

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

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2021 and 2020**

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

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安侯建業聯合會計師事務所

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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Nan Ya Printed Circuit Board Corporation and its subsidiaries as of September 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2021 and 2020, as well as the changes in equity and cash flows for the nine months ended September 30, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Nan Ya Printed Circuit Board Corporation and its subsidiaries as of September 30, 2021 and 2020, and of its consolidated financial performance for the three months and nine months ended September 30, 2021 and 2020, as well as its consolidated cash flows for the nine months ended September 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)
November 9, 2021

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards as of September 30, 2021 and 2020

NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2021, December 31 and September 30, 2020

(Expressed in Thousands of New Taiwan Dollars)

Assets		September 30, 2021		December 31, 2020		September 30, 2020		Liabilities and equity		September 30, 2021		December 31, 2020		September 30, 2020								
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%							
Current assets:								Current liabilities:														
1100	Cash and cash equivalents (note 6(a))	\$	10,986,375	21	5,573,154	13	2,817,790	7	2100	Current borrowings (note 6(h))	\$	278,662	1	293,630	1	-	-					
1170	Notes and accounts receivable, net (notes 6(b)(o))		10,370,364	20	9,112,792	20	9,549,265	23	2170	Accounts payable		3,453,960	7	3,454,646	8	2,997,942	7					
1180	Accounts receivable due from related parties (notes 6(b)(o) and 7)		67,801	-	46,891	-	95,490	-	2180	Accounts payable to related parties (note 7)		260,306	-	266,580	-	249,240	1					
1200	Other receivables (note 6(c))		194,174	-	181,429	-	226,598	1	2200	Other payables		2,659,239	5	2,067,376	5	1,665,167	4					
1210	Other receivables due from related parties (notes 6(c) and 7)		995	-	3,000,000	7	3,005,200	7	2220	Other payables to related parties (note 7)		930,645	2	1,565,960	4	1,440,866	3					
1310	Current inventories (note 6(d))		5,300,335	11	4,988,765	11	4,932,877	12	2230	Current tax liabilities		1,450,624	3	-	-	-	-					
1470	Other current assets		325,178	1	353,436	1	390,808	1	2280	Current lease liabilities, related parties (notes 6(j) and 7)		132,734	-	171,201	-	182,601	-					
Total current assets			27,245,222	53	23,256,467	52	21,018,028	51	2320	Long-term liabilities, current portion (note 6(i))		457,285	1	156,436	-	-	-					
Non-current assets:								Total current liabilities														
1550	Investments accounted for using equity method (note 6(e))		489,184	1	487,152	1	459,401	1	2300	Other current liabilities		244,803	-	277,208	-	229,075	1					
1600	Property, plant and equipment (note 6(f))		22,943,246	44	19,710,121	44	18,736,426	45	Total non-current liabilities								9,868,258	19	8,253,037	18	6,764,891	16
1755	Right-of-use assets (note 6(g))		190,438	-	281,544	1	326,551	1	Non-current liabilities:													
1840	Deferred tax assets		857,574	2	815,984	2	774,542	2	2527	Non-current contract liabilities (note 6(o))		711,975	1	-	-	-	-					
1900	Other non-current assets		13,722	-	4,969	-	3,866	-	2540	Non-current portion of non-current borrowings (note 6(i))		409,286	1	469,309	1	329,136	1					
Total non-current assets			24,494,164	47	21,299,770	48	20,300,786	49	2570	Deferred tax liabilities		1,641,026	3	1,313,232	3	1,247,780	3					
								2580	Non-current lease liabilities, related parties (notes 6(j) and 7)		29,656	-	80,090	-	114,099	-						
								2640	Net defined benefit liability, non-current		1,940,850	4	1,970,937	5	1,747,330	5						
								2645	Guarantee deposits received		113,194	-	106,943	-	97,969	-						
								Total non-current liabilities								4,845,987	9	3,940,511	9	3,536,314	9	
								Total liabilities								14,714,245	28	12,193,548	27	10,301,205	25	
								Equity (note 6(m)):														
								3100	Ordinary shares		6,461,655	13	6,461,655	15	6,461,655	16						
								3200	Capital surplus		18,125,600	35	18,125,555	41	18,125,555	44						
								3310	Legal reserve		4,859,640	10	4,512,049	10	4,512,049	11						
								3320	Special reserve		592,160	1	592,160	1	592,160	1						
								3350	Unappropriated retained earnings		7,958,454	15	3,475,906	8	2,342,542	5						
								3400	Other equity interest		(972,368)	(2)	(804,636)	(2)	(1,016,352)	(2)						
								Total equity								37,025,141	72	32,362,689	73	31,017,609	75	
Total assets		\$	51,739,386	100	44,556,237	100	41,318,814	100	Total liabilities and equity		\$	51,739,386	100	44,556,237	100	41,318,814	100					

See accompanying notes to consolidated financial statements.

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

NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and nine months ended September 30, 2021 and 2020

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

	For the three months ended September 30,				For the nine months ended September 30,			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue (notes 6(o) and 7)	\$ 14,113,689	100	10,505,765	100	37,454,455	100	27,526,607	100
5000 Operating costs (notes 6(d)(f)(g)(j)(k)(p) and 7)	<u>9,705,849</u>	<u>69</u>	<u>8,808,635</u>	<u>84</u>	<u>27,476,624</u>	<u>73</u>	<u>23,662,068</u>	<u>86</u>
Gross profit from operations	<u>4,407,840</u>	<u>31</u>	<u>1,697,130</u>	<u>16</u>	<u>9,977,831</u>	<u>27</u>	<u>3,864,539</u>	<u>14</u>
Operating expenses (notes 6(f)(g)(j)(k)(p) and 7):								
6100 Selling expenses	159,882	1	121,896	1	444,835	1	327,220	1
6200 Administrative expenses	<u>368,693</u>	<u>2</u>	<u>297,109</u>	<u>3</u>	<u>1,044,558</u>	<u>3</u>	<u>876,185</u>	<u>3</u>
6000 Total operating expenses	<u>528,575</u>	<u>3</u>	<u>419,005</u>	<u>4</u>	<u>1,489,393</u>	<u>4</u>	<u>1,203,405</u>	<u>4</u>
6900 Net operating income	<u>3,879,265</u>	<u>28</u>	<u>1,278,125</u>	<u>12</u>	<u>8,488,438</u>	<u>23</u>	<u>2,661,134</u>	<u>10</u>
Non-operating income and expenses (notes 6(e)(f)(j)(q) and 7):								
7010 Other income	136,608	1	60,436	1	374,362	1	149,795	1
7020 Other gains and losses	52,919	-	(192,846)	(2)	(99,294)	-	(213,420)	(1)
7050 Finance costs	(15,284)	-	(12,341)	-	(24,280)	-	(40,190)	-
7060 Share of profit of associates accounted for using equity method	12,270	-	10,545	-	33,917	-	32,298	-
7100 Interest income	<u>8,120</u>	<u>-</u>	<u>15,969</u>	<u>-</u>	<u>36,389</u>	<u>-</u>	<u>66,966</u>	<u>-</u>
Total non-operating income and expenses	<u>194,633</u>	<u>1</u>	<u>(118,237)</u>	<u>(1)</u>	<u>321,094</u>	<u>1</u>	<u>(4,551)</u>	<u>-</u>
Profit before tax	4,073,898	29	1,159,888	11	8,809,532	24	2,656,583	10
7950 Less: Tax expense (note 6(l))	<u>960,429</u>	<u>7</u>	<u>116,980</u>	<u>1</u>	<u>1,782,431</u>	<u>5</u>	<u>314,041</u>	<u>1</u>
Profit	<u>3,113,469</u>	<u>22</u>	<u>1,042,908</u>	<u>10</u>	<u>7,027,101</u>	<u>19</u>	<u>2,342,542</u>	<u>9</u>
8300 Other comprehensive income (notes 6(e)(l)(m)):								
8310 Components of other comprehensive income that will not be reclassified to profit or loss								
8320 Share of other comprehensive income of associates accounted for using equity method	(2,846)	-	(6,600)	-	(1,372)	-	(19,421)	-
8349 Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Components of other comprehensive income that will not be reclassified to profit or loss	<u>(2,846)</u>	<u>-</u>	<u>(6,600)</u>	<u>-</u>	<u>(1,372)</u>	<u>-</u>	<u>(19,421)</u>	<u>-</u>
8360 Components of other comprehensive income that will be reclassified to profit or loss								
8361 Exchange differences on translation	(54,987)	-	228,337	2	(207,950)	(1)	(97,380)	(1)
8399 Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>(10,998)</u>	<u>-</u>	<u>45,667</u>	<u>-</u>	<u>(41,590)</u>	<u>-</u>	<u>(19,476)</u>	<u>-</u>
Components of other comprehensive income that will be reclassified to profit or loss	<u>(43,989)</u>	<u>-</u>	<u>182,670</u>	<u>2</u>	<u>(166,360)</u>	<u>(1)</u>	<u>(77,904)</u>	<u>(1)</u>
8300 Other comprehensive income, net	<u>(46,835)</u>	<u>-</u>	<u>176,070</u>	<u>2</u>	<u>(167,732)</u>	<u>(1)</u>	<u>(97,325)</u>	<u>(1)</u>
Total comprehensive income	<u>\$ 3,066,634</u>	<u>22</u>	<u>1,218,978</u>	<u>12</u>	<u>6,859,369</u>	<u>18</u>	<u>2,245,217</u>	<u>8</u>
9750 Basic earnings per share (expressed in New Taiwan Dollars) (note 6(n))	<u>\$ 4.82</u>		<u>1.62</u>		<u>10.88</u>		<u>3.63</u>	
9850 Diluted earnings per share (expressed in New Taiwan Dollars) (note 6(n))	<u>\$ 4.81</u>		<u>1.62</u>		<u>10.87</u>		<u>3.63</u>	

