

**Nuvoton Technology Corporation and  
Subsidiaries**

**Consolidated Financial Statements for the  
Nine Months Ended September 30, 2023 and 2022 and  
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 September 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2023 and 2022, and the related notes to the consolidated financial statements, including material accounting policies information (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 September 30, 2023 and 2022, its consolidated financial performance for the three months ended September 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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



Deloitte & Touche  
Taipei, Taiwan  
Republic of China

October 31, 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	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 6,373,869	20	\$ 10,398,185	28	\$ 10,445,505	30
Financial assets at fair value through profit or loss - current (Note 7)	-	-	2,894	-	-	-
Accounts receivable, net (Note 8)	4,487,452	14	3,610,131	10	3,909,128	11
Accounts receivable from related parties, net (Notes 8 and 31)	42,448	-	768,711	2	556,256	2
Finance lease receivables - current (Notes 9 and 31)	91,242	-	96,731	-	91,189	-
Other receivables (Notes 10 and 31)	446,944	1	327,265	1	349,312	1
Inventories (Note 11)	8,298,948	25	8,458,827	23	7,712,345	22
Other current assets	473,266	2	452,383	1	399,314	1
Total current assets	<u>20,214,169</u>	<u>62</u>	<u>24,115,127</u>	<u>65</u>	<u>23,463,049</u>	<u>67</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through profit or loss - non-current (Note 7)	80,675	-	121,775	-	124,375	-
Financial assets at fair value through other comprehensive income - non-current (Note 12)	1,329,241	4	1,234,748	3	1,247,687	3
Investments accounted for using equity method (Note 13)	1,917,649	6	1,710,869	5	1,284,075	4
Property, plant and equipment (Notes 14, 31 and 32)	5,508,872	17	5,764,085	16	5,115,740	15
Right-of-use assets (Notes 15 and 31)	553,601	2	623,867	2	599,782	2
Investment properties (Notes 16 and 32)	1,576,021	5	1,798,160	5	1,738,740	5
Intangible assets (Note 17)	551,722	1	722,757	2	729,906	2
Deferred tax assets (Note 4)	279,769	1	198,727	1	221,014	1
Refundable deposits (Notes 6, 31 and 32)	350,626	1	337,862	1	342,596	1
Finance lease receivables - non-current (Notes 9 and 31)	46,256	-	123,451	-	139,979	-
Other non-current assets	357,993	1	100,312	-	95,002	-
Total non-current assets	<u>12,552,425</u>	<u>38</u>	<u>12,736,613</u>	<u>35</u>	<u>11,638,896</u>	<u>33</u>
<b>TOTAL</b>	<u>\$ 32,766,594</u>	<u>100</u>	<u>\$ 36,851,740</u>	<u>100</u>	<u>\$ 35,101,945</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Notes 18, 31 and 32)	\$ 1,275,580	4	\$ 1,069,040	3	\$ 220,100	1
Financial liabilities at fair value through profit or loss - current (Note 7)	31,530	-	7,412	-	4,806	-
Accounts payable	1,437,840	4	2,401,020	7	2,448,705	7
Accounts payable to related parties (Note 31)	921,604	3	747,717	2	989,753	3
Other payables (Notes 19 and 31)	4,021,026	12	4,464,260	12	4,687,624	13
Current tax liabilities (Note 4)	463,885	1	712,005	2	691,018	2
Provisions - current (Note 20)	-	-	132,473	-	186,339	1
Lease liabilities - current (Notes 15 and 31)	165,422	1	169,896	1	173,323	-
Long-term borrowings, current portion (Notes 18 and 32)	142,857	1	71,429	-	71,429	-
Other current liabilities	950,366	3	1,192,434	3	629,184	2
Total current liabilities	<u>9,410,110</u>	<u>29</u>	<u>10,967,686</u>	<u>30</u>	<u>10,102,281</u>	<u>29</u>
<b>NON-CURRENT LIABILITIES</b>						
Long-term borrowings (Notes 18 and 32)	857,143	3	1,428,571	4	1,428,571	4
Provisions - non-current (Note 20)	2,324,728	7	2,491,287	7	2,392,031	7
Deferred tax liabilities (Note 4)	86,017	-	13,209	-	16,280	-
Lease liabilities - non-current (Notes 15 and 31)	411,724	1	491,363	1	465,841	1
Net defined benefit liabilities - non-current (Note 4)	1,415,747	4	1,492,573	4	1,565,820	4
Guarantee deposits (Notes 22 and 31)	2,128,254	7	2,351,028	6	2,631,789	8
Other non-current liabilities	70,251	-	50,085	-	55,232	-
Total non-current liabilities	<u>7,293,864</u>	<u>22</u>	<u>8,318,116</u>	<u>22</u>	<u>8,555,564</u>	<u>24</u>
Total liabilities	<u>16,703,974</u>	<u>51</u>	<u>19,285,802</u>	<u>52</u>	<u>18,657,845</u>	<u>53</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)</b>						
Share capital	4,197,653	13	4,197,653	11	4,197,653	12
Capital surplus	6,992,250	21	6,871,827	19	6,871,827	20
Retained earnings						
Legal reserve	1,447,316	4	958,560	3	958,560	3
Special reserve	710,979	2	-	-	-	-
Unappropriated earnings	3,824,320	12	6,248,877	17	5,432,209	15
Exchange differences on translation of financial statements of foreign operations	(1,456,022)	(4)	(1,005,611)	(3)	(1,323,719)	(4)
Unrealized gains on financial assets at fair value through other comprehensive income	346,124	1	294,632	1	307,570	1
Total equity	<u>16,062,620</u>	<u>49</u>	<u>17,565,938</u>	<u>48</u>	<u>16,444,100</u>	<u>47</u>
<b>TOTAL</b>	<u>\$ 32,766,594</u>	<u>100</u>	<u>\$ 36,851,740</u>	<u>100</u>	<u>\$ 35,101,945</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)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 31)	\$ 8,969,569	100	\$ 10,400,498	100	\$ 26,878,415	100	\$ 32,303,181	100
OPERATING COST (Notes 11, 26 and 31)	<u>5,213,155</u>	<u>58</u>	<u>6,113,676</u>	<u>59</u>	<u>15,889,480</u>	<u>59</u>	<u>18,625,306</u>	<u>58</u>
GROSS PROFIT	<u>3,756,414</u>	<u>42</u>	<u>4,286,822</u>	<u>41</u>	<u>10,988,935</u>	<u>41</u>	<u>13,677,875</u>	<u>42</u>
OPERATING EXPENSES (Notes 26 and 31)								
Selling expenses	244,378	3	298,807	3	743,327	3	889,596	3
General and administrative expenses	643,786	7	688,625	7	1,934,249	7	2,102,339	6
Research and development expenses	2,246,847	25	2,223,682	21	6,845,880	26	6,862,610	21
Expected credit loss (gain)	<u>(2,723)</u>	<u>-</u>	<u>(5,936)</u>	<u>-</u>	<u>14,805</u>	<u>-</u>	<u>144</u>	<u>-</u>
Total operating expenses	<u>3,132,288</u>	<u>35</u>	<u>3,205,178</u>	<u>31</u>	<u>9,538,261</u>	<u>36</u>	<u>9,854,689</u>	<u>30</u>
PROFIT FROM OPERATIONS	<u>624,126</u>	<u>7</u>	<u>1,081,644</u>	<u>10</u>	<u>1,450,674</u>	<u>5</u>	<u>3,823,186</u>	<u>12</u>
NON-OPERATING INCOME AND EXPENSES (Note 31)								
Finance costs	(13,532)	-	(10,038)	-	(35,152)	-	(23,696)	-
Share of (loss) profit of associates	(36,028)	(1)	(19,718)	-	269,882	1	(13,665)	-
Interest income	55,239	1	27,901	-	145,056	1	47,649	-
Dividend income	11,888	-	13,304	-	71,728	-	80,422	-
Other gains and losses	1,419	-	(1,748)	-	10,116	-	135,541	-
Gains (losses) on disposal of property, plant and equipment	64,586	1	33	-	83,422	-	172,066	-
Foreign exchange gains (losses)	87,552	1	104,823	1	188,704	1	240,027	1
(Losses) gains on financial assets at fair value through profit or loss	<u>(88,065)</u>	<u>(1)</u>	<u>(58,985)</u>	<u>-</u>	<u>(163,945)</u>	<u>(1)</u>	<u>(148,771)</u>	<u>-</u>
Total non-operating income and expenses	<u>83,059</u>	<u>1</u>	<u>55,572</u>	<u>1</u>	<u>569,811</u>	<u>2</u>	<u>489,573</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	707,185	8	1,137,216	11	2,020,485	7	4,312,759	13
INCOME TAX EXPENSE (Notes 4 and 25)	<u>(108,025)</u>	<u>(2)</u>	<u>(192,006)</u>	<u>(2)</u>	<u>(306,950)</u>	<u>(1)</u>	<u>(804,955)</u>	<u>(2)</u>
NET PROFIT FOR THE PERIOD	<u>599,160</u>	<u>6</u>	<u>945,210</u>	<u>9</u>	<u>1,713,535</u>	<u>6</u>	<u>3,507,804</u>	<u>11</u>
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	(5,594)	-	(21,167)	-	51,492	-	(240,806)	(1)

