

**Nuvoton Technology Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2023 and 2022
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Nuvoton Technology Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Nuvoton Technology Corporation and its subsidiaries (collectively, the “Group”) as of March 31, 2023 and 2022, the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of 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 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 caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the three months then ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Kenny Hong and Shu-Lin Liu.

The image shows two handwritten signatures in black ink. The signature on the left is 'Kenny Hong' and the signature on the right is 'Shu Lin Liu'. Both are written in a cursive, flowing style.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 3, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with 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 applied in the Republic of China.

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 9,299,365	25	\$ 10,398,185	28	\$ 10,408,527	29
Financial assets at fair value through profit or loss - current (Note 7)	5,063	-	2,894	-	-	-
Accounts receivable, net (Note 8)	4,684,057	13	3,610,131	10	3,815,545	10
Accounts receivable from related parties, net (Notes 8 and 31)	45,854	-	768,711	2	511,517	1
Financial lease receivables - current (Notes 9 and 31)	95,673	-	96,731	-	-	-
Other receivables (Notes 10 and 31)	625,189	2	327,265	1	1,067,280	3
Inventories (Note 11)	8,796,601	24	8,458,827	23	7,611,898	21
Other current assets	438,039	1	452,383	1	358,604	1
Total current assets	<u>23,989,841</u>	<u>65</u>	<u>24,115,127</u>	<u>65</u>	<u>23,773,371</u>	<u>65</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	121,125	-	121,775	-	116,563	-
Financial assets at fair value through other comprehensive income - non-current (Note 12)	1,258,271	3	1,234,748	3	2,709,747	8
Investments accounted for using equity method (Note 13)	2,090,146	6	1,710,869	5	-	-
Property, plant and equipment (Notes 14, 31 and 32)	5,744,598	15	5,764,085	16	5,293,199	15
Right-of-use assets (Notes 15 and 31)	585,667	2	623,867	2	1,217,754	3
Investment properties (Notes 16 and 32)	1,736,082	5	1,798,160	5	1,928,478	5
Intangible assets (Note 17)	664,084	2	722,757	2	958,249	3
Deferred tax assets (Note 4)	219,443	1	198,727	1	130,614	-
Refundable deposits (Notes 6, 31 and 32)	336,941	1	337,862	1	322,926	1
Finance lease receivables - non-current (Notes 9 and 31)	97,455	-	123,451	-	-	-
Other non-current assets	98,758	-	100,312	-	101,563	-
Total non-current assets	<u>12,952,570</u>	<u>35</u>	<u>12,736,613</u>	<u>35</u>	<u>12,779,093</u>	<u>35</u>
TOTAL	<u>\$ 36,942,411</u>	<u>100</u>	<u>\$ 36,851,740</u>	<u>100</u>	<u>\$ 36,552,464</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 18 and 32)	\$ 1,006,720	3	\$ 1,069,040	3	\$ -	-
Financial liabilities at fair value through profit or loss - current (Note 7)	8,909	-	7,412	-	13,035	-
Accounts payable	1,643,057	5	2,401,020	7	2,885,920	8
Accounts payable to related parties (Note 31)	1,795,685	5	747,717	2	594,945	1
Other payables (Notes 19 and 31)	4,421,535	12	4,464,260	12	5,041,172	14
Dividends payables (Note 23)	2,938,357	8	-	-	2,098,826	6
Current tax liabilities (Note 4)	829,687	2	712,005	2	713,638	2
Provisions - current (Note 20)	119,639	-	132,473	-	521,425	1
Lease liabilities - current (Notes 15 and 31)	167,238	1	169,896	1	254,225	1
Long-term borrowings, current portion (Notes 18 and 32)	142,857	-	71,429	-	-	-
Other current liabilities	379,827	1	1,192,434	3	491,376	1
Total current liabilities	<u>13,453,511</u>	<u>37</u>	<u>10,967,686</u>	<u>30</u>	<u>12,614,562</u>	<u>34</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 18 and 32)	1,357,143	4	1,428,571	4	1,500,000	4
Provisions - non-current (Note 20)	2,454,274	7	2,491,287	7	2,672,544	7
Deferred tax liabilities (Note 4)	13,097	-	13,209	-	14,678	-
Lease liabilities - non-current (Notes 15 and 31)	450,217	1	491,363	1	1,115,937	3
Net defined benefit liabilities - non-current (Note 4)	1,471,643	4	1,492,573	4	1,614,110	5
Guarantee deposits (Notes 22 and 31)	2,384,723	6	2,351,028	6	2,426,842	7
Other non-current liabilities	68,914	-	50,085	-	54,535	-
Total non-current liabilities	<u>8,200,011</u>	<u>22</u>	<u>8,318,116</u>	<u>22</u>	<u>9,398,646</u>	<u>26</u>
Total liabilities	<u>21,653,522</u>	<u>59</u>	<u>19,285,802</u>	<u>52</u>	<u>22,013,208</u>	<u>60</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)						
Share capital	4,197,653	11	4,197,653	11	4,197,653	11
Capital surplus	6,992,250	19	6,871,827	19	6,871,811	19
Retained earnings						
Legal reserve	958,560	2	958,560	3	655,515	2
Unappropriated earnings	3,982,121	11	6,248,877	17	2,867,668	8
Exchange differences on translation of financial statements of foreign operations	(1,159,850)	(3)	(1,005,611)	(3)	(1,095,427)	(3)
Unrealized gains on financial assets at fair value through other comprehensive income	318,155	1	294,632	1	1,042,036	3
Total equity	<u>15,288,889</u>	<u>41</u>	<u>17,565,938</u>	<u>48</u>	<u>14,539,256</u>	<u>40</u>
TOTAL	<u>\$ 36,942,411</u>	<u>100</u>	<u>\$ 36,851,740</u>	<u>100</u>	<u>\$ 36,552,464</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 31)	\$ 8,955,812	100	\$ 10,722,261	100
OPERATING COST (Notes 11, 26 and 31)	<u>5,344,892</u>	<u>60</u>	<u>6,020,573</u>	<u>56</u>
GROSS PROFIT	<u>3,610,920</u>	<u>40</u>	<u>4,701,688</u>	<u>44</u>
OPERATING EXPENSES (Notes 26 and 31)				
Selling expenses	274,782	3	279,031	3
General and administrative expenses	643,172	7	700,498	7
Research and development expenses	2,312,005	26	2,275,973	21
Expected credit loss	<u>12,604</u>	<u>-</u>	<u>4,218</u>	<u>-</u>
Total operating expenses	<u>3,242,563</u>	<u>36</u>	<u>3,259,720</u>	<u>31</u>
PROFIT FROM OPERATIONS	<u>368,357</u>	<u>4</u>	<u>1,441,968</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES (Note 31)				
Finance costs	(9,190)	-	(7,123)	-
Share of profit of associates	340,442	4	-	-
Interest income	42,559	-	6,331	-
Other gains and losses	(10,397)	-	(16,609)	-
Gains on disposal of property, plant and equipment	10,192	-	4,990	-
Foreign exchange (losses) gains	(5,953)	-	60,405	-
Losses on financial assets at fair value through profit or loss	<u>(2,948)</u>	<u>-</u>	<u>(38,297)</u>	<u>-</u>
Total non-operating income and expenses	<u>364,705</u>	<u>4</u>	<u>9,697</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	733,062	8	1,451,665	13
INCOME TAX EXPENSE (Notes 4 and 25)	<u>(61,461)</u>	<u>(1)</u>	<u>(248,363)</u>	<u>(2)</u>
NET PROFIT FOR THE PERIOD	<u>671,601</u>	<u>7</u>	<u>1,203,302</u>	<u>11</u>

(Continued)

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	<u>For the Three Months Ended March 31</u>			
	<u>2023</u>		<u>2022</u>	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Note 23)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	\$ 23,523	-	\$ (69,424)	(1)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>(154,239)</u>	<u>(1)</u>	<u>(50,486)</u>	<u>-</u>
Other comprehensive loss for the period, net of income tax	<u>(130,716)</u>	<u>(1)</u>	<u>(119,910)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 540,885</u>	<u>6</u>	<u>\$ 1,083,392</u>	<u>10</u>
EARNINGS PER SHARE (Note 27)				
From continuing operations				
Basic	<u>\$ 1.60</u>		<u>\$ 2.87</u>	
Diluted	<u>\$ 1.59</u>		<u>\$ 2.86</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Equity Attributable to Owners of the Company					Other Equity		Total Equity
	Ordinary Share	Certificates of Bond-to-Stock Conversion	Capital Surplus	Retained Earnings		Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	
				Legal Reserve	Unappropriated Earnings			
BALANCE AT JANUARY 1, 2022	\$ 4,172,101	\$ 25,552	\$ 6,871,811	\$ 655,515	\$ 3,763,192	\$ (1,044,941)	\$ 1,111,460	\$ 15,554,690
Appropriation of 2021 earnings (Note 23)								
Cash dividends	-	-	-	-	(2,098,826)	-	-	(2,098,826)
Net profit for the three months ended March 31, 2022	-	-	-	-	1,203,302	-	-	1,203,302
Other comprehensive (loss) for the three months ended March 31, 2022, net of income tax	-	-	-	-	-	(50,486)	(69,424)	(119,910)
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	1,203,302	(50,486)	(69,424)	1,083,392
Convertible bonds converted to ordinary shares (Note 23)	25,552	(25,552)	-	-	-	-	-	-
BALANCE AT MARCH 31, 2022	\$ 4,197,653	\$ -	\$ 6,871,811	\$ 655,515	\$ 2,867,668	\$ (1,095,427)	\$ 1,042,036	\$ 14,539,256
BALANCE AT JANUARY 1, 2023	\$ 4,197,653	\$ -	\$ 6,871,827	\$ 958,560	\$ 6,248,877	\$ (1,005,611)	\$ 294,632	\$ 17,565,938
Appropriation of 2022 earnings (Note 23)								
Cash dividends	-	-	-	-	(2,938,357)	-	-	(2,938,357)
Net profit for the three months ended March 31, 2023	-	-	-	-	671,601	-	-	671,601
Other comprehensive (loss) income for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	(154,239)	23,523	(130,716)
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	671,601	(154,239)	23,523	540,885
Unclaimed dividends from claims extinguished by prescriptions	-	-	22	-	-	-	-	22
Disposal of subsidiaries (Note 28)	-	-	120,401	-	-	-	-	120,401
BALANCE AT MARCH 31, 2023	\$ 4,197,653	\$ -	\$ 6,992,250	\$ 958,560	\$ 3,982,121	\$ (1,159,850)	\$ 318,155	\$ 15,288,889

The accompanying notes are an integral part of the consolidated financial statements.