See accompanying notes to consolidated financial statements.

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

NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Other equity interest			
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Total equity
Balance at January 1, 2020	\$ 6,461,655	18,577,844	4,488,449	379,765	235,995	(920,381)	1,354	(919,027)	29,224,681
Profit for the nine months ended September 30, 2020	-	-	-	-	2,342,542	-	-	-	2,342,542
Other comprehensive income for the nine months ended September 30, 2020	-	-	-	-	-	(77,904)	(19,421)	(97,325)	(97,325)
Total comprehensive income for the nine months ended September 30, 2020	-	-	-	-	2,342,542	(77,904)	(19,421)	(97,325)	2,245,217
Appropriation and allocation of earnings:									
Legal reserve appropriated	-	-	23,600	-	(23,600)	-	-	-	-
Special reserve appropriated	-	-	-	212,395	(212,395)	-	-	-	-
Other changes in capital surplus:									
Cash dividends from capital surplus	-	(452,316)	-	-	-	-	-	-	(452,316)
Other changes in capital surplus	-	27	-	-	-	-	-	-	27
Balance at September 30, 2020	<u>\$ 6,461,655</u>	<u>18,125,555</u>	<u>4,512,049</u>	<u>592,160</u>	<u>2,342,542</u>	<u>(998,285)</u>	<u>(18,067)</u>	<u>(1,016,352)</u>	<u>31,017,609</u>
Balance at January 1, 2021	\$ 6,461,655	18,125,555	4,512,049	592,160	3,475,906	(804,611)	(25)	(804,636)	32,362,689
Profit for the nine months ended September 30, 2021	-	-	-	-	7,027,101	-	-	-	7,027,101
Other comprehensive income for the nine months ended September 30, 2021	-	-	-	-	-	(166,360)	(1,372)	(167,732)	(167,732)
Total comprehensive income for the nine months ended September 30, 2021	-	-	-	-	7,027,101	(166,360)	(1,372)	(167,732)	6,859,369
Appropriation and allocation of earnings:									
Legal reserve appropriated	-	-	347,591	-	(347,591)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(2,196,962)	-	-	-	(2,196,962)
Other changes in capital surplus:									
Other changes in capital surplus	-	45	-	-	-	-	-	-	45
Balance at September 30, 2021	<u>\$ 6,461,655</u>	<u>18,125,600</u>	<u>4,859,640</u>	<u>592,160</u>	<u>7,958,454</u>	<u>(970,971)</u>	<u>(1,397)</u>	<u>(972,368)</u>	<u>37,025,141</u>

See accompanying notes to consolidated financial statements.

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

NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the nine month ended September 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2021	2020
Cash flows from operating activities:		
Profit before tax	\$ 8,809,532	2,656,583
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	2,622,451	2,162,941
Interest expense	24,280	40,190
Interest income	(36,389)	(66,966)
Share of profit of associates accounted for using equity method	(33,917)	(32,298)
Loss on disposal of property, plant and equipment	32,158	25,784
(Gain) loss on impairment on non-financial assets	(724)	36,205
Unrealized foreign exchange (gain) loss	(32,764)	102,132
Total adjustments to reconcile profit	2,575,095	2,267,988
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in notes and accounts receivable (including related parties)	(1,254,392)	(2,288,575)
Increase in other receivables	(87,859)	(62,267)
Increase in inventories	(310,609)	(665,187)
Decrease (increase) in other current assets	93,844	(263,820)
Total changes in operating assets	(1,559,016)	(3,279,849)
Changes in operating liabilities:		
Increase in contract liabilities	711,975	-
(Decrease) increase in accounts payable (including related parties)	(125)	1,369,951
Increase (decrease) in other payables (including related parties)	615,956	(73,615)
Decrease in other current liabilities	(32,405)	(579)
Decrease in net defined benefit liabilities	(30,087)	(32,316)
Total changes in operating liabilities	1,265,314	1,263,441
Total changes in operating assets and liabilities	(293,702)	(2,016,408)
Total adjustments	2,281,393	251,580
Cash inflow generated from operations	11,090,925	2,908,163
Interest received	38,006	65,103
Interest paid	(51,491)	(37,880)
Income taxes refund (paid)	6,399	(5,450)
Net cash flows from operating activities	11,083,839	2,929,936
Cash flows used in investing activities:		
Acquisition of property, plant and equipment	(5,930,915)	(5,896,715)
Proceeds from disposal of property, plant and equipment	20,490	26,180
Decrease in other receivables due from related parties	3,000,000	1,000,000
(Increase) decrease in other non-current assets	(8,753)	895
Dividends received	30,514	29,187
Net cash flows used in investing activities	(2,888,664)	(4,840,453)
Cash flows used in financing activities:		
Increase in short-term loans	889,848	-
Decrease in short-term loans	(900,906)	-
Proceeds from long-term debt	305,054	329,136
Repayments of long-term debt	(48,000)	-
Increase (decrease) in guarantee deposits received	6,251	(52,195)
Decrease in other payables to related parties	(626,736)	(235,237)
Payment of lease liabilities	(144,609)	(135,240)
Cash dividends paid	(2,196,962)	(452,316)
Net cash flows used in financing activities	(2,716,060)	(545,852)
Effect of exchange rate changes on cash and cash equivalents	(65,894)	(75,641)
Net increase (decrease) in cash and cash equivalents	5,413,221	(2,532,010)
Cash and cash equivalents at beginning of period	5,573,154	5,349,800
Cash and cash equivalents at end of period	\$ 10,986,375	2,817,790

See accompanying notes to consolidated financial statements.

