

Nuvoton Technology Corp.

2023

Annual Report

March 5, 2024

Nuvoton Annual Report Website

- **Market Observation Post System website: <http://mops.twse.com.tw>**
- **Nuvoton Annual Report Website: <https://www.nuvoton.com>**

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2. Deputy Spokesperson:

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3. Nuvoton Address and Telephone Number:

Headquarters: No. 4, Creation 3rd Rd., Hsinchu Science Park, Hsinchu City, Taiwan

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Name: CTBC Bank Co., Ltd. Transfer Agency Department

Address: 5F, No. 83, Sec.1, Chungking S. Road, Taipei City

Telephone: (02) 6636-5566

Website: <http://www.ctbcbank.com>

5. Auditor:

Name of firm: Deloitte & Touche

Name of auditors: K. T. Hong and Shu-Lin Liu

Address: 20F, No. 100, Songren Road, Xinyi District, Taipei City, Taiwan

Telephone: (02)2725-9988

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6. Overseas Securities Listing Exchange and Information: N/A

7. Company website: <https://www.nuvoton.com>

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Chapter 1 Letter to Shareholders

Dear Shareholders

In 2023, we encountered challenges stemming from global inflation, rising interest rates, geopolitical tensions, and other macroeconomic uncertainties. These factors impacted end-user demand and led to inventory adjustments across the industry chain. Despite these challenges, Nuvoton demonstrated operational resilience by continuing to offer smarter and more diverse green semiconductor solutions in our target markets. Our solid partnerships with clients have enabled Nuvoton to maintain robust business development in a rapidly changing market.

Financial Performance:

In terms of its overall financial performance in 2023, Nuvoton's total consolidated revenue was about NT\$35.348 billion; its net income after tax was about NT\$2.42 billion; its earnings per share after tax was NT\$5.77.

Product, Market, and Technological Development:

Looking back at 2023, Nuvoton's products achieved excellent performance in four major areas: automotive and industrial control, communications, consumer electronics, and computers, with notable achievements summarized as follows:

In automotive products, we launched the fourth-generation battery monitoring chip, which offers higher precision in measuring cell voltage, temperature, and battery pack current. Our existing products, including the Human-Machine Interface (HMI) solution for in-vehicle head-up displays and the 3D TOF sensor for monitoring driver fatigue, were successfully introduced to new clients. In the industrial control sector, we introduced the high-performance, real-time control, and highly secure multicore heterogeneous microprocessor NuMicro® MA35D1 series for industrial IoT edge computing needs. We also launched 32-bit microcontrollers based on Arm Cortex M4 and M7 cores, enhancing energy efficiency and widely applied in various high-efficiency motors and power control scenarios. In the communications sector, our CSP MOSFETs for lithium battery protection is not only continuously being adopted in new models of smartphones, but also being adopted in new applications such as hearing aids and AR glasses. For consumer products, we unveiled the new MUG51 low-power 8-bit microcontroller, suitable for various battery-less devices. In computer-related applications, we introduced the eBMC chip designed for edge computing platforms, enhancing security and management efficiency in edge computing environments and adopted by major industrial computer manufacturers. Additionally, our USB4 re-timer chip for high-speed signal transmission

was successfully introduced to laptop clients in Taiwan, adding momentum to the Company's future performance.

Honors and Awards:

In 2023, Nuvoton received numerous accolades for product innovation and corporate management. For product innovation, we successfully developed a node management controller with safety control and IoT capabilities, which passed the Industrial Development Bureau's review for highly innovative projects. The NuMicro® M467 series microcontroller was awarded the 2023 EE Awards Asia. Additionally, Nuvoton became the first supplier of Embedded Controllers (EC) and Super I/O Chips (SIO) to pass the U.S. Federal Information Processing Standard (FIPS) 140-3 certification and also achieved the ISO/SAE 21434 certification for cybersecurity management systems in road vehicles. To adopt our green semiconductor philosophy, Nuvoton continued to be committed to sustainable development; therefore, Nuvoton won the SGS ESG Awards "Sustainability Report Award" and the TCSA (Taiwan Corporate Sustainability Awards) "Silver Award for Electronic Information Manufacturing Industry," and was listed among the "Top 100 Carbon Competitive Companies of 2023" by Business Weekly. These awards and achievements highlight our technological R&D outcomes and our efforts in promoting sustainability.

Corporate Operation and Prospects:

Looking ahead, Nuvoton will adhere to our consistent but diversified corporate strategy and continue expanding our target markets and product applications to enhance our flexibility in facing market and environmental fluctuations. Meanwhile, we are committed to green innovation and sustainable development, promoting digital transformation to improve operational efficiency, and deepening collaboration with the global semiconductor supply chain and clients across various products. This approach will enable Nuvoton to continue creating new value in an ever-changing market.

Finally, I would like to deeply appreciate every shareholder's support and acknowledgement on behalf of Nuvoton Technology Corporation.

Chairman: Yuan-Mou Su

Chapter 2 Company Overview

I. Company profile and history

Nuvoton Technology Corporation was established on April 9, 2008. In July 2008, the Company was spun off from Winbond's Logic IC Business Group and went public on December 15, 2009. The Company registered on the Emerging Stock Market on January 29, 2010 and became listed on Taiwan Stock Exchange on September 27, 2010.

The Company focuses on the development of ICs for applications in microcontrollers/audio services, cloud security, battery monitoring, semiconductor component, visual sensing and IoT with security and has strong market share in Industrial, Automotive, Communications, Consumer and Computer markets. In addition, the Company owns a 6-inch fab that specializes in diverse processing technologies to provide IC foundry services.

The Company provides customers high quality products at low costs through vigorous innovative technical capabilities, comprehensive product solutions and outstanding integration technologies. We value long-term relationship with our customers and partners. Nuvoton has set up subsidiaries in the USA, Mainland China, Israel, India, Korea, Singapore, Japan and Germany to strengthen regional support and global management.

Apart from outstanding performance in core businesses, the Company has received many accolades and awards. We were named an excellent supplier of computer IC from a world class company in 2012. We received the highest green rating in the validated audit process (VAP) under the EICC Code of Conduct in 2013. We received the MOEA 3rd National Industrial Innovation Award as well as the 3rd Potential Taiwan Mittelstand Award in 2014. The Bureau of Foreign Trade named the Company an excellent importer/exporter in 2014. We won the Taiwan Corporate Sustainability Award and the Potential Taiwan Mittelstand Award in 2015, the Excellent Occupational Safety and Health Promotion Performance award from the Hsinchu Science Park Administration in 2016, and "2017 Environmental Education Partner" of Hsinchu Science Park Bureau in 2017. We actively improved power consumption in our plants in 2018 and received the "Energy Conservation Elite" from the Ministry of Economic Affairs. We obtained occupational health and safety management system certification in line with ISO 45001-2018 standards in 2019, and the Excellent Waste Reduction and Circular Economy Awards from the Hsinchu Science Park Administration in 2020. These awards and accolades exemplify the national-level recognitions received by the Company and our commitment to corporate social responsibility. In 2021, we won the "2021 EE Awards Asia - The Promising Product of the Year" and "MAPECT M&A Award - Most Representative M&A Deal of the Year". In 2022, we were honored by the Ministry of Labor's Occupational Safety and Health Administration as an "Outstanding Enterprise in Publicizing Occupational Health and Safety Indicators in Sustainability Reports." In 2023, we received the "Sustainability Report Award" from SGS ESG Awards and the "Silver Award in Corporate Sustainability Reports in the Electronics Manufacturing Industry" from TCSA (Taiwan Corporate Sustainability Awards).

These recognitions further enhance our visibility in the global market and its competitive advantage among peers, which further enhances Nuvoton's visibility and competitive edge in the world market.