(Continued)

## NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations	\$ 157,498	2	\$ 242,633	2	\$ (450,411)	(1)	\$ (278,778)	(1)
Other comprehensive income (loss) for the period, net of income tax	151,904	2	221,466	2	(398,919)	(1)	(519,584)	(2)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>\$ 751,064</b>	<b>8</b>	<b>\$ 1,166,676</b>	<b>11</b>	<b>\$ 1,314,616</b>	<b>5</b>	<b>\$ 2,988,220</b>	<b>9</b>
<b>EARNINGS PER SHARE</b> (Note 27)								
From continuing operations								
Basic	\$ 1.43		\$ 2.25		\$ 4.08		\$ 8.36	
Diluted	\$ 1.42		\$ 2.24		\$ 4.07		\$ 8.30	

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)

	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	Special 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)									
Legal reserve	-	-	-	303,045	-	(303,045)	-	-	-
Cash dividends	-	-	-	-	-	(2,098,826)	-	-	(2,098,826)
Net profit for the nine months ended September 30, 2022	-	-	-	-	-	3,507,804	-	-	3,507,804
Other comprehensive loss for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	-	(278,778)	(240,806)	(519,584)
Total comprehensive (loss) income for the nine months ended September 30, 2022	-	-	-	-	-	3,507,804	(278,778)	(240,806)	2,988,220
Convertible bonds converted to ordinary shares (Note 23)	25,552	(25,552)	-	-	-	-	-	-	-
Unclaimed dividends from claims extinguished by prescriptions	-	-	16	-	-	-	-	-	16
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Notes 12 and 23)	-	-	-	-	-	563,084	-	(563,084)	-
BALANCE AT SEPTEMBER 30, 2022	\$ 4,197,653	\$ -	\$ 6,871,827	\$ 958,560	\$ -	\$ 5,432,209	\$ (1,323,719)	\$ 307,570	\$ 16,444,100
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)									
Legal reserve	-	-	-	488,756	-	(488,756)	-	-	-
Special reserve	-	-	-	-	710,979	(710,979)	-	-	-
Cash dividends	-	-	-	-	-	(2,938,357)	-	-	(2,938,357)
Net profit for the nine months ended September 30, 2023	-	-	-	-	-	1,713,535	-	-	1,713,535
Other comprehensive (loss) income for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	-	(450,411)	51,492	(398,919)
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	1,713,535	(450,411)	51,492	1,314,616
Unclaimed dividends from claims extinguished by prescriptions	-	-	22	-	-	-	-	-	22
Disposal of subsidiaries (Note 28)	-	-	120,401	-	-	-	-	-	120,401
BALANCE AT SEPTEMBER 30, 2023	\$ 4,197,653	\$ -	\$ 6,992,250	\$ 1,447,316	\$ 710,979	\$ 3,824,320	\$ (1,456,022)	\$ 346,124	\$ 16,062,620

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)

	For the Nine Months Ended September 30	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 2,020,485	\$ 4,312,759
Adjustments for:		
Depreciation expense	862,311	773,151
Amortization expense	254,088	209,492
Expected credit loss recognized on accounts receivable	14,805	144
Finance costs	35,152	23,696
Interest income	(145,056)	(47,649)
Dividend income	(71,728)	(80,422)
Share of (profit) loss of associates	(269,882)	13,665
Gains on disposal of property, plant and equipment	(83,422)	(172,066)
Gain on lease modification	(19,926)	(103,580)
Other adjustment to reconcile loss (profit)	591	(91)
Changes in operating assets and liabilities		
(Increase) decrease in financial assets at fair value through profit or loss	23,112	(3,738)
(Increase) decrease in accounts receivable	(984,831)	(396,118)
(Increase) decrease in accounts receivable from related parties	726,263	100,482
(Increase) decrease in other receivables	(133,294)	421,147
(Increase) decrease in inventories	(395,662)	(852,879)
(Increase) decrease in other current assets	(24,118)	(60,700)
(Increase) decrease in other non-current assets	(257,681)	(90,697)
Increase (decrease) in notes payable	-	(38,753)
Increase (decrease) in accounts payable	(963,180)	(185,671)
Increase (decrease) in accounts payable - related parties	173,887	523,080
Increase (decrease) in other payables	(257,325)	99,063
Increase (decrease) in provisions	(124,807)	(317,867)
Increase (decrease) in other current liabilities	(569,360)	(71,607)
Increase (decrease) in net defined benefit liabilities	10,037	31,026
Increase (decrease) in other non-current liabilities	20,166	8,843
Cash flows generated from (used in) operations	(159,375)	4,094,710
Interest received	141,306	48,255
Interest paid	(33,148)	(23,138)
Income tax paid	(616,316)	(616,322)
Dividend received	71,728	80,422
Net cash flows generated from (used in) operating activities	<u>(595,805)</u>	<u>3,583,927</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	2,000	1,000
Acquisition of financial assets at fair value through profit or loss	-	(45,000)
Acquisition of investments accounted for using equity method	(59,586)	(164,933)

(Continued)



# NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2023	2022
Proceeds from disposal of subsidiaries	\$ 196,798	\$ -
Decrease in finance lease receivables	71,094	47,342
Decrease in other receivables - time deposits	3,528	104,754
Acquisition of property, plant and equipment	(747,075)	(743,677)
Proceeds from disposal of property, plant and equipment	115,928	181,645
Increase in unearned receipts-disposal of assets	540,500	-
Acquisition of intangible assets	(194,472)	(254,381)
Disposal of intangible assets	-	356
Decrease in other payable for investment	-	(362,643)
Increase in refundable deposits	(1,220)	(187,280)
Net cash flows generated from (used in) investing activities	<u>(72,505)</u>	<u>(1,422,817)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	1,703,550	220,100
Repayment of short-term borrowings	(1,412,680)	-
Repayment of long-term borrowings	(500,000)	-
Proceeds from guarantee deposits received	64,823	350,705
Repayment of the principal portion of lease liabilities	(138,548)	(174,356)
Dividends paid	(2,938,357)	(2,098,826)
Net cash flows generated from (used in) financing activities	<u>(3,221,212)</u>	<u>(1,702,377)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(134,794)</u>	<u>287,741</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,024,316)	746,474
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>\$ 6,373,869</u>	<u>\$ 10,445,505</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 NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 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 September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

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 October 31, 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. The IFRSs endorsed by the FSC for application starting from 2024

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above 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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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.

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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
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 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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 (%)		
			September 30, 2023	December 31, 2022	September 30, 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
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”) (Note 1)	Computer software service (except I.C. design)	-	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 2)	Design and service of semiconductor	-	100	100

Note 1: WENJ has completed the cancellation and liquidation process in May 2023.

Note 2: 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 remeasurement) 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. Remeasurement, 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. Remeasurement 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**

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Cash and deposits in banks	\$ 6,055,869	\$ 10,348,185	\$ 10,414,705
Repurchase agreements collateralized by bonds	<u>318,000</u>	<u>50,000</u>	<u>30,800</u>
	<u>\$ 6,373,869</u>	<u>\$ 10,398,185</u>	<u>\$ 10,445,505</u>

- a. 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):

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Time deposits	<u>\$ 52,686</u>	<u>\$ 56,214</u>	<u>\$ 79,727</u>

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets - current</u>			
Held for trading			
Foreign exchange forward contracts	\$ -	\$ 2,894	\$ -
<u>Financial assets - non-current</u>			
Mandatorily measured at FVTPL			
Domestic and oversea warrants	\$ 80,675	\$ 121,775	\$ 124,375
<u>Financial liabilities - current</u>			
Held for trading			
Foreign exchange forward contracts	\$ 31,530	\$ 7,412	\$ 4,806

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

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>September 30, 2023</u>			
Sell forward exchange contracts	USD/NTD	2023.10.03-2023.11.02	USD24,000/NTD767,383
	USD/JPY	2023.10.13-2023.11.14	USD30,300/JPY4,401,572
<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>September 30, 2022</u>			
Sell forward exchange contracts	USD/NTD	2022.10.07-2022.10.28	USD16,000/NTD503,194

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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Accounts receivable (including related parties)</u>			
At amortized cost			
Gross carrying amount	\$ 4,579,945	\$ 4,412,957	\$ 4,499,652
Less: Allowance for impairment loss	<u>(50,045)</u>	<u>(34,115)</u>	<u>(34,268)</u>
	<u>\$ 4,529,900</u>	<u>\$ 4,378,842</u>	<u>\$ 4,465,384</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.