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

NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2021 and 2020

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

(1) Company history

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

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

The accompanying consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 9, 2021.

(3) New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from April 1, 2021:

- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

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

(Continued)

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.	Effective date to be determined by IASB
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

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

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

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(Continued)

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

(a) Statement of compliance

The accompanying consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the Regulations) and IAS 34 “Interim Financial Reporting” which was endorsed by the FSC. These consolidated interim financial statements do not include all disclosures required for full annual consolidated financial statements under International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations as endorsed by the FSC (hereinafter referred to as IFRS endorsed by the FSC).

Except as described below, the significant accounting policies adopted in the accompanying consolidated financial statements are the same as those in the consolidated financial statements as of and for the year ended December 31, 2020. Please refer to note 4 of the consolidated financial statements as of and for the year ended December 31, 2020 relevant information.

(b) Basis of consolidation

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

Investor	Name of subsidiary	Business activity	Percentage of ownership (%)		
			September 30, 2021	December 31, 2020	September 30, 2020
The Company	NPUC	Selling and other services	100 %	100 %	100 %
The Company	NPHK	Selling and investing in electronic products	100 %	100 %	100 %
NPHK	NPKC	Producing and selling PCB	100 %	100 %	100 %

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

(c) Government grants

The Group recognizes an unconditional government grant related to its equipment investment, employee training and technical improvements which is based on the government policy in profit or loss as other income when the grant becomes receivable. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(d) Employee benefits

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

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

(e) Income taxes

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

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

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

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

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

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2020. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2020.

(6) Explanation of significant accounts

Except as described below, the description of significant accounts in the accompanying consolidated financial statements is not materially different from those in the consolidated financial statements as of and for the year ended December 31, 2020. Please refer to note 6 of the consolidated financial statements as of and for the year ended December 31, 2020 for relevant information.

(a) Cash and cash equivalents

	September 30, 2021	December 31, 2020	September 30, 2020
Cash on hand	\$ 27	26	30
Cash in banks	2,094,383	1,071,818	640,925
Time deposits	5,561,512	2,681,004	1,129,416
Cash equivalents	<u>3,330,453</u>	<u>1,820,306</u>	<u>1,047,419</u>
	<u>\$ 10,986,375</u>	<u>5,573,154</u>	<u>2,817,790</u>

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

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

(b) Notes and accounts receivable

	September 30, 2021	December 31, 2020	September 30, 2020
Notes receivable from operating activities	\$ 859	-	-
Accounts receivable—non-related parties	10,417,930	9,161,226	9,597,688
Accounts receivable—related parties	67,801	46,891	95,490
Less: Loss allowance	<u>(48,425)</u>	<u>(48,434)</u>	<u>(48,423)</u>
	<u>\$ 10,438,165</u>	<u>9,159,683</u>	<u>9,644,755</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes receivable and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision of receivables as of September 30, 2021, December 31 and September 30, 2020 amounted to \$48,425, \$48,434 and \$48,423, respectively. The expected loss rate as of September 30, 2021 and December 31, 2020 are 0.455% and 0.494%, respectively, for current, 0.877% and 1.504%, respectively, for past due within 3 months, 23.351% and 23.504%, respectively, for 3 to 6 months past due, 60.190% and 44.614%, respectively, for 6 to 12 months past due, and both 100% for past due over one year. The expected loss rate is lower than 1% as of September 30, 2020.

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

	September 30, 2021	December 31, 2020	September 30, 2020
Past due within 3 months	\$ 100,150	60,793	68,044
Past due 3 to 6 months	1,219	7,748	709
Past due 6 to 12 months	73	6	615
Past due over 1 year	<u>-</u>	<u>529</u>	<u>342</u>
	<u>\$ 101,442</u>	<u>69,076</u>	<u>69,710</u>

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

	For the nine months ended September 30,	
	2021	2020
Balance as of January 1	\$ 48,434	48,428
Effect of exchange rate changes	<u>(9)</u>	<u>(5)</u>
Balance as of September 30	<u>\$ 48,425</u>	<u>48,423</u>

As of September 30, 2021, December 31 and September 30, 2020, the Group did not provide any notes and accounts receivable as collateral for its loans.

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

(c) Other receivables

	September 30, 2021	December 31, 2020	September 30, 2020
Other receivables — others	\$ 194,174	181,429	226,598
Other receivables — loans to related parties	-	3,000,000	3,000,000
Other receivables — related parties	995	-	5,200
Less: Loss allowance	-	-	-
	<u><u>\$ 195,169</u></u>	<u><u>3,181,429</u></u>	<u><u>3,231,798</u></u>

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

(d) Inventories

	September 30, 2021	December 31, 2020	September 30, 2020
Finished goods	\$ 936,157	984,756	985,547
Work in process	2,775,425	2,513,353	2,475,118
Raw materials	1,217,069	1,102,902	1,175,529
Supplies	371,684	387,754	296,683
	<u><u>\$ 5,300,335</u></u>	<u><u>4,988,765</u></u>	<u><u>4,932,877</u></u>

For the three months and nine months ended September 30, 2021 and 2020, raw materials, supplies, and changes in the finished goods and work in process recognized as cost of goods sold amounted to \$9,705,849, \$8,808,635, \$27,476,624 and \$23,662,068, respectively.

For the three months and nine months ended September 30, 2021 and 2020, net realizable value of inventories has decreased (increased) due to the decline in inventory market price or the increase in market price, the Group recognized a loss (gain from recovery) in the value of inventories of \$(139), \$8,444, \$16,572 and \$(6,850), which was debited (credited) to cost of goods sold, respectively.

As of September 30, 2021, December 31 and September 30, 2020, the Group did not provide any inventories as collateral for its loan.

(e) Investments accounted for using the equity method

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

	September 30, 2021	December 31, 2020	September 30, 2020
Associates	<u><u>\$ 489,184</u></u>	<u><u>487,152</u></u>	<u><u>459,401</u></u>

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

(i) Associates

The related information of the associate to the Group was as follows:

Name of Associates	Nature of Relationship to the Group	Registration country	Percentage of ownership		
			September 30, 2021	December 31, 2020	September 30, 2020
Formosa Advanced Technologies Co., Ltd. (FATC)	It mainly engages in assembling and testing of IC.	Taiwan	3 %	3 %	3 %

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Attributable to the Group:				
Net income	\$ 12,270	10,545	33,917	32,298
Other comprehensive income	(2,846)	(6,600)	(1,372)	(19,421)
Total comprehensive income	<u>\$ 9,424</u>	<u>3,945</u>	<u>32,545</u>	<u>12,877</u>

(ii) Collateral

As of September 30, 2021, December 31 and September 30, 2020, the Group did not provide any investments accounted for using the equity method as collateral for its loans.