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 733,062	\$ 1,451,665
Adjustments for:		
Depreciation expense	285,127	262,361
Amortization expense	84,222	68,344
Expected credit loss recognized on accounts receivable	12,604	4,218
Finance costs	9,190	7,123
Interest income	(42,559)	(6,331)
Share of profit of associates	(340,442)	-
Gains on disposal of property, plant and equipment	(10,192)	(4,990)
Gains on lease modification	(6,885)	(8)
Changes in operating assets and liabilities		
(Increase) decrease in financial assets at fair value through profit or loss	(22)	12,304
(Increase) decrease in accounts receivable	(1,177,972)	(305,603)
(Increase) decrease in accounts receivable from related parties	722,857	145,221
(Increase) decrease in other receivables	(311,394)	(128,258)
(Increase) decrease in inventories	(759,908)	(752,432)
(Increase) decrease in other current assets	11,109	(19,990)
(Increase) decrease in other non-current assets	1,554	(97,258)
Increase (decrease) in notes payable	-	(38,753)
Increase (decrease) in accounts payable	(757,963)	251,544
Increase (decrease) in accounts payable to related parties	1,047,968	128,272
Increase (decrease) in other payables	86,739	106,102
Increase (decrease) in provisions	(10,838)	-
Increase (decrease) in other current liabilities	(391,585)	(209,415)
Increase (decrease) in net defined benefit liabilities	(921)	(916)
Increase (decrease) in other non-current liabilities	18,829	8,146
Cash flows generated from (used in) operations	(797,420)	881,346
Interest received	42,492	3,547
Interest paid	(8,166)	(7,090)
Income tax paid	(11,702)	(2,985)
Net cash flows generated from (used in) operating activities	(774,796)	874,818
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through profit or loss	-	(45,000)
Acquisition of investments accounted for using equity method	(59,586)	-
Proceeds from disposal of subsidiaries (Note 28)	196,798	-
Decrease in finance lease receivables	24,646	-
Acquisition of property, plant and equipment	(214,096)	(187,548)
Proceeds from disposal of property, plant and equipment	11,498	12,246

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NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
Acquisition of intangible assets	\$ (129,912)	\$ (151,870)
Increase in refundable deposits	(1,129)	(188,739)
Increase in other receivables - time deposits	<u>(233)</u>	<u>(6,543)</u>
Net cash flows generated from (used in) investing activities	<u>(172,014)</u>	<u>(567,454)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	114,400	-
Repayments of short-term borrowings	(158,270)	-
Repayments of the principal portion of lease liabilities	(47,187)	(66,546)
Proceeds from guarantee deposits received	<u>74,408</u>	<u>464,600</u>
Net cash flows generated from (used in) financing activities	<u>(16,649)</u>	<u>398,054</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(135,361)</u>	<u>4,078</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,098,820)	709,496
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>10,398,185</u>	<u>9,699,031</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$ 9,299,365</u>	<u>\$ 10,408,527</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Nuvoton Technology Corporation (the “Company”) was incorporated in the Republic of China (“ROC”) in April 2008 and commenced business in July 2008. The Company is engaged mainly in the research, design, development, manufacture, and sale of logic integrated circuits (“ICs”) and the manufacturing, testing and OEM of 6-inch wafers.

For the specialization and division of labor and the reinforcement of core competitive ability, the Company’s parent company, Winbond Electronics Corporation (WEC), spun off its Logic IC business into the Company on July 1, 2008 in accordance with the Business Mergers and Acquisitions Act and the Company commenced business in July 2008. WEC held approximately 51% of the ownership interest in the Company as of March 31, 2023, December 31, 2022 and March 31, 2022.

The Company’s shares have been listed on the Taiwan Stock Exchange since September 27, 2010.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s Board of Directors and authorized for issue on May 3, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financing Reporting Interpretation Committee (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies.

- b. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2022.

Statement of Compliance

The interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. The consolidated financial statements do not present all disclosures required for a complete set of annual consolidated financial statements under the IFRSs as endorsed and issued into effect by the FSC.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets, that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Subsidiary included in the consolidated financial statements:

Investor	Investee	Main Business	Percentage of Ownership (%)		
			March 31, 2023	December 31, 2022	March 31, 2022
The Company	Nuvoton Electronics Technology (H.K.) Limited (“NTHK”)	Sales of semiconductor	100	100	100
	Marketplace Management Limited (“MML”)	Investment holding	100	100	100
	Nuvoton Investment Holding Ltd. (“NIH”)	Investment holding	100	100	100
	Song Yong Investment Corporation (“SYI”)	Investment holding	100	100	100
	Nuvoton Technology India Private Limited (“NTIPL”)	Design, sales and after-sales service of semiconductor	100	100	100
	Nuvoton Technology Corporation America (“NTCA”)	Design, sales and after-sales service of semiconductor	100	100	100
	Nuvoton Technology Holdings Japan (“NTHJ”)	Investment holding	100	100	100
	Nuvoton Technology Singapore Pte. Ltd. (“NTSG”)	Design, sales and after-sales service of semiconductor	100	100	100
	Nuvoton Technology Korea Limited (“NTKL”)	Design, sales and after-sales service of semiconductor	100	100	100
NTHK	Nuvoton Electronics Technology (Shenzhen) Limited (“NTSZ”)	Computer software service (except I.C. design), wholesale business for computer, supplement and software	100	100	100
MML	Goldbond LLC (“GLLC”)	Investment holding	100	100	100
GLLC	Nuvoton Electronics Technology (Shanghai) Limited (“NTSH”)	Provides projects for sale in China and repairing, testing and consulting of software and leasing business	100	100	100
	Winbond Electronics (Nanjing) Ltd. (“WENJ”)	Computer software service (except I.C. design)	100	100	100
NTSH	Song Zhi Electronics Technology (Suzhou) (“Song Zhi Suzhou”)	Provide development of semiconductor and technology, consult service and equipment leasing business	100	100	100
NIH	Nuvoton Technology Israel Ltd. (“NTIL”)	Design and service of semiconductor	100	100	100
NTHJ	Nuvoton Technology Corporation Japan (“NTCJ”)	Design, sales and after-sales service of semiconductor	100	100	100
NTCJ	Atfields Manufacturing Technology Corporation (“AMTC”) (Note)	Design and service of semiconductor	-	100	100

Note: NTCJ has sold all of its shares of AMTC to WEC Company in January 2023, refer to Note 28 to the consolidated financial statements.

Retirement Benefits

Payments to defined contribution retirement benefit plans are recognized as expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and rereasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Rereasurement, comprising actuarial gains and losses and the return on plan assets excluding interest, is recognized in other comprehensive income in the period in which it occurs. Rereasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Material accounting judgments and key sources of estimation uncertainty are as below:

Write-down of Inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Cash and deposits in banks	\$ 9,291,365	\$ 10,348,185	\$ 10,158,327
Repurchase agreements collateralized by bonds	<u>8,000</u>	<u>50,000</u>	<u>250,200</u>
	<u>\$ 9,299,365</u>	<u>\$ 10,398,185</u>	<u>\$ 10,408,527</u>

- a. Please refer to Note 32 to the consolidated financial statements for the amount of refundable deposits pledged to secure land leases, customs tariff obligations and borrowings.
- b. The Group has time deposits which are not held for the purpose of meeting short-term cash commitments and are reclassified to "other receivables" as follows (Note 10 to the consolidated financial statements):

	March 31, 2023	December 31, 2022	March 31, 2022
Time deposits	<u>\$ 56,447</u>	<u>\$ 56,214</u>	<u>\$ 191,024</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets - current</u>			
Held for trading			
Foreign exchange forward contracts	\$ <u>5,063</u>	\$ <u>2,894</u>	\$ <u>-</u>
<u>Financial assets - non-current</u>			
Mandatorily measured at FVTPL			
Domestic and oversea warrants	\$ <u>121,125</u>	\$ <u>121,775</u>	\$ <u>116,563</u>
<u>Financial liabilities - current</u>			
Held for trading			
Foreign exchange forward contracts	\$ <u>8,909</u>	\$ <u>7,412</u>	\$ <u>13,035</u>

At the end of the reporting period, the outstanding foreign exchange forward contracts not treated under hedge accounting were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>March 31, 2023</u>			
Sell forward exchange contracts	USD/NTD	2023.04.14-2023.04.21	USD8,000/NTD242,831
	USD/JPY	2023.04.14-2023.05.15	USD31,700/JPY4,199,792
<u>December 31, 2022</u>			
Sell forward exchange contracts	USD/NTD	2023.01.06-2023.03.03	USD30,000/NTD915,452
	USD/JPY	2023.01.23-2023.02.21	USD17,400/JPY2,300,582
<u>March 31, 2022</u>			
Sell forward exchange contracts	USD/NTD	2022.04.07-2022.05.20	USD50,000/NTD1,418,198

The Group entered into foreign exchange forward and cross-currency swap contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. These foreign exchange forward and cross-currency swap contracts did not meet the criteria for hedge accounting, therefore, the Group did not apply hedge accounting treatment.

8. ACCOUNTS RECEIVABLE, NET

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Accounts receivable (including related parties)</u>			
At amortized cost			
Gross carrying amount	\$ 4,776,492	\$ 4,412,957	\$ 4,364,398
Less: Allowance for impairment loss	<u>(46,581)</u>	<u>(34,115)</u>	<u>(37,336)</u>
	<u>\$ 4,729,911</u>	<u>\$ 4,378,842</u>	<u>\$ 4,327,062</u>

The average credit period of sales of goods was 30-60 days. No interest was charged on accounts receivable. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Group annually.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the customer and the customer's current financial position, adjusted for economic conditions of the industry in which the customer operates, as well as the GDP forecast and industry outlooks. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

The Group writes off accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable (including related parties) based on the Group's provision matrix.

March 31, 2023

	Not Overdue	Overdue under 30 Days	Overdue 31-90 Days	Overdue 91-180 Days	Over 180 Days	Total
Expected credit loss rate	0.1%-2%	2%	10%	20%	50%	
Gross carrying amount	\$ 4,701,306	\$ 73,322	\$ 1,864	\$ -	\$ -	\$ 4,776,492
Loss allowance (lifetime ECL)	<u>(44,929)</u>	<u>(1,466)</u>	<u>(186)</u>	<u>-</u>	<u>-</u>	<u>(46,581)</u>
Amortized cost	<u>\$ 4,656,377</u>	<u>\$ 71,856</u>	<u>\$ 1,678</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,729,911</u>

December 31, 2022

	Not Overdue	Overdue under 30 Days	Overdue 31-90 Days	Overdue 91-180 Days	Over 180 Days	Total
Expected credit loss rate	0.1%-2%	2%	10%	20%	50%	
Gross carrying amount	\$ 4,393,253	\$ 6,176	\$ 1,678	\$ 11,850	\$ -	\$ 4,412,957
Loss allowance (lifetime ECL)	<u>(31,453)</u>	<u>(124)</u>	<u>(168)</u>	<u>(2,370)</u>	<u>-</u>	<u>(34,115)</u>
Amortized cost	<u>\$ 4,361,800</u>	<u>\$ 6,052</u>	<u>\$ 1,510</u>	<u>\$ 9,480</u>	<u>\$ -</u>	<u>\$ 4,378,842</u>

March 31, 2022

	Not Overdue	Overdue under 30 Days	Overdue 31-90 Days	Overdue 91-180 Days	Over 180 Days	Total
Expected credit loss rate	0.1%-2%	2%	10%	20%	50%	
Gross carrying amount	\$ 4,344,463	\$ 19,935	\$ -	\$ -	\$ -	\$ 4,364,398
Loss allowance (lifetime ECL)	<u>(36,937)</u>	<u>(399)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,336)</u>
Amortized cost	<u>\$ 4,307,526</u>	<u>\$ 19,536</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,327,062</u>

The movements of the loss allowance of accounts receivable were as follows:

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 34,115	\$ 32,854
Add: Net remeasurement of loss allowance	12,604	4,218
Foreign currency exchange gains and losses	<u>(138)</u>	<u>264</u>
Balance at March 31	<u>\$ 46,581</u>	<u>\$ 37,336</u>

The Group's provision for losses on accounts receivable was recognized on a collective basis.

