average number of ordinary shares outstanding (diluted) (in thousands of shares)	646,253	646,387

(m) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the years ended	
	December 31	
	2023	2022
Primary geographical markets:		
Taiwan	\$ 12,072,225	25,217,346
USA	2,581,260	913,324
Mainland China	6,903,432	12,812,790
Korea	2,437,298	3,754,621
Other countries	5,486,218	5,647,260
	\$ 29,480,433	48,345,341
Major products:		
Printed circuit board	\$ 29,449,004	48,283,429
Others	31,429	61,912
	\$ 29,480,433	48,345,341

(Continued)

NAN YA PRINTED CIRCUIT BOARD CORPORATION
Notes to Financial Statements

(ii) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable	\$ -	370	-
Accounts receivable— non-related parties	4,816,653	11,464,561	8,721,499
Accounts receivable— related parties	11,430	75,345	25,841
Less: Loss allowance	<u>(23,004)</u>	<u>(47,954)</u>	<u>(47,954)</u>
	<u>\$ 4,805,079</u>	<u>11,492,322</u>	<u>8,699,386</u>
	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities — unearned sales revenue	<u>\$ 9,225,425</u>	<u>8,717,214</u>	<u>711,975</u>
Current	\$ 1,991,749	1,082,286	-
Non-current	<u>7,233,676</u>	<u>7,634,928</u>	<u>711,975</u>
	<u>\$ 9,225,425</u>	<u>8,717,214</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.

The amount of revenue recognized for the years ended December 31, 2023 and 2022 that was included in the contract liability balance at the beginning of the period were \$1,205,963 and \$0 , 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 be reserved in advance with covering the accumulated deficit. The remunerations to employees amounted to \$14,385 and \$48,482 for the years ended December 31, 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.

The remunerations to employees approved by the Board of Directors were same as the financial report for the years ended December 31, 2023 and 2022.

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NAN YA PRINTED CIRCUIT BOARD CORPORATION
Notes to Financial Statements

(o) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the years ended December 31	
	2023	2022
Interest income from bank deposits	\$ 194,336	62,222
Other interest income	25,687	16,874
	\$ 220,023	79,096

(ii) Other income

The details of other income were as follows:

	For the years ended December 31	
	2023	2022
Lease revenue	\$ 54,274	50,188
Premium revenue	75,722	90,347
Dividend revenue	12,583	-
Others	92,856	90,787
	\$ 235,435	231,322

(iii) Other gains and losses

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

	For the years ended December 31	
	2023	2022
Net foreign exchange gains	\$ 82,190	1,263,080
Losses on disposal of property, plant and equipment	(2,091)	(2,861)
Reversal of impairment gains (losses) on property, plant and equipment	14,033	(16,425)
Others	(8,993)	(31,358)
	\$ 85,139	1,212,436

(Continued)

NAN YA PRINTED CIRCUIT BOARD CORPORATION
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(iv) Finance costs

The details of finance costs were as follows:

	For the years ended December 31	
	2023	2022
Interest expense	\$ (19,371)	(14,277)

(p) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets after deducting the warranty amount represents the maximum amount exposed to credit risk. As of December 31, 2023 and 2022, the Company's maximum exposure to credit risk were \$3,121,368 and \$9,389,273, respectively.

2) Concentration of credit risk

Since most of the Company's clients are renowned international companies with good credit which scatter in different industries and geographic areas, the Company does not make concentrated transactions with any specific client. Therefore, there is no concentration of credit risk for accounts receivable. In order to reduce its credit risk, the Company assesses the financial condition of clients consistently and periodically.

3) Credit risk of receivables

Please refer to note 6(b) for the exposure of credit risk of notes and accounts receivables.

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

Other receivables and time deposits are considered to have low credit risk as the Company only deals with external parties with good credit ratings and with financial institutions with credit ratings qualified for investing and above.