(f) Property, plant and equipment

The cost and accumulated depreciation and impairment of the property, plant and equipment of the Group for the nine months ended September 30, 2021 and 2020 were as follows:

	Building	Machinery and equipment	Vehicles	Miscellaneous equipment	Construction in progress	Total
Cost:						
Balance as of January 1, 2021	\$ 4,454,879	44,313,627	20,073	4,638,633	3,910,170	57,337,382
Additions	-	228,671	-	56,309	5,666,333	5,951,313
Disposals	(2,516)	(3,055,569)	(1,015)	(46,314)	-	(3,105,414)
Reclassification	281	7,355,113	-	243,820	(7,599,214)	-
Effect of exchange rate changes	(37,984)	(335,667)	(86)	(3,693)	(32,097)	(409,527)
Balance as of September 30, 2021	<u>\$ 4,414,660</u>	<u>48,506,175</u>	<u>18,972</u>	<u>4,888,755</u>	<u>1,945,192</u>	<u>59,773,754</u>

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

	<u>Building</u>	<u>Machinery and equipment</u>	<u>Vehicles</u>	<u>Miscellaneous equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Balance as of January 1, 2020	\$ 4,418,492	41,988,382	19,056	4,487,530	615,734	51,529,194
Additions	-	275,071	1,813	59,491	5,562,980	5,899,355
Disposals	-	(1,503,041)	(568)	(8,719)	-	(1,512,328)
Reclassification	8,243	2,760,363	-	101,068	(2,869,674)	-
Effect of exchange rate changes	(20,235)	(149,356)	(47)	(1,572)	4,098	(167,112)
Balance as of September 30, 2020	<u>\$ 4,406,500</u>	<u>43,371,419</u>	<u>20,254</u>	<u>4,637,798</u>	<u>3,313,138</u>	<u>55,749,109</u>
Accumulated depreciation and impairment:						
Balance as of January 1, 2021	\$ 2,535,260	31,212,346	11,561	3,868,094	-	37,627,261
Depreciation for the period	122,321	2,257,126	1,010	95,715	-	2,476,172
Recovery of impairment loss	-	(724)	-	-	-	(724)
Disposals	(578)	(3,005,677)	(591)	(45,920)	-	(3,052,766)
Reclassification	-	7,330	-	(7,330)	-	-
Effect of exchange rate changes	(21,444)	(194,710)	(63)	(3,218)	-	(219,435)
Balance as of September 30, 2021	<u>\$ 2,635,559</u>	<u>30,275,691</u>	<u>11,917</u>	<u>3,907,341</u>	<u>-</u>	<u>36,830,508</u>
Balance as of January 1, 2020	\$ 2,353,982	30,383,408	11,046	3,761,694	-	36,510,130
Depreciation for the period	124,087	1,811,995	985	88,806	-	2,025,873
Impairment loss	-	36,205	-	-	-	36,205
Disposals	-	(1,450,573)	(568)	(9,223)	-	(1,460,364)
Reclassification	-	(206)	-	206	-	-
Effect of exchange rate changes	(9,921)	(87,743)	(31)	(1,466)	-	(99,161)
Balance as of September 30, 2020	<u>\$ 2,468,148</u>	<u>30,693,086</u>	<u>11,432</u>	<u>3,840,017</u>	<u>-</u>	<u>37,012,683</u>
Carrying amounts:						
Balance as of September 30, 2021	<u>\$ 1,779,101</u>	<u>18,230,484</u>	<u>7,055</u>	<u>981,414</u>	<u>1,945,192</u>	<u>22,943,246</u>
Balance as of December 31, 2020	<u>\$ 1,919,619</u>	<u>13,101,281</u>	<u>8,512</u>	<u>770,539</u>	<u>3,910,170</u>	<u>19,710,121</u>
Balance as of September 30, 2020	<u>\$ 1,938,352</u>	<u>12,678,333</u>	<u>8,822</u>	<u>797,781</u>	<u>3,313,138</u>	<u>18,736,426</u>

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

(g) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance as of January 1, 2021	\$ 183,653	384,338	567,991
Additions	-	37,930	37,930
Write off	(129,951)	-	(129,951)
Change in an index of lease payment	579	17,199	17,778
Effect of exchange rate changes	(580)	-	(580)
Balance as of September 30, 2021	<u>\$ 53,701</u>	<u>439,467</u>	<u>493,168</u>

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NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES
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	Land	Buildings	Total
Balance as of January 1, 2020	\$ 182,504	315,296	497,800
Additions	-	69,042	69,042
Change in an index of lease payment	718	-	718
Effect of exchange rate changes	(308)	-	(308)
Balance as of September 30, 2020	<u><u>\$ 182,914</u></u>	<u><u>384,338</u></u>	<u><u>567,252</u></u>
Accumulated depreciation:			
Balance as of January 1, 2021	\$ 105,862	180,585	286,447
Depreciation for the period	41,447	104,832	146,279
Write off	(129,951)	-	(129,951)
Effect of exchange rate changes	(45)	-	(45)
Balance as of September 30, 2021	<u><u>\$ 17,313</u></u>	<u><u>285,417</u></u>	<u><u>302,730</u></u>
Balance as of January 1, 2020	\$ 51,219	52,422	103,641
Depreciation for the period	40,945	96,123	137,068
Effect of exchange rate changes	(8)	-	(8)
Balance as of September 30, 2020	<u><u>\$ 92,156</u></u>	<u><u>148,545</u></u>	<u><u>240,701</u></u>
Carrying amount:			
Balance as of September 30, 2021	<u><u>\$ 36,388</u></u>	<u><u>154,050</u></u>	<u><u>190,438</u></u>
Balance as of December 31, 2020	<u><u>\$ 77,791</u></u>	<u><u>203,753</u></u>	<u><u>281,544</u></u>
Balance as of September 30, 2020	<u><u>\$ 90,758</u></u>	<u><u>235,793</u></u>	<u><u>326,551</u></u>

(h) Current borrowings

Details of current borrowings of the Group were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Unsecured bank loans	<u><u>\$ 278,662</u></u>	<u><u>293,630</u></u>	<u><u>-</u></u>
Range of interest rates	<u><u>0.670%</u></u>	<u><u>0.851%-0.860%</u></u>	<u><u>-</u></u>

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

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

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

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

December 31, 2020				
	Currency	Interest rate range	Expiration	Amount
Unsecured long-term bank loans	USD	1.0005%~1.2455%	2023	625,745
Less: current portion				156,436
Total				<u>\$ 469,309</u>
Unused quota				<u>\$ 2,869,516</u>

September 30, 2020				
	Currency	Interest rate range	Expiration	Amount
Unsecured long-term bank loans	USD	1.0011%~1.2500%	2023	329,136
Less: current portion				-
Total				<u>\$ 329,136</u>
Unused quota				<u>\$ 3,092,512</u>

(j) Lease liabilities

The carrying amount of the lease liabilities was as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Current	<u>\$ 132,734</u>	<u>171,201</u>	<u>182,601</u>
Non-current	<u>\$ 29,656</u>	<u>80,090</u>	<u>114,099</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Interest on lease liabilities	<u>\$ 679</u>	<u>1,155</u>	<u>2,267</u>	<u>3,943</u>
Variable lease payment not included in the measurement of lease liabilities; expenses relating to short-term leases; expenses relating to leases of low-value assets	<u>\$ 15,193</u>	<u>14,635</u>	<u>43,823</u>	<u>39,201</u>

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

	For the nine months ended September 30,	
	2021	2020
Total cash outflow for leases	<u>\$ 190,699</u>	<u>178,384</u>

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

(i) Real estate leases

As of September 30, 2021, the Group leases land and buildings to be used for its office space and plants, which typically run for a period of 3 years.

(ii) Other leases

The Group leases equipment with contract terms ranging from 1 to 3 years. These leases are short-term leases or leases of low-value items. The Group has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(k) Employee benefits

(i) Defined benefit plan

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim consolidated financial statements was measured and disclosed according to the actuarial report as of December 31, 2020 and 2019.

The pension expenses recorded were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Operating costs	\$ 9,117	8,990	27,350	27,072
Selling expenses	281	278	844	840
Administrative expenses	1,183	1,182	3,551	3,439
	<u>\$ 10,581</u>	<u>10,450</u>	<u>31,745</u>	<u>31,351</u>

(ii) Defined contribution plan

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Operating costs	\$ 110,814	95,813	331,717	252,225
Selling expenses	1,666	1,406	4,468	4,032
Administrative expenses	10,483	6,873	29,293	17,804
	<u>\$ 122,963</u>	<u>104,092</u>	<u>365,478</u>	<u>274,061</u>

(Continued)

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

(l) Income tax

(i) Income tax expense

The details of income tax expense were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Current income tax expense	\$ 685,524	(2)	1,293,793	319
Deferred income tax expense	274,905	116,982	488,638	313,722
Total income tax expense	<u>\$ 960,429</u>	<u>116,980</u>	<u>1,782,431</u>	<u>314,041</u>

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Components of other comprehensive income that will not be reclassified to profit or loss:				
Remeasurements of defined benefit plans	\$ -	-	-	-
Components of other comprehensive income that will be reclassified to profit or loss:				
Exchange differences on translation of foreign financial statements	<u>\$ 10,998</u>	<u>(45,667)</u>	<u>41,590</u>	<u>19,476</u>

(iii) The Company's tax returns for the year through 2019 were assessed by the ROC tax authorities.