September 30, 2023

	Not Overdue	Overdue under 30 Days	Overdue 31 to 90 Days	Overdue 91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.1-2%	2%	10%	20%	50%	
Gross carrying amount	\$ 4,571,126	\$ 6,132	\$ 1,702	\$ 985	\$ -	\$ 4,579,945
Loss allowance (lifetime ECL)	<u>(49,555)</u>	<u>(123)</u>	<u>(170)</u>	<u>(197)</u>	<u>-</u>	<u>(50,045)</u>
Amortized cost	<u>\$ 4,521,571</u>	<u>\$ 6,009</u>	<u>\$ 1,532</u>	<u>\$ 788</u>	<u>\$ -</u>	<u>\$ 4,529,900</u>

December 31, 2022

	Not Overdue	Overdue under 30 Days	Overdue 31 to 90 Days	Overdue 91 to 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>

September 30, 2022

	Not Overdue	Overdue under 30 Days	Overdue 31 to 90 Days	Overdue 91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.1-2%	2%	10%	20%	50%	
Gross carrying amount	\$ 4,477,496	\$ 19,689	\$ 2,467	\$ -	\$ -	\$ 4,499,652
Loss allowance (lifetime ECL)	<u>(33,627)</u>	<u>(394)</u>	<u>(247)</u>	<u>-</u>	<u>-</u>	<u>(34,268)</u>
Amortized cost	<u>\$ 4,443,869</u>	<u>\$ 19,295</u>	<u>\$ 2,220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,465,384</u>

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 34,115	\$ 32,854
Add: Net remeasurement of loss allowance	14,805	144
Foreign currency exchange gains and losses	<u>1,125</u>	<u>1,270</u>
Balance at September 30	<u>\$ 50,045</u>	<u>\$ 34,268</u>

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

**9. FINANCE LEASE RECEIVABLES**

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
<u>Undiscounted lease payments</u>			
Year 1	\$ 93,155	\$ 100,135	\$ 94,836
Year 2	46,578	100,135	94,836
Year 3	<u>-</u>	<u>25,034</u>	<u>47,418</u>
	139,733	225,304	237,090
Less: Unearned finance income	<u>(2,235)</u>	<u>(5,122)</u>	<u>(5,922)</u>
Finance lease receivables	<u>\$ 137,498</u>	<u>\$ 220,182</u>	<u>\$ 231,168</u>
Current	\$ 91,242	\$ 96,731	\$ 91,189
Non-current	<u>46,256</u>	<u>123,451</u>	<u>139,979</u>
	<u>\$ 137,498</u>	<u>\$ 220,182</u>	<u>\$ 231,168</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

	September 30, 2023	December 31, 2022	September 30, 2022
Time deposits (Note 6)	\$ 52,686	\$ 56,214	\$ 79,727
Business tax refund receivable	285,131	28,436	55,337
Others	<u>109,127</u>	<u>242,615</u>	<u>214,248</u>
	<u>\$ 446,944</u>	<u>\$ 327,265</u>	<u>\$ 349,312</u>

## 11. INVENTORIES

	September 30, 2023	December 31, 2022	September 30, 2022
Raw materials and supplies	\$ 554,795	\$ 574,856	\$ 465,035
Work in process	5,309,450	6,025,839	5,468,798
Finished goods	2,421,712	1,857,865	1,759,883
Inventories in transit	<u>12,991</u>	<u>267</u>	<u>18,629</u>
	<u>\$ 8,298,948</u>	<u>\$ 8,458,827</u>	<u>\$ 7,712,345</u>

The operating cost for the three months ended September 30, 2023 and 2022, and the nine months ended September 30, 2023 and 2022 were NT\$5,213,155 thousand, NT\$6,113,676 thousand, NT\$15,889,480 thousand and NT\$18,625,306 thousand, respectively. The net losses of inventory write-downs, obsolescence and abandonment of inventories for the three months ended September 30, 2023 and 2022, and the nine months ended September 30, 2023 and 2022 were NT\$73,100 thousand, NT\$69,461 thousand, NT\$407,171 thousand and NT\$125,618 thousand, respectively.

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments at FVTOCI:

	September 30, 2023	December 31, 2022	September 30, 2022
Listed shares and emerging market shares			
Nyquest Technology Co., Ltd.	\$ 102,960	\$ 116,985	\$ 100,320
Brightek Optoelectronic Co., Ltd.	1,082	919	848
Unlisted shares			
United Industrial Gases Co., Ltd.	528,000	492,800	501,600
Yu-Ji Venture Capital Co., Ltd.	6,799	9,844	9,919
Autotalks Ltd. - Preferred E. Share	645,400	614,200	635,000
Allxon Inc.	45,000	-	-
Symetrix Corporation - Preferred A. Share	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,329,241</u>	<u>\$ 1,234,748</u>	<u>\$ 1,247,687</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.

In June, 2023, The Group executes the Allxon Inc. stock warrants conversion to acquired 5,625 thousand preferred shares and expected to profit through long-term investments. Therefore, it was reclassification of financial assets at fair value through profit or loss to the financial assets at fair value through other comprehensive income.

The Group changed its accounting treatment of investment in TPSCo. to the equity method since April 2022, refer to Note 13 to the consolidated financial statements for related information; accordingly, the related other equity - unrealized gain or loss on financial assets at fair value through other comprehensive income or loss of NT\$563,084 thousand was transferred to retained earnings. Refer to Note 23 to the consolidated financial statements for related information.

The Group recognized dividend income of NT\$11,888 thousand, NT\$13,304 thousand, NT\$71,728 thousand and NT\$80,422 thousand for the three months ended and nine months ended September 30, 2023 and 2022, respectively.

### 13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

#### Investments in Associates

	September 30, 2023	December 31, 2022	September 30, 2022
Tower Partners Semiconductor Co., Ltd. ("TPSCo.")	<u>\$ 1,917,649</u>	<u>\$ 1,710,869</u>	<u>\$ 1,284,075</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 June 30, 2023, NTCJ has held TPSCo.'s 49,539 shares with a direct shareholding of 49%.

The equity method of investment and the Groups' share of profit or loss of the investment was calculated based on the associate's financial statement which has been reviewed by independent auditors for the respective period.

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

	September 30, 2023	December 31, 2022	September 30, 2022
Land	\$ 1,759,112	\$ 1,890,924	\$ 1,766,499
Buildings	1,746,107	1,908,905	1,813,956
Machinery and equipment	1,594,003	1,470,965	1,267,474
Other equipment	268,317	276,558	202,674
Construction in progress and prepayments for purchase of equipment	<u>141,333</u>	<u>216,733</u>	<u>65,137</u>
	<u>\$ 5,508,872</u>	<u>\$ 5,764,085</u>	<u>\$ 5,115,740</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	-	33,617	156,262	22,499	538,368	750,746
Disposals	-	(17,739)	(1,303,903)	(140,661)	-	(1,462,303)
Disposal of subsidiaries	-	-	-	(6,813)	-	(6,813)
Reclassified	-	46,765	456,010	108,470	(609,872)	1,373
Effect of foreign currency exchange differences	<u>(131,812)</u>	<u>(1,168,026)</u>	<u>(2,950,844)</u>	<u>(201,176)</u>	<u>(3,896)</u>	<u>(4,455,754)</u>
Balance at September 30, 2023	<u>1,759,112</u>	<u>19,384,866</u>	<u>50,678,342</u>	<u>3,123,772</u>	<u>141,333</u>	<u>75,087,425</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	-	(16,767)	(1,275,668)	(137,362)	-	(1,429,797)
Depreciation expense	-	125,543	384,727	122,893	-	633,163
Disposal of subsidiaries	-	-	-	(4,837)	-	(4,837)
Effect of foreign currency exchange differences	<u>-</u>	<u>(1,051,361)</u>	<u>(2,874,572)</u>	<u>(190,134)</u>	<u>-</u>	<u>(4,116,067)</u>
Balance at September 30, 2023	<u>-</u>	<u>17,638,759</u>	<u>49,084,339</u>	<u>2,855,455</u>	<u>-</u>	<u>69,578,553</u>
Carrying amounts at September 30, 2023	<u>\$ 1,759,112</u>	<u>\$ 1,746,107</u>	<u>\$ 1,594,003</u>	<u>\$ 268,317</u>	<u>\$ 141,333</u>	<u>\$ 5,508,872</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, 2022	\$ 1,918,115	\$ 20,895,264	\$ 55,766,204	\$ 3,323,174	\$ 101,297	\$ 82,004,054
Additions	-	16,784	100,376	23,120	710,402	850,682
Disposals	-	(13,006)	(391,057)	(137,896)	-	(541,959)
Reclassified	12,248	127,041	439,012	147,564	(725,865)	-
Effect of foreign currency exchange differences	<u>(163,864)</u>	<u>(1,460,804)</u>	<u>(3,715,037)</u>	<u>(235,254)</u>	<u>(20,697)</u>	<u>(5,595,656)</u>
Balance at September 30, 2022	<u>1,766,499</u>	<u>19,565,279</u>	<u>52,199,498</u>	<u>3,120,708</u>	<u>65,137</u>	<u>76,717,121</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	-	(13,006)	(382,587)	(64,254)	-	(459,847)
Depreciation expense	-	124,701	279,452	114,712	-	518,865
Reclassified	-	-	(3)	3	-	-
Effect of foreign currency exchange differences	<u>-</u>	<u>(1,313,141)</u>	<u>(3,673,528)</u>	<u>(226,509)</u>	<u>-</u>	<u>(5,213,178)</u>
Balance at September 30, 2022	<u>-</u>	<u>17,751,323</u>	<u>50,932,024</u>	<u>2,918,034</u>	<u>-</u>	<u>71,601,381</u>
Carrying amounts at September 30, 2022	<u>\$ 1,766,499</u>	<u>\$ 1,813,956</u>	<u>\$ 1,267,474</u>	<u>\$ 202,674</u>	<u>\$ 65,137</u>	<u>\$ 5,115,740</u>

- a. Refer to Note 32 to the consolidated financial statements for the amount of property, plant and equipment pledged as collateral for bank borrowings.
- b. In the second quarter of 2022, the carrying amount of other equipment disposed under finance leases was NT\$72,533 thousand. Refer to Note 31 to the consolidated financial statements for details of finance lease contracts.