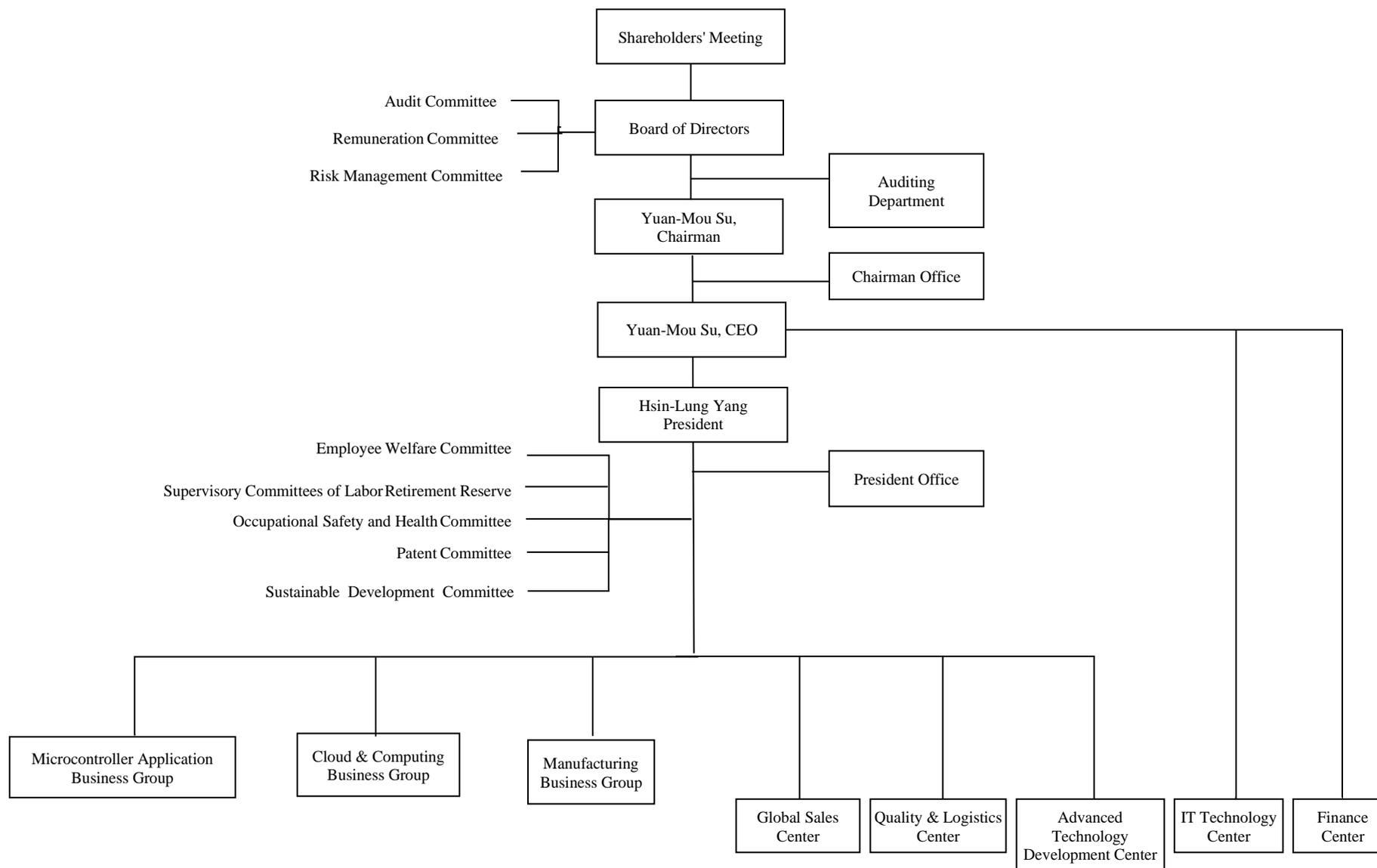
We adhere to the concept of "sustainable operation" and is committed to promoting the development of green semiconductors. We focus on our core business, continuously accumulate innovative research and development capabilities, and strive to make comprehensive contributions in terms of economy, society, and environment. With steady steps, we continue to advance towards becoming a world-class IC design and manufacturing company.

II. Corporate governance report

(I) Organizational Structure and Major Business Units

1. Organization structure

March 5, 2024



2. Major business units and their key businesses

Department	Key businesses
President Office	Analysis, formulation and execution of business strategies
Audit Department	Planning and execution of internal audits, planning and execution of internal controls and self-evaluation, and review of company rules and bylaws.
Microcontroller Application Business Group	Development of general applications for microcontrollers, microprocessors, development tools and platforms.
Cloud & Computing Business Group	Planning, R&D, promotion and operation of computer and cloud security platform products.
Manufacturing Business Group	Fab management, wafer production and manufacture, and foundry services
Global Sales Center	Sales, customer relations management, new customer development
Quality & Logistics Center	Production management and logistics management, supplier management, quality policy and system management
Advanced Technology Development Center	R&D of forward-looking technology and industrial-academia cooperation management, integration of backend IC design
IT Technology Center	IT system and information safety management
Finance Center	Finance and accounting management, tax management, funds and assets management, strategic investment and investor relations, and legal affairs and intellectual property management

(II) Profile of Directors, Supervisors and Managerial Officers

1. Director information (1)

March 5, 2024; Unit: Shares

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term	First elected date	Shares held during election		No. of shares currently held		Current shares held by spouse and underage children		Shareholding by nominee arrangement		Education and Work Experiences	Other current positions within the Company	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads			Note
							No. of shares	Percentage of shares	No. of shares	Percentage of shares	No. of shares	Percentage of shares	No. of shares	Percentage of shares			Title	Name	Relationship	
The Chairman	ROC	Winbond Electronics Corp.	-	2022.6.2	3 years	2008.3.14	214,954,635	51.21%	214,954,635	51.21%	-	-	-	-	-	Note 1	-	-	-	
Chairperson	ROC	Representative of Winbond Electronics Corp.: Yuan-Mou Su	M 60-70	2022.6.2	3 years	2020.2.6	-	-	90,000-	0.02%-	-	-	-	-	Master of Electrical Engineering, University of Southern California, BS in Electrical Engineering, National Chiao Tung University, Vice Chairman and Executive CEO of Winbond Electronics Corporation	Note 2	N/A	N/A	N/A	Note 14
Vice Chairperson	USA	Karen K Chiao	F 30-40	2022.6.2	3 years	2022.6.2	-	-	-	-	-	-	-	-	Master of Business Administration, INSEAD; Bachelor of Economics, Stanford University; Director and Precisent of Callisto Holding Limited	Note 3	Director	Arthur Yu-Cheng Chiao	F-D	

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term	First elected date	Shares held during election		No. of shares currently held		Current shares held by spouse and underage children		Shareholding by nominee arrangement		Education and Work Experiences	Other current positions within the Company	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads			Note
							No. of shares	Percentage of shares	No. of shares	Percentage of shares	No. of shares	Percentage of shares	No. of shares	Percentage of shares			Title	Name	Relationship	
Director	ROC	Arthur Yu-Cheng Chiao	M 60-70	2022.6.2	3 years	2008.3.14	-	-	-	-	-	-	-	-	Master's degree in Electrical Engineering & Institute of Management, University of Washington Chairman of Walsin Lihwa Corp. and Chairman & CEO of Winbond Electronics Corp.	Note 4	Director	Karen K Chiao	F-D	
Director	ROC	Chin Xin Investment Co., Ltd.	-	2022.6.2	3 years	2019.6.24	5,440,219	1.30%	5,440,219	1.30%	-	-	-	-	-	Note 5	-	-	-	
Director	ROC	Representative of Chin Xin Investment Co., Ltd.: Jen-Lieh Lin	M 50-60	2022.6.2	3 years	2022.6.2	-	-	307,421	0.07%	-	-	-	-	Master of Electrical Engineering, National Cheng Kung University; Chief of Microcontroller Application Business Group, and Deputy General Manager of Business Group, Winbond Electronics Co., Ltd.	Note 6	N/A	N/A	N/A	

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term	First elected date	Shares held during election		No. of shares currently held		Current shares held by spouse and underage children		Shareholding by nominee arrangement		Education and Work Experiences	Other current positions within the Company	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads			Note
							No. of shares	Percentage of shares	No. of shares	Percentage of shares	No. of shares	Percentage of shares	No. of shares	Percentage of shares			Title	Name	Relationship	
Director	ROC	Chi-Lin Wea	M 70-80	2022.6.2	3 years	2000.4.23	-	-	-	-	-	-	-	-	Ph.D. in economics from Université de Paris, Master of management from Imperial College London, United Kingdom; Director of Graduate Institute of International Business, National Taiwan University, Secretary General of Executive Yuan, Chairman of Land Bank of Taiwan.	Note 7	N/A	N/A	N/A	

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term	First elected date	Shares held during election		No. of shares currently held		Current shares held by spouse and underage children		Shareholding by nominee arrangement		Education and Work Experiences	Other current positions within the Company	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads			Note
							No. of shares	Percentage of shares	No. of shares	Percentage of shares	No. of shares	Percentage of shares	No. of shares	Percentage of shares			Title	Name	Relationship	
Director	ROC	Royce Yu-Chun Hong	M 50-60	2022.6.2	3 years	2000.4.23	-	-	-	-	-	-	-	-	Bachelor degree in Industrial Design from Rhode Island School of Design, Bachelor degree in Graphic Design from the Art Center College of Design; Co-founder and Managing Director of Agenda Taiwan (Limited), and Creative Director of PC Home.	Note 8	N/A	N/A	N/A	

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term	First elected date	Shares held during election		No. of shares currently held		Current shares held by spouse and underage children		Shareholding by nominee arrangement		Education and Work Experiences	Other current positions within the Company	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads			Note
							No. of shares	Percentage of shares	No. of shares	Percentage of shares	No. of shares	Percentage of shares	No. of shares	Percentage of shares			Title	Name	Relationship	
Director	ROC	Liang-Ji Chen	M 60-70	2022.6.2	3 years	2022.6.2	-	-	-	-	-	-	-	-	Ph.D., Institute of Electrical Engineering, National Cheng Kung University; Minister of MOST, ROC; Director of the Institute of Electronics Industry, Industrial Technology Research Institute, and Founding Director of the Institute of Electronics, National Taiwan University, and independent director of Vanguard International Semiconductor.	Note 9	N/A	N/A	N/A	