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

(m) Capital and other equity interest

Except for those described below, there were no material changes in equity for the nine months ended September 30, 2021 and 2020. Please refer to note 6(m) of the consolidated financial statements for the year ended December 31, 2020 for other relevant disclosures.

(i) Capital surplus

The components of capital surplus were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Paid-in capital in excess of par value	\$ 17,874,841	17,874,841	17,874,841
Employee stock options	250,434	250,434	250,434
Others	325	280	280
	<u>\$ 18,125,600</u>	<u>18,125,555</u>	<u>18,125,555</u>

As approved by the stockholders' meeting on June 17, 2020, the Company resolved to appropriate \$452,316 out of its paid-in capital in excess of par value as cash dividends to its shareholders \$0.7 (NTD) per stock.

(ii) Retained earnings

According to the rules of the Company's articles, the Company's annual net earnings, after providing for income tax and covering the losses of previous years, is first set aside for legal reserve at the rate of 10% thereof. In addition, a special reserve in accordance with applicable laws and regulations shall also be set aside. The remainder plus the undistributed earnings of the previous years are distributed or left undistributed for business purposes according to the resolution of the stockholders' dividend distribution plan, which are initially proposed by the Board of Directors and adopted by the shareholders in the Annual Stockholders' Meeting.

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

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

1) Earnings distribution

Based on the resolutions approved by stockholders during meetings held on August 3, 2021 and June 17, 2020. The distributions of the company's earnings in 2020 and the appropriation of earnings from the paid-in capital, in excess of the par value in 2019, respectively, were as follows:

	2020		2019	
	Dividends per share (NTD)	Amount	Dividends per share (NTD)	Amount
Dividends distributed to common shareholders:				
Cash	\$ 3.40	<u>2,196,962</u>	0.70	<u>452,316</u>

(iii) Other equity interest (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total
Balances as of January 1, 2021	\$ (804,611)	(25)	(804,636)
Exchange differences on translation of foreign operations	(166,360)	-	(166,360)
Unrealized gains (losses) from financial assets measured at fair value through associates accounted for using the equity method	-	(1,372)	(1,372)
Balances as of September 30, 2021	<u>\$ (970,971)</u>	<u>(1,397)</u>	<u>(972,368)</u>
Balances as of January 1, 2020	\$ (920,381)	1,354	(919,027)
Exchange differences on translation of foreign operations	(77,904)	-	(77,904)
Unrealized gains (losses) from financial assets measured at fair value through associates accounted for using the equity method	-	(19,421)	(19,421)
Balances as of September 30, 2020	<u>\$ (998,285)</u>	<u>(18,067)</u>	<u>(1,016,352)</u>

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

(n) Earnings per share

Calculation of earnings per share for the nine months ended September 30, 2021 and 2020 was as follows:

(i) Basic earnings per share

1) Net profit attributable to equity shareholders of the Company

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Net profit attributable to equity shareholders of the Company	\$ <u>3,113,469</u>	<u>1,042,908</u>	<u>7,027,101</u>	<u>2,342,542</u>

2) Weighted average number of ordinary shares outstanding

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Weighted average number of ordinary shares outstanding (in thousands of shares)	<u>646,166</u>	<u>646,166</u>	<u>646,166</u>	<u>646,166</u>

(ii) Diluted earnings per share

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Net profit attributable to equity shareholders of the Company (diluted)	\$ <u>3,113,469</u>	<u>1,042,908</u>	<u>7,027,101</u>	<u>2,342,542</u>

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

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Weighted average number of ordinary shares outstanding (basic) (in thousands of shares)	646,166	646,166	646,166	646,166
Effects of dilutive potential ordinary shares				
Effects of employee stock compensation (in thousands of shares)	39	45	44	49
Weighted average number of ordinary shares outstanding (diluted) (in thousands of shares)	<u>646,205</u>	<u>646,211</u>	<u>646,210</u>	<u>646,215</u>

(o) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Primary geographical markets:				
Taiwan	\$ 5,008,567	4,279,564	13,726,445	12,853,214
Mainland China	6,472,656	4,338,577	16,017,635	9,867,949
Korea	640,647	714,304	2,021,252	1,778,877
Other countries	1,991,819	1,173,320	5,689,123	3,026,567
	<u>\$ 14,113,689</u>	<u>10,505,765</u>	<u>37,454,455</u>	<u>27,526,607</u>
Major products:				
Printed circuit board	\$ 13,870,959	10,306,355	36,738,949	27,004,782
Others	242,730	199,410	715,506	521,825
	<u>\$ 14,113,689</u>	<u>10,505,765</u>	<u>37,454,455</u>	<u>27,526,607</u>

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

(ii) Contract balances

	September 30, 2021	December 31, 2020	September 30, 2020
Notes receivable from operating activities	\$ 859	-	-
Accounts receivable—non-related parties	10,417,930	9,161,226	9,597,688
Accounts receivable—related parties	67,801	46,891	95,490
Less: Loss allowance	<u>(48,425)</u>	<u>(48,434)</u>	<u>(48,423)</u>
	<u>\$ 10,438,165</u>	<u>9,159,683</u>	<u>9,644,755</u>
Contract liabilities—advance receipt	<u>\$ 711,975</u>	<u>-</u>	<u>-</u>

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

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There were no other significant changes for the nine months ended September 30, 2021 and 2020.

(p) Employee compensation

According to the Company's Articles of Incorporation, which are subject to the shareholders' approval, the Company's annual net profit should be set aside from the allocation 0.05% to 0.5% as employee compensation based on the Company's net profit before tax offsetting employee compensation. When the Company incurs accumulated deficit, the Company should reserve in advance with covering the accumulated deficit. The remunerations to employees amounted to \$7,684, \$2,324, \$16,911 and \$5,323 for the three months and nine months ended September 30, 2021 and 2020, 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. Shares distributed to employees as employees' remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors. If there are any subsequent adjustments to the actual remuneration amounts after the approval by the Board of Directors, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. Related information would be available at the Market Observation Post System website.

For the years ended December 31, 2020 and 2019, the remunerations to employees amount to \$7,641 and \$630, respectively, which were paid in cash. There was no difference from the actual distribution. Related information can be accessed from the Market Observation Post System website.

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

(q) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Interest income from bank deposits	\$ 6,028	5,739	16,281	27,470
Other interest income	2,092	10,230	20,108	39,496
	<u>\$ 8,120</u>	<u>15,969</u>	<u>36,389</u>	<u>66,966</u>

(ii) Other income

The details of other income were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Lease revenue	\$ 12,516	14,856	59,341	14,856
Government grants	97,642	1,079	234,138	18,312
Others	26,450	44,501	80,883	116,627
	<u>\$ 136,608</u>	<u>60,436</u>	<u>374,362</u>	<u>149,795</u>

(iii) Other gains and losses

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Net foreign exchange gain (loss)	\$ 60,661	(196,376)	(110,800)	(200,880)
Loss on disposal of property, plant and equipment	(16,246)	(9,340)	(32,158)	(25,784)
Gain on disposal of recycled materials	17,640	19,539	68,294	63,452
Gain on recovery of impairment loss (impairment loss)	61	6	724	(36,205)
Others	(9,197)	(6,675)	(25,354)	(14,003)
	<u>\$ 52,919</u>	<u>(192,846)</u>	<u>(99,294)</u>	<u>(213,420)</u>

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

(iv) Finance costs

The details of finance costs were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Interest expense	\$ (15,284)	(14,981)	(44,678)	(42,830)
Less: Interest capitalized	-	2,640	20,398	2,640
	<u>\$ (15,284)</u>	<u>(12,341)</u>	<u>(24,280)</u>	<u>(40,190)</u>

(r) Financial instruments

Except for the contention mentioned below, there was no significant change with regard to the fair value and exposure risks of credit risk, liquidity risk and market risk on financial instruments. Please refer to note 6(r) of the consolidated financial statements for the year ended December 31, 2020 for the related information.