9. FINANCE LEASE RECEIVABLES

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Undiscounted lease payments</u>			
Year 1	\$ 98,584	\$ 100,135	\$ -
Year 2	98,584	100,135	-
Year 3	<u>-</u>	<u>25,034</u>	<u>-</u>
	197,168	225,304	-
Less: Unearned finance income	<u>(4,040)</u>	<u>(5,122)</u>	<u>-</u>
Finance lease receivables	<u>\$ 193,128</u>	<u>\$ 220,182</u>	<u>\$ -</u>
Current	\$ 95,673	\$ 96,731	\$ -
Non-current	<u>97,455</u>	<u>123,451</u>	<u>-</u>
	<u>\$ 193,128</u>	<u>\$ 220,182</u>	<u>\$ -</u>

The average lease term of finance lease receivables recognized by the Group from TPSCo. for the lease of property, plant and equipment and intangible assets is three years. The contract has an average implied interest rate of approximately 1.85% per annum. Refer to Note 31 to the consolidated financial statements for details of finance lease contracts.

10. OTHER RECEIVABLES

	March 31, 2023	December 31, 2022	March 31, 2022
Business tax refund receivable	\$ 282,809	\$ 28,436	\$ 57,901
Time deposits (Note 6)	56,447	56,214	191,024
Technical service receivable	-	-	222,066
Royalty receivable	-	-	110,461
Others	<u>285,933</u>	<u>242,615</u>	<u>485,828</u>
	<u>\$ 625,189</u>	<u>\$ 327,265</u>	<u>\$ 1,067,280</u>

11. INVENTORIES

	March 31, 2023	December 31, 2022	March 31, 2022
Raw materials and supplies	\$ 541,273	\$ 574,856	\$ 480,317
Work in process	6,117,892	6,025,839	5,144,492
Finished goods	2,110,324	1,857,865	1,969,341
Inventories in transit	<u>27,112</u>	<u>267</u>	<u>17,748</u>
	<u>\$ 8,796,601</u>	<u>\$ 8,458,827</u>	<u>\$ 7,611,898</u>

The operating cost for the three months ended March 31, 2023 and 2022 was NT\$5,344,892 thousand and NT\$6,020,573 thousand, respectively. The net losses of inventory write-downs, obsolescence and abandonment of inventories for the three months ended March 31, 2023 and 2022 were NT\$116,267 thousand and NT\$16,955 thousand, respectively.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments at FVTOCI:

	March 31, 2023	December 31, 2022	March 31, 2022
Listed shares and emerging market shares			
Nyquest Technology Co., Ltd.	\$ 128,205	\$ 116,985	\$ 252,450
Brightek Optoelectronic Co., Ltd.	1,110	919	1,490
Unlisted shares			
United Industrial Gases Co., Ltd.	510,400	492,800	545,600
Yu-Ji Venture Capital Co., Ltd.	9,556	9,844	10,144
Autotalks Ltd. - Preferred E. Share	609,000	614,200	572,500
Tower Partners Semiconductor Co., Ltd. ("TPSCo.")	-	-	1,327,563
Symetrix Corporation - Preferred A. Share	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,258,271</u>	<u>\$ 1,234,748</u>	<u>\$ 2,709,747</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management decided to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Associates

	March 31, 2023	December 31, 2022	March 31, 2022
Tower Partners Semiconductor Co., Ltd. ("TPSCo.")	<u>\$ 2,090,146</u>	<u>\$ 1,710,869</u>	<u>\$ -</u>

Under the business acquisition agreement, if TPSCo. turns net profit during the period of the effective date of the acquisition (September 1, 2020) to March 31, 2022, the Group is required to pay Panasonic Corporation the net profit based on its ownership share. Thus, the Group has no significant influence over TPSCo. during the period aforementioned. TPSCo. was recognized as non-current financial assets at fair value through other comprehensive income. Starting from April 2022, the Group has been released the restriction and has significant influence over TPSCo., accordingly, TPSCo. has been accounted for under equity method. As of December 31, 2022, NTCJ has held TPSCo.'s 45,619 shares. For the three months ended March 31, 2023, NTCJ subscribed for 3,920 shares issued in the cash capital increased by TPSCo. As of March 31, 2023, NTCJ has held TPSCo.'s 49,539 shares with a direct shareholding of 49%.

In June 2022, the Group transferred the right-of-use asset contract to TPSCo. The related deferred benefit will be recognized in accordance with the remaining lease term of the contract, refer to Note 31 to the consolidated financial statements.

14. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2023	December 31, 2022	March 31, 2022
Land	\$ 1,861,633	\$ 1,890,924	\$ 1,888,492
Buildings	1,869,824	1,908,905	1,891,385
Machinery and equipment	1,651,592	1,470,965	1,047,345
Other equipment	290,250	276,558	213,634
Construction in progress and prepayments for purchase of equipment	<u>71,299</u>	<u>216,733</u>	<u>252,343</u>
	<u>\$ 5,744,598</u>	<u>\$ 5,764,085</u>	<u>\$ 5,293,199</u>

	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments for Purchase of Equipment	Total
<u>Cost</u>						
Balance at January 1, 2023	\$ 1,890,924	\$ 20,490,249	\$ 54,320,817	\$ 3,341,453	\$ 216,733	\$ 80,260,176
Additions	-	10,390	48,376	7,281	205,624	271,671
Disposals	-	(11,872)	(401,319)	(12,646)	-	(425,837)
Disposal of subsidiaries	-	-	-	(6,813)	-	(6,813)
Reclassified	-	20,524	278,106	52,012	(350,642)	-
Effects of foreign currency exchange differences	(29,291)	(259,511)	(667,396)	(49,492)	(416)	(1,006,106)
Balance at March 31, 2023	<u>1,861,633</u>	<u>20,249,780</u>	<u>53,578,584</u>	<u>3,331,795</u>	<u>71,299</u>	<u>79,093,091</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2023	-	18,581,344	52,849,852	3,064,895	-	74,496,091
Disposals	-	(10,905)	(401,041)	(12,585)	-	(424,531)
Depreciation expense	-	42,637	126,284	38,985	-	207,906
Disposal of subsidiaries	-	-	-	(4,837)	-	(4,837)
Effects of foreign currency exchange differences	-	(233,120)	(648,103)	(44,913)	-	(926,136)
Balance at March 31, 2023	<u>-</u>	<u>18,379,956</u>	<u>51,926,992</u>	<u>3,041,545</u>	<u>-</u>	<u>73,348,493</u>
Carrying amounts at March 31, 2023	<u>\$ 1,861,633</u>	<u>\$ 1,869,824</u>	<u>\$ 1,651,592</u>	<u>\$ 290,250</u>	<u>\$ 71,299</u>	<u>\$ 5,744,598</u>
<u>Cost</u>						
Balance at January 1, 2022	\$ 1,918,115	\$ 20,895,264	\$ 55,766,204	\$ 3,323,174	\$ 101,297	\$ 82,004,054
Additions	-	3,787	13,157	7,889	293,509	318,342
Disposals	-	-	(33,958)	(23,256)	-	(57,214)
Reclassified	12,182	26,166	78,536	19,956	(136,840)	-
Effects of foreign currency exchange differences	(41,805)	(372,067)	(944,045)	(59,364)	(5,623)	(1,422,904)
Balance at March 31, 2022	<u>1,888,492</u>	<u>20,553,150</u>	<u>54,879,894</u>	<u>3,268,399</u>	<u>252,343</u>	<u>80,842,278</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2022	-	18,952,769	54,708,690	3,094,082	-	76,755,541
Disposals	-	-	(26,872)	(23,086)	-	(49,958)
Depreciation expense	-	43,512	88,858	38,753	-	171,123
Effects of foreign currency exchange differences	-	(334,516)	(938,127)	(54,984)	-	(1,327,627)
Balance at March 31, 2022	<u>-</u>	<u>18,661,765</u>	<u>53,832,549</u>	<u>3,054,765</u>	<u>-</u>	<u>75,549,079</u>
Carrying amounts at March 31, 2022	<u>\$ 1,888,492</u>	<u>\$ 1,891,385</u>	<u>\$ 1,047,345</u>	<u>\$ 213,634</u>	<u>\$ 252,343</u>	<u>\$ 5,293,199</u>

Refer to Note 32 to the consolidated financial statements for the amount of property, plant and equipment pledged as collateral for bank borrowings.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amounts</u>			
Land	\$ 143,894	\$ 150,211	\$ 166,952
Buildings	284,747	313,972	302,011
Machinery and equipment	134,400	139,758	722,136
Other equipment	<u>22,626</u>	<u>19,926</u>	<u>26,655</u>
	<u>\$ 585,667</u>	<u>\$ 623,867</u>	<u>\$ 1,217,754</u>
		For the Three Months Ended March 31	
		2023	2022
Additions to right-of-use assets		<u>\$ 13,788</u>	<u>\$ 89,400</u>
Depreciation for right-of-use assets			
Land		\$ 6,317	\$ 6,260
Buildings		29,030	27,704
Machinery and equipment		3,209	16,118
Other equipment		<u>3,611</u>	<u>4,484</u>
		<u>\$ 42,167</u>	<u>\$ 54,566</u>
Income from the subleasing of right-of-use assets (presented in other income)		<u>\$ 1,201</u>	<u>\$ 1,846</u>

b. Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amounts</u>			
Current	\$ 167,238	\$ 169,896	\$ 254,225
Non-current	<u>\$ 450,217</u>	<u>\$ 491,363</u>	<u>\$ 1,115,937</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Land	1.76%-2.06%	1.76%-2.06%	1.76%-2.06%
Buildings	0.14%-3.03%	0.14%-3.03%	0.14%-3.75%
Machinery and equipment	0.48%-0.80%	0.48%-0.80%	0.26%-0.80%
Other equipment	0.14%-3.62%	0.14%-3.62%	0.14%-2.97%

For the three months ended March 31, 2023 and 2022, the interest expense under lease liabilities amounted to NT\$2,498 thousand and NT\$3,717 thousand, respectively.

c. Material lease-in activities and terms

The Group leased parcels of land from Science Park Administration, and the lease term will expire in December 2027, which can be extended after the expiration of the lease periods.

The Group leased parcels of land from Taiwan Sugar Corporation under a twenty-year term from October 2014 to September 2034, which is allowed to extend after the expiration of lease. The chairman of the Company, is a joint guarantor of such lease (refer to Note 31 to the consolidated financial statements).

The Group leased some of the offices spaces in the United States, China, Israel, India, Korea and Taiwan, and the lease terms will expire between 2023 and 2026 which can be extended after the expiration of the lease periods.

d. Subleases

The Group subleases its right-of-use assets for buildings under operating leases with lease terms between 1 and 5 years.