## 15. LEASE ARRANGEMENTS

- a. Right-of-use assets

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amounts</u>			
Land	\$ 131,260	\$ 150,211	\$ 154,948
Buildings	274,968	313,972	287,798
Machinery and equipment	120,966	139,758	135,432
Other equipment	<u>26,407</u>	<u>19,926</u>	<u>21,604</u>
	<u>\$ 553,601</u>	<u>\$ 623,867</u>	<u>\$ 599,782</u>

In June 2022, the Group transferred the lease agreement of machinery and equipment which was recorded as right-of-use asset to TPSCo. and generated a lease modification benefit of approximately NT\$178,623 thousand. Refer to Note 31 to the consolidated financial statements for related information.

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2023	2022	2023	2022
Additions to right-of-use assets	<u>\$ 47,337</u>	<u>\$ 38,573</u>	<u>\$ 73,467</u>	<u>\$ 139,070</u>
Depreciation for right-of-use assets				
Land	\$ 6,317	\$ 6,285	\$ 18,951	\$ 18,853
Buildings	28,713	30,192	86,422	86,966
Machinery and equipment	3,061	3,068	9,392	29,902
Other equipment	<u>4,351</u>	<u>4,589</u>	<u>11,726</u>	<u>13,661</u>
	<u>\$ 42,442</u>	<u>\$ 44,134</u>	<u>\$ 126,491</u>	<u>\$ 149,382</u>
Income from the subleasing of right-of-use assets (presented in other income)	<u>\$ 1,893</u>	<u>\$ 1,876</u>	<u>\$ 5,571</u>	<u>\$ 5,525</u>

b. Lease liabilities

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
<u>Carrying amounts</u>			
Current	<u>\$ 165,422</u>	<u>\$ 169,896</u>	<u>\$ 173,323</u>
Non-current	<u>\$ 411,724</u>	<u>\$ 491,363</u>	<u>\$ 465,841</u>

Range of discount rate for lease liabilities was as follows:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Land	1.76%-2.06%	1.76%-2.06%	1.76%-2.06%
Buildings	0.14%-5.13%	0.14%-3.03%	0.14%-3.03%
Machinery and equipment	0.48%-0.80%	0.48%-0.80%	0.48%-0.80%
Other equipment	0.14%-5.10%	0.14%-3.62%	0.14%-2.44%

For the three months ended September 30, 2023 and 2022 and the nine months ended September 30, 2023 and 2022, the interest expense under lease liabilities amounted to NT\$2,374 thousand, NT\$2,303 thousand, NT\$7,220 thousand and NT\$9,123 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

Except for what is stated in Notes 9 and 16 to the consolidated financial statements, the Group subleases its right-of-use assets for buildings under operating leases. The maturity analysis of lease payments receivable under operating subleases is as follows:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Year 1	\$ 2,340	\$ 7,429	\$ 5,612
Year 2	-	5,824	2,334
Year 3	-	4,041	-
Year 4	-	-	-
Year 5	-	-	-
Year 5 onwards	-	-	-
	<u>\$ 2,340</u>	<u>\$ 17,294</u>	<u>\$ 7,946</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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	\$ 66,649	\$ 35,240	\$ 193,808	\$ 123,618
Total cash outflow for leases	\$ (114,548)	\$ (85,110)	\$ (337,498)	\$ (306,997)

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 liabilities for these leases.

## 16. INVESTMENT PROPERTIES

	September 30, 2023	December 31, 2022	September 30, 2022
Investment properties, net	\$ 1,576,021	\$ 1,798,160	\$ 1,738,740

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 appraisers 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 September 30, 2023 and 2022.

	For the Nine Months Ended September 30	
	2023	2022
<u>Cost</u>		
Balance at January 1	\$ 7,662,122	\$ 7,924,196
Effect of foreign currency exchange differences	(526,915)	(660,772)
Balance at September 30	<u>7,135,207</u>	<u>7,263,424</u>
<u>Accumulated depreciation and impairment</u>		
Balance at January 1	5,863,962	5,918,598
Depreciation expense	102,657	104,904
Effect of foreign currency exchange differences	(407,433)	(498,818)
Balance at September 30	<u>5,559,186</u>	<u>5,524,684</u>
Carrying amount at September 30	\$ <u>1,576,021</u>	\$ <u>1,738,740</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 maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Year 1	\$ 154,758	\$ 171,129	\$ 162,396
Year 2	145,426	152,691	146,014
Year 3	139,449	149,898	141,965
Year 4	139,449	149,898	141,965
Year 5	139,449	149,898	141,965
Year 5 onwards	<u>488,072</u>	<u>637,067</u>	<u>603,347</u>
	<u>\$ 1,206,603</u>	<u>\$ 1,410,581</u>	<u>\$ 1,337,652</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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Deferred technical assets	\$ 377,490	\$ 550,613	\$ 522,742
Other intangible assets	<u>174,232</u>	<u>172,144</u>	<u>207,164</u>
	<u>\$ 551,722</u>	<u>\$ 722,757</u>	<u>\$ 729,906</u>
	<b>Deferred Technical Assets</b>	<b>Other Intangible Assets</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2023	\$ 2,062,573	\$ 1,136,379	\$ 3,198,952
Additions	1,388	89,898	91,286
Disposals	-	(7,271)	(7,271)
Disposal of subsidiaries	-	(7,243)	(7,243)
Reclassification	22,693	(24,066)	(1,373)
Effect of foreign currency exchange differences	<u>(7,339)</u>	<u>(65,150)</u>	<u>(72,489)</u>
Balance at September 30, 2023	<u>2,079,315</u>	<u>1,122,547</u>	<u>3,201,862</u>
			(Continued)

	<b>Deferred Technical Assets</b>	<b>Other Intangible Assets</b>	<b>Total</b>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2023	\$ 1,511,960	\$ 964,235	\$ 2,476,195
Amortization expense	194,754	59,334	254,088
Disposals	-	(6,680)	(6,680)
Disposal of subsidiaries	-	(6,703)	(6,703)
Effect of foreign currency exchange differences	<u>(4,889)</u>	<u>(61,871)</u>	<u>(66,760)</u>
Balance at September 30, 2023	<u>1,701,825</u>	<u>948,315</u>	<u>2,650,140</u>
Carrying amounts at September 30, 2023	<u>\$ 377,490</u>	<u>\$ 174,232</u>	<u>\$ 551,722</u>
<u>Cost</u>			
Balance at January 1, 2022	\$ 1,892,805	\$ 1,305,198	\$ 3,198,003
Additions	78,172	105,809	183,981
Disposals	-	(205,691)	(205,691)
Effect of foreign currency exchange differences	<u>2,295</u>	<u>(98,068)</u>	<u>(95,773)</u>
Balance at September 30, 2022	<u>1,973,272</u>	<u>1,107,248</u>	<u>3,080,520</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2022	1,292,193	922,481	2,214,674
Amortization expense	155,420	54,072	209,492
Disposals	-	(569)	(569)
Effect of foreign currency exchange differences	<u>2,917</u>	<u>(75,900)</u>	<u>(72,983)</u>
Balance at September 30, 2022	<u>1,450,530</u>	<u>900,084</u>	<u>2,350,614</u>
Carrying amounts at September 30, 2022	<u>\$ 522,742</u>	<u>\$ 207,164</u>	<u>\$ 729,906</u> (Concluded)

In the year of 2022, the carrying amount of intangible assets disposed under finance leases was NT\$204,857 thousand. Refer to Note 31 to the consolidated financial statements for details of finance lease contracts.