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term	First elected date	Shares held during election		No. of shares currently held		Current shares held by spouse and underage children		Shareholding by nominee arrangement		Education and Work Experiences	Other current positions within the Company	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads			Note
							No. of shares	Percentage of shares	No. of shares	Percentage of shares	No. of shares	Percentage of shares	No. of shares	Percentage of shares			Title	Name	Relationship	
Independent Director	ROC	Bao-Sheng Wea	M 60-70	2022.6.2	3 years	2022.6.2	-	-	-	-	-	-	-	-	Master of International Business Administration, George Washington University in Washington DC; Master of Financial Management, Benjamin Franklin University in Washington DC; BS of Department of Ocean Transportation, National Chiao Tung University; Chairman of KGI Commercial Bank and KGI Securities and Chairman of Shin-Kong Life Insurance Co., Ltd.	Note 10	N/A	N/A	N/A	

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term	First elected date	Shares held during election		No. of shares currently held		Current shares held by spouse and underage children		Shareholding by nominee arrangement		Education and Work Experiences	Other current positions within the Company	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads			Note
							No. of shares	Percentage of shares	No. of shares	Percentage of shares	No. of shares	Percentage of shares	No. of shares	Percentage of shares			Title	Name	Relationship	
Independent Director	ROC	David Shu-Chyuan Tu	M 60-70	2022.6.2	3 years	2014.6.12	-	-	-	-	-	-	-	-	Master of Computer Engineering from California State University, Bachelor of Computer Engineering from National Chiao Tung University; and President of Product Specifications Business Unit, Synnex Technology International Corporation.	Note 11	N/A	N/A	N/A	
Independent Director	ROC	Allen Hsu	M 70-80	2022.6.2	3 years	2013.6.14	-	-	-	-	-	-	-	-	MBA of National Chengchi University and advanced courses at Wharton School in the U.S. Chairman of Altek Corporation, Chingis Technology Corporation, and Taiwan Mask Corporation.	Note 12	N/A	N/A	N/A	

Title	Nationality or place of registration	Name	Gender Age	Date elected	Term	First elected date	Shares held during election		No. of shares currently held		Current shares held by spouse and underage children		Shareholding by nominee arrangement		Education and Work Experiences	Other current positions within the Company	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads			Note
							No. of shares	Percentage of shares	No. of shares	Percentage of shares	No. of shares	Percentage of shares	No. of shares	Percentage of shares			Title	Name	Relationship	
Independent Director	ROC	Guang-Zhong Chen	M 70-80	2022.6.2	3 years	2022.6.2									BA of Department of Chemical Engineering, Chinese Culture University; Vice Chairman, Chief Executive Officer and Chief Executive Officer of LITEON Group	Note 13	N/A	N/A	N/A	

- Note 1: Institutional Director Winbond Electronics Corporation serves concurrently as Director of Walton Advanced Engineering, Inc., Winbond Electronics (HK) Ltd., Winbond International Corporation, Winbond Technology Ltd., Callisto Holding Limited, Winbond Electronics Germany GmbH, Hwa Bao Botanic Conservation Corp., Intellectual Property Innovation Corporation, Miraxia Edge Technology Corporation, Winbond Electronics Corporation Japan and Atfields Manufacturing Technology Corp.; Supervisor of Chin Xin Investment Corp, and Harbinger III Venture Capital Corp.
- Note 2: Director Mr. Yuan-Mou Su is the chairman and CEO of the Company; also serves concurrently as the chairman of Nuvoton Technology Corporation Japan; and a director of Nuvoton Technology Corp. America, Nuvoton Technology Holdings Japan and Nuvoton Technology Israel Ltd.
- Note 3: Director Karen K Chiao is the Vice Chairperson of Nuvoton; and concurrently as the Director and President of Callisto Holding Limited and Director of Callisto Technology Limited, Miraxia Edge Technology Corporation, Nuvoton (Hong Kong), Hong Foundation, Nuvoton Technology Singapore Pte. Ltd. and Nuvoton Technology Corporation Japan.
- Note 4: Director Mr. Arthur Yu-Cheng Chiao serves concurrently as the Chairman and CEO of Winbond Electronics Corp.; Chairman of Chin Xin Investment Co., Ltd. and Cheng Ho Investment Co., Ltd.; Director of Walsin Lihwa Corp., Walsin Technology Corporation, United Industrial Gases Co., Ltd., Chin Cheng Construction Corp., Song Yong Investment Corporation, MiTac Holdings Corp., Winbond Electronics Corporation America, Winbond International Corporation, Nuvoton Investment Holding Ltd., Marketplace Management Limited, Nuvoton Technology Holdings Japan, and Tower Partners Semiconductor Co., Ltd.; Independent director, remuneration committee convener of Taiwan Cement; and management of Goldbond LLC.
- Note 5: Institutional Director Chin Xin Investment Co., Ltd. serves concurrently as Director of Winbond Electronics Corporation, Walsin Lihwa Corporation, HannStar Board Corporation, Global Investment Holdings Co., Ltd., Glorystone Inc., and Hwa Bao Botanic Conservation Corp.
- Note 6: Director Jen-Lieh Lin concurrently serves as the Vice President of Business Group, Winbond Electronics Corporation. Director Jen-Lieh Lin concurrently serves as the **chairman** of Callisto Holding Limited; he is also the director of Nuvoton Technology Korea Ltd., Miraxia Edge Technology Corporation and Wei Lai Technology Co., Ltd.
- Note 7: Director Mr. Chi-Lin Wea serves concurrently as Chairman of Waterland Financial Holdings; Director of Elan Microelectronics Corporation, AVABIO Co., Ltd., Rakuten Bank, and AcBel Polytech Inc.; Independent Director of Formosa Plastics Corporation, Inventech Co., Ltd., and SECON Co., Ltd.
- Note 8: Director Mr. Royce Yu-Chun Hong serves concurrently as Chairman and President of IPEVO Corp.; Chairman of X RANGE CO., LTD., XING Mobility Inc., Long Jun Investment Co., Ltd., Xing Propulsion Inc., EAP Co., Ltd. and Panasonic Taiwan; Director of Jian-Huang Enterprise Co., Ltd., and Independent Director of GGA Co., Ltd.
- Note 9: Director Liang-Ji Chen concurrently serves as the Chairman of DaXin Development Co., Ltd.; Director of Ganzin Technology Co., Ltd., and Himax Technologies Co., Ltd.; and Independent Director of VIS Co., Ltd.
- Note 10: Independent Director Mr. Bao-Sheng Wea concurrently serves as the Chairman of Shin-Kong Life Insurance Co., Ltd.; Director of GOUNITTRAVEL Co., Ltd., ASCENDO BIOTECHNOLOGY, INC. TAIWAN BRANCH (CAYMAN ISLANDS and Shin Kong Financial Holding Co., Ltd.; and Independent Director of AIMD-Ainos Inc. and Advanced Lithium Electrochemistry (Cayman) Co., Ltd.
- Note 11: Independent Director Mr. David Tu serves concurrently as Chairman of BIZWAVE TECH CO., LTD., TONSAM Technologies Co., Ltd., and BestCom Co., Ltd., Director of SYNEX Co., Ltd., Jetwell Computer Co., Ltd., Asgard System Inc., Inforcom Technology Inc., Synnex FPT Joint Stock Company, PT. Synnex Metrodata Indonesia, Synnex (Thailand) Public Company Ltd., Redington (India) Ltd., SEPER TECHNOLOGY CORPORATION and DIGITIMES Co., Ltd.
- Note 12: Independent Director Mr. Allen Hsu serves concurrently as the Chairman of Unus Tech Co., Ltd., 3R Life Sciences Taiwan Ltd., and Yu Yuan Investment Co. Ltd.; Director of Innodisk Corporation and Acme Electronics Corporation; and Independent Director and Convener of Audit Committee of Winbond Electronics Corp.
- Note 13: Independent director Mr. CHEN, KUANG-CHUNG also serves as an independent director of Diodes Incorporated.
- Note 14: The chairman and CEO of Nuvoton concurrently lead the management team to enhance the operational performance of the group, increase shareholder interests, and achieve the goal and vision of sustainable business operation. In response to the aforementioned situation, the number of independent director seats of the company has been increased from the statutory three seats to four seats in accordance with Article 23 of the company's "Corporate Governance Best Practices Guidelines" to maintain objectivity and supervisory power.

Directors who are representative of institutional shareholders and the major shareholders of institutional shareholders

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Name of institutional shareholder	Major shareholders of institutional shareholders
Winbond Electronics Corporation	Walsin Lihwa Corporation (21.99%), Chin Xin Investment Co., Ltd.: 6.22%, New Labor Retirement Fund: 1.84%, Standard Chartered Bank Taiwan Limited, entrusted by The Royal Bank of Scotland Limited (Singapore) Investment Account: 1.76%, Arthur Yu- Cheng Chiao: 1.64% Citibank (Taiwan) Commercial Bank, entrusted by the Central Bank of Norway Investment Account: 1.14%, J.P. Morgan Chase Bank, Taipei Branch, entrusted by Vanguard Group Inc. Manager of Vanguard Emerging Markets Stock Index Fund Investment Account: 1.01%, Bai-Yun Hong: 0.99%, J.P. Morgan Chase Bank, Taipei Branch, entrusted by Advanced Starlight Fund Company's series fund, Advanced Total International Stock Index Fund Investment Account: 0.99%, and You-Hui Jiao: 0.92%
Chin Xin Investment Corp.	Winbond Electronics (37.69%), Walsin Lihwa (36.99%), Oriental Consortium Investment Limited (4.43%), Arthur Chiao (3.14%), Yu-Lon Chiao (3.14%), Yu-Heng Chiao (3.14%), Yu-Chi Chiao (3.14%), Walsin Technology Co. (1.86%), HannStar Board Corporation (1.34%), and Prosperity Dielectrics Co. (0.72%).