As of December 31, 2023 and 2022, no allowance for impairment was recognized as there were no indications of impaired credit risk for the 12 month ECL or lifetime ECL for other financial assets measured at amortized cost.

(Continued)

NAN YA PRINTED CIRCUIT BOARD CORPORATION
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(ii) 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
December 31, 2023							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 2,180,671	2,180,671	2,180,671	-	-	-	-
Other payables	2,322,369	2,322,369	2,322,369	-	-	-	-
Lease liabilities (including current portion)	1,693,381	1,756,898	137,007	134,531	264,109	635,624	585,627
	<u>\$ 6,196,421</u>	<u>6,259,938</u>	<u>4,640,047</u>	<u>134,531</u>	<u>264,109</u>	<u>635,624</u>	<u>585,627</u>
December 31, 2022							
Non-derivative financial liabilities							
Accounts payable (including related parties)	\$ 3,141,929	3,141,929	3,141,929	-	-	-	-
Other payables	3,074,317	3,074,317	3,074,317	-	-	-	-
Lease liabilities (including current portion)	1,914,389	1,995,477	132,476	132,476	262,477	689,599	778,449
	<u>\$ 8,130,635</u>	<u>8,211,723</u>	<u>6,348,722</u>	<u>132,476</u>	<u>262,477</u>	<u>689,599</u>	<u>778,449</u>

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

(iii) Currency risk

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk were as follows:

	December 31, 2023		
	Foreign currency	Exchange rate	New Taiwan Dollars
Financial assets			
<u>Monetary items</u>			
USD	\$	213,998	6,577,225
EUR		10	340
JPY		52,588	11,422
CNY		44	190
Financial liabilities			
<u>Monetary items</u>			
USD		20,624	633,885
EUR		36	1,223
JPY		1,433,754	311,411
CNY		11	48

(Continued)

NAN YA PRINTED CIRCUIT BOARD CORPORATION
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	December 31, 2022		
	Foreign currency	Exchange rate	New Taiwan Dollars
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 417,098	30.7080	12,808,237
EUR	34	32.7026	1,113
JPY	84,668	0.2306	19,525
CNY	25	4.4091	108
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	38,399	30.7080	1,179,156
EUR	543	32.7026	17,771
JPY	1,497,124	0.2306	345,237

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the foreign currency exchange fluctuations on cash and cash equivalents, accounts receivable, other receivables, 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 December 31, 2023 and 2022 would have increased or decreased the net income before tax by \$56,426 and \$112,868 for the years ended December 31, 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 Company disclosed its aggregated foreign exchange gains (losses); the Company's foreign exchange gains and losses, including realized and unrealized, for the years ended December 31, 2023 and 2022 were the net exchange gains of \$82,190 and \$1,263,080, respectively.

(iv) Interest rate analysis

The Company'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.

(Continued)

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If the interest rates increase or decrease by 1%, (with all the other factors remain constant) for the years ended December 31, 2023 and 2022, no significant impact on the Company's profit would occur.

(v) Fair value of information

1) Fair value of financial instruments

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

	December 31, 2023				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	\$ 237,283	237,283	-	-	237,283
Financial assets measured by amortized cost					
Cash and cash equivalents	7,327,220	-	-	-	-
Accounts receivable, net (including related parties)	4,805,079	-	-	-	-
Other receivables (including related parties)	41,417	-	-	-	-
Other financial assets (recognized as other current assests)	100,000	-	-	-	-
Total	\$ 12,510,999	237,283	-	-	237,283
Financial liabilities measured by amortized cost					
Accounts payable (including related parties)	\$ 2,180,671	-	-	-	-
Other payables	2,322,369	-	-	-	-
Lease liabilities (including current portion)	1,693,381	-	-	-	-
Total	\$ 6,196,421	-	-	-	-

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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	\$ 16,982,031	-	-	-	-
Notes and accounts receivable, net (including related parties)	11,492,322	-	-	-	-
Other receivables (including related parties)	<u>55,624</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 28,529,977</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured by amortized cost					
Accounts payable (including related parties)	\$ 3,141,929	-	-	-	-
Other payables	3,074,317	-	-	-	-
Lease liabilities (including current portion)	<u>1,914,389</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,130,635</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(q) Financial risk management

(i) Nature and extent

The Company has exposures to the following risks from holding certain financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

This note expresses the information of risk exposure, the goals, policies and procedures for the Company to measure and manage risks. Please refer to each note in financial statements for further quantitative disclosures.