## 18. BORROWINGS

### a. Short-term borrowings

	<u>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 30, 2022</u>	
	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount
<u>Secured borrowings</u>						
Chinatrust Commercial Bank Co., Ltd.	1.17%	\$ 1,275,580	1.15%	\$ 952,840	1.17%	\$ 220,100
<u>Unsecured borrowings</u>						
Chinatrust Commercial Bank Co., Ltd.	-	-	1.02%	116,200	-	-
		<u>\$ 1,275,580</u>		<u>\$ 1,069,040</u>		<u>\$ 220,100</u>



The above short-term borrowings from Chinatrust Commercial Bank Co., Ltd. are guaranteed by the parent company. Refer to Note 31 to the consolidated financial statements for related information.

b. Long-term borrowings

	Period	Interest Rate	September 30, 2023	December 31, 2022	September 30, 2022
<u>Unsecured borrowings</u>					
The Export-Import Bank of ROC	2019.09.20-2026.09.21	-	\$ -	\$ 500,000	\$ 500,000
The Export-Import Bank of ROC	2020.08.25-2027.08.25	1.94%	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
			1,000,000	1,500,000	1,500,000
Less: Current portion			<u>(142,857)</u>	<u>(71,429)</u>	<u>(71,429)</u>
			<u>\$ 857,143</u>	<u>\$ 1,428,571</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. Partial loans has been completed eraly repayment in the third quarter of 2023.

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 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**

	September 30, 2023	December 31, 2022	September 30, 2022
Payable for salaries or employee benefits	\$ 1,361,301	\$ 1,632,490	\$ 1,918,476
Payable for royalties	417,193	510,272	531,128
Payable for maintenance	114,172	257,092	245,003
Payable for purchase of equipment	155,289	151,618	175,583
Payable for service	129,515	99,345	132,150
Payable for utilities	62,446	73,009	115,131
Payable for professional service	79,157	52,126	60,813
Payable for software	17,394	104,241	13,488
Others	<u>1,684,559</u>	<u>1,584,067</u>	<u>1,495,852</u>
	<u>\$ 4,021,026</u>	<u>\$ 4,464,260</u>	<u>\$ 4,687,624</u>

## 20. PROVISIONS

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Decommissioning costs	\$ <u>-</u>	\$ <u>132,473</u>	\$ <u>186,339</u>
<u>Non-current</u>			
Employee benefits	\$ 1,381,733	\$ 1,485,268	\$ 1,406,659
Decommissioning costs	475,208	510,815	483,780
Warranties	<u>467,787</u>	<u>495,204</u>	<u>501,592</u>
	\$ <u>2,324,728</u>	\$ <u>2,491,287</u>	\$ <u>2,392,031</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 accrued 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 \$13,411 thousand, \$12,481 thousand, \$39,379 thousand and \$35,664 thousand for the three months ended and nine months ended September 30, 2023 and 2022, respectively.

## 22. GUARANTEE DEPOSITS

	September 30, 2023	December 31, 2022	September 30, 2022
Capacity guarantee	\$ 2,062,332	\$ 2,294,914	\$ 2,573,847
Others	<u>65,922</u>	<u>56,114</u>	<u>57,942</u>
	\$ <u>2,128,254</u>	\$ <u>2,351,028</u>	\$ <u>2,631,789</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

	September 30, 2023	December 31, 2022	September 30, 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 September 30, 2023, December 31, 2022 and September 30, 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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>May be used to offset a deficit, distributed as cash dividends, or 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
<u>May only be used to offset a deficit</u>			
Overdue dividends unclaimed	100	78	78
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>\$ 6,871,827</u>

\* 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:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share</b>	
	<b>For Year</b>		<b>(NT\$)</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
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>		

When the Group's distributing surplus, the additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

Except for the cash dividends were distributed by the Company's board meeting on and March 7, 2023 and March 15, 2022, respectively, the rest of the 2022 and 2021 appropriation of earnings were proposed by the Company's board meeting and were resolved by the shareholders regular meeting on May 26, 2023 and June 2, 2022, respectively.

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 September 30, 2023 and 2022 and the nine months ended September 30, 2023 and 2022, other comprehensive gain (loss) was NT\$157,498 thousand, NT\$242,633 thousand, NT\$(450,411) thousand and NT\$(278,778) thousand, respectively.

2) Unrealized valuation gains (losses) on financial assets at FVTOCI

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 294,632	\$ 1,111,460
Recognized for the period	51,492	(240,806)
Cumulative unrealized gains (losses) of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>(563,084)</u>
Balance at September 30	<u>\$ 346,124</u>	<u>\$ 307,570</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:

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Current tax				
In respect of the current year	\$ 95,153	\$ 213,219	\$ 315,231	\$ 948,457
Adjustment for prior years' tax	(240)	6,303	(47)	8,796
Deferred tax				
In respect of the current year	<u>13,112</u>	<u>(27,516)</u>	<u>(8,234)</u>	<u>(152,298)</u>
Income tax expense recognized in profit or loss	<u>\$ 108,025</u>	<u>\$ 192,006</u>	<u>\$ 306,950</u>	<u>\$ 804,955</u>

b. Income tax assessments

The Company's income tax returns through 2021 have been assessed and approved by the tax authorities.

## 26. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION

	For the Three Months Ended September 30							
	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	\$ 252,288	\$ 1,730,423	\$ -	\$ 1,982,711	\$ 307,184	\$ 1,796,900	\$ -	\$ 2,104,084
Post-employment benefits	9,611	121,552	-	131,163	11,044	103,594	-	114,638
Depreciation	149,529	105,746	34,504	289,779	125,060	94,160	33,856	253,076
Amortization	1,498	83,098	-	84,596	1,698	68,406	-	70,104

  

	For the Nine Months Ended September 30							
	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	\$ 733,295	\$ 5,186,479	\$ -	\$ 5,919,774	\$ 970,865	\$ 5,644,422	\$ -	\$ 6,615,287
Post-employment benefits	29,161	358,802	-	387,963	34,036	354,144	-	388,180
Depreciation	443,331	313,991	104,989	862,311	393,623	274,383	105,145	773,151
Amortization	5,657	248,431	-	254,088	4,195	205,297	-	209,492

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 September 30, 2023 and 2022 and the nine months ended September 30, 2023 and 2022, the employees' compensation and remuneration of directors were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
	Employees' compensation	\$ 43,946	\$ 70,466	\$ 124,809
Remuneration of directors	7,324	11,744	20,801	43,993

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:

	For Year 2022		For Year 2021	
	Amount	%	Amount	%
Employees' cash compensation	\$ 306,214	6	\$ 212,242	6
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 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 September 30					
	2023			2022		
	Amounts (Numerator) After Income Tax (Attributable to Owners of the Company)	Shares (Denominator) (In Thousands)	Earnings Per Share (NTS) 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 (NTS) After Income Tax (Attributable to Owners of the Company)
Basic earnings per share						
Net profit attributed to owners of the Company	\$ 599,160	419,765	\$ <u>1.43</u>	\$ 945,120	419,765	\$ <u>2.25</u>
Effect of potentially dilutive ordinary shares						
Employees’ compensation	-	998		-	2,444	
Diluted earnings per share						
Net profit attributed to owners of the Company	\$ <u>599,160</u>	<u>420,763</u>	\$ <u>1.42</u>	\$ <u>945,210</u>	<u>422,209</u>	\$ <u>2.24</u>
	For the Nine Months Ended September 30					
	2023			2022		
	Amounts (Numerator) After Income Tax (Attributable to Owners of the Company)	Shares (Denominator) (In Thousands)	Earnings Per Share (NTS) 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 (NTS) After Income Tax (Attributable to Owners of the Company)
Basic earnings per share						
Net profit attributed to owners of the Company	\$ 1,713,535	419,765	\$ <u>4.08</u>	\$ 3,507,804	419,765	\$ <u>8.36</u>
Effect of potentially dilutive ordinary shares						
Employees’ compensation	-	1,487		-	2,667	
Diluted earnings per share						
Net profit attributed to owners of the Company	\$ <u>1,713,535</u>	<u>421,252</u>	\$ <u>4.07</u>	\$ <u>3,507,804</u>	<u>422,432</u>	\$ <u>8.30</u>

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 NT\$37,208 thousand and the carrying amount of the net assets of AMTC during actual disposal was adjusted NT\$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

	September 30, 2023		December 31, 2022		September 30, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial assets</u>						
Financial assets at amortized cost (Note 1)	\$ 11,838,837	\$ 11,838,837	\$ 15,662,336	\$ 15,662,336	\$ 15,833,965	\$ 15,833,965
Financial assets at FVTPL						
Derivative financial assets	80,675	80,675	124,669	124,669	124,375	124,375
Financial assets at FVTOCI						
Investment in equity instruments	1,329,241	1,329,241	1,234,748	1,234,748	1,247,687	1,247,687
<u>Financial liabilities</u>						
Financial liabilities at amortized cost (Note 2)	10,784,304	10,784,304	12,533,065	12,533,065	12,477,971	12,477,971
Financial liabilities at FVTPL						
Derivative financial liabilities	31,530	31,530	7,412	7,412	4,806	4,806

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

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

#### b. Fair value information

- 1) 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 NT\$9,090 thousand and NT\$8,944 thousand as of September 30, 2023 and 2022, respectively.