(i) Liquidity risk

The following table shows the remaining contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements:

	Carrying amount	Contractual cash flow	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
September 30, 2021							
Non-derivative financial liabilities							
Unsecured short-term bank loans	\$ 278,662	278,954	278,954	-	-	-	-
Unsecured long-term bank loans (including current portion)	866,571	874,213	229,034	230,230	414,949	-	-
Accounts payable (including related parties)	3,714,266	3,714,266	3,714,266	-	-	-	-
Other payables (including related parties)	3,589,884	3,608,049	2,730,531	877,518	-	-	-
Lease liabilities (including current portion)	162,390	163,860	82,533	51,417	21,265	8,645	-
	<u>\$ 8,611,773</u>	<u>8,639,342</u>	<u>7,035,318</u>	<u>1,159,165</u>	<u>436,214</u>	<u>8,645</u>	<u>-</u>
December 31, 2020							
Non-derivative financial liabilities							
Unsecured short-term bank loans	\$ 293,630	294,126	294,126	-	-	-	-
Unsecured long-term bank loans (including current portion)	625,745	636,112	-	157,768	318,056	160,288	-
Accounts payable (including related parties)	3,721,226	3,721,226	3,721,226	-	-	-	-
Other payables (including related parties)	3,633,336	3,663,861	2,768,476	895,385	-	-	-
Lease liabilities (including current portion)	251,291	254,087	92,807	80,776	80,504	-	-
	<u>\$ 8,525,228</u>	<u>8,569,412</u>	<u>6,876,635</u>	<u>1,133,929</u>	<u>398,560</u>	<u>160,288</u>	<u>-</u>

(Continued)

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

	Carrying amount	Contractual cash flow	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
September 30, 2020							
Non-derivative financial liabilities							
Unsecured long-term bank loans	\$ 329,136	338,256	-	-	-	338,256	-
Accounts payable (including related parties)	3,247,182	3,247,182	3,247,182	-	-	-	-
Other payables (including related parties)	3,106,033	3,124,021	2,337,621	786,400	-	-	-
Lease liabilities (including current portion)	296,700	300,491	92,808	92,808	108,996	5,879	-
	<u>\$ 6,979,051</u>	<u>7,009,950</u>	<u>5,677,611</u>	<u>879,208</u>	<u>108,996</u>	<u>344,135</u>	<u>-</u>

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

(ii) Currency risk

1) Exposure to foreign currency risk

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

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

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

December 31, 2020			
	Foreign currency	Exchange rate	New Taiwan Dollars
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$	329,969	28.5080
EUR		1,005	34.5600
JPY		7,047	0.2724
CNY		181	4.3691
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD		81,305	28.5080
JPY		844,042	0.2724

September 30, 2020			
	Foreign currency	Exchange rate	New Taiwan Dollars
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$	324,979	29.1260
EUR		486	34.0506
JPY		4,299	0.2744
CNY		77	4.2768
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD		41,947	29.1260
JPY		1,020,104	0.2744

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the foreign currency exchange fluctuations on cash and cash equivalents, accounts receivable and other receivables, loans, accounts payable and other payables which are denominated in foreign currencies. A 1% depreciation or appreciation of the NTD against the USD as of September 30, 2021 and 2020 would have increased or decreased the net income before tax by \$99,326 and \$82,436 for the nine months ended September 30, 2021 and 2020, respectively. The analysis is performed on the same basis for both periods.

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

Due to the variety of functional currencies, the Group disclosed its aggregated foreign exchange gains (losses); the Group's foreign exchange losses, including realized and unrealized, for the nine months ended September 30, 2021 and 2020 were the net exchange loss of \$(110,800) and \$(200,880), respectively.

(iii) Fair value of information

1) Fair value of financial instruments

The fair value of financial assets at fair value through profit or loss, is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

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

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

		December 31, 2020				
		Carrying Amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets measured by amortized cost						
Cash and cash equivalents	\$ 5,573,154	-	-	-	-	-
Notes and accounts receivable, net (including related parties)	9,159,683	-	-	-	-	-
Other receivables (including related parties)	3,181,429	-	-	-	-	-
Total	<u>\$ 17,914,266</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured by amortized cost						
Short-term loans	\$ 293,630	-	-	-	-	-
Accounts payable (including related parties)	3,721,226	-	-	-	-	-
Other payables (including related parties)	3,633,336	-	-	-	-	-
Lease liabilities (including current portion)	251,291	-	-	-	-	-
Long-term loans (including current portion)	625,745	-	-	-	-	-
Total	<u>\$ 8,525,228</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		September 30, 2020				
		Carrying Amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets measured by amortized cost						
Cash and cash equivalents	\$ 2,817,790	-	-	-	-	-
Notes and accounts receivable, net (including related parties)	9,644,755	-	-	-	-	-
Other receivables (including related parties)	3,231,798	-	-	-	-	-
Total	<u>\$ 15,694,343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured by amortized cost						
Accounts payable (including related parties)	3,247,182	-	-	-	-	-
Other payables (including related parties)	3,106,033	-	-	-	-	-
Long-term loans (including current portion)	329,136	-	-	-	-	-
Lease liabilities (including current portion)	296,700	-	-	-	-	-
Total	<u>\$ 6,979,051</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

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

2) Valuation techniques for financial instruments not measured at fair value

Financial liabilities measured by amortized cost

Fair value measurement is based on the latest quoted price and agreed-upon price if these prices are available in an active market. When market value is unavailable, the fair value of financial liabilities are evaluated based on the discounted cash flow of the financial liabilities.

3) Valuation techniques for financial instruments measured at fair value

Non-derivative financial instruments

If a quoted price is available on an active market, the market price should be used as the fair value; the market price published by the primary stock exchanges as the basis of fair value evaluation for listed equity instruments.

Financial instruments have an active market price when the public offer of financial instruments, which represents the actual price of the fair market where transactions often incur, can be frequently and promptly obtained from brokers, underwriters, industrial unions, institutes of pricing services and authorities. The market is considered inactive when conditions mentioned above are not met. In general, high or incremental differences between the buying and selling price or low trading volumes are indications of inactive markets.

The fair values of financial instruments are measured by referring to the price of other commencing components.

(s) Financial risk management

There were no material changes in the Group's financial risk management objective and policy since December 31, 2020. Please refer to the detailed disclosure on financial risk management in note 6(s) of the consolidated financial statements for the year ended December 31, 2020.

(t) Capital management

There were no material changes in the Group's capital management target, policy and procedure and in quantitative information adopted for capital management since December 31, 2020. Please refer to note 6(t) of the consolidated financial statements as of and for the year ended December 31, 2020 for the detailed disclosure on capital management.