(ii) Framework of risk management

The risk management policies are established according to the regulations of the authorities and the policy of the corporation. The Company understands that risk management is crucial to the business operation when facing the ever-changing market conditions. The Company, through strict internal control and complete risk management system, aims to effectively control the credit, liquidity, and market risk when operating. By doing so, the Company hopes to achieve its goal of sustainable operation.

The internal audit section of the Company reviews the effectiveness and appropriateness of each risk hedge transaction on a nonscheduled basis and reports the results to the Board of Directors.

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NAN YA PRINTED CIRCUIT BOARD CORPORATION
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(iii) Credit risk

Credit risk is the risk that resulted from receivables generated from operating activities and financial investments (including bank deposits, investments with fixed return, and other financial instruments).

1) Accounts receivable

To insure the collection of accounts receivable, the Company established risk management relating to operations, including operation goal management, credit authorization management, and accounts receivable management, constantly paying attention to the operating condition and dynamics of the client in order to take necessary measures and to prevent impairment of accounts receivable.

Most of the counterparties of the Company's accounts receivable are renowned international companies with good reputation, scattering across different industrial and geographic regions.

2) Financial investments

The credit risk of bank deposits, fixed return investments and other financial instruments conforms to the financial framework of the Company. To prevent default from counterparties due to credit abnormalities, the Company trades mostly with companies with long-term credit rating, larger scale and higher liquidity. Also, the Company explicitly states different credit levels and ranges for counterparties according to the risk and period of financial instruments.

(iv) Liquidity risk

The goal of liquidity risk management of the Company is to ensure enough cash and cash equivalents, highly liquid securities, and sufficient bank financing credit to ensure sufficient financial flexibility.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Exchange rate risk

The Company's exposure to currency risk is on sales and purchases that are denominated in a currency other than the respective functional currencies of the Company, primarily the New Taiwan Dollars (NTD). The currencies used in these transactions are denominated in NTD, USD, JPY, EUR and CNY.

(Continued)

NAN YA PRINTED CIRCUIT BOARD CORPORATION
Notes to Financial Statements

Deficit of foreign currency funds for daily operations are offset by spot exchange or forward exchange agreements bought in during an advantageous situation. For foreign currency long-term debt, in order to minimize the impact of exchange rate changes on the Company's profit, the Company signs long period forward exchange agreements or cross currency swaps with several renowned international banks at times when exchange rates are favorable.

2) Interest rate risk

The Company has no short-term or long-term loans. Therefore, the fluctuation of interest rate in the market do not have significant impact on the Company's cash flows.

(r) Capital management

The capital management of the Company focuses on ensuring necessary financial resources and operation plans support the Company's operating funds, capital expenditure, research and development expense, and dividend payments in the following 12 months.

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

The Company's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2023 and 2022 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:

	<u>January 1, 2023</u>	<u>Cash flows</u>	<u>Non-cash changes Acquisition</u>	<u>December 31, 2023</u>
Lease liabilities (including current portion)	\$ <u>1,914,389</u>	<u>(254,960)</u>	<u>33,952</u>	<u>1,693,381</u>
	<u>January 1, 2022</u>	<u>Cash flows</u>	<u>Non-cash changes Acquisition</u>	<u>December 31, 2022</u>
Lease liabilities (including current portion)	\$ <u>374,277</u>	<u>(221,939)</u>	<u>1,762,051</u>	<u>1,914,389</u>

(Continued)

NAN YA PRINTED CIRCUIT BOARD CORPORATION
Notes to 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 Company. 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 following are entities that have had transactions with the Company during the periods covered in the financial statements.