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

	<b>September 30, 2023</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ -	\$ 80,675	\$ 80,675
<u>Financial assets at FVTOCI</u>				
Domestic listed shares and emerging market shares	\$ 104,042	\$ -	\$ -	\$ 104,042
Domestic and overseas unlisted shares	\$ -	\$ -	\$ 1,225,199	\$ 1,225,199
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	\$ -	\$ 31,530	\$ -	\$ 31,530
	<b>December 31, 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 2,894	\$ 121,775	\$ 124,669
<u>Financial assets at FVTOCI</u>				
Domestic 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

	<b>September 30, 2022</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ -	\$ 124,375	\$ 124,375
<u>Financial assets at FVTOCI</u>				
Domestic listed shares and emerging market shares	\$ 101,168	\$ -	\$ -	\$ 101,168
Domestic and overseas unlisted shares	\$ -	\$ -	\$ 1,146,519	\$ 1,146,519
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	\$ -	\$ 4,806	\$ -	\$ 4,806

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 nine months ended September 30, 2023 and 2022 were as follows:

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 1,238,619	\$ 2,487,691
Additions	-	45,000
Refund of capital reduction	(2,000)	(1,000)
Recognized in other comprehensive income	65,355	18,707
Recognized in profit or loss	3,900	10,175
Transferred to investments accounted for using the equity method	-	(1,289,679)
Balance at September 30	<u>\$ 1,305,874</u>	<u>\$ 1,270,894</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% depreciation of New Taiwan dollars against the relevant currency, there would be impact on net income in the amounts of NT\$12,302 thousand and NT\$7,686 thousand for the nine months ended September 30, 2023 and 2022, respectively. The amounts used in the 1% depreciation 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:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Cash flow interest rate risk			
Financial assets	\$ 8,413	\$ 8,413	\$ 8,413
Financial liabilities	2,275,580	2,569,040	1,720,100

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 nine months ended September 30, 2023 and 2022 would have increased by NT\$17,004 thousand and increased by NT\$12,838 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:

	<b>September 30, 2023</b>			
	<b>Within 1 Year</b>	<b>1-2 Years</b>	<b>Over 2 Years</b>	<b>Total</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 6,380,470	\$ -	\$ -	\$ 6,380,470
Lease liabilities	172,773	129,773	296,551	599,097
Variable interest rate liabilities	<u>1,418,437</u>	<u>285,714</u>	<u>571,429</u>	<u>2,275,580</u>
	<u>\$ 7,971,680</u>	<u>\$ 415,487</u>	<u>\$ 867,980</u>	<u>\$ 9,255,147</u>

Additional information about the maturity analysis of lease liabilities:

	<b>Less than 2 Years</b>	<b>2-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
<u>Non-derivative financial liabilities</u>				
Lease liabilities	<u>\$ 302,546</u>	<u>\$ 176,005</u>	<u>\$ 120,546</u>	<u>\$ 599,097</u>

	<b>December 31, 2022</b>			
	<b>Within 1 Year</b>	<b>1-2 Years</b>	<b>Over 2 Years</b>	<b>Total</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 7,612,997	\$ -	\$ -	\$ 7,612,997
Lease liabilities	180,503	140,228	381,071	701,802
Variable interest rate liabilities	<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:

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

	<b>September 30, 2022</b>			
	<b>Within 1 Year</b>	<b>1-2 Years</b>	<b>Over 2 Years</b>	<b>Total</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing Lease liabilities	\$ 8,126,082	\$ -	\$ -	\$ 8,126,082
Variable interest rate liabilities	180,598	141,440	337,559	659,597
	<u>291,529</u>	<u>285,714</u>	<u>1,142,857</u>	<u>1,720,100</u>
	<u>\$ 8,598,209</u>	<u>\$ 427,154</u>	<u>\$ 1,480,416</u>	<u>\$ 10,505,779</u>

Additional information about the maturity analysis of lease liabilities:

	<b>Less than 2 Years</b>	<b>2-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
	<u>Non-derivative financial liabilities</u>			
Lease liabilities	\$ 322,038	\$ 224,295	\$ 113,264	\$ 659,597

### 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
AMTC	Associate (Note 1)
Miraxia Edge Technology Corporation (“METC”)	Associate
TPSCo.	Associate (Note 2)
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

Note 1: 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.

Note 2: 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 September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
1) Operating revenue				
Related party in substance Associate	\$ 42,188	\$ 856,250	\$ 112,239	\$ 2,857,893
	<u>23,386</u>	<u>122,222</u>	<u>84,562</u>	<u>288,760</u>
	<u>\$ 65,574</u>	<u>\$ 978,472</u>	<u>\$ 196,801</u>	<u>\$ 3,146,653</u>
2) Purchases of goods				
Associate				
TPSCo.	\$ 960,308	\$ 1,034,528	\$ 2,937,601	\$ 2,178,165
Others	-	7,912	-	9,884
Related party in substance				
TPSCo.	-	-	-	1,498,020
Parent company	<u>18,615</u>	<u>51,430</u>	<u>63,472</u>	<u>167,837</u>
	<u>\$ 978,923</u>	<u>\$ 1,093,870</u>	<u>\$ 3,001,073</u>	<u>\$ 3,853,906</u>
3) Manufacturing expenses				
Associate				
TPSCo.	\$ 457,893	\$ 473,054	\$ 1,414,071	\$ 925,412
Others	14,086	-	44,274	-
Related party in substance				
Waltech	467,893	428,438	1,514,794	792,530
TPSCo.	-	-	-	475,284
Parent company	<u>265</u>	<u>140</u>	<u>1,038</u>	<u>673</u>
	<u>\$ 940,137</u>	<u>\$ 901,632</u>	<u>\$ 2,974,177</u>	<u>\$ 2,193,899</u>
4) Operating expenses				
Associate	\$ 99,339	\$ 180,344	\$ 297,119	\$ 502,576
Parent company	48,987	11,442	143,855	54,431
Related party in substance	<u>10,308</u>	<u>18,289</u>	<u>23,759</u>	<u>114,182</u>
	<u>\$ 158,634</u>	<u>\$ 210,075</u>	<u>\$ 464,733</u>	<u>\$ 671,189</u>
5) Dividend income				
Related party in substance				
United Industrial Gases Co., Ltd.	\$ -	\$ -	\$ 59,840	\$ 67,118
Nyquest	<u>10,725</u>	<u>13,200</u>	<u>10,725</u>	<u>13,200</u>
	<u>\$ 10,725</u>	<u>\$ 13,200</u>	<u>\$ 70,565</u>	<u>\$ 80,318</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
6) Other income (expense)				
Associate	\$ -	\$ (13,075)	\$ (2,569)	\$ 12,119
Related party in substance	<u>809</u>	<u>-</u>	<u>809</u>	<u>649</u>
	<u>\$ 809</u>	<u>\$ (13,075)</u>	<u>\$ (1,760)</u>	<u>\$ 12,768</u>
	September 30, 2023	December 31, 2022	September 30, 2022	
7) Accounts receivable from related parties				
Related party in substance				
Waltech	\$ 1,997	\$ 684,713	\$ 440,500	
Others	25,146	15,724	49,567	
Associate	<u>15,305</u>	<u>68,274</u>	<u>66,189</u>	
	<u>\$ 42,448</u>	<u>\$ 768,711</u>	<u>\$ 556,256</u>	
8) Other receivables				
Associate				
TPSCo.	\$ 38,096	\$ 54,318	\$ 62,895	
Others	9,371	7,202	14,139	
Related party in substance	1,331	340	57	
Parent company	<u>-</u>	<u>597</u>	<u>-</u>	
	<u>\$ 48,798</u>	<u>\$ 62,457</u>	<u>\$ 77,091</u>	
Other receivables-related parties were collection or payment on behalf of others.				
	September 30, 2023	December 31, 2022	September 30, 2022	
9) 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>	
10) Accounts payable to related parties				
Associate				
TPSCo.	\$ 406,434	\$ 252,642	\$ 507,794	
Others	-	-	8,771	
Related party in substance				
Waltech	502,328	474,247	445,375	
Parent company	<u>12,842</u>	<u>20,828</u>	<u>27,813</u>	
	<u>\$ 921,604</u>	<u>\$ 747,717</u>	<u>\$ 989,753</u>	



	September 30, 2023	December 31, 2022	September 30, 2022
11) Other payables			
Associate	\$ 228,006	\$ 241,319	\$ 192,100
Parent company	69,168	48,200	30,631
Related party in substance	<u>293,887</u>	<u>137,410</u>	<u>81,020</u>
	<u>\$ 591,061</u>	<u>\$ 426,929</u>	<u>\$ 303,751</u>
12) Guarantee deposits			
Parent company	\$ 545	\$ 545	\$ 545
Related party in substance			
Nyquest	<u>244,800</u>	<u>250,594</u>	<u>259,080</u>
	<u>\$ 245,345</u>	<u>\$ 251,139</u>	<u>\$ 259,625</u>

The sales and purchase prices and collection and payment terms with related parties were not significantly different from those with third parties. For other related party transactions, price and terms were determined in accordance with mutual agreement.