The maturity analysis of lease payments receivable under operating subleases is as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Year 1	\$ 6,176	\$ 7,429	\$ 7,789
Year 2	113	5,824	3,356
Year 3	-	4,041	425
Year 4	-	-	-
Year 5	-	-	-
Year 5 onwards	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,289</u>	<u>\$ 17,294</u>	<u>\$ 11,570</u>

To reduce the residual asset risk related to the subleased asset at the end of the relevant sublease, the lease contract between the Group and the lessee includes the receipt of the deposits and the compensation for damage due to the lack of management and maintenance.

e. Other lease information

	For the Three Months Ended March 31	
	<u>2023</u>	<u>2022</u>
Expenses relating to short-term leases	<u>\$ 56,017</u>	<u>\$ 51,459</u>
Total cash outflow for leases	<u>\$ (104,890)</u>	<u>\$ (121,690)</u>

The Group leases certain buildings, machinery and transportation equipment which qualified as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

16. INVESTMENT PROPERTIES

	March 31, 2023	December 31, 2022	March 31, 2022
Investment properties, net	\$ <u>1,736,082</u>	\$ <u>1,798,160</u>	\$ <u>1,928,478</u>

The fair value of investment properties held by the company were NT\$2,443,494 thousand and NT\$2,171,524 thousand as of December 31, 2022 and 2021, respectively, of which were assessed by independent qualified professional valuers were NT\$2,243,494 thousand and NT\$1,971,524 thousand. The Group's management evaluated the fair value of the remaining investment properties with valuation model commonly used by market participants, and the fair value was measured using Level 3 inputs. The Group's management evaluated and determined that the fair value of the investment properties had not changed significantly, compared to the fair value of the investment properties as of March 31, 2023 and March 31, 2022.

	For the Three Months Ended March 31	
	2023	2022
<u>Cost</u>		
Balance at January 1	\$ 7,662,122	\$ 7,924,196
Effects of foreign currency exchange differences	<u>(116,600)</u>	<u>(165,477)</u>
Balance at March 31	<u>7,545,522</u>	<u>7,758,719</u>
<u>Accumulated depreciation and impairment</u>		
Balance at January 1	5,863,962	5,918,598
Depreciation expense	35,054	36,672
Effects of foreign currency exchange differences	<u>(89,576)</u>	<u>(125,029)</u>
Balance at March 31	<u>5,809,440</u>	<u>5,830,241</u>
Carrying amount at March 31	\$ <u>1,736,082</u>	\$ <u>1,928,478</u>

The investment properties were leased out for 3 to 12 years. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The analysis of lease payments receivable under operating leases of investment properties was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Year 1	\$ 168,577	\$ 171,129	\$ 172,331
Year 2	149,181	152,691	151,769
Year 3	147,576	149,898	151,769
Year 4	147,576	149,898	151,769
Year 5	147,576	149,898	151,769
Year 5 onwards	<u>590,304</u>	<u>637,067</u>	<u>758,841</u>
	\$ <u>1,350,790</u>	\$ <u>1,410,581</u>	\$ <u>1,538,248</u>

To reduce the residual asset risk related to the subleased asset at the end of the relevant sublease, the lease contract between the Group and the lessee includes the receipt of the deposits and the compensation for damage due to the lack of management and maintenance.

Please refer to Note 32 to the consolidated financial statements for the amount of investment properties pledged as collateral for bank borrowings.

17. INTANGIBLE ASSETS

	March 31, 2023	December 31, 2022	March 31, 2022
Deferred technical assets	\$ 506,136	\$ 550,613	\$ 560,248
Other intangible assets	<u>157,948</u>	<u>172,144</u>	<u>398,001</u>
	<u>\$ 664,084</u>	<u>\$ 722,757</u>	<u>\$ 958,249</u>
	Deferred Technical Assets	Other Intangible Assets	Total
<u>Cost</u>			
Balance at January 1, 2023	\$ 2,062,573	\$ 1,136,379	\$ 3,198,952
Additions	-	28,981	28,981
Disposal of subsidiaries	-	(7,243)	(7,243)
Reclassification	22,693	(22,693)	-
Effects of foreign currency exchange differences	<u>(6,784)</u>	<u>(14,349)</u>	<u>(21,133)</u>
Balance at March 31, 2023	<u>2,078,482</u>	<u>1,121,075</u>	<u>3,199,557</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2023	1,511,960	964,235	2,476,195
Amortization expense	65,162	19,060	84,222
Disposal of subsidiaries	-	(6,703)	(6,703)
Reclassification	-	-	-
Effects of foreign currency exchange differences	<u>(4,776)</u>	<u>(13,465)</u>	<u>(18,241)</u>
Balance at March 31, 2023	<u>1,572,346</u>	<u>963,127</u>	<u>2,535,473</u>
Carrying amounts at March 31, 2023	<u>\$ 506,136</u>	<u>\$ 157,948</u>	<u>\$ 664,084</u>
<u>Cost</u>			
Balance at January 1, 2022	\$ 1,892,805	\$ 1,305,198	\$ 3,198,003
Additions	10,289	38,581	48,870
Effects of foreign currency exchange differences	<u>2,425</u>	<u>(25,067)</u>	<u>(22,642)</u>
Balance at March 31, 2022	<u>1,905,519</u>	<u>1,318,712</u>	<u>3,224,231</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2022	1,292,193	922,481	2,214,674
Amortization expense	51,054	17,290	68,344
Effects of foreign currency exchange differences	<u>2,024</u>	<u>(19,060)</u>	<u>(17,036)</u>
Balance at March 31, 2022	<u>1,345,271</u>	<u>920,711</u>	<u>2,265,982</u>
Carrying amounts at March 31, 2022	<u>\$ 560,248</u>	<u>\$ 398,001</u>	<u>\$ 958,249</u>

18. BORROWINGS

a. Short-term borrowings

	<u>March 31, 2023</u>		<u>December 31, 2022</u>		<u>March 31, 2022</u>	
	<u>Interest Rate</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amount</u>
<u>Secured borrowings</u>						
Chinatrust Commercial Bank Co., Ltd.	1.17%	\$ 1,006,720	1.15%	\$ 952,840	-	\$ -
<u>Unsecured borrowings</u>						
Chinatrust Commercial Bank Co., Ltd.	-	<u>-</u>	1.02%	<u>116,200</u>	-	<u>-</u>
		<u>\$ 1,006,720</u>		<u>\$ 1,069,040</u>		<u>\$ -</u>

b. Long-term borrowings

	<u>Period</u>	<u>Interest Rate</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Unsecured borrowings</u>					
The Export-Import Bank of ROC	2019.09.20-2026.09.21	1.81%	\$ 500,000	\$ 500,000	\$ 500,000
The Export-Import Bank of ROC	2020.08.25-2027.08.25	1.81%	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
			1,500,000	1,500,000	\$ <u>1,500,000</u>
Less: Current portion			<u>(142,857)</u>	<u>(71,429)</u>	
			<u>\$ 1,357,143</u>	<u>\$ 1,428,571</u>	

The proceeds of the Group's unsecured loan was invested in Autotalks Ltd. and acquired Panasonic's semiconductor business in Japan.

To repay outstanding debt and enhance mid-term working capital, NTCJ entered into a JPY30 billion syndicated loan agreement with banks on May 17, 2021, which include Chinatrust Commercial Bank Co., Ltd. and other banks. Pursuant to the loan contract, the Company should hold at least 100% of the issued shares or capital and maintain control over the operation of NTCJ, and NTCJ and WEC Company must maintain the financial debt ratio not to be lower than certain level during the loan period. The aforementioned financial ratio is calculated based on the audited consolidated financial statements.

Please refer to Note 32 to the consolidated financial statements for the collateral of the syndicated loan.

19. OTHER PAYABLES

	March 31, 2023	December 31, 2022	March 31, 2022
Payable for salaries or employee benefits	\$ 1,384,135	\$ 1,632,490	\$ 1,352,152
Payable for royalties	409,676	510,272	449,290
Payable for purchase of equipment	209,193	151,618	199,372
Payable for maintenance	148,445	257,092	374,119
Payable for service	107,899	99,345	151,570
Payable for utilities	62,119	73,009	301,471
Payable for software	51,091	104,241	53,004
Payable for professional service	47,184	52,126	34,482
Payable for investment	-	-	391,242
Others	<u>2,001,793</u>	<u>1,584,067</u>	<u>1,734,470</u>
	<u>\$ 4,421,535</u>	<u>\$ 4,464,260</u>	<u>\$ 5,041,172</u>

20. PROVISIONS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Decommissioning costs	<u>\$ 119,639</u>	<u>\$ 132,473</u>	<u>\$ 521,425</u>
<u>Non-current</u>			
Employee benefits	\$ 1,462,261	\$ 1,485,268	\$ 1,503,802
Decommissioning costs	502,902	510,815	639,546
Warranties	<u>489,111</u>	<u>495,204</u>	<u>529,196</u>
	<u>\$ 2,454,274</u>	<u>\$ 2,491,287</u>	<u>\$ 2,672,544</u>

The Group acquired Panasonic's semiconductor business in September 2020. Some fabs will be closed due to low capacity utilization, decommissioning costs and labor costs were accounted separately for decommissioning liabilities and employee benefits provision.

21. RETIREMENT BENEFIT PLANS

Employee benefit expense in respect of the Company's defined benefit retirement plans was calculated using the actuarially determined pension cost discount rate as of December 31, 2022 and 2021, and recognized NT\$12,664 thousand and NT\$11,044 thousand, for the three months ended March 31, 2023 and 2022, respectively.

22. GUARANTEE DEPOSITS

	March 31, 2023	December 31, 2022	March 31, 2022
Capacity guarantee	\$ 2,327,626	\$ 2,294,914	\$ 2,341,543
Others	<u>57,097</u>	<u>56,114</u>	<u>85,299</u>
	<u>\$ 2,384,723</u>	<u>\$ 2,351,028</u>	<u>\$ 2,426,842</u>

When the contract expires, the capacity guarantee deposits will be refunded to customers by offsetting related accounts receivable or returned, since the aforementioned contract's period all exceeds one year, guarantee deposits are accounted as non-current liabilities.

23. EQUITY

a. Share capital

Ordinary shares

	March 31, 2023	December 31, 2022	March 31, 2022
Shares authorized (in thousands of shares)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Shares authorized	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>419,765</u>	<u>419,765</u>	<u>419,765</u>
Shares issued and fully paid	<u>\$ 4,197,653</u>	<u>\$ 4,197,653</u>	<u>\$ 4,197,653</u>
Par value (in New Taiwan dollars)	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 10</u>

As of December 31, 2021, the Company has issued 31,372 thousand shares of ordinary shares due to the conversion of unsecured convertible bonds, the registration of all ordinary shares issuance has been completed on March 31, 2022.