<u>Name of related party</u>	<u>Relationship with the Company</u>
Nan Ya Plastics Corporation (NYPC)	The parent company
Nan Ya PCB (Hong Kong) Corp. (NPHK)	The Company's subsidiary
Nan Ya PCB (USA) Corp. (NPUC)	The Company's subsidiary
Nan Ya PCB (Kunshan) Corp. (NPKC)	The Company's subsidiary
Formosa Advanced Technologies Co., Ltd. (FATC)	The Company's associates
Formosa Plastics Corporation (FPC)	The Company's parent company is the company's board of director
Formosa Biomedical Technology Corp.	The Company's parent company is a board of director of the company
Nanya Technology Corporation	The same chairman
Wellink Technology Co., Ltd.(WTC)	The same chairman

(c) Significant related-party transactions

(i) Operating revenues

Significant sales to related parties were as follows:

	For the years ended December 31	
	2023	2022
Subsidiaries – NPKC	\$ 14,232	41,153
Associates	175,676	520,396
Other related parties	781	1,421
	\$ 190,689	562,970

The selling prices and collection terms for the sales to related parties above are not significantly different from those third-party customers, and the normal credit term with the related parties above is 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.

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Notes to Financial Statements

Downstream realized (unrealized) sales profits arising from sales to subsidiary, NPKC, were as follows:

	For the years ended December 31	
	2023	2022
Downstream unrealized sales profits	\$ (745)	(2,669)
Downstream realized sales profits	2,669	2,825
	\$ 1,924	156

As of December 31, 2023 and 2022, the balances of unrealized profits from inter-company sales transactions were \$745 and \$2,669, respectively, which were recognized as a deduction of investments accounted for using equity method.

(ii) Receivables from related parties

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

Account	Relationship	December 31, 2023	December 31, 2022
Accounts receivable due from related parties	Subsidiaries – NPKC	\$ 647	6,673
Accounts receivable due from related parties	Associates	10,705	68,485
Accounts receivable due from related parties	Other related parties	78	187
		\$ 11,430	75,345

(iii) Purchases from related parties

Significant purchases from related parties were as follows:

	For the years ended December 31	
	2023	2022
The parent company	\$ 1,798,481	1,944,681
Subsidiaries – NPKC	3,985,733	7,081,792
Other related parties	324,451	224,968
	\$ 6,108,665	9,251,441

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 90 days, and on the day following the day of approving payment, respectively.

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Notes to Financial Statements

(iv) Payables to related parties

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

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable to related parties	The parent company	\$ 127,590	209,647
Accounts payable to related parties	Subsidiaries – NPKC	317,600	374,161
Accounts payable to related parties	Other related parties	<u>130,395</u>	<u>15,980</u>
		<u>\$ 575,585</u>	<u>599,788</u>

(v) Property transactions

- 1) For the year ended December 31, 2022, the Company sold equipment to NPKC at \$20,942, which had been fully received during the period.
- 2) For the year ended December 31, 2023, the Company purchased machinery and equipment from its subsidiary, NPKC, with the acquisition price of \$15,218, which had been fully paid during the period.
- 3) For the year ended December 31, 2022, the Company purchased fixed assets, amounting to \$147, from its subsidiary, NPKC, with the unpaid payable of \$146, accounted for as other payable during the period.
- 4) Downstream realized (unrealized) gain on disposal resulting from the sale of equipment to its subsidiary, NPKC, were as follows:

	For the years ended December 31	
	<u>2023</u>	<u>2022</u>
Unrealized downstream gain on disposal of property, plant and equipment	\$ -	(14,368)
Realized downstream gain on disposal of property, plant and equipment	<u>12,987</u>	<u>12,773</u>
	<u>\$ 12,987</u>	<u>(1,595)</u>

As of December 31, 2023 and 2022, unrealized gain on disposal of property, plant and equipment, amounted to \$49,673 and \$62,660, respectively, and was recognized as a deduction of the investments accounted for as using equity method.