Major shareholders in the above table who are institutional investors and their major shareholders

March 5, 2024

Name of institutional shareholder	Major shareholders
Walsin Lihwa Corp.	Winbond Electronics Corporation (6.14%), Chin Xin Investment Corp.(6.14%), LGT Bank (Singapore) Investment Fund under the custody of Standard Chartered Bank (5.43%), TECO (5.22%), Rong Chiang International Ltd. (4.28%), Yu-Hui Chiao (2.71%), Oriental Consortium Investment Limited (2.65%), Yu-Heng Chiao (1.62%), Bai-Yun Hong (1.29%) and Yu-Chi Chiao (1.28%)
Oriental Consortium Investment Limited	HannStar Display Corporation (100%).
Walsin Technology Corporation	Walsin Lihwa Corporation (18.30%), HannStar Board Corporation (7.74%), Global Brands Manufacture Limited (3.39%), Walton Advanced Engineering (2.74%), Yu-Heng Chiao (2.65%), Citibank (Taiwan) Commercial Bank entrusted with the custody of Malayan Banking Berhad Securities Private Limited - Internal Trading Platform - Client Account Investment Account: 2.33%, Winbond Electronics Corporation (1.37%), Giga Investment Co. (1.37%), Chin Xin Investment Corp.(1.27%), Walsin Color Corp. (1.10%), and Winbond Electronics Corporation (1.09%).
HannStar Board Corporation	Walsin Technology Corporation (20.32%), Walsin Lihwa Corporation (12.06%), Career Technology (Mfg.) Co., Ltd. (5.44%), Chin Xin Investment Corp. (3.55%), Yu-Heng Chiao (2.19%), Pai-Yung Hong (1.86%), Xing-Xing Investment Corp. (1.59%), Yuanta Taiwan High Dividend Low Volatility ETF Fund Investment Account: 1.56%, Taipei Fubon Commercial Bank Co., Ltd., entrusted with the custody of Fu Hua Taiwan Technology ETF Securities Investment Trust Fund Investment Account: 1.43%, and Prosperity Dielectrics Co., Ltd. (1.07%).
Prosperity Dielectrics Co., Ltd.	Walsin Technology Corporation (43.13%), Walton Advanced Engineering, Inc. (0.75%), Yu-Heng Chiao (0.62%), Ta-Ho Maritime Corporation (0.55%), ABC Taiwan Electronics Corp (0.47%), Wen-Che Shen (0.44%), Sheng-Chi Liao (0.36%), Tsong-Yuan Huang (0.30%), Ying-Ying Su (0.24%), Yu-Yue Co., Ltd. (0.17%).

Director information (2)

Criteria Name	Professional qualifications and experience	Independence status	Number of other public companies concurrently serving as an independent director
Winbond Electronics Corporation Representative: Yuan-Mou Su	Mr. Yuan-Mou Su has more than 5 years of work experience in fields relating to Company business. Before joining Nuvoton, Mr. Su served as Vice Chairman and Deputy CEO of Winbond Electronics, and has worked for such companies as AMD, Digital Equipment Corp., Integrated Devices Technology, and Winbic Semiconductor Inc., in the United States, which has accumulated rich experience in the semiconductor and electronics industry and leading the company for continuous growth. He is currently the Chairman and CEO of Nuvoton.	(1) Chairman Su serves as the chairman of the board on behalf of Winbond Electronics Corporation. (2) Currently serving as the CEO of the company.	-
Karen K Chiao	Ms. Karen K Chiao has more than five years of working experience required by the company's business. She used to be the Deputy General Manager of Strategy at WeLab Holdings, and served in companies such as HSBC, Hony Capital, Fullerton Consultancy and Goldman Sachs (Asia) L.L.C., with professional experience in business, finance and accounting. He is currently the Vice Chairman of the Company.	Director Karen K Chiao and Director Arthur Yu-Cheng Chiao are second-degree relatives.	-
Arthur Yu-Cheng Chiao	Mr. Arthur Yu-Cheng Chiao has more than 5 years of work experience in fields relating to Company business. Mr. Chiao once served as chairman of Walsin Lihwa and Taiwan Electrical and Electronic Manufacturers' Association. In 2019, he won the ERSO Award and was elected as one of the eighth ITRI Laureates of the Industrial Technology Research Institute, with practical experience in the operation and management of listed companies and have excellent leadership and decision-making skills. Mr. Chiao is currently the Chairman and CEO of Winbond Electronics Corp.	Director Arthur Yu-Cheng Chiao and Director Karen K Chiao are second-degree relatives.	1

Criteria Name	Professional qualifications and experience	Independence status	Number of other public companies concurrently serving as an independent director
Representative of Chin Xin Investment Corp.: Jen-Lieh Lin	Mr. Jen-Lieh Lin has more than five years of working experience required by the company's business. He once served as the Deputy General Manager of the Business Group of the Company, with extensive professional knowledge and practical experience in the semiconductor and electronics industries; and is now the Deputy President of the Business Group of Winbond Electronics Corp.	Director Jen-Lieh Lin serves as a director of corporation representative.	-
Chi-Lin Wea	Mr. Chi-Lin Wea has more than 5 years of work experience in fields relating to Company business. Mr. Wea once served as the Secretary General of Executive Yuan, Chairman of Research, Development and Evaluation Commission, Executive Yuan, and Chairman of Land Bank of Taiwan, with extensive professional knowledge and practical experience in finance and economics. He is currently the Chairman of International Bills Finance Corp.	Director Wea is free of situations stipulated in Article 30 of the Company Act.	3
Royce Yu- Chun Hong	Mr. Royce Yu-Chun Hong has more than 5 years of work experience in fields relating to Company business. Mr. Hong once served as marketing and creativity director of PChome Online. He is concurrently Chairman and President of IPEVO Corp.; and Chairman of XRANGE CO., LTD., XING Mobility Inc., LR Ventures Co., Ltd., Xing Propulsion Inc., EAP Co., Ltd. and Panasonic Taiwan.	-	1

Criteria Name	Professional qualifications and experience	Independence status	Number of other public companies concurrently serving as an independent director
Liang-Ji Chen	Mr. Liang-Ji Chen has more than 5 years of work experience in fields relating to Company business. He used to serve as the minister of MOST, ROC; Director of the Institute of Electronics Industry, Industrial Technology Research Institute, and Founding Director of the Institute of Electronics, National Taiwan University, possessing outstanding professional capabilities in the field of technology and research, capable of providing comprehensive professional support; with a rich academic background and practical experience, has profound insights into the trends and developments in the technology sector. He now serves as the Director of Ganzin Technology Co., Ltd., and Himax Technologies Co., Ltd.	-	3
Bao-Sheng Wea	Mr. Wei Baosheng has over five years of work experience required for corporate operations. He has previously served as the Chairman of KGI Commercial Bank Co., Ltd., as well as the Director-General of the Insurance Bureau of the Financial Supervisory Commission of the Executive Yuan. With a rich background in finance and insurance, and possessing an outstanding international perspective, he currently serves as the Chairman of Shin Kong Life Insurance Co., Ltd.	<p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the Company or any of its affiliates. (Only independent directors Allen Hsu and Jerry Hsu are concurrently independent director of Winbond Electronics Corp.)</p> <p>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate number of 1% or more of the shares of the Company or ranks as one of its top ten shareholders.</p>	2
David Shu-Chyuan Tu	Mr. David Shu-Chyuan Tu has over five years of work experience required for corporate operations. He has previously held multiple positions within the Synnex Technology International Corporation, specializing in IT channel layout, global production, enterprise operations, joint ventures and strategic alliances, as well as venture capital investment. Currently, he serves as the Chairman of BIZWAVE TECH CO., LTD., TONSAM Technologies Co., Ltd., and BestCom Co., Ltd., while also serving as a director of Synnex Technology International Corporation.	<p>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the managerial officers listed in subparagraph (1) or persons listed in subparagraphs (2) and (3).</p> <p>(5) Not a director, supervisor or employee of an institutional shareholder holding directly 5%</p>	-

Criteria Name	Professional qualifications and experience	Independence status	Number of other public companies concurrently serving as an independent director
Allen Hsu	Mr. Allen Hsu has more than 5 years of work experience in fields relating to Company business. He used to serve on many titles of as the Yulon Finance Corporation; he now serves as the Chairman of Unus Tech Co., Ltd. and 3R Life Sciences Taiwan Ltd., and Independent Director of Winbond Electronics Corp.	<p>or more of the company's shares, being one of the top five shareholders, or being appointed a director or supervisor of the company pursuant to Article 27, Paragraph 1 or 2 of the Company Act.</p> <p>(6) Not a director, supervisor or employee of another company that is controlled by the same person that holds the majority seats on the board or majority votes of the Company.</p>	1
Guang-Zhong Chen	Mr. Guang-Zhong Chen has more than 5 years of work experience in fields relating to Company business. He used to served as the Vice Chairman, Chief Executive Officer and Chief Executive Officer of LITEON Group, with extensive experience in business management, finance and investment. Now he serves as the Independent Director of Diodes Incorporated.	<p>(7) Not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles as the Company.</p> <p>(8) Not a director, supervisor, manager, or shareholder holding five percent or more of the shares of a specific company or institution that has a financial or business relationship with the Company.</p> <p>(9) Not a professional who provides audit service or receives remuneration in the last two years for commercial, legal, financial, or accounting services to the Company or its affiliates, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliates.</p>	1

Note: The Company has confirmed through a search engine query that all directors of the company currently do not have any circumstances as specified in Article 30 of the Company Act.