13) Acquisition of property, plant and equipment

	Purchase Price			
	For the Three Months Ended September 30		For the Three Months Ended September 30	
	2023	2022	2023	2022
Associate	\$ 18,893	\$ -	\$ 38,972	\$ -
Related party in substance	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,725</u>
	<u>\$ 18,893</u>	<u>\$ -</u>	<u>\$ 38,972</u>	<u>\$ 31,725</u>

14) Disposal of property, plant and equipment

Related Party Category	Proceeds		Gain (Loss) on Disposal	
	For the Three Months Ended September 30		For the Three Months Ended September 30	
	2023	2022	2023	2022
Associate	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

  

Related Party Category	Proceeds		Gain (Loss) on Disposal	
	For the Nine Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Associate	<u>\$ -</u>	<u>\$ 72,749</u>	<u>\$ -</u>	<u>\$ 155</u>

The price of above transaction were determined to base on the acquisition cost of the equipment and reference to the recent quoted market price.

Please refer to Note 31 (d) to the consolidated financial statements for details of finance lease contracts.

15) Disposal of intangible assets

Related Party Category	Proceeds		Gain (Loss) on Disposal	
	For the Three Months Ended		For the Three Months Ended	
	June 30		June 30	
	2023	2022	2023	2022
Associate				
TPSCo.	\$ -	\$ -	\$ -	\$ -

  

Related Party Category	Proceeds		Gain (Loss) on Disposal	
	For the Nine Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2023	2022	2023	2022
Associate				
TPSCo.	\$ -	\$ 204,873	\$ -	\$ 16

The price of above transaction were determined to base on the acquisition cost of the equipment and reference to the recent quoted market price.

Please refer to Note 31 (d) to the consolidated financial statements for details of finance lease contracts.

c. Lease arrangements - Group is lessee

	September 30, 2023	December 31, 2022	September 30, 2022
1) Lease liabilities			
Parent company	\$ 15,215	\$ 24,245	\$ 27,239
Related party in substance	-	-	2,846
Associate	<u>27,599</u>	<u>32,131</u>	<u>35,225</u>
	\$ 42,814	\$ 56,376	\$ 65,310

  

	For the Three Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2023	2022	2023	2022
2) Finance costs				
Parent company	\$ 41	\$ 74	\$ 148	\$ 246
Related party in substance	-	15	-	80
Associate	<u>113</u>	<u>140</u>	<u>355</u>	<u>426</u>
	\$ 154	\$ 229	\$ 503	\$ 752

d. Lease arrangements - Group is lessor/sublease arrangements

Sublease arrangements under operating leases

For the nine months ended September 30, 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 from 1 to 12 years. 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:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Associate			
TPSCo.	\$ 12,783	\$ 19,770	\$ 18,723
Others	241	230	237
Parent company	<u>459</u>	<u>340</u>	<u>448</u>
	<u>\$ 13,483</u>	<u>\$ 20,340</u>	<u>\$ 19,408</u>

2) Future lease payment receivables are as follows:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Associate			
TPSCo.	\$ 1,185,317	\$ 1,402,999	\$ 1,328,744
Others	841	1,830	2,247
Parent company	<u>975</u>	<u>12,151</u>	<u>2,184</u>
	<u>\$ 1,187,133</u>	<u>\$ 1,416,980</u>	<u>\$ 1,333,175</u>

3) Lease income was as follows:

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Associate				
TPSCo.	\$ 35,378	\$ 51,118	\$ 140,652	\$ 103,782
Others	354	340	1,037	1,044
Related party in substance				
TPSCo.	-	-	-	55,912
Parent company	<u>1,040</u>	<u>1,037</u>	<u>3,075</u>	<u>3,058</u>
	<u>\$ 36,772</u>	<u>\$ 52,495</u>	<u>\$ 144,764</u>	<u>\$ 163,796</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 September 30, 2023 and December 31, 2022 and September 30, 2022, the balance of finance lease receivables was NT\$137,498 thousand, NT\$220,182 thousand and NT\$231,168 thousand. And no impairment loss was recognized for the nine months ended September 30, 2023. There was also no gain (loss) on the disposal of equipment and intangible assets. The amount of interest income under finance leases for the three months ended September 30, 2023 and 2022, and the nine months ended September 30, 2023 and 2022, was NT\$743 thousand, NT\$1,164 thousand, NT\$2,597 thousand and NT\$2,447 thousand.

#### e. Disposal of right-of-use assets

In June 2022, the Group transferred lease agreement of machinery equipment originally recorded as a right-of-use asset to TPSCo. and generated lease modification benefit approximately NT\$178,623 thousand. The Group recognized a deferred lease modification benefit NT\$87,526 thousand based on its 49% shareholding ratio and will be recognized in accordance with the remaining term of the contract.

#### f. Acquisition of financial assets

##### For the nine months ended September 30, 2023

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

For the nine months ended September 30, 2022: None.

#### g. 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

<b>Related Party Category</b>	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Parent company			
Amount endorsed	<u>\$ 6,486,000</u>	<u>\$ 6,972,000</u>	<u>\$ 6,603,000</u>
Amount utilized (reported as secured bank loans)	<u>\$ 1,275,580</u>	<u>\$ 952,840</u>	<u>\$ 220,100</u>

h. Compensation of key management personnel

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 62,253	\$ 67,660	\$ 237,179	\$ 256,309
Post-employment benefits	<u>907</u>	<u>962</u>	<u>2,695</u>	<u>2,731</u>
	<u>\$ 63,160</u>	<u>\$ 68,622</u>	<u>\$ 239,874</u>	<u>\$ 259,040</u>

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

i. Other transactions with related parties

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

### 32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Land	\$ 1,027,342	\$ 1,104,321	\$ 1,045,874
Buildings	534,208	612,959	592,809
Investment properties	333,676	381,219	368,158
Time deposits (accounted as refundable deposits)	<u>109,250</u>	<u>107,227</u>	<u>107,227</u>
	<u>\$ 2,004,476</u>	<u>\$ 2,205,726</u>	<u>\$ 2,114,068</u>

### 33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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. Settlement of this transaction will be effected within 5 working days or on a date to be mutually agreed upon by the parties, subject to the success of the conditions precedent set forth in the contract.

### 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:

	<b>September 30, 2023</b>		
	<b>Foreign Currencies (Thousand)</b>	<b>Exchange Rate (Note)</b>	<b>New Taiwan Dollars (Thousand)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 202,872	32.27	\$ 6,546,695
ILS	1,210	8.3908	10,153
RMB	9,113	4.4150	40,232
JPY	68,222	0.2162	14,749
EUR	828	33.91	28,064
<u>Financial liabilities</u>			
Monetary items			
USD	163,687	32.27	5,282,195
ILS	10,184	8.3908	85,448
RMB	4,843	4.4150	21,382
JPY	20,111	0.2162	4,348
	<b>December 31, 2022</b>		
	<b>Foreign Currencies (Thousand)</b>	<b>Exchange Rate (Note)</b>	<b>New Taiwan Dollars (Thousand)</b>
<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

	<b>September 30, 2022</b>		
	<b>Foreign Currencies (Thousand)</b>	<b>Exchange Rate (Note)</b>	<b>New Taiwan Dollars (Thousand)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 183,663	31.75	\$ 5,831,288
ILS	22,024	8.9422	196,943
RMB	4,710	4.4730	21,070
JPY	311,669	0.2201	68,598
<u>Financial liabilities</u>			
Monetary items			
USD	158,428	31.75	5,030,079
ILS	29,073	8.9422	259,975
RMB	4,531	4.4730	20,267
JPY	80,292	0.2201	17,672

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

For the three months ended September 30, 2023 and 2022 and the nine months ended September 30, 2023 and 2022, realized and unrealized net foreign exchange profit were NT\$87,552 thousand, NT\$104,823 thousand, NT\$188,704 thousand and NT\$240,027 thousand, respectively. It is impractical to disclose net foreign exchange gains and 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.