As of March 31, 2023, December 31, 2022 and March 31, 2022, the balance of the Company's capital account amounted to NT\$4,197,653 thousand, divided into 419,765 thousand ordinary shares with a par value of NT\$10.

b. Capital surplus

	March 31, 2023	December 31, 2022	March 31, 2022
May be used to offset a deficit, distributed as cash dividends, or <u>transferred to share capital*</u>			
Additional paid-in capital	\$ 5,088,159	\$ 5,088,159	\$ 5,088,159
Conversion of bonds	1,481,180	1,481,180	1,481,180
Employee share options	13	13	13
Cash capital increase reserved for employee share options	112,160	112,160	112,160

(Continued)

	March 31, 2023	December 31, 2022	March 31, 2022
<u>May only be used to offset a deficit</u>			
Overdue dividends unclaimed	\$ 100	\$ 78	62
Share of changes in capital surplus of associates or joint ventures (disposals of subsidiaries)	<u>310,638</u>	<u>190,237</u>	<u>190,237</u>
	<u>\$ 6,992,250</u>	<u>\$ 6,871,827</u>	<u>\$ 6,871,811</u> (Concluded)

* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividends policy

The shareholders held their regular meeting on May 29, 2020 and resolved the amendments to the Company's dividend distribution policy in the Company's Articles of Incorporation (the "Articles"). Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The board of directors shall be authorized to distribute the profit, the legal reserve, and the capital plus in cash upon resolution by a majority vote at a board meeting attended by two-thirds or more of the directors, and shall report the same to the shareholders' meeting. In principle, not less than 10% of the total shareholders' bonus shall be distributed in the form of cash. For the policies on the distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors in Note 26 to the consolidated financial statements.

Appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings and dividends per share for 2022 and 2021 were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	For Year 2022	For Year 2021	For Year 2022	For Year 2021
Legal reserve	\$ 488,756	\$ 303,045		
Special reserve	710,979	-		
Cash dividends	<u>2,938,357</u>	<u>2,098,826</u>	\$7.00	\$5.00
	<u>\$ 4,138,092</u>	<u>\$ 2,401,871</u>		

Except for the cash dividends were distributed by the Company's board meeting on March 7, 2023, the rest of the 2022 appropriation of earnings were proposed by the Company's board meeting and will be resolved by the shareholders regular meeting on May 26, 2023.

d. Other equity items

- 1) The exchange differences arising on translation of foreign operations' net assets from its functional currency to the Group's presentation currency (New Taiwan dollar) are recognized directly in other comprehensive income. For the three months ended March 31, 2023 and 2022, other comprehensive loss was NT\$154,239 thousand and NT\$50,486 thousand, respectively.
- 2) Unrealized valuation gains (losses) on financial assets at FVTOCI

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 294,632	\$ 1,111,460
Recognized for the period	<u>23,523</u>	<u>(69,424)</u>
Balance at March 31	<u>\$ 318,155</u>	<u>\$ 1,042,036</u>

Unrealized gains (losses) on financial assets at FVTOCI represents the cumulative gains or losses arising from the fair value measurement on financial assets at FVTOCI that are recognized in other comprehensive income. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

24. REVENUE

Refer to Note 35 to the consolidated financial statements for the Group's revenue.

25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Three Months Ended March 31	
	2023	2022
Current tax		
In respect of the current year	\$ 82,289	\$ 310,240
Adjustment for prior years' tax	-	1,623
Deferred tax		
In respect of the current year	<u>(20,828)</u>	<u>(63,500)</u>
Income tax expense recognized in profit or loss	<u>\$ 61,461</u>	<u>\$ 248,363</u>

b. Income tax assessments

The Company's income tax returns through 2021 have been examined by the tax authorities.

26. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION

	For the Three Months Ended March 31							
	2023				2022			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Employee benefits expense								
Short-term employment benefits	\$ 222,325	\$ 1,692,770	\$ -	\$ 1,915,095	\$ 328,150	\$ 1,847,246	\$ -	\$ 2,175,396
Post-employment benefits	9,938	128,093	-	138,031	10,460	104,732	-	115,192
Depreciation	145,195	104,629	35,303	285,127	137,879	87,810	36,672	262,361
Amortization	1,933	82,289	-	84,222	423	67,921	-	68,344

According to the Company's Articles, the Company accrued employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of director.

For the three months ended March 31, 2023 and 2022, the employees' compensation and remuneration of directors were as follows:

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
Employees' compensation	\$ 47,394	6	\$ 91,350	6
Remuneration of directors	7,899	1	15,225	1

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The employees' compensation and remuneration to the directors of 2022 and 2021, which were approved by the Company's board of directors on March 7, 2023 and February 10, 2022, respectively, were as below:

	2022		2021	
	Amount	%	Amount	%
	Employees' cash compensation	\$ 306,214	6	\$ 212,242
Remuneration of directors	51,036	1	35,374	1

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

27. EARNINGS PER SHARE

The numerators and denominators used in calculating basic and diluted earnings per share (“EPS”) were as follows:

	For the Three Months Ended March 31					
	2023			2022		
	Amounts (Numerator) After Income Tax (Attributable to Owners of the Company)	Shares (Denominator) (In Thousands)	Earnings Per Share (NT\$) After Income Tax (Attributable to Owners of the Company)	Amounts (Numerator) After Income Tax (Attributable to Owners of the Company)	Shares (Denominator) (In Thousands)	Earnings Per Share (NT\$) After Income Tax (Attributable to Owners of the Company)
Basic earnings per share						
Net profit attributed to owners of the Company	\$ 671,601	419,765	\$ 1.60	\$ 1,203,302	419,765	\$ 2.87
Effect of potentially dilutive ordinary shares						
Employees’ compensation	-	1,799		-	1,154	
Diluted earnings per share						
Net profit attributed to owners of the Company	<u>\$ 671,601</u>	<u>421,564</u>	1.59	<u>\$ 1,203,302</u>	<u>420,919</u>	2.86

If the Company offered to settle the compensation or bonuses paid to employees in cash or shares, the Company assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted EPS, as the effect is dilutive. The number of shares used in the computation of diluted EPS is estimated by the amount of compensation divided by the closing price of the potential common shares at the end of the reporting period. Such dilutive effect of the potential shares is included in the computation of diluted EPS until the number of shares to be distributed to employees is resolved in the following year.

28. DISPOSAL OF SUBSIDIARIES

The Group sold 100% shares of AMTC to the parent company (Winbond Electronics Corporation) at the consideration of JPY1,673,000 thousand (NT\$394,661 thousand) in January 2023. Since this equity transaction is deemed as a structure reorganization, the difference between the consideration received, net of related income tax expenses of \$37,208 thousand and the carrying amount of the net assets of AMTC during actual disposal was adjusted \$120,401 thousand to the capital surplus.

- a. Consideration received from disposals

	AMTC
Cash and cash equivalents	<u>\$ 394,661</u>

b. Analysis of assets and liabilities on the date control was lost

	AMTC
Current assets	
Cash and cash equivalents	\$ 197,863
Accounts receivable and other receivables	104,826
Inventories	11,310
Other current assets	3,235
Non-current assets	
Property, plant and equipment	1,976
Intangible assets	540
Deferred tax assets	<u>13,798</u>
Total assets	<u>\$ 333,548</u>
Current liabilities	
Accounts payable and other payables	\$ 86,298
Other current liabilities	<u>10,198</u>
Total liabilities	<u>\$ 96,496</u>
Net assets disposed of	<u>\$ 237,052</u>

c. Net cash inflow on disposals of subsidiaries

	AMTC
Consideration received in cash and cash equivalents	\$ 394,661
Less: Cash and cash equivalent balances disposed of	<u>(197,863)</u>
	<u>\$ 196,798</u>

29. CAPITAL MANAGEMENT

The Group's capital management objective is to ensure it has the necessary financial resources and operational plan so that it can cope with the next twelve months working capital requirements, capital expenditures, research and development expenses, debt repayments and dividends payments.

30. FINANCIAL INSTRUMENT

a. Categories of financial instruments

	March 31, 2023		December 31, 2022		March 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial assets</u>						
Financial assets at amortized cost (Note 1)	\$ 15,184,534	\$ 15,184,534	\$ 15,662,336	\$ 15,662,336	\$ 16,125,795	\$ 16,125,795
Financial assets at FVTPL						
Derivative financial assets	126,188	126,188	124,669	124,669	116,563	116,563

(Continued)

	March 31, 2023		December 31, 2022		March 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets at FVTOCI						
Investment in equity instruments	\$ 1,258,271	\$ 1,258,271	\$ 1,234,748	\$ 1,234,748	\$ 2,709,747	\$ 2,709,747
<u>Financial liabilities</u>						
Financial liabilities at amortized cost (Note 2)	15,690,077	15,690,077	12,533,065	12,533,065	14,547,705	14,547,705
Financial liabilities at FVTPL						
Derivative financial liabilities	8,909	8,909	7,412	7,412	13,035	13,035
						(Concluded)

Note 1: Including cash and cash equivalents, accounts receivable (including related parties), finance lease receivables, other receivables and refundable deposits.

Note 2: Including notes and accounts payable (including related parties), other payables, short-term loans, long-term loans (including current portion), dividends payables and guarantee deposits.

b. Fair value information

1) The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value is observable and the significance in its entirety, which are described as follows:

- a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2) Fair value measurements recognized in the consolidated balance sheets

- a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed shares and emerging market shares).
- b) The fair value of the financial instruments at fair value through profit or loss is based on Level 2 inputs, either directly or indirectly. The fair value of foreign-currency derivative financial instrument could be determined by reference to the price and discount rate of currency swap quoted by financial institutions. Foreign exchange forward contracts are measured using individual maturity rate to calculate the fair value of each contract.

c) Domestic unlisted equity instruments at FVTOCI were all measured based on Level 3 fair value. Fair values of such equity instruments were determined using discounted cash flow of income approach and comparable listed company approach, by referring to strike price of similar business in active market, implied value multiple of the price and relevant information. Significant unobservable inputs included P/E ratio, value multiple and market liquidity discount. As the discounted cash flow method was used, the discount rate used for the lack of marketability was 29%; which increase by 1% while all the other variables are held constant, the fair value of investments will decrease by \$8,577 thousand and \$8,063 thousand for the three months ended March 31, 2023 and 2022, respectively.

3) Fair value of financial instruments measured at fair value on a recurring basis

	March 31, 2023			
	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 5,063	\$ 121,125	\$ 126,188
<u>Financial assets at FVTOCI</u>				
Domestic and overseas listed shares and emerging market shares	\$ 129,315	\$ -	\$ -	\$ 129,315
Domestic and overseas unlisted shares	\$ -	\$ -	\$ 1,128,956	\$ 1,128,956
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	\$ -	\$ 8,909	\$ -	\$ 8,909
	December 31, 2022			
	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 2,894	\$ 121,775	\$ 124,669
<u>Financial assets at FVTOCI</u>				
Domestic and overseas listed shares and emerging market shares	\$ 117,904	\$ -	\$ -	\$ 117,904
Domestic and overseas unlisted shares	\$ -	\$ -	\$ 1,116,844	\$ 1,116,844
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	\$ -	\$ 7,412	\$ -	\$ 7,412

	March 31, 2022			Total
	Level 1	Level 2	Level 3	
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ -	\$ 116,563	\$ 116,563
<u>Financial assets at FVTOCI</u>				
Domestic and overseas listed shares and emerging market shares	\$ 253,940	\$ -	\$ -	\$ 253,940
Domestic and overseas unlisted shares	\$ -	\$ -	\$ 2,455,807	\$ 2,455,807
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	\$ -	\$ 13,035	\$ -	\$ 13,035

4) Reconciliation of Level 3 fair value measurements of financial instruments

The financial assets measured at Level 3 fair value were financial assets at FVTPL and equity investments classified as financial assets at FVTOCI. Reconciliations for the three months ended March 31, 2023 and 2022 were as follows:

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 1,238,619	\$ 2,487,691
Additions	-	45,000
Recognized in other comprehensive income	12,112	37,316
Recognized in profit or loss	(650)	2,363
Balance at March 31	<u>\$ 1,250,081</u>	<u>\$ 2,572,370</u>

c. Financial risk management objectives and policies

The Group seeks to minimize the effects of financial risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign currency risk, and the use of financial derivatives. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group entered into foreign exchange forward contracts to hedge the foreign currency risk arising on the export business.

a) Foreign currency risk

The Group has foreign currency denominated transactions, which expose the Group to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 34 to the consolidated financial statements.