Director information (3)

The diversity policy for members of the Board of Directors is established in Article 20 of the Company's Corporate Governance Best Practice Principles:

The Company's Board of Directors shall direct company strategies, supervise the management, and be responsible to the Company and shareholders. The various procedures and arrangements of the corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, the Articles of Incorporation, and the resolutions adopted by shareholders' meetings.

The structure of Board of Directors should take into account the Company's operations, development and business scale, shareholding of major shareholders and diversity of board members. The directors should be diverse in terms of professional backgrounds, professional knowledge and expertise, gender, or fields of work. An appropriate number of director ranging between nine to thirteen seats shall be elected according to practical operational needs.

The members of the Board of Directors shall be balanced between the genders and they shall possess the knowledge, skills, and experience necessary for performing their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:

1. Ability to make sound business judgments.
2. Ability to conduct accounting and financial analysis.
3. Ability to manage the business.
4. Ability to manage a crisis.
5. Industry knowledge.
6. An understanding of international markets.
7. Leadership ability.
8. Decision-making ability.

Management goals and achievements of the specific management objectives for diversity policies of the seventh session (2022 to 2024) board members of the company are as follows:

1. In order to implement the national policy of gender equality and enhance the participation of women in the decision-making process, as well as strengthen the structure of the board of directors, a management goal of appointing at least one female director was set: this goal has been achieved in the current session.

2. To achieve the goal of sustainable operation, a succession plan for important management positions was implemented through the rotation of corporate representatives. A management goal of maintaining two seats for corporate directors was set: this goal has also been achieved in the current session.

Implementation of board member diversity

Title	Name	Gender	Core diversification item					Percentage by gender		Percentage of independent directors	Percentage of directors who are also employees	Age distribution of all directors	
			Business management	Leadership and decision making	Knowledge of the industry	Finance and accounting	IT expertise	M	F			Age 50 and over	Age under 50
Chairman	Representative of Winbond Electronics Corp.: Yuan-Mou Su	M	V	V	V	V	V	91%	9%	36%	9%	91%	9%
Vice Chairperson	Karen K Chiao	F	V	V	V	V							
Director	Arthur Yu-Cheng Chiao	M	V	V	V	V	V						
Director	Representative of Chin Xin Investment Co., Ltd.: Jen-Lieh Lin	M		V	V		V						
Director	Chi-Lin Wea	M	V	V	V	V	V						
Director	Royce Yu-Chun Hong	M	V	V	V	V	V						
Director	Liang-Ji Chen	M		V	V		V						
Independent Director	Bao-Sheng Wea	M	V	V	V	V							
Independent Director	David Shu-Chyuan Tu	M	V	V	V		V						
Independent Director	Allen Hsu	M	V	V	V	V							
Independent Director	Guang-Zhong Chen	M	V	V	V	V	V						

Independence of the Board of Directors

The Board of Directors is Nuvoton's highest governing body. The 7th -term Board of Directors consists of 11 directors, including 4 independent directors and 1 female director. Directors who are not a manager of employee in the Company make up more than two thirds of board members. Two individuals with second-degree or closer family relationships, accounting for less than half of the board seats, comply with the provisions of Article 26-3 of the Securities and Exchange Act. All board members are highly experienced in business operations. The ages of board members cover different generations and their academic and professional backgrounds cover different fields. All board members possess the ability to perform their duties, oversee business activities and offer constructive opinions and strategy recommendations. Institutional Directors Winbond Electronics Corp. and Chin Xin Investment are major shareholders of the Company. Winbond is the largest shareholder holding majority shares and has been a director since Company's inception: Based on the aforementioned assessment results, the Board of Directors of Nuvoton has independence.

2. Profile of President, Vice Presidents, Assistant Vice Presidents, and Department Directors

March 5, 2024 Unit: Shares

Title	Nationality	Name	Gender	Date of appointment	Shareholding		Shares held by spouse and underage children		Shareholding by nominee arrangement		Education and Work Experiences	Current job position in other companies	Managerial officer who is a spouse or a relative within second degree			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
CEO	ROC	Yuan-Mou Su	M	2020.3.1	90,000	0.02%	-	-	-	-	Master of Electrical Engineering, University of Southern California, BS in Electrical Engineering, National Chiao Tung University; Vice Chairman and Deputy CEO of Winbond Electronics	Chairman of Nuvoton Technology Corporation Japan (NTCJ), Director of Nuvoton Technology Corporation America (NTCA), Director of Nuvoton Technology Israel Ltd (NTIL), and Director of Nuvoton Technology Holdings Japan(NTHJ).	N/A	N/A	N/A	Note 2
Deputy CEO	Japan	Yoshitaka Kinoshita	M	2021.2.18	-	-	-	-	-	-	Master of Electrical Engineering, Toyohashi University of Technology (Japan) President of Elpida Memory Co., Ltd., President and Representative Director of Micron Memory Japan	President of Nuvoton Technology Holdings Japan (NTHJ), Director of Technology Corporation Japan (NTCJ), and Director of Nuvoton Technology Singapore Pte. Ltd.	N/A	N/A	N/A	
President	ROC	Hsin-Lung Yang	M	2022.6.1	97,362	0.02%	-	-	-	-	Master of Computer Science, National Tsing Hua University: Senior Director of Multimedia R&D Division of Cheertek Inc. Managerial Officer of Product Planning and Marketing Technology, Novatek Microelectronics Corp.	Chairman of Nuvoton Technology Corporation America (NTCA), Director of Nuvoton Electronics Technology (H.K.) Limited (NTHK), Director of Nuvoton Electronics Technology (Shanghai) Limited (NTSH), Director of Nuvoton Electronics Technology (Shenzhen) Limited (NTSZ), Chairman of Nuvoton Technology Israel Ltd. (NTIL), Director of Nuvoton Tec. India Private Ltd. (NTIPL), Representative Director of Nuvoton Technology Korea Limited (NTKL), and Director of Nuvoton Technology Corporation Japan (NTCJ)	N/A	N/A	N/A	

Title	Nationality	Name	Gender	Date of appointment	Shareholding		Shares held by spouse and underage children		Shareholding by nominee arrangement		Education and Work Experiences	Current job position in other companies	Managerial officer who is a spouse or a relative within second degree			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Vice President	ROC	Meng-Chi Wu	M	2022.7.1	-	-	-	-	-	-	Master of Business Administration, National Cheng Kung University, Deputy Director of Technology, Winbond Electronics Corporation	Director of Nuvoton Technology Corporation America (NTCA), Director of Nuvoton Electronics Technology (Shanghai) Limited (NTSH), Director of Nuvoton Technology Shenzhen (NTSZ), Director of Nuvoton Tec. India Private Ltd. (NTIPL), Director of Nuvoton Technology Singapore Pte. Ltd.(NTSG), Director of Nuvoton Electronics Technology (Nanjing) Limited (NTNJ), and Director of Electronic Business in Winbond Electronics Corporation	N/A	N/A	N/A	
Vice President	ROC	Jian-liang Su	M	2022.7.5	-	-	-	-	-	-	MS of Electronics, National Taiwan University Senior Manager of Infineon/ Qimonda DRAM Business Group, Director of Winbond DRAM Marketing, and Senior Director of Compute DRAM at Micron Technology	Director of Nuvoton Technology Corp. America (NTCA) and Nuvoton Technology Israel Ltd. (NTIL).	N/A	N/A	N/A	
Vice President	ROC	Kuang-Lun Lin	M	2018.3.1	843	-	-	-	-	-	MS in Physics, National Tsing Hua University; Deputy Plant Manager of Micro Imaging Engineering Department of Winbond Electronics Corporation, and Director of Quality Assurance Division, Nuvoton Technology Corp.	N/A	N/A	N/A	N/A	
Vice President	ROC	Yu-Sung Cheng	M	2019.10.14	25,000	0.01%	-	-	-	-	BS in Electrical Engineering, Tamkang University; Assistant Vice President, Quality & ESH Center of Winbond Electronics Corporation	Director of Nuvoton Electronics Technology (H.K.) Limited, Nuvoton Technology Singapore Pte. Ltd. and Songzhi Electronic Technology (Suzhou) Co., Ltd.	N/A	N/A	N/A	
Vice President, Chief Financial Officer, Chief Accounting Officer and spokesperson, and Corporate Governance Officer	ROC	Hsiu-Fen Lai	F	2020.8.1	75,000	0.02%	-	-	-	-	MBA from University of Southern California, Master of Laws from National Chengchi University, Bachelor of Finance from National Taiwan University; Deputy General Manager of Accounting of HTC	Director of Nuvoton Technology Korea Limited (NTKL), Nuvoton Technology Holdings Japan(NTHJ), Nuvoton Technology Corporation Japan (NTCJ), Songzhi Electronic Technology (Suzhou) Co., Ltd., (STSC), Nuvoton Technology Corp. America (NTCA), Song Yong Investment Corporation, Nuvoton Electronics Technology (H.K.) Limited (NTHK), Winbond Technology (Nanjing) Co., Ltd., and Nuvoton Electronics Technology (Shenzhen) Limited (NTSZ).	N/A	N/A	N/A	