	<b>Segment Revenue</b>		<b>Segment Profit and Loss</b>	
	<b>For the Nine Months Ended</b>		<b>For the Nine Months Ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
General IC products	\$ 24,566,443	\$ 28,351,236	\$ 3,352,277	\$ 4,771,561
Foundry service	<u>1,917,940</u>	<u>2,583,421</u>	<u>741,577</u>	<u>1,437,277</u>
Total of segment revenue	26,484,383	30,934,657	4,093,854	6,208,838
Other revenue	<u>394,032</u>	<u>1,368,524</u>	<u>238,209</u>	<u>849,750</u>
Operating revenue	<u>\$ 26,878,415</u>	<u>\$ 32,303,181</u>	4,332,063	7,058,588
Unallocated expenditure				
Administrative and supporting expense			(1,934,249)	(2,102,339)
Sales and other common expenses			<u>(947,140)</u>	<u>(1,133,063)</u>
Income from operations			1,450,674	3,823,186
Finance costs			(35,152)	(23,696)
Interest income			145,056	47,649
Dividend income			71,728	80,422
Other gains and losses			10,116	135,541
Gains on disposal of property, plant and equipment			83,422	172,066
Foreign exchange gains			188,704	240,027
Losses on financial instruments at fair value through profit or loss			(163,945)	(148,771)
Share of profit (loss) of associates			<u>269,882</u>	<u>(13,665)</u>
Profit before income tax			<u>\$ 2,020,485</u>	<u>\$ 4,312,759</u>



### 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)	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.  a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.  b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.  c) The amount of property transactions and the amount of the resultant gains or losses.  d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.  e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.  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.	Table 7

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

**NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 16,062,620	\$ 2,028,280 (JPY 5,650,000) and (US\$ 25,000)	\$ 1,606,690 (JPY 3,700,000) and (US\$ 25,000)	\$ 494,923 (JPY 97,760) and (US\$ 14,682)	\$ -	10.00	\$ 16,062,620	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  
 SEPTEMBER 30, 2023  
 (In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 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	375,000	\$ 6,799	5	\$ 6,799	
	Brightek Optoelectronic Co., Ltd.	None	"	34,680	1,082	-	1,082	
	United Industrial Gases Co., Ltd.	The held company as the investee's director	"	8,800,000	528,000	4	528,000	
	Autotalks Ltd. - Preferred E. Share	None	"	3,932,816	645,400	9	645,400	
	Allxon Inc.	None	"	5,625,000	45,000	15	45,000	
	<u>Warrants</u> Autotalks Ltd.	None	Non-current financial assets at fair value through profit or loss	-	80,675	-	80,675	
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	102,960	5	102,960	
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 September 30, 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 JPY1,673,000 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 NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 5,992,172	41	Net 50 days from invoice date	N/A	N/A	\$ 1,439,697	52	
	NTSG	Subsidiary	Sales	465,004	3	Net 10 days end of the month	N/A	N/A	81,096	3	
	NTCJ	Subsidiary	Sales	769,016	5	Net 10 days end of the month	N/A	N/A	229,921	8	
	NTSZ	Subsidiary	Sales	147,849	1	Net 50 days from invoice date	N/A	N/A	35,046	1	
	Nyquest	Related party in substance	Sales	101,043	1	Net 45 days from invoice date	N/A	N/A	25,121	1	
	NTSG	Subsidiary	Purchases	435,261	5	Net 8 days end of the month	N/A	N/A	(52,307)	3	
	NTCJ	Subsidiary	Purchases	4,741,560	59	Net 8 days end of the month	N/A	N/A	(489,036)	27	
NTSG	NTCJ	Fellow subsidiary	Sales	US\$ 141,838	67	Net 10 days end of the month	N/A	N/A	US\$ 17,754	58	
	NTHK	Fellow subsidiary	Sales	US\$ 10,947	5	Net 10 days end of the month	N/A	N/A	US\$ 1,947	6	
NTCJ	NTSG	Fellow subsidiary	Sales	JPY 18,957,222	27	Net 10 days end of the month	N/A	N/A	JPY 2,273,441	16	
	NTHK	Fellow subsidiary	Sales	JPY 9,081,621	13	Net 10 days end of the month	N/A	N/A	JPY 929,942	6	
	TPSCo	Associate	Purchases	JPY 13,130,622	40	Net 10 days end of the month	N/A	N/A	JPY (1,879,897)	23	

**NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES**

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

**SEPTEMBER 30, 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	\$ 1,439,697 (Note)	10.11	\$ -	-	\$ -	\$ -
	NTCJ	Subsidiary	229,921 (Note)	8.92	-	-	205,429	-
NTSG	NTCJ	Fellow subsidiary	US\$ 17,754 (Note)	10.91	-	-	US\$ 17,754	-
NTCJ	NTSG	Fellow subsidiary	JPY 2,273,441 (Note)	12.20	-	-	JPY 2,273,441	-
	NTHK	Fellow subsidiary	JPY 929,942 (Note)	26.04	-	-	JPY 929,942	-
	The Company	Parent company	JPY 2,266,187 (Note)	19.27	-	-	JPY 2,266,187	-

Note: 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 NINE MONTHS ENDED SEPTEMBER 30, 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 September 30, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 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	\$ 687,613	\$ 56,477	\$ 56,477	(Note 3)
	MML	British Virgin Islands	Investment holding	274,987	274,987	8,897,789	100	288,182	4,196	4,196	
	NIH	British Virgin Islands	Investment holding	515,251	590,953	15,633,161	100	324,511	43,517	43,517	
	SYI	Taiwan	Investment holding	38,500	38,500	3,850,000	100	132,203	11,471	11,471	
	NTIPL	India	Design, sales and service of semiconductor	30,211	30,211	600,000	100	22,617	(16)	(16)	
	NTCA	United States of America	Design, sales and service of semiconductor	190,862	190,862	60,500	100	226,362	4,772	4,772	
	NTSG	Singapore	Design, sales and service of semiconductor	1,319,054	1,319,054	45,100,000	100	2,102,120	37,180	37,180	
	NTKL	Korea	Design, sales and service of semiconductor	30,828	30,828	125,000	100	13,688	1,289	1,289	
	NTHJ	Japan	Investment holding	5,927,849	5,927,849	100	100	7,842,255	728,720	728,720	
	MML	GLLC	United States of America	Investment holding	1,473,559	1,473,559	-	100	288,178	4,466	
NIH	NTIL	Israel	Design and service of semiconductor	46,905	46,905	1,000	100	323,477	41,420	41,420	
NTHJ	NTCJ	Japan	Design, sales and service of semiconductor	111,520	111,520	9,480	100	11,120,848	728,541	728,541	
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	1,917,649	590,248	269,882	(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: NIH resolved by the Company's board meeting on May 29, 2023 to reduce capital by 2,327 thousand shares and return \$75,702 thousand in cash.

Note 4: Refer to Table 7 for information on investment in mainland China.

**NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**INFORMATION ON INVESTMENT IN MAINLAND CHINA  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 September 30, 2023	% Ownership of Direct or Indirect Investment	Net Income of the Investee	Investment Gain (Note 1)	Carrying Amount as of September 30, 2023	Accumulated Repatriation of Investment Income as of September 30, 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	\$ (82)	\$ (82)	\$ 288,305	\$ -
WENJ (Note 2)	Computer software service (except I.C. design)	-	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)	-	(47)	(47)	-	-
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	4,420	4,420	232,713	-
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	(7)	(7)	8,213	-

Note 1: Investment profit or loss for the nine months ended September 30, 2023 was recognized under the basis of the financial statements reviewed by the Company's auditor.

Note 2: WENJ has completed the cancellation and liquidation process in May 2023.

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 September 30, 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\$9,637,572

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 NINE MONTHS ENDED SEPTEMBER 30, 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>2023.1.1-2023.9.30</u> The Company	NTHK	Transactions between parent company and subsidiaries	Operating revenue	\$ 5,992,172	-	22
		NTHK	Transactions between parent company and subsidiaries	Accounts receivable from related parties	1,439,697	-	4
		NTSG	Transactions between parent company and subsidiaries	Operating revenue	465,004	-	2
		NTCJ	Transactions between parent company and subsidiaries	Operating revenue	769,016	-	3
		NTCJ	Transactions between parent company and subsidiaries	Accounts receivable from related parties	229,921	-	1
		NTSZ	Transactions between parent company and subsidiaries	Operating revenue	147,849	-	1
		NTSG	Transactions between parent company and subsidiaries	Operating cost	435,261	-	2
		NTCJ	Transactions between parent company and subsidiaries	Operating cost	4,741,560	-	18
		NTCJ	Transactions between parent company and subsidiaries	Accounts payable to related parties	489,036	-	1
		NTIL	Transactions between parent company and subsidiaries	Operating expense	880,212	-	3
		NTCA	Transactions between parent company and subsidiaries	Operating expense	328,363	-	1
1	NTCJ	NTSG	Transactions between subsidiaries	Operating revenue	4,251,122	-	16
		NTSG	Transactions between subsidiaries	Accounts receivable from related parties	491,518	-	2
		NTHK	Transactions between subsidiaries	Operating revenue	2,024,991	-	8
		NTHK	Transactions between subsidiaries	Accounts receivable from related parties	201,054	-	1
2	NTSG	NTCJ	Transactions between subsidiaries	Operating revenue	4,380,845	-	16
		NTCJ	Transactions between subsidiaries	Accounts receivable from related parties	572,908	-	2
		NTHK	Transactions between subsidiaries	Operating revenue	338,952	-	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 refer to transactions amounted to \$100 million.

**TABLE 9****NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
SEPTEMBER 30, 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, refer to the Market Observation Post System website of the Taiwan Stock Exchange Corporation.