The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period and assuming an increase in net income and equity if New Taiwan dollars strengthen by 1% against foreign currencies. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be impact on net income in the amounts of NT\$9,826 thousand increase and NT\$10,053 thousand increase for the three months ended March 31, 2023 and 2022, respectively. The amounts used in the 1% weakening of New Taiwan dollars against the relevant currency did not consider the impact of hedge contracts and hedged item.

b) Interest rate risk

Interest rate risk refers to the risk that the change in market value will influence the fair value of financial instruments. The Group's interest rate risk arises primarily from floating rate deposits and long-term loans.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Cash flow interest rate risk			
Financial assets	\$ 8,413	\$ 8,413	\$ 8,413
Financial liabilities	2,506,720	2,569,040	1,500,000

The sensitivity analysis of cash flows based on the Group's exposure to interest rates for fair value of variable-rate non-derivative instruments at the end of the reporting period. If interest rates increased by 1%, the Group's cash outflows for the three months ended March 31, 2023 and 2022 would have increased by NT\$6,246 thousand and increased by NT\$3,729 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Group, to mitigate the risk of financial loss from defaults, the Group has established risk procedures and is continuously assessing the credit risk of each counterparty, sufficient collateral will be obtained when necessary. In this regard, the management of the Group consider that the Group's credit risk was significantly reduced.

3) Liquidity risk

The Group has enough operating capital to comply with loan covenants; liquidity risk is low.

The Group's non-derivative financial liabilities and their agreed repayment period are as follows:

	March 31, 2023			Total
	Within 1 Year	1-2 Years	Over 2 Years	
<u>Non-derivative financial liabilities</u>				
Non-interest bearing Lease liabilities	\$ 10,798,634	\$ -	\$ -	\$ 10,798,634
Variable interest rate liabilities	177,546	129,664	344,303	651,513
	<u>1,149,577</u>	<u>428,572</u>	<u>928,571</u>	<u>2,506,720</u>
	<u>\$ 12,125,757</u>	<u>\$ 558,236</u>	<u>\$ 1,272,874</u>	<u>\$ 13,956,867</u>

Additional information about the maturity analysis of lease liabilities:

	Less than 2 Years	2-5 Years	Over 5 Years	Total
	<u>Non-derivative financial liabilities</u>			
Lease liabilities	<u>\$ 307,210</u>	<u>\$ 207,544</u>	<u>\$ 136,759</u>	<u>\$ 651,513</u>

	December 31, 2022			Total
	Within 1 Year	1-2 Years	Over 2 Years	
<u>Non-derivative financial liabilities</u>				
Non-interest bearing Lease liabilities	\$ 7,612,997	\$ -	\$ -	\$ 7,612,997
Variable interest rate liabilities	180,503	140,228	381,071	701,802
	<u>1,140,469</u>	<u>285,714</u>	<u>1,142,857</u>	<u>2,569,040</u>
	<u>\$ 8,933,969</u>	<u>\$ 425,942</u>	<u>\$ 1,523,928</u>	<u>\$ 10,883,839</u>

Additional information about the maturity analysis of lease liabilities:

	Less than 2 Years	2-5 Years	Over 5 Years	Total
	<u>Non-derivative financial liabilities</u>			
Lease liabilities	<u>\$ 320,731</u>	<u>\$ 231,766</u>	<u>\$ 149,305</u>	<u>\$ 701,802</u>

	March 31, 2022			
	Within 1 Year	1-2 Years	Over 2 Years	Total
<u>Non-derivative financial liabilities</u>				
Non-interest bearing Lease liabilities	\$ 10,620,863	\$ -	\$ -	\$ 10,620,863
Variable interest rate liabilities	265,763	224,346	949,893	1,440,002
	<u>-</u>	<u>-</u>	<u>1,500,000</u>	<u>1,500,000</u>
	<u>\$ 10,886,626</u>	<u>\$ 224,346</u>	<u>\$ 2,449,893</u>	<u>\$ 13,560,865</u>

Additional information about the maturity analysis of lease liabilities:

	Less than 2 Years	2-5 Years	Over 5 Years	Total
	<u>Non-derivative financial liabilities</u>			
Lease liabilities	<u>\$ 490,109</u>	<u>\$ 422,055</u>	<u>\$ 527,838</u>	<u>\$ 1,440,002</u>

31. TRANSACTIONS WITH RELATED PARTIES

a. Related party name and categories

<u>Related Party Name</u>	<u>Related Party Categories</u>
Winbond Electronics Corporation (“WEC”)	The Company’s parent
Winbond Electronics (HK) Limited (“WEHK”)	Associate
Winbond Electronics Corporation America (“WECA”)	Associate
Winbond Electronics Corporation Japan (“WECJ”)	Associate
Callisto Holding Limited	Associate
Atfields Manufacturing Technology Corporation (“AMTC”)	Associate (Note1)
Miraxia Edge Technology Corporation (“METC”)	Associate
TPSCo.	Associate (Note2)
Winbond Electronics Germany GmbH (“WEG”)	Associate
Nyquest Technology Co., Ltd. (“Nyquest”)	Related party in substance
Walton Advanced Engineering Inc.	Related party in substance
Chin Cherng Construction Co., Ltd.	Related party in substance
United Industrial Gases Co., Ltd.	Related party in substance
Waltech Advanced Engineering (Suzhou), Inc. (“Waltech”)	Related party in substance

Note1: The Group has disposed of AMTC to Winbond Electronics Corporation in January 2023, therefore AMTC has been reclassified from subsidiary to associate. Refer to Note 28 to the consolidated financial statements.

Note2: The Group has significant influence over TPSCo. Starting from April 2022, therefore TPSCo. has been reclassified from related party in substance to associate. Refer to Note 13 to the consolidated financial statements.

b. Operating activities

	For the Three Months Ended March 31	
	2023	2022
1) Operating revenue		
Related party in substance	\$ 29,670	\$ 1,001,385
Associate	<u>32,569</u>	<u>33,767</u>
	<u>\$ 62,239</u>	<u>\$ 1,035,152</u>
2) Purchases of goods		
Related party in substance		
TPSCo.	\$ -	\$ 1,498,020
Parent company	22,938	49,090
Associate		
TPSCo.	863,819	-
Others	<u>-</u>	<u>790</u>
	<u>\$ 886,757</u>	<u>\$ 1,547,900</u>
3) Manufacturing expenses		
Associate		
TPSCo.	\$ 496,692	\$ -
Others	14,352	-
Related party in substance		
TPSCo.	-	475,284
Waltech	568,744	187,328
Parent company	<u>514</u>	<u>290</u>
	<u>\$ 1,080,302</u>	<u>\$ 662,902</u>
4) Operating expenses		
Associate	\$ 113,740	\$ 124,890
Related party in substance	6,370	89,338
Parent company	<u>74,261</u>	<u>28,523</u>
	<u>\$ 194,371</u>	<u>\$ 242,751</u>
5) Non-operating income (expense)		
Associate	\$ (2,569)	\$ -
Related party in substance	<u>-</u>	<u>(1,138)</u>
	<u>\$ (2,569)</u>	<u>\$ (1,138)</u>

	March 31, 2023	December 31, 2022	March 31, 2022
6) Accounts receivable from related parties			
Related party in substance			
Waltech	\$ 1,593	\$ 684,713	\$ 418,279
Others	23,191	15,724	69,469
Associate	<u>21,070</u>	<u>68,274</u>	<u>23,769</u>
	<u>\$ 45,854</u>	<u>\$ 768,711</u>	<u>\$ 511,517</u>

7) Other receivables

Associate			
TPSCo.	\$ 133,102	\$ 54,318	\$ -
Others	10,403	7,202	14,009
Related party in substance			
TPSCo.	-	-	255,471
Others	1,285	340	12,883
Parent company	<u>166</u>	<u>597</u>	<u>-</u>
	<u>\$ 144,956</u>	<u>\$ 62,457</u>	<u>\$ 282,363</u>

Other receivables-related parties were collection or payment on behalf of others.

	March 31, 2023	December 31, 2022	March 31, 2022
8) Refundable deposits			
Parent company	\$ 1,780	\$ 1,780	\$ 1,780
Related party in substance	<u>1,722</u>	<u>1,722</u>	<u>1,722</u>
	<u>\$ 3,502</u>	<u>\$ 3,502</u>	<u>\$ 3,502</u>

9) Accounts payable to related parties

Associate			
TPSCo.	\$ 565,468	\$ 252,642	\$ -
Related party in substance			
TPSCo.	-	-	509,120
Waltech	1,214,247	474,247	60,714
Parent company	<u>15,970</u>	<u>20,828</u>	<u>25,111</u>
	<u>\$ 1,795,685</u>	<u>\$ 747,717</u>	<u>\$ 594,945</u>

10) Other payables

Associate	\$ 263,920	\$ 241,319	\$ 48,829
Parent company	70,876	48,200	44,367
Related party in substance	<u>312,735</u>	<u>137,410</u>	<u>120,336</u>
	<u>\$ 647,531</u>	<u>\$ 426,929</u>	<u>\$ 213,532</u>

d. Lease arrangements - Group is lessor/Sublease arrangements

Sublease arrangements under operating leases

For the three months ended March 31, 2023 and 2022, the Group subleases its right-of-use assets to its associate companies WEC, WEHK and TPSCo. under operating leases with lease terms between 1 and 12 years, and the rental is based on similar asset's market rental rates and fixed lease payments are received monthly.

1) The balance of operating lease receivables were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Associate			
TPSCo.	\$ 19,463	\$ 19,770	\$ -
Others	227	230	244
Parent company	510	340	24
Related party in substance			
TPSCo.	<u>-</u>	<u>-</u>	<u>20,016</u>
	<u>\$ 20,200</u>	<u>\$ 20,340</u>	<u>\$ 20,284</u>

2) Future lease payment receivables were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Associate			
TPSCo.	\$ 1,344,372	\$ 1,402,999	\$ -
Others	1,475	1,830	3,041
Parent company	3,322	12,151	4,369
Related party in substance			
TPSCo.	<u>-</u>	<u>-</u>	<u>1,534,332</u>
	<u>\$ 1,349,169</u>	<u>\$ 1,416,980</u>	<u>\$ 1,541,742</u>

3) Lease income were as follows:

	For the Three Months Ended March 31	
	2023	2022
Associate		
TPSCo.	\$ 53,352	\$ -
Others	2,836	359
Parent company	397	1,038
Related party in substance		
TPSCo.	<u>-</u>	<u>55,912</u>
	<u>\$ 56,585</u>	<u>\$ 57,309</u>

Lease arrangements under finance leases

The Group leased out equipment and intangible assets to its associate company - TPSCo. under finance leases with lease term of 3 years from the second quarter of 2022. The net investment in leases was NT\$277,390 thousand at the inception of the lease and the contract has average implicit interest rate of approximately 1.85% per annum. The rental is based on similar asset's market rental rates and the fixed lease payments JPY107,719 thousand are received quarterly.