Title	Nationality	Name	Gender	Date of appointment	Shareholding		Shares held by spouse and underage children		Shareholding by nominee arrangement		Education and Work Experiences	Current job position in other companies	Managerial officer who is a spouse or a relative within second degree			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
CTO	ROC	Wei-Chan Hsu	M	2020.8.1	-	-	-	-	-	-	Ph.D. in Physics, University of Illinois at Urbana-Champaign; CEO of IC Ensemble, USA.	N/A	N/A	N/A	N/A	

Note 1: Management is defined the same as the interpretation provided in the Ministry of Finance letter Tai-Cai-Zheng-San-Zi No. 0920001301, including the President, Vice President, Assistant Vice President, Chief Financial Officer, and Chief Accounting Officer (or equivalent officers).

Note 2: The chairman and CEO of Nuvoton are the same person, primarily to enhance the operational performance of the group, increase shareholder interests, and achieve the goal and vision of sustainable business operation. In response to this situation, the number of independent director seats of the company has been increased from the statutory three seats to four seats in accordance with Article 23 of the Company's "Corporate Governance Best Practices Guidelines". Furthermore, if the chairman and CEO remain the same person in the future, independent director seats will be set up according to regulations. Additionally, in order to maintain objectivity and supervisory power, none of the other board members of the board are also employees or managers of the Company,.

3. Remunerations to Directors (including Independent Directors), Supervisors, President, and Vice Presidents in recent years

3.1 Remuneration for Directors (including Independent Directors)

December 31, 2023; Unit: NT\$1,000

Title	Name	Director's remuneration								Ratio of total (A), (B), (C), and (D) to after-tax profit (Note 6)		Pay received as an employee								Ratio of total (A), (B), (C), (D), (E), (F) and (G) to after-tax profit (Note 6)		Remuneration received from parent company or investees	
		Remuneration (A) (Note 1)		Severance pay and pension (B)		Director's remuneration (C) (Note 2)		Business expense (D) (Note 3)				Salary, bonus and special allowance (E) (Note 4)		Severance pay and pension (F)		Remuneration of employees (G) (Note 2)							
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements (Note 5)		The Company	All companies in the financial statements (Note 5)				
Chairman	Company	0	-	0	-	17,761	17,761	4,200	4,200	21,961	21,961	26,900	26,900	0	0	4,650	-	4,650	-	53,511	53,511	96	
	Representative																						Yuan-Mou Su
Vice Chairman																							Karen K Chiao
Director																							Arthur Yu-Cheng Chiao
Director	Company																						Chin Xin Investment Corp.
	Representative																						Jen-Lieh Lin
Director																							Chi-Lin Wea
Director																							Royce Yu-Chun Hong
Director																							Liang-Ji Chen
Director																							Ken-Shew Lu
Independent Director		Bao-Sheng Wea																					
Independent Director		Allen Hsu																					
Independent Director		David Shu-Chyuan Tu																					
Independent Director		Guang-Zhong Chen																					

1. The Company's "Evaluation Measure for Directors' Remuneration and Board Performance" clearly stipulates the remuneration of directors and independent directors. The remuneration depends on the needs of the company's long-term and short-term development plan, and is determined by referring to the industry's usual standards and the performance evaluation results of the Board of Directors; individual remuneration levels are determined by the Board of Directors. The spirit of the system is based on the principle of equality; if when necessary, adjustments can be made depending on different responsibilities or facts.

2. Except as disclosed above, remuneration received by directors in the most recent year for services rendered to the Company (e.g. acting as a non-employee consultant to parent company/all companies in the financial statements/investees): N/A.

Note 1: Remuneration to Directors in the most recent year (include Director salary, additional duty payments, severance pay, various bonuses, or incentive payments).

Note 2: The director's remuneration of the Company in 2023 was approved by the board of directors to allocate 1%, and according to the profit status checked by the accountant, 1% was calculated as NT\$27,910,000. As of the date of publication of the annual report, the individual remuneration of directors as part-time employees has not yet been determined, and the above table is a provisional estimate.

Note 3: Refers to the related business expenses of Directors in the past year (including transportation allowance and etc.).

Note 4: All payments for the most recent year to Directors who are also employees of the Company (including the position of President, Vice President, other managerial officer and staff), including salary, additional pay, severance pay, bonuses, rewards, transportation allowance, special allowance, stipends, dormitory, and car. In addition, salary expenses recognized in accordance with IFRS 2 "Share-Based Payment", including obtaining employee stock option certificates, new shares with restricted employee rights, and participation in cash capital increase subscription shares, etc., should also be included in remuneration.

Note 5: Total pay to Directors from all companies in the consolidated statements (including the Company).

Note 6: Calculated by the net profit after tax means the Company's net profit after tax in 2023, which is NTD 2,420,434,000.

Note 7: a. This column is the amount of remuneration received by the company directors from the subsidiary's reinvestment business.

b. Remuneration refers to pay, remuneration (including remuneration for conducting business received by a director of the Company serving as a director, supervisor or manager of an investee of the Company other than subsidiaries).

Range of remuneration

Range of remuneration paid to all Directors	Director name			
	Sum of the 4 items of remuneration above (A+B+C+D)		Sum of the 7 items of remuneration above (A+B+C+D+E+F+G)	
	The Company	All companies in the financial statements H	The Company	All investment business I
Below NT\$1,000,000	Representative of Winbond Electronics Corp.: Yuan-Mou Su, Representative of Chin Xin Investment Co., Ltd.: Jen-Lieh Lin	Representative of Winbond Electronics Corp.: Yuan-Mou Su, Representative of Chin Xin Investment Co., Ltd.: Jen-Lieh Lin	Representative of Chin Xin Investment Co., Ltd.: Jen-Lieh Lin	Representative of Chin Xin Investment Co., Ltd.: Jen-Lieh Lin
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	-	-	-	-
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	Winbond Electronics Corp., Chin Xin Investment Co., Ltd., Karen K Chiao, Yu-Cheng Chiao, Chi-Lin Wea, Yu-Chun Hong, and Liang-Ji Chen	Winbond Electronics Corp., Chin Xin Investment Co., Ltd., Karen K Chiao, Yu-Cheng Chiao, Chi-Lin Wea, Yu-Chun Hong, and Liang-Ji Chen	Winbond Electronics Corp., Chin Xin Investment Co., Ltd., Karen K Chiao, Yu-Cheng Chiao, Chi-Lin Wea, Yu-Chun Hong, and Liang-Ji Chen	Winbond Electronics Corp., Chin Xin Investment Co., Ltd., Karen K Chiao, Yu-Cheng Chiao, Chi-Lin Wea, Yu-Chun Hong, and Liang-Ji Chen
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)	Bao-Sheng Wea, David Shu-Chyuan Tu, Allen Hsu, and Guang-Zhong Chen	Bao-Sheng Wea, David Shu-Chyuan Tu, Allen Hsu, and Guang-Zhong Chen	Bao-Sheng Wea, David Shu-Chyuan Tu, Allen Hsu, and Guang-Zhong Chen	Bao-Sheng Wea, David Shu-Chyuan Tu, Allen Hsu, and Guang-Zhong Chen
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	-	-	-	-
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	-	-	-	-
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	-	-	-	-
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	-	-	Representative of Winbond Electronics Corp.: Yuan-Mou Su	Representative of Winbond Electronics Corp.: Yuan-Mou Su
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)	-	-	-	-
Greater than NT\$100,000,000	-	-	-	-
Total	13 persons	13 persons	13 persons	13 persons

Note: When calculating the range, the remuneration received by each director from the investment business other than the subsidiary is included in the calculation.