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Notes to Financial Statements

5) Acquisition of financial assets

<u>Relationship</u>	<u>Account</u>	<u>Item of transaction</u>	<u>2022</u>	
			<u>Number of shares (in thousands)</u>	<u>Acquisition</u>
Subsidiary-NPHK	Investments accounted for using equity method	Shares of stock of Nan Ya PCB (Hong Kong) Corp.	<u>553,800</u>	<u>\$ 2,118,214</u>

(vi) Lease of property, plant and equipment

- 1) The lease revenue of the Company from leasing its property, plant and equipment to its related parties were as follows:

	<u>Other income</u>	
	<u>For the years ended</u>	
	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
The parent company	<u>\$ 12,436</u>	<u>12,177</u>

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 December 31, 2023 and 2022 there was no unreceived balance .

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

The Company 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 years ended December 31, 2023 and 2022, the above rentals amounting to \$33,134 and \$29,149, respectively, were recognized as expenses. For the years ended December 31, 2023 and 2022, the amount of \$18,290 and \$13,927 was recognized as interest expense. As of December 31, 2023 and 2022, the balance of lease liabilities amounting to \$1,681,577 and \$1,897,181.

For the years ended December 31, 2023 and 2022, the Company recognized the additional amount of \$0 and \$1,499,470 of right-of-use assets.

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(vii) Others

The Company appointed NPUC to collect business information, do credit investigation and introduce clients on its behalf; the commission paid to NPUC for the years ended December 31, 2023 and 2022 are \$29,707 and \$26,195, respectively, and all of payable had been paid as of December 31, 2023 and 2022.

For the years ended December 31, 2023 and 2022, the Company transferred the license for substrate production to its subsidiary NPKC., and was recognized, at a consideration amount of \$75,722 and \$90,347, with the remaining balance of \$20,515 and \$45,561, 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 years ended December 31	
	2023	2022
Short-term employee benefits	\$ 34,756	36,777

(8) Pledged assets: None

(9) Significant Commitments and contingencies

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

	December 31, 2023	December 31, 2022
Outstanding letters of credit for the importation of raw materials	\$ 291,446	1,319,143

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

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

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

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(12) Other

A summary of current-period employee benefits, depreciation, and amortization by function, were as follows:

	For the year ended December 31, 2023			For the year ended December 31, 2022		
	operating costs	operating expenses	Total	operating costs	operating expenses	Total
Employee benefits						
Salaries	5,043,339	638,841	5,682,180	6,783,320	804,318	7,587,638
Labor and health insurance	520,098	47,686	567,784	528,209	47,564	575,773
Pension expenses	251,679	26,741	278,420	260,524	24,435	284,959
Remuneration of directors	-	6,295	6,295	-	6,360	6,360
Other personnel expenses	145,326	13,734	159,060	141,868	13,845	155,713
Depreciation expenses	3,557,938	20,477	3,578,415	2,419,431	15,983	2,435,414

The additional information of the number of employees and the employee benefits were as follows :

	For the years ended December 31	
	2023	2022
Number of employees	<u>6,692</u>	<u>6,511</u>
Number of directors who were not employees	<u>6</u>	<u>7</u>
The average employee benefit	<u>\$ 1,000</u>	<u>1,323</u>
The average salaries and wages	<u>\$ 850</u>	<u>1,167</u>
Percentage of average employee salary adjustment	<u>(27.16)%</u>	<u>(2.42)%</u>
Remuneration of supervisor	<u>\$ -</u>	<u>-</u>

The Company's remuneration policy for its employees (including directors, supervisors, managers and employees) were as follows:

The Company's remuneration policy for its employees (including directors, supervisors, managers and employees) is based on the consideration of the equity of the shareholders and employees. The Company set up salary and remuneration committees to regularly review its directors and managers' performance evaluation and formulate remuneration policies, systems, standards and structures. Furthermore, the Company attracts and retains talented people by providing its employees with a competitive overall salary.