As of March 31, 2023 and December 31, 2022, the balance of finance lease receivables was NT\$193,128 thousand and NT\$220,182 thousand. For the three months ended March 31, 2023, there was no impairment loss. The amount of interest income under finance leases for the three months ended March 31, 2023 was NT\$1,003 thousand.

e. Acquisition of financial assets

For the three months ended March 31, 2023

Related Party Category	Project	Number of Shares	Target	Amount Obtained
Associate TPSCo.	Investments accounted for using equity method	3,920	TPSCo. ordinary share	<u>\$ 59,586</u>

For the three months ended March 31, 2022 : None.

f. Endorsements and guarantees

Endorsements and guarantees provided by the Group

The chairman of the Company is a joint guarantor of the land-leasing from Taiwan Sugar Corporation. Refer to Note 15 to the consolidated financial statements.

Endorsements and guarantees given by related parties

Related Party Category	March 31, 2023	December 31, 2022	March 31, 2022
Parent company Amount endorsed	<u>\$ 6,864,000</u>	<u>\$ 6,972,000</u>	<u>\$ 7,059,000</u>
Amount utilized (reported as secured bank loans)	<u>\$ 1,006,720</u>	<u>\$ 952,840</u>	<u>\$ -</u>

g. Compensation of key management personnel

	For the Three Months Ended March 31	
	2023	2022
Short-term employee benefits	\$ 135,790	\$ 132,459
Post-employment benefits	<u>879</u>	<u>927</u>
	<u>\$ 136,669</u>	<u>\$ 133,386</u>

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for land leases, customs tariff obligations and bank borrowings:

	March 31, 2023	December 31, 2022	March 31, 2022
Land	\$ 1,087,214	\$ 1,104,321	\$ 1,118,101
Buildings	590,332	612,959	660,419
Investment properties	367,917	381,219	408,797
Time deposits (accounted as refundable deposits)	<u>107,227</u>	<u>107,227</u>	<u>107,168</u>
	<u>\$ 2,152,690</u>	<u>\$ 2,205,726</u>	<u>\$ 2,294,485</u>

33. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The board of directors of the Company agreed to sell all preferred shares of Autotalks Ltd. of 4,500,553 (including shares which converted from SAFE warrants), the transaction price is estimated to be US\$23,925 thousand, which will vary by the adjustment mechanism contained in the contract on the date of trade.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currency of the entities in the Group and the related exchange rates between foreign currencies and respective functional currency were as follows:

	March 31, 2023		
	Foreign Currencies (Thousand)	Exchange Rate (Note)	New Taiwan Dollars (Thousand)
<u>Financial assets</u>			
Monetary items			
USD	\$ 236,969	30.45	\$ 7,215,693
ILS	10,145	8.4221	85,443
RMB	5,757	4.4310	25,510
JPY	64,011	0.2288	14,646
<u>Financial liabilities</u>			
Monetary items			
USD	204,410	30.45	6,224,293
ILS	10,500	8.4221	88,429
RMB	6,700	4.4310	29,690

	December 31, 2022		
	Foreign Currencies (Thousand)	Exchange Rate (Note)	New Taiwan Dollars (Thousand)
<u>Financial assets</u>			
Monetary items			
USD	\$ 182,038	30.71	\$ 5,590,375
ILS	9,720	8.7301	84,860
RMB	5,675	4.4080	25,014
JPY	267,375	0.2324	62,138
<u>Financial liabilities</u>			
Monetary items			
USD	142,250	30.71	4,368,483
ILS	10,532	8.7301	91,949
RMB	6,602	4.4080	29,102
JPY	56,304	0.2324	13,085
	March 31, 2022		
	Foreign Currencies (Thousand)	Exchange Rate (Note)	New Taiwan Dollars (Thousand)
<u>Financial assets</u>			
Monetary items			
USD	\$ 184,243	28.625	\$ 5,273,948
ILS	9,048	9.0126	81,547
RMB	8,727	4.506	39,326
JPY	398,794	0.2353	93,836
SGD	1,968	21.16	41,647
<u>Financial liabilities</u>			
Monetary items			
USD	140,707	28.625	4,027,726
ILS	17,612	9.0126	158,733
RMB	5,915	4.506	26,654
JPY	1,264,428	0.2353	297,520
SGD	205	21.16	4,348

Note: The rate foreign currencies are exchanged to New Taiwan dollars and displayed as a rate.

For the three months ended March 31, 2023 and 2022, realized and unrealized net foreign exchange (losses) gains were NT\$(5,953) thousand and NT\$60,405 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

35. SEGMENT INFORMATION

a. Basic information about operating segment

1) Classification of operating segments

The Group's reportable segments under IFRS 8 and IAS 34 were as follows:

a) General IC product segment

The general IC product segment engages mainly in research, design, manufacturing, sale and after-sales service.

b) Foundry service segment

The foundry service segment engages mainly in research, design, manufacturing and sale.

2) Principles of measuring reportable segments profit, assets and liabilities

The significant accounting principles of each operating segment are the same as those stated in Note 4 to the consolidated financial statements. The Group's operating segment profit or loss represents the profit or loss earned by each segment. The profit or loss is controllable by segment managers and is the basis for assessment of segment performance. The Group does not provide information on assets regularly to the Group's chief operating decision maker; thus, the measure of assets is zero. Major liabilities are arranged based on the capital cost and deployment of the whole company, which are not controlled by individual segment managers.

b. Segment revenues and operating results

The following is an analysis of the Group's revenue from continuing operations by reportable segments.

	Segment Revenue		Segment Profit and Loss	
	For the Three Months Ended		For the Three Months Ended	
	March 31		March 31	
	2023	2022	2023	2022
General IC products	\$ 8,201,192	\$ 9,377,949	\$ 1,028,009	\$ 1,776,033
Foundry service	<u>563,077</u>	<u>758,530</u>	<u>215,299</u>	<u>415,878</u>
Total of segment revenue	8,764,269	10,136,479	1,243,308	2,191,911
Other revenue	<u>191,543</u>	<u>585,782</u>	<u>116,051</u>	<u>344,426</u>
Operating revenue	<u>\$ 8,955,812</u>	<u>\$ 10,722,261</u>	1,359,359	2,536,337
Unallocated expenditure				
Administrative and supporting expenses			(643,172)	(700,607)
Sales and other common expenses			<u>(347,830)</u>	<u>(393,762)</u>
Income from operations			368,357	1,441,968
Finance costs			(9,190)	(7,123)
Interest income			42,559	6,331
Other gains and losses			(10,397)	(16,609)
Gains on disposal of property, plant and equipment			10,192	4,990
Foreign exchange (losses) gains			(5,953)	60,405

(Continued)

	<u>Segment Revenue</u>		<u>Segment Profit and Loss</u>	
	<u>For the Three Months Ended</u>		<u>For the Three Months Ended</u>	
	<u>March 31</u>		<u>March 31</u>	
	2023	2022	2023	2022
Losses on financial instruments at fair value through profit or loss			\$ (2,948)	\$ (38,297)
Share of profit of associates			<u>340,442</u>	<u>-</u>
Profit before income tax			<u>\$ 733,062</u>	<u>\$ 1,451,665</u> (Concluded)

36. ADDITIONAL DISCLOSURE

Transactions between Nuvoton Technology Corporation and subsidiaries are all eliminated when preparing the consolidated financial statements.

a. Following are the additional disclosures for material transactions and investments:

1)	Financings provided	None
2)	Endorsements/guarantees provided	Table 1
3)	Marketable securities held (excluding investments in subsidiaries and associates)	Table 2
4)	Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital	Table 3
5)	Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital	None
6)	Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital	None
7)	Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital	Table 4
8)	Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital	Table 5
9)	Information about the derivative financial instruments transaction	Note 7
10)	Intercompany relationships and Significant intercompany transactions	Table 8
11)	Information on investments	Table 6

b. Information on investment in mainland China

1)	The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits (losses) of investee, ending balance, amount received as dividends from the investee, and the limitation on investee.	Table 7
2)	<p>Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports.</p> <p>a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.</p> <p>b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.</p> <p>c) The amount of property transactions and the amount of the resultant gains or losses.</p> <p>d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.</p> <p>e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.</p> <p>f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.</p>	Table 7

c. Information of major shareholders: Refer to Table 9 attached.

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 2)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 2)	Actual Borrowing Amount (In Thousands of Foreign Currencies)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Company	NTCJ	Subsidiary	\$ 15,288,889	\$ 2,053,970 (JPY 5,650,000) and (US\$ 25,000)	\$ 2,053,970 (JPY 5,650,000) and (US\$ 25,000)	\$ 582,394 (JPY 180,930) and (US\$ 17,767)	\$ -	13.43	\$ 15,288,889	Y	N	N

Note 1: The Company's maximum amount endorsed are limited to 20% of the net equity in latest financial statements of the Company or the net value of the endorsee company, whichever is lower. The Company's limitation of maximum endorse amount as described are not limited to subsidiaries that directly or indirectly hold more than 50% of voting shares.

Note 2: The ending balance is approved by the boards of directors of the Company.

Note 3: The Company's maximum amount endorsed are based on the net equity in the latest financial statements of the Company.

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

**MARKETABLE SECURITIES HELD
MARCH 31, 2023
(In Thousands of New Taiwan Dollars)**

Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	<u>Shares</u> Yu-Ji Venture Capital Co., Ltd.	The held company as the investee's director	Non-current financial assets at fair value through other comprehensive income	575,000	\$ 9,556	5	\$ 9,556	
	Brightek Optoelectronic Co., Ltd.	None	"	34,680	1,110	-	1,110	
	United Industrial Gases Co., Ltd.	The held company as the investee's director	"	8,800,000	510,400	4	510,400	
	Autotalks Ltd. - Preferred E. Share	None	"	3,932,816	609,000	9	609,000	
	<u>Warrants</u> Autotalks Ltd.	None	Non-current financial assets at fair value through profit or loss	-	76,125	-	76,125	
	Allxon Inc.	None	"	-	45,000	-	45,000	
	SYI	<u>Shares</u> Nyquest Technology Co., Ltd.	The held company as the investee's director	Non-current financial assets at fair value through other comprehensive income	1,650,000	128,205	5	128,205
NTCJ	<u>Shares</u> Symetrix Corporation	None	"	50,268	-	1	-	

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

**MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)**

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
NTCJ	AMTC	Investments accounted for using equity method	WEC	The Company's parent	4,000	\$ 233,534	-	\$ -	4,000	\$ 394,661 (JPY 1,673,000)	\$ 237,052	Note	-	\$ -

Note: In January, 2023, NTCJ sold 100% of the shares of AMTC to WEC at the consideration of JPY 1,673,000 thousand since this equity transfer is deemed as a reorganization under joint control, the difference between the sales price and the net equity value after deduction of the relevant income tax expenses was \$37,208 thousand, the capital surplus was increased by \$120,401 thousand, and the cumulative translation adjustment was \$3,518 thousand.