3.3 Remunerations to President and Vice President

December 31, 2023; Unit: NT\$1,000

Title	Name	Salary (A) (Note 1)		Severance pay and pension (B)		Bonus and special allowance (C) (Note 2)		Employee remuneration (D) (Note 3)				Ratio of total (A), (B), (C), and (D) to after-tax profit (Note 5)		Remuneration received from investees other than subsidiaries, if any, or parent company (Note 6)
		The Company	All companies in the financial statements (Note 4)	The Company	All companies in the financial statements (Note 4)	The Company	All companies in the financial statements (Note 4)	The Company		All companies in the financial statements (Note 4)		The Company	All companies in the financial statements (Note 4)	
								Cash value	Share value	Cash value	Share value			
CEO	Yuan-Mou Su	29,165	45,266	732	1,377	84,540	90,064	19,780	-	19,780	-	134,216 5.55%	156,487 6.47%	3,174
Deputy CEO	Yoshitaka Kinoshita													
President	Hsin-Lung Yang													
CTO	Wei-Chan Hsu													
Vice President	Meng-Chi Wu													
Vice President	Jian-Liang Su													
Vice President	Guang-Lun Lin													
Vice President	Yu-Sung Cheng													
Vice President, Chief Financial Officer, Chief Accounting Officer and spokesperson, and Corporate Governance Officer	Hsu-Fen Lai (Note 7)													

Range of remuneration

Range of remuneration paid to President and Vice Presidents	Name of President and Vice Presidents	
	The Company	All investees
Below NT\$1,000,000	-	-
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	-	-
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	Wei-Chan Hsu	-
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)	-	-
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	Yoshitaka Kinoshita	Yoshitaka Kinoshita
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	Meng-Chi Wu, Hsu-Fen Lai, Jian-Liang Su	Meng-Chi Wu, Hsu-Fen Lai
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	Hsin-Lung Yang, Yu-Sung Cheng, Guang-Lun Lin	Hsin-Lung Yang, Yu-Sung Cheng, Guang-Lun Lin, Wei-Chan Hsu, Jian-Liang Su
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	Yuan-Mou Su	Yuan-Mou Su
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)	-	-
Greater than NT\$100,000,000	-	-
Total	9 persons	9 persons

Note 1: Salary, additional pay, and severance pay received by the President or Vice President in the past year.

Note 2: Bonus, reward, transportation allowance, special allowance, stipends, dormitory, car and other payments received by the President or Vice President in the past year.

Note 3: The Company's Board of Directors passed the 2023 remuneration of directors and employees on March 5, 2024.

Note 4: The total pay to the President or Vice President from all companies in the financial statements (including the Company).

Note 5: Net profit after tax means the Company's net profit after tax in 2023.

Note 6: This field shows the amount of remuneration the president or vice president of the Company receives from investees other than subsidiaries of the Company. Remuneration refers to pay, remuneration (including remuneration distributed to employees, directors and supervisors) and remuneration for conducting business received by the Company's President and Vice Presidents who serve as directors, supervisors or managers at subsidiaries other than investee companies.

Note 7: Ms. Hsu-Fen Lai has concurrently assumed the position of Corporate Governance Officer of the company since February 14, 2023.

3.4 Remunerations to managerial officers

December 31, 2023; Unit: NT\$1,000

Note:	Title	Name	Share value	Cash value	Total	Ratio of total to after-tax profit (%)
Managerial officer	Chairman and CEO	Yuan-Mou Su	-	19,780	19,780	0.82%
	Deputy CEO	Yoshitaka Kinoshita				
	President	Hsin-Lung Yang				
	CTO	Wei-Chan Hsu				
	Vice President	Meng-Chi Wu				
	Vice President	Jian-Liang Su				
	Vice President	Guang-Lun Lin				
	Vice President	Yu-Sung Cheng				
	Vice President, Chief Financial Officer, Chief Accounting Officer and spokesperson, and Corporate Governance Officer	Hsu-Fen Lai (note)				

Note: Ms. Hsu-Fen Lai has concurrently assumed the position of Corporate Governance Officer of the company since February 14, 2023.

3.5 Respectively compare and specify the analysis results for the ratios of the net incomes to individual and each financial report, and that all of the Company's total remuneration amounts paid to Company directors, supervisors, General Managerial Officers, and Deputy General Managerial Officers in the last 2 years; and specify the relevance between the payment remuneration policies, standards and combinations, remuneration setting procedures, operating performances, and future risks:

(1) Total remunerations to Directors, President and Vice Presidents as a percentage of profit after tax reported in standalone or individual financial statements the most recent two years

Title	2022		2023	
	Remunerations to Directors, President and Vice Presidents as a percentage of profit after tax		Remunerations to Directors, President and Vice Presidents as a percentage of profit after tax	
	The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements
Director	5.56%	5.96%	8.38%	9.30%
President and Vice President				

(2) The policy, standards and packages of remunerations to Directors, President and Vice Presidents, procedure for making such decision and correlation to business performance and future risks:

A. Policy, standard and combination of payment of remuneration; and the procedure of setting remuneration

(A) Director

The remuneration policy for directors of the Company is determined according to the provisions of the Company's articles of association. It allows for the allocation of a director's remuneration of up to 1% of the current period's pre-tax net profit, after deducting employee remuneration and director remuneration. Additionally, in accordance with the "Director Remuneration and Board Performance Evaluation Measures" of the Company, the remuneration committee considers factors such as the Company's operating strategy, profit situation, future development, industry environment, as well as the level of involvement and contribution to the Company's operations, to propose director remuneration recommendations. These recommendations are then submitted to the board of directors for approval and reported to the shareholders' meeting.

(B) President and Vice President

The remuneration of our company's managers is handled according to the Company's articles of association and the "Management Measures for Managerial Remuneration and Performance Evaluation," which includes systems and standards for salaries, bonuses, and employee compensation. In addition to fixed compensation based on the position responsibilities, contributions to the Company's operations, and industry standards, variable compensation is determined based on operational performance, profitability, management effectiveness, and the practice of the company's core values and sustainable development goals (including environmental, social, and corporate governance aspects) as reference indicators in the evaluation of managerial performance. This serves as the basis for the allocation of managerial remuneration, linking manager compensation to the Company's operational and sustainable performance outcomes. After individual review and assessment of the overall reasonableness of the remuneration by the Remuneration Committee, it is presented to the Board of Directors for approval.

B. Correlation with the business performance and future risks

To mitigate operational risks, the Company established the Compensation Committee in 2021. Annually, it conducts regular reviews of the annual performance objectives and compensation policies, systems, standards, and structures for directors and executives. These reviews take into account the operating conditions, future risks, and relevant regulations to achieve a balance between sustainable operation and risk management for the Company. In summary, the remuneration of directors and executives in the Company correlates positively with operational performance.

(III) Implementation of corporate governance

1. Board of Directors

The board of directors held a total of 5 meetings in the year 2023 (A).

(1) Attendance of Directors:

Title	Name	Attendance (voting and non-voting) in person (B)	By proxy	Attendance in person rate (%) [B/A] (Note)	Note
Chairman	Representative of Winbond Electronics Corp.: Yuan-Mou Su	5	0	100%	None
Director	Karen K Chiao	5	0	100%	None
Director	Yu-Cheng Chiao	5	0	100%	None
Director	Representative of Chin Xin Investment Co., Ltd.: Jen-Lieh Lin	5	0	100%	None
Director	Chi-Lin Wea	5	0	100%	None
Director	Royce Yu-Chun Hong	5	0	100%	None
Director	Liang-Ji Chen	5	0	100%	None
Independent Director	Bao-Sheng Wea	5	0	100%	None
Independent Director	David Shu-Chyuan Tu	5	0	100%	None
Independent Director	Allen Hsu	5	0	100%	None
Independent Director	Guang-Zhong Chen	5	0	100%	None

Note: Attendance in person is calculated by attendance in person of the Director during the period of service.

(2) Attendance by Independent Directors in each board meeting in person:

Title	Name	7 th -term meeting date				
		2023/2/14	2023/3/7	2023/5/3	2023/8/1	2023/10/31
Independent Director	Bao-Sheng Wea	O	O	O	O	O
Independent Director	David Shu-Chyuan Tu	O	O	O	O	O
Independent Director	Allen Hsu	O	O	O	O	O
Independent Director	Guang-Zhong Chen	O	O	O	O	O

Note: O: Attendance in person, *: Attendance by proxy, X: Absent.

(3) Should any of the following take place in a board meeting, the date and number of the meeting, the content of proposal, Independent Director's opinions and the Company's response to such opinions should be recorded:

- A. Items specified in Article 14-3 of the Securities and Exchange Act: The Company has established the Audit Committee and is therefore exempted from Article 14-3 of the Securities and Exchange Act.
- B. Aside from the above matters, other resolutions adopted by the Board of Directors to which an Independent Director has a dissenting or qualified opinion that is on record or stated in a written statement: This event did not occur at the Company.

(4) Directors recused themselves from discussion or voting on an agenda item in which they have an interest:

Name of Director	Agenda item	Reason for recusal	Voting on the agenda item	Note
Liang-Ji Chen Bao-Sheng Wea David Shu-Chyuan Tu	Release the non-compete restrictions on directors of the company.	The Director has an interest in the matter	Did not participate in voting	6th meeting of 7th-term Board
Yuan-Mou Su	Change the salary amount of Mr. Yuan-Mou Su, the managerial officer of the Company	The Director has an interest in the matter	Did not participate in voting	6th meeting of 7th-term Board
Yuan-Mou Su	The amount of employee remuneration for Mr. Yuan-Mou Su, an executive of the company, in the year 2022.	The Director has an interest in the matter	Did not participate in voting	8th meeting of 7th-term Board
Winbond Electronics Corp. Chin Xin Investment Corp. Jen-Lieh Lin Chi-Lin Wea Royce Yu-Chun Hong Liang-Ji Chen Bao-Sheng Wea Shu-Chyuan Tu	Release the non-compete restrictions on Company Directors	The Director has an interest in the matter	Did not participate in voting	11th meeting of 7th-term Board
Yuan-Mou Su	The amount of performance bonus for Mr. Yuan-Mou Su, an executive of the Company, for the year 2023.	The Director has an interest in the matter	Did not participate in voting	11th meeting of 7th-term Board

(5) Performance evaluation of Board of Directors

In order to strengthen corporate governance, enhance the functionality of the board of directors, and improve the efficiency of board operations, the Company has established regulations in accordance with the "Director Remuneration and Board Performance Evaluation Measures." These regulations stipulate that the board of directors must conduct performance evaluations at least once a year for the board itself, board members and the functional commits (the remuneration committee, audit committee and risk management committee). Additionally, every three years, an external professional independent organization or a team of expert scholars will conduct an evaluation.