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(13) Other disclosures**(a) Information on significant transactions**

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company:

(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	-	11,976,979	23,953,958
															(Note 2)	(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 December 31, 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	237,283	0.05 %	237,283	-

(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	NYPC	Parent company	Purchase	1,798,481	18.45 %	O/A 30 days	-	-	(127,590)	(5.85)%	-
The Company	NPKC	Subsidiary of the Company	Purchase	3,985,733	40.88 %	O/A 30 days	-	-	(317,600)	(14.56)%	-
The Company	FATC	Associates	(sale)	(175,676)	(0.60)%	O/A 70 days	-	-	10,705	0.22%	-
The Company	NTC	Same chairman	Purchase	189,137	1.94 %	O/A 30 days	-	-	(124,000)	(5.69)%	-
NPKC	The Company	Parent company	(sale)	(3,985,733)	(23.76)%	O/A 30 days	-	-	317,600	13.17%	-
NPKC	FATC	Associates	(sale)	(373,924)	(2.23)%	O/A 70 days	-	-	36,931	1.53%	-
NPKC	NEMK	Same chairman	Purchase	714,255	9.71 %	O/A 60 days	-	-	(47,725)	(3.98)%	-
NPKC	WTC	Same chairman	Purchase	120,516	1.64 %	O/A 60 days	-	-	(20,682)	(1.72)%	-

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NAN YA PRINTED CIRCUIT BOARD CORPORATION
Notes to 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	Parent company	317,600	11.52	-		317,600	-

(ix) Trading in derivative instruments: None

(b) Information on investees

The following is the information on investees for the year ended December 31, 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 December 31, 2023			Net income (losses) of investee	Share of profits/(losses) of investee	Note
				December 31, 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 %	23,838,862	2,091,411	2,091,411	
The Company	NPUC	USA	Customer sales promotion	3,479	3,479	1,000	100.00 %	19,640	1,356	1,356	
The Company	FATC	TW	Assembling testing and producing modules for IC	472,968	472,968	13,267	3.00 %	486,857	530,215	16,072	Note

Note: Investee company accounted for using equity method.

(c) Information on investment in mainland China

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

(in thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 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	2,091,001	100.00%	2,091,001 (Note 2)	23,824,524	-

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 audited by the CPA of the Taiwanese parent company.

(ii) Limitation on investment in Mainland China:

(in thousands of New Taiwan Dollars)

Accumulated Investment in Mainland China as of December 31, 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 year ended December 31, 2023.

(Continued)

NAN YA PRINTED CIRCUIT BOARD CORPORATION
Notes to Financial Statements

(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.

(14) Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2023.

NAN YA PRINTED CIRCUIT BOARD CORPORATION

Statement of cash and cash equivalents

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash in banks	Checking account	\$ 4,262
	Demand deposits	65,099
	Foreign currency demand deposits (Note 1) (Note 2)	781,733
Time deposits	Time deposits (Note 1) (Note 3)	2,389,079
Cash equivalents	Repurchase bonds (Note 4)	534,320
	Commercial paper (Note 5)	<u>3,552,727</u>
Total		<u><u>\$ 7,327,220</u></u>

Note 1:

<u>Exchange rate</u>	
USD	30.735
JPY	0.2172
EUR	33.9755
CNY	4.3394

Note 2:

<u>Amount</u>	
USD	25,046
JPY	52,588
EUR	10
CNY	44

Note 3:

	<u>Amount</u>	<u>Maturity</u>	<u>Interest rate</u>
USD	45,195	2024.1.11~2024.2.29	1.2%~5.9%
NTD	1,000,000		

Note 4:

	<u>Maturity</u>	<u>Interest rate</u>
2024.1.3~2024.1.9		0.98%~1.12%

Note 5:

	<u>Maturity</u>	<u>Interest rate</u>
2024.1.2~2024.1.17		1.0%~1.2%

NAN YA PRINTED CIRCUIT BOARD CORPORATION

Statement of notes and accounts receivable

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Name Of Client</u>	<u>Description</u>	<u>Amount</u>
Accounts receivable	Client A	Operation	\$ 1,113,082
	Client B	Operation	866,003
	Client C	Operation	677,294
	Client D	Operation	382,417
	Client E	Operation	350,196
	Others (Less than 5% of the total amount)	Operation	<u>1,427,661</u>
	Subtotal of notes and accounts receivable		4,816,653
Loss allowance			<u>(23,004)</u>
			\$ <u>4,793,649</u>
Receivables due from related parties	Nan Ya PCB (Kunshan) Corporation	Operation	\$ 647
	Formosa Advanced Technologies Co., Ltd.	Operation	10,705
	Wellink Technology Co., Ltd.	Operation	<u>78</u>
			\$ <u>11,430</u>

NAN YA PRINTED CIRCUIT BOARD CORPORATION

Statement of inventories

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net realizable value
Raw materials	\$ 234,650	234,006
Supplies	177,327	176,358
Work in process	1,147,129	1,146,944
Finished goods	466,292	466,211
Subtotal	2,025,398	2,023,519
Less: allowance for inventory obsolescence and devaluation	(1,879)	
Inventories, net	\$ 2,023,519	

For details on property, plant and equipment, please refer to note 6(f).

NAN YA PRINTED CIRCUIT BOARD CORPORATION
Statement of changes in investments accounted for using equity method
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

	<u>Balance as of January 1, 2023</u>		<u>Increase</u>		<u>Decrease</u>		<u>Investment Income (loss) on Equity-method</u>	<u>Translation Adjustment on Equity-method</u>	<u>Others (Note)</u>	<u>Balance as of December 31, 2023</u>			<u>Market Value or net carrying amount</u>		
	<u>Shares (in thousands)</u>	<u>Amount</u>	<u>Shares (in thousands)</u>	<u>Amount</u>	<u>Shares (in thousands)</u>	<u>Amount</u>				<u>Shares (in thousands)</u>	<u>Owned%</u>	<u>Amount</u>	<u>Price</u>	<u>Total</u>	<u>Collateral</u>
Accounted for using the equity method:															
NPHK	2,152,020	\$ 22,188,010	-	-	-	-	2,091,411	(390,141)	-	2,152,020	100.00 %	23,889,280	11	23,838,862	None
NPUC	1,000	18,287	-	-	-	-	1,356	(3)	-	1,000	100.00 %	19,640	20	19,640	None
FATC	13,267	513,814	-	-	-	-	16,072	-	(43,029)	13,267	3.00 %	486,857	37	486,857	None
Add: Unrealized gain (loss)															
NPHK		(65,329)		-		-	-	-	14,911			(50,418)	-	-	
		<u>\$ 22,654,782</u>		<u>-</u>		<u>-</u>	<u>2,108,839</u>	<u>(390,144)</u>	<u>(28,118)</u>			<u>24,345,359</u>		<u>24,345,359</u>	

Note: Others include dividends received, other comprehensive income on equity-method, and other changes in capital surplus.