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NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES
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(u) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow for the nine months ended September 30, 2021 and 2020 were as follows:

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

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

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

	January 1, 2020	Cash flows	Non-cash changes		September 30, 2020
			Foreign exchange movement	Acquisition	
Long-term loans (including current portion)	\$ -	329,136	-	-	329,136
Lease liabilities (including current portion)	362,180	(135,240)	-	69,760	296,700
Other payables to related parties (borrowings from related parties)	1,639,902	(235,237)	(14,628)	-	1,390,037
Total liabilities from financing activities	<u>\$ 2,002,082</u>	<u>(41,341)</u>	<u>(14,628)</u>	<u>69,760</u>	<u>2,015,873</u>

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

(7) Related-party transactions

(a) Names and relationship with related parties

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

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

(b) Significant related-party transactions

(i) Operating revenues

Significant sales to related parties were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Associates — FATC	\$ 87,765	162,195	294,966	343,172
Other related parties — others	<u>357</u>	<u>714</u>	<u>893</u>	<u>2,082</u>
	<u><u>\$ 88,122</u></u>	<u><u>162,909</u></u>	<u><u>295,859</u></u>	<u><u>345,254</u></u>

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NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES
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(ii) Receivables from related parties

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

<u>Account</u>	<u>Relationship</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Accounts receivable due from related parties	Associates—FATC	\$ 67,707	46,704	95,303
Accounts receivable due from related parties	Other related parties-others	94	187	187
		<u>\$ 67,801</u>	<u>46,891</u>	<u>95,490</u>

Sales price is cost plus profit as quoted price. The normal credit term with the companies above is collection on open account 70 days. There is no collateral received among related parties accounts receivable and there is no need to estimate loss allowance.

(iii) Purchases from related parties

Significant purchases from related parties were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
The parent company	\$ 349,607	324,954	900,862	823,123
Other related parties—NEMK	346,473	336,316	1,118,073	902,005
Other related parties—others	72,335	69,768	184,443	184,062
	<u>\$ 768,415</u>	<u>731,038</u>	<u>2,203,378</u>	<u>1,909,190</u>

(iv) Payables to related parties

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

<u>Account</u>	<u>Relationship</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Accounts payable to related parties	The parent company	\$ 110,045	86,328	105,338
Accounts payable to related parties	Other related parties—NEMK	106,380	147,626	106,909
Accounts payable to related parties	Other related parties—WTC	36,920	27,519	29,715
Accounts payable to related parties	Other related parties—others	6,961	5,107	7,278
		<u>\$ 260,306</u>	<u>266,580</u>	<u>249,240</u>

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NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES
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The purchase price from related parties is not significantly different from non-related general parties. The normal credit term with the related parties above is collected on open account 30 days, on open account 60 days, on open account 90 days, and on the day following the day of approving payment, respectively.

(v) Property transactions

The Group purchased fixed assets from the parent company with the acquisition price of \$1,005 and \$11,976, respectively, for the nine months ended September 30, 2021 and 2020. There was no unpaid balance as of September 30, 2021, December 31 and September 30, 2020.

The Group purchased fixed assets from Nan Ya Electric (Nantong) Co., Ltd. with the acquisition price of \$8,471 and \$7,844 (untaxed) for the nine months ended September 30, 2021 and 2020, respectively. As of September 30, 2021, December 31 and September 30, 2020, the Group still had an unpaid payable of \$1,089, \$1,098 and \$8,874, accounted for as other payables to related parties, respectively.

(vi) Loan to related parties

The loans to related parties were as follows:

	Other receivables due from related parties		
	September 30, 2021	December 31, 2020	September 30, 2020
The parent company	\$ -	3,000,000	3,000,000
Range of interest rates	-	1.23%~1.418%	1.23%~1.418%

1) The loans to related parties are unsecured. There are no provisions for impairment loss required after management 's assessment.

2) For details on loans to other parties, please refer to note 13(a).

(vii) Borrowings from related parties

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

	Other payables to related parties		
	September 30, 2021	December 31, 2020	September 30, 2020
Other related parties—NEMK	\$ 859,353	1,511,697	1,390,037
Range of interest rate	3.08%	3.08%	3.08%~3.36%

The borrowings provided from related parties are unsecured.

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

(viii) Lease of property, plant and equipment

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

	Lease revenue (accounted for as other income)			
	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
The parent company	\$ <u>2,844</u>	<u>14,856</u>	<u>28,468</u>	<u>14,856</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 September 30, 2021, December 31 and September 30, 2020, the Group still had an unreceived receivable of \$995, \$0 and \$5,200 accounted for as other receivables due from related parties, respectively.

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

The Group entered into different lease agreements with its parent company for its Taipei office, as well as its factories and employee dormitories, both located at Luchu Dist., Taoyuan City and Shulin Dist., New Taipei City, with monthly rental fees based on the local market prices within their respective vicinities. For the three months and nine months ended September 30, 2021 and 2020, the above rentals amounting to \$6,754, \$5,762, \$19,389 and \$17,056, respectively, were recognized as expenses. For the three months and nine months ended September 30, 2021 and 2020, the amount of \$679, \$1,155, \$2,267 and \$3,943, respectively, was recognized as interest expense because of the lease liabilities. As of September 30, 2021, December 31 and September 30, 2020, the balance of lease liabilities amounting to \$162,390, \$251,291 and \$296,700, respectively, included the current liabilities amounting to \$132,734, \$171,201 and \$182,601, respectively, and non-current portion amounting to \$29,656, \$80,090 and \$114,099, respectively. For the nine months ended September 30, 2021 and 2020, the Group recognized the additional amount of \$37,930 and \$69,042 of right-of-use assets, respectively.

(ix) Others

The Group bought utilities from Nan Ya Electronic Materials (Kunshan) Co., Ltd. amounting to \$98,305, \$116,272, \$301,076 and \$347,416, for the three months and nine months ended September 30, 2021 and 2020, respectively. As of September 30, 2021, December 31 and September 30, 2020 the Group still had unpaid payables accounted for as other payables to related parties amounting to \$70,203, \$53,165 and \$41,955, respectively.

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

(c) Key management personnel compensation

Key management personnel compensation comprised

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Short-term employee benefits	\$ <u>7,462</u>	<u>6,201</u>	<u>21,938</u>	<u>15,407</u>

(8) Pledged assets: None

(9) Commitments and contingencies

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

	September 30, 2021	December 31, 2020	September 30, 2020
Outstanding letters of credit for the importation of raw materials	\$ <u>585,295</u>	<u>230,565</u>	<u>159,152</u>

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

	September 30, 2021	December 31, 2020	September 30, 2020
The guarantee for customs	\$ <u>39,000</u>	<u>35,000</u>	<u>35,000</u>

	September 30, 2021	December 31, 2020	September 30, 2020
The guarantee for letters of credit	\$ <u>42,000</u>	<u>32,000</u>	<u>32,000</u>

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

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(Continued)

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

(12) Other

- (a) A summary of current-period employee benefits, depreciation, and amortization by function, was as follows:

	For the three months ended September 30, 2021			For the three months ended September 30, 2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	2,190,558	283,504	2,474,062	1,909,601	202,356	2,111,957
Labor and health insurance	152,553	16,163	168,716	123,428	10,463	133,891
Pension expenses	119,931	13,613	133,544	104,803	9,739	114,542
Remuneration of directors	-	1,590	1,590	-	1,500	1,500
Other personnel expenses	53,118	6,863	59,981	52,806	4,708	57,514
Depreciation expenses	955,123	4,066	959,189	744,498	4,016	748,514

	For the nine months ended September 30, 2021			For the nine months ended September 30, 2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	6,294,994	782,282	7,077,276	5,285,989	529,718	5,815,707
Labor and health insurance	457,338	47,220	504,558	368,718	35,932	404,650
Pension expenses	359,067	38,156	397,223	279,297	26,115	305,412
Remuneration of directors	-	4,590	4,590	-	4,620	4,620
Other personnel expenses	159,399	19,734	179,133	156,698	13,597	170,295
Depreciation expenses	2,610,763	11,688	2,622,451	2,151,692	11,249	2,162,941