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

**(TRANSACTIONS BETWEEN NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES ARE ALL ELIMINATED WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS. THE FOLLOWING
DISCLOSURE INFORMATION IS ONLY FOR REFERENCE.)**

(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	NTHK	Subsidiary	Sales	\$ 1,734,964	37	Net 50 days from invoice date	N/A	N/A	\$ 756,416	37	
	NTSG	Subsidiary	Sales	104,355	2	Net 10 days end of the month	N/A	N/A	43,016	2	
	NTCJ	Subsidiary	Sales	580,548	12	Net 10 days end of the month	N/A	N/A	204,050	10	
	NTSG	Subsidiary	Purchases	161,571	5	Net 8 days end of the month	N/A	N/A	(62,806)	3	
	NTCJ	Subsidiary	Purchases	1,383,768	43	Net 8 days end of the month	N/A	N/A	(507,670)	20	
NTSG	NTCJ	Fellow subsidiary	Sales	US\$ 49,935	68	Net 10 days end of the month	N/A	N/A	US\$ 23,642	66	
	NTHK	Fellow subsidiary	Sales	US\$ 3,955	5	Net 10 days end of the month	N/A	N/A	US\$ 1,560	4	
NTCJ	NTSG	Fellow subsidiary	Sales	JPY 6,124,564	25	Net 10 days end of the month	N/A	N/A	JPY 2,068,296	13	
	NTHK	Fellow subsidiary	Sales	JPY 2,490,217	10	Net 10 days end of the month	N/A	N/A	JPY 1,085,908	7	
	TPSCo	Associate	Purchases	JPY 3,755,948	36	Net 10 days end of the month	N/A	N/A	JPY (2,471,450)	25	

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

MARCH 31, 2023

(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
The Company	NTHK	Subsidiary	\$ 756,416 (Note 2)	15.46	\$ -	-	\$ -	\$ -
	NTCJ	Subsidiary	204,050 (Note 2)	22.76	-	-	204,050	-
NTSG	NTCJ	Fellow subsidiary	US\$ 23,642 (Note 2)	9.85	-	-	US\$ 23,642	-
NTCJ	NTSG	Fellow subsidiary	JPY 2,068,296 (Note 2)	12.44	-	-	JPY 2,068,296	-
	NTHK	Fellow subsidiary	JPY 1,085,908 (Note 2)	18.35	-	-	JPY 1,085,908	-
	The Company	Parent company	JPY 2,222,936 (Note 2)	16.72	-	-	JPY 2,222,936	-
	TPSCo.	Associate	JPY 581,739	(Note 1)	-	-	JPY 581,739	-

Note 1: Other receivables is not applicable to calculation of turnover rate.

Note 2: All receivables balances are eliminated.

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA) FOR THE THREE MONTHS ENDED MARCH 31, 2023

(TRANSACTIONS BETWEEN NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES ARE ALL ELIMINATED WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS.

THE FOLLOWING DISCLOSURE INFORMATION IS ONLY FOR REFERENCE.)

(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
The Company	NTHK	Hong Kong	Sales of semiconductor	\$ 427,092	\$ 427,092	107,400,000	100	\$ 581,999	\$ (26,876)	\$ (26,876)	
	MML	British Virgin Islands	Investment holding	274,987	274,987	8,897,789	100	287,439	758	758	
	NIH	British Virgin Islands	Investment holding	590,953	590,953	17,960,000	100	368,959	10,977	10,977	
	SYI	Taiwan	Investment holding	38,500	38,500	3,850,000	100	158,933	(45)	(45)	
	NTIPL	India	Design, sales and service of semiconductor	30,211	30,211	600,000	100	21,725	123	123	
	NTCA	United States of America	Design, sales and service of semiconductor	190,862	190,862	60,500	100	210,165	1,302	1,302	
	NTSG	Singapore	Design, sales and service of semiconductor	1,319,054	1,319,054	45,100,000	100	1,979,213	35,788	35,788	
	NTKL	Korea	Design, sales and service of semiconductor	30,828	30,828	125,000	100	12,492	305	305	
	NTHJ	Japan	Investment holding	5,927,849	5,927,849	100	100	7,950,269	386,324	386,324	
	MML	GLLC	United States of America	Investment holding	1,473,559	1,473,559	-	100	287,274	867	867
NIH	NTIL	Israel	Design and service of semiconductor	46,905	46,905	1,000	100	296,976	13,634	13,634	
NTHJ	NTCJ	Japan	Design, sales and service of semiconductor	111,520	111,520	9,480	100	11,650,745	386,278	386,278	
NTCJ	AMTC	Japan	Design and service of semiconductor	-	55,760	-	-	-	-	-	(Note 2)
	TPSCo.	Japan	Foundry and sales of semiconductor	1,708,037	1,648,451	49,539	49	2,090,146	746,162	340,442	(Note 1)

Note 1: Share of profit (loss) includes downstream and upstream transactions.

Note 2: Refer to Note 28 for information of the Group disposal of the subsidiary in January, 2023.

Note 3: Refer to Table 7 for information on investment in mainland China.

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars and U.S. Dollars)**

1. Information on any investee company in mainland China, main businesses and products, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period and repatriations of investment income:

Investee Company in Mainland China	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2023	% Ownership of Direct or Indirect Investment	Net Income of the Investee	Investment Gain (Note 1)	Carrying Amount as of March 31, 2023	Accumulated Repatriation of Investment Income as of March 31, 2023
					Outward	Inward						
NTSH	Provide project of sale in China and repairing, testing and consulting of software and leasing business	\$ 68,036 (US\$ 2,000)	Through investing in MML in the third area in British Virgin Islands, which then invested in the investee in mainland China indirectly	\$ 68,036 (US\$ 2,000)	\$ -	\$ -	\$ 68,036 (US\$ 2,000)	100	\$ 918	\$ 918	\$ 290,380	\$ -
WENJ	Computer software service (except I.C. design)	16,429 (US\$ 500)	Through investing in MML in the third area in British Virgin Islands, which then invested in the investee in mainland China indirectly	16,429 (US\$ 500)	-	-	16,429 (US\$ 500)	100	-	-	(3,054) (Note 2)	-
NTSZ	Computer software service (except I.C. design), wholesale business for computer, supplement and software	197,670 (US\$ 6,000)	Through investing in NTHK in the third area, which then invested in the investee in mainland China indirectly	197,670 (US\$ 6,000)	-	-	197,670 (US\$ 6,000)	100	1,408	1,408	230,994	-
Song Zhi (Suzhou)	Provide development of semiconductor and technology, consult service and equipment leasing business	8,688 (RMB 2,000)	Through investing in NTSH in the third area, which then invested in the investee in mainland China indirectly	- (Note 3)	-	-	-	100	(2)	(2)	8,247	-

Note 1: Investment profit or loss for the three months ended March 31, 2023 was recognized under the basis of the financial statements reviewed by the Company's auditor.

Note 2: WENJ has a negative net book value as of March 31, 2023, which is reclassified to other non-current liabilities.

Note 3: NTSH directly injected the capital in Song Zhi (Suzhou).

2. Information on any investee company in mainland China, main businesses and products, paid-in capital, method of investment, limit on investment in mainland China:

Company	Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
The Company	NT\$282,135 (US\$8,500)	NT\$282,135 (US\$8,500)	NT\$9,173,333

Note 4: Upper limit on the amount of 60% of the Company's net book value.

3. Refer to Table 8 for significant transactions with the investee in mainland China directly and indirectly through investing in companies in the third area.
4. Handling endorsement, guarantee and collateral to the investee in Mainland China directly and indirectly through investing in companies in the third area: None.
5. Financing of funds to investee in mainland China directly and indirectly through investing in companies in the third area: None.
6. Other transactions with significant influence on profit or loss for the period or financial performance: None.

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies)**

No.	Company Name	Related Party	Nature of Relationship	Transaction Details			Percentage of Consolidated Total Gross Sales or Total Assets (%)
				Financial Statement Account	Amount	Terms (Note)	
0	<u>2023.1.1-2023.3.31</u> The Company	NTHK	Transactions between parent company and subsidiaries	Operating revenue	\$ 1,734,964	-	19
		NTHK	Transactions between parent company and subsidiaries	Accounts receivable from related parties	756,416	-	2
		NTSG	Transactions between parent company and subsidiaries	Operating revenue	104,355	-	1
		NTCJ	Transactions between parent company and subsidiaries	Operating revenue	580,548	-	6
		NTCJ	Transactions between parent company and subsidiaries	Accounts receivable from related parties	204,050	-	1
		NTSG	Transactions between parent company and subsidiaries	Operating cost	161,571	-	2
		NTCJ	Transactions between parent company and subsidiaries	Operating cost	1,383,768	-	15
		NTCJ	Transactions between parent company and subsidiaries	Accounts payable to related parties	507,670	-	1
		NTIL	Transactions between parent company and subsidiaries	Operating expense	261,540	-	3
		NTCA	Transactions between parent company and subsidiaries	Operating expense	112,734	-	1
1	NTCJ	NTSG	Transactions between subsidiaries	Operating revenue	1,408,938	-	16
		NTSG	Transactions between subsidiaries	Accounts receivable from related parties	473,226	-	1
		NTHK	Transactions between subsidiaries	Operating revenue	570,482	-	6
		NTHK	Transactions between subsidiaries	Accounts receivable from related parties	248,456	-	1
2	NTSG	NTCJ	Transactions between subsidiaries	Operating revenue	1,517,169	-	17
		NTCJ	Transactions between subsidiaries	Accounts receivable from related parties	719,899	-	2
		NTHK	Transactions between subsidiaries	Operating revenue	120,049	-	1

Note 1: There is no significant difference between the sales conditions of parent-subsidary sales and general sales, and the rest of the transactions have no similar transactions to follow, thus the transactions between the two parties are based on the agreement.

Note 2: Significant intercompany transactions refers to transactions amounted to \$100 million.

TABLE 9**NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****MARCH 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Winbond Electronics Corporation	214,954,635	51.21

Note 1: Table 9 is based on the information on the last business day of the quarter provided by the Taiwan Depository & Clearing Corporation (TDCC). The TDCC calculate the total number of ordinary shares and preferred shares held by shareholders who retain more than 5% of the Company's share (including treasury shares) that have delivered without physical registration. The number of shares in the Company's consolidated financial report and the actual number of shares delivered without physical registration may differ due to the different calculation basis.

Note 2: As per information above, if the shareholder delivers the shares to the trust, shares will be disclosed based on the trustee's account. Additionally, according to the Securities and Exchange Act, internal stakeholder whom holds more than 10% of the Company's share, which includes shares held by the stakeholder and parts delivered to the trust that have decision making rights, should be declared. For information regarding internal stakeholder declaration, please refer to the Market Observation Post System website of the Taiwan Stock Exchange Corporation.