NAN YA PRINTED CIRCUIT BOARD CORPORATION

Statement of accounts payable

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Accounts payable	Vendor A	\$ 159,500
	Vendor B	127,825
	Vendor C	114,356
	Others (less than 5% of the total amount)	<u>1,203,405</u>
Total		<u><u>\$ 1,605,086</u></u>
Accounts payable to related parties	Nan Ya PCB (Kunshan) Corporation	\$ 317,600
	Nan Ya Plastics Corp.	127,590
	Nanya Technology Corporations	124,000
	Formosa Plastics Corporation	5,365
	Formosa Biomedical Technology Corp	989
	Wellink Technology Co.,Ltd.	<u>41</u>
Total		<u><u>\$ 575,585</u></u>

NAN YA PRINTED CIRCUIT BOARD CORPORATION**Statement of other payables****December 31, 2023****(Expressed in thousands of New Taiwan Dollars)**

Item	Description	Amount
Other payables	Salaries	\$ 1,880,680
	Others (Less than 5% of the total amount)	<u>441,689</u>
Total		<u><u>\$ 2,322,369</u></u>

NAN YA PRINTED CIRCUIT BOARD CORPORATION

Statement of operating revenue

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Unit</u>	<u>Quantity</u>	<u>Amount</u>
Printed circuit board	KSF	5,804	\$ 29,449,004
Others		-	<u>31,429</u>
Total			<u><u>\$ 29,480,433</u></u>

NAN YA PRINTED CIRCUIT BOARD CORPORATION

Statement of operating costs

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Beginning balance of raw materials	\$ 420,449
Purchases	5,018,225
Ending balance of raw materials	(234,650)
Add: Samples provided by manufacturers	30,697
Less: Reclassified to manufacturing overhead	100,324
Reclassified to selling and administrative expenses	7,558
Sale of raw materials	1,237
Cost of raw materials consumed	5,125,602
Beginning balance of supplies	195,282
Purchases	1,361,974
Ending balance of supplies	(177,327)
Add: Samples provided by manufacturers	39,828
Less: Reclassified to manufacturing overhead	1,391,185
Reclassified to selling expenses	865
Reclassified to administrative expenses	15,518
Sale of supplies	12,189
Cost of supplies consumed	-
Direct labor	4,926,765
Manufacturing overhead	8,749,134
Reclassified to unamortized manufacturing overhead	(4,196,912)
Manufacturing costs	14,604,589
Beginning balance of work in process	2,240,418
Ending balance of work in process	(1,147,129)
Add: Finished goods transferred in	565,818
Cost of finished goods	16,263,696
Beginning balance of finished goods	699,730
Add: Purchases of finished goods	3,369,587
Less: Reclassified to selling expenses	320
Reclassified to work in process	565,818
Ending balance of finished goods	(466,292)
Cost of finished goods for the period	19,300,583
Unamortized manufacturing overhead	4,196,912
Reversal of inventory devaluation	(18)
Sale of raw materials and supplies	13,426
Operating costs	\$ 23,510,903

NAN YA PRINTED CIRCUIT BOARD CORPORATION**Statement of Manufacturing Overhead****For the year ended December 31, 2023****(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Amount</u>
Indirect labor	\$ 854,598
Depreciation	3,557,938
Supplies expenses	730,098
Utilities expenses	2,263,890
Maintenance expenses	608,231
Others (Less than 5% of the total amount)	<u>734,379</u>
Total	<u>\$ 8,749,134</u>

NAN YA PRINTED CIRCUIT BOARD CORPORATION**Statement of selling expenses****For the year ended December 31, 2023****(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Amount</u>
Commissions on export sales	\$ 107,605
Salary and food expenses	125,668
Employee benefits	22,027
Freight expenses on export sales	15,992
Others (Less than 5% of the total amount)	<u>41,737</u>
Total	<u>\$ 313,029</u>

NAN YA PRINTED CIRCUIT BOARD CORPORATION**Statement of administrative expenses****For the year ended December 31, 2023****(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Amount</u>
Salary and food expenses	\$ 386,693
Research and development expense	229,505
Amortization	288,101
Others (Less than 5% of the total amount)	<u>231,265</u>
Total	<u>\$ 1,135,564</u>