- (b) The seasonality of operation

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

(Continued)

NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(13) Other disclosures

(a) Information on significant transactions

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

(i) Loans to other parties:

(in thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Loss Allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	NPHK	Other receivables due from related parties	Yes	50,000	50,000	-	-	2	-	Operating capital	-	None	-	9,256,285 (Note 2)	18,512,571 (Note 3)
0	The Company	NYPK	Other receivables due from related parties	Yes	3,000,000	-	-	1.23%	2	-	Operating capital	-	None	-	9,256,285 (Note 2)	18,512,571 (Note 3)

Note 1: 1. With business contact

2. Necessary for short-term financing

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

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

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of September 30, 2021 (excluding investment in subsidiaries, associates and joint ventures): None

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

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

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

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

(in thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ (Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	NYPK	Parent company	Purchase	870,574	6.14 %	O/A 30 days	-	-	(105,447)	(4.03)%	-
The Company	NPKC	Subsidiary of the Company	Purchase	7,079,221	49.94 %	O/A 30 days	-	-	(787,291)	(30.11)%	Note
NPKC	The Company	Parent company	(sale)	(7,079,221)	(51.74)%	O/A 30 days	-	-	787,291	25.34%	Note
NPKC	NEMK	Same chairman	Purchase	1,118,073	15.11 %	O/A 60 days	-	-	(106,380)	(5.63)%	-
The Company	FATC	Associates	(sale)	(121,295)	(0.39)%	O/A 70 days	-	-	21,524	0.27%	-
NPKC	FATC	Associates	(sale)	(173,671)	(1.27)%	O/A 70 days	-	-	46,183	1.49%	-

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

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NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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

(in thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss Allowance
					Amount	Action taken		
NPKC	The Company (Note)	Parent company	Accounts receivable due from related parties 787,291	11.37	-		787,291	-

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

(ix) Trading in derivative instruments: None

(x) Business relationships and significant intercompany transactions:

(in thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	NPKC	The Company	2	Sales	7,079,221	O/A 30 days	18.90%
1	NPKC	The Company	2	Accounts receivable due from related parties	787,291	O/A 30 days	1.52%

Note 1: Numbers are filled in as follows

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

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

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

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

Note 3: The transaction amount divided by the consolidated net operating revenue or consolidated total assets.

(b) Information on investees

The following is the information on investees for the nine months ended September 30, 2021 (excluding information on investees in Mainland China):

(in thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2021			Net income (losses) of investee	Share of profits/(losses) of investee	Note
				September 30, 2021	December 31, 2020	Shares	Percentage of ownership	Carrying amount			
The Company	NPHK	HK	Business of electronic products	6,477,460	6,477,460	1,598,220,000	100.00 %	12,964,288	1,638,143	1,638,143	Note
The Company	NPUC	USA	Customer sales promotion	3,479	3,479	1,000,000	100.00 %	15,071	826	826	Note
The Company	FATC	TW	Assembling testing and producing modules for IC	472,968	472,968	13,267,000	3.00 %	489,184	1,133,454	33,917	-

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

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NAN YA PRINTED CIRCUIT BOARD CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(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, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2021	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	6,474,281	(Note 2)	6,474,281	-	-	6,474,281	1,638,149	100.00%	1,638,149 (Note 1)	12,951,519	-

Note 1: Investment income or loss is recognized according to the financial statements reviewed by the CPA of the Taiwanese parent company.

Note 2: NPKC in Mainland China is invested through a company established in a third region.

(ii) Limitation on investment in Mainland China:

(in thousands of New Taiwan Dollars)

Accumulated Investment in Mainland China as of September 30, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note)
6,474,281	6,474,281	-

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

(iii) Significant transactions:

Please refer to "Information on significant transactions" for direct or indirect significant transactions (written off during the preparation of the consolidated financial statements), between the Company and its investees in Mainland China for the nine months ended September 30, 2021.

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Nan Ya Plastics Corporation		432,744,977	66.97 %
Nomura Asset Management account for 2020 first discretionary investment of Labor Pension Fund under the Labor Pension Act.		33,722,500	5.21 %

- (i) The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.
- (ii) If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

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

(14) Segment information:

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

For the three months ended September 30, 2021				
	Domestic	American	Asian	Adjustments and elimination
				Total
Revenue:				
From external clients	\$ 11,216,548	-	2,897,141	-
Intersegments	6,207	6,190	2,365,930	(2,378,327)
Total revenue	<u>\$ 11,222,755</u>	<u>6,190</u>	<u>5,263,071</u>	<u>(2,378,327)</u>
Income/Loss of reportable segments	<u>\$ 3,834,321</u>	<u>873</u>	<u>1,158,155</u>	<u>(919,451)</u>
For the three months ended September 30, 2020				
	Domestic	American	Asian	Adjustments and elimination
				Total
Revenue:				
From external clients	\$ 9,057,734	-	1,448,031	-
Intersegments	9,394	5,829	2,117,730	(2,132,953)
Total revenue	<u>\$ 9,067,128</u>	<u>5,829</u>	<u>3,565,761</u>	<u>(2,132,953)</u>
Income/Loss of reportable segments	<u>\$ 1,159,890</u>	<u>800</u>	<u>30,228</u>	<u>(31,030)</u>
For the nine months ended September 30, 2021				
	Domestic	American	Asian	Adjustments and elimination
				Total
Revenue:				
From external clients	\$ 30,852,288	-	6,602,167	-
Intersegments	58,182	17,764	7,079,221	(7,155,167)
Total revenue	<u>\$ 30,910,470</u>	<u>17,764</u>	<u>13,681,388</u>	<u>(7,155,167)</u>
Income/Loss of reportable segments	<u>\$ 8,438,594</u>	<u>1,318</u>	<u>2,008,589</u>	<u>(1,638,969)</u>
For the nine months ended September 30, 2020				
	Domestic	American	Asian	Adjustments and elimination
				Total
Revenue:				
From external clients	\$ 23,752,204	-	3,774,403	-
Intersegments	18,573	17,596	6,139,141	(6,175,310)
Total revenue	<u>\$ 23,770,777</u>	<u>17,596</u>	<u>9,913,544</u>	<u>(6,175,310)</u>
Income/Loss of reportable segments	<u>\$ 2,656,264</u>	<u>1,737</u>	<u>208,819</u>	<u>(210,237)</u>

(Continued)

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

	<u>Domestic</u>	<u>American</u>	<u>Asian</u>	<u>Adjustments and elimination</u>	<u>Total</u>
Assets of reportable segments					
September 30, 2021	<u>\$ 47,668,877</u>	<u>15,071</u>	<u>17,889,870</u>	<u>(13,834,432)</u>	<u>51,739,386</u>
December 31, 2020	<u>\$ 40,757,734</u>	<u>14,580</u>	<u>16,285,696</u>	<u>(12,501,773)</u>	<u>44,556,237</u>
September 30, 2020	<u>\$ 38,154,967</u>	<u>14,676</u>	<u>15,144,118</u>	<u>(11,994,947)</u>	<u>41,318,814</u>
Liabilities of reportable segments					
September 30, 2021	<u>\$ 10,643,736</u>	<u>-</u>	<u>4,859,011</u>	<u>(788,502)</u>	<u>14,714,245</u>
December 31, 2020	<u>\$ 8,395,045</u>	<u>-</u>	<u>4,685,366</u>	<u>(886,863)</u>	<u>12,193,548</u>
September 30, 2020	<u>\$ 7,137,358</u>	<u>-</u>	<u>3,902,995</u>	<u>(739,148)</u>	<u>10,301,205</u>