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Contents	Result
Once every year	2023/01/01 ~2023/12/31	Board of Directors	Self-evaluation of the Board, self-evaluation by Board members, and peer review	The self-evaluation of the overall performance of Board of Directors covers the following five aspects: 1. Participation in Company operations. 2. Improving the quality of the Board's decision making. 3. Composition and structure of the Board. 4. Election and continuing education of the Directors. 5. Internal controls.	97.3
Once every year	2023/01/01 ~2023/12/31	Board of Directors	Self-evaluation by Board members, and peer review	The measures for evaluating the performance of Board members cover the following six aspects: 1. Familiarity with the goals and missions of the Company.	98.3

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Contents	Result
				2. Recognition of duties as directors. 3. Degree of participation in Company operations. 4. Management of internal relations and communication. 5. Directors' professionalism and continuing education. 6. Internal controls.	
Once every year	2023/01/01 ~ 2023/12/31	Remuneration committee	Self-evaluation by the interior of Board of Directors, Board members, and peer review	The performance evaluation criteria of the Remuneration Committee include the following: 1. Degree of involvement in the company's operations. 2. Awareness of the responsibilities of the Remuneration Committee. 3. Quality of decision-making by the Remuneration Committee. 4. Composition of the Remuneration Committee and selection of members. 5. Internal controls.	99.7
Once every year	2023/01/01 ~ 2023/12/31	Audit committee	Self-evaluation by the interior of Board of Directors, Board members, and peer review	The performance evaluation criteria of the Audit Committee include the following: 1. Degree of involvement in the company's operations. 2. Awareness of the responsibilities of the Audit Committee. 3. Quality of decision-making by the Audit Committee. 4. Composition of the Audit Committee and selection of members. 5. Internal controls.	99.8
Once every year	2023/01/01 ~ 2023/12/31	Risk management committee	Self-evaluation by the interior of Board of Directors, Board members, and peer review	The performance evaluation criteria of the Risk Management Committee include the following: 1. Degree of involvement in the company's operations. 2. Awareness of the responsibilities of the Risk Management Committee. 3. Quality of decision-making by the Risk Management Committee. 4. Composition of the Risk Management Committee and selection of members. 5. Internal controls.	99.8
Once every 3 years	2022/10/01 ~ 2023/09/30	The board of directors and each functional committee.	Taiwan Corporate Governance Association	The board performance evaluation covers the following eight subjects: 1. Composition of the board of directors 2. Guidance provided by the	The relevant information has been announced

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Contents	Result
				board of directors 3. Delegation of authority by the board of directors 4. Oversight function of the board of directors 5. Communication within the board of directors 6. Internal control and risk management 7. Self-discipline of the board of directors 8. Other supporting systems	on our company's website.

(6) An evaluation of the goals set for strengthening the functions of the Board and implementation status during the current and immediately preceding fiscal years:

- A. The Company has established the Rules of Procedures for Board of Directors Meetings in accordance with the Regulations Governing Procedure for Board of Directors Meetings of Public Companies, posts information on the attendance of directors and supervisors on the Market Observation Post System after each Board meeting, and discloses important proposals on the Market Observation Post System.
- B. The Company holds strategy review meetings every quarter before the scheduled board meeting, at which Directors are present to understand Company's finance and business conditions as well as the execution of major business plans. The Company endeavors to enhance the transparency of corporate information. Aside from holding regular quarter investors conferences to discuss the Company's business and financial conditions after board meetings are held, the Company also posts related information on the Market Observation Post System and our Company website.
- C. The board members of our company conduct performance evaluations annually in December according to the "Director Remuneration and Board Performance Evaluation Measures." These evaluations cover five major aspects: involvement in company operations, enhancing the quality of board decisions, board composition and structure, director selection and ongoing education, and internal controls. The evaluations aim to measure the effectiveness of the board in leading the company's strategic direction and supervising operational management to enhance long-term shareholder value. The overall assessment for 2023 was positive, and the results have been submitted to the Compensation Committee and the board of directors on March 5, 2024.
- D. In September 2023, in accordance with the "Director Remuneration and Board Performance Evaluation Measures," our company appointed the "Chinese Corporate Governance Association," an independent entity with no business transactions, to conduct a board effectiveness evaluation. The evaluation of the board's performance was conducted through questionnaires and video interviews. By engaging a professional organization, we aimed to obtain objective evaluation results and recommendations through the guidance and exchange of evaluation committee members. Based on the evaluation results, they serve as references for continuous improvement of the board's functions, aiming to enhance and optimize the quality of deliberations. Measures to address the recommendations from the external evaluation agency were submitted to the Compensation Committee and the board of directors meeting on March 5, 2024. Relevant information has been announced on our company's website.
- E. The Company purchases the "Liability Insurance for Directors, Supervisors and Key Officers" for directors, supervisors and key officers starting 2015. We review the contents of the insurance policy to ensure that the amount insured and coverage meet the requirements.

2. Operation of the Audit Committee or the status of Supervisors participating in the operation of the Board of Directors

2.1 State of operations of the Audit Committee

(1) The Audit Department convened a total of 5 meetings (A) in the most recent year. The attendance of Independent Directors was as follows:

The audit committee held a total of 5 meetings (A) in 2023.

Title	Name	Attendance (voting and non-voting) in person (B)	By proxy	Attendance in person rate (%) [B/A] (Note)
Independent Director	Bao-Sheng Wea	5	0	100%
Independent Director	David Shu-Chyuan Tu	5	0	100%
Independent Director	Allen Hsu	5	0	100%
Independent Director	Guang-Zhong Chen	5	0	100%

Note: Attendance in person is calculated by attendance in person of the Independent Director during the period of service.

The main points of work of the Audit Committee are as follows. Please refer to the table below for the operation status and content of proposals.

1. Proper presentation of the Company's financial statements.
2. The selection (dismissal) of certified accountants, their independence and performance.
3. Effective implementation of the Company's internal control.
4. The Company abides by relevant laws and regulations.
5. Management and control of the Company's existing or potential risks.

(2) If the audit committee encounters any of the following situations, it should specify the date of the audit committee meeting, the agenda items, the opinions of independent directors if they oppose, reserve their opinion, or provide significant recommendations, the decision made by the audit committee, and the company's response to the opinions of the audit committee:

A. Items specified in Article 14-5 of the Securities and Exchange Act:

Term/Date	Agenda and follow-up	
4 th meeting of 3 rd - term Audit Committee 2023/02/14	1	Preparation of the Company's financial statements and operating reports for the year 2022. Audit Committee Members' Opinion: None. Company's Handling of Audit Committee Members' Opinion: None. Decision Result: Approved as proposed.
	2	Built the "Internal Control System Statement for the Year 2022". Audit Committee Members' Opinion: None. Company's Handling of Audit Committee Members' Opinion: None. Decision Result: Approved as proposed.
	3	The Company appoints accounting firm Deloitte & Touche as its annual remuneration. Audit Committee Members' Opinion: None. Company's Handling of Audit Committee Members' Opinion: None. Decision Result: Approved as proposed.
	4	Establishment of the "Review Procedures for Pre-Approval of Non-Assurance Services Provided by Auditing Firms" for the Company. Audit Committee Members' Opinion: None. Company's Handling of Audit Committee Members' Opinion: None. Decision Result: Approved as proposed.
	5	The Company has pre-approved the list of non-assurance services to be provided by the audit firm for the year 2023. Audit Committee Members' Opinion: None. Company's Handling of Audit Committee Members' Opinion: None. Decision Result: Approved as proposed.
	6	There has been a change in the Company's audit supervisor. Audit Committee Members' Opinion: None. Company's Handling of Audit Committee Members' Opinion: None. Decision Result: Approved as proposed.
5 th meeting of 3 rd - term Audit Committee 2023/03/07	1	Preparation of the Company's 2022 Profit Distribution Statement. Audit Committee Members' Opinion: None. Company's Handling of Audit Committee Members' Opinion: None. Decision Result: Approved as proposed.
	2	Revocation of the non-compete restriction for directors of the Company. Audit Committee Members' Opinion: None. Company's Handling of Audit Committee Members' Opinion: None. Decision Result: Approved as proposed.
6 th meeting of 3 rd - term Audit Committee 2022/05/03	1	Preparation of the Company's consolidated financial statements for the second quarter of 2023. Audit Committee Members' Opinion: None. Company's Handling of Audit Committee Members' Opinion: None. Decision Result: Approved as proposed.

Term/Date	Agenda and follow-up	
	2	Sale of all shares held by the company in the investment company Autotalks Ltd. Audit Committee Members' Opinion: None. Company's Handling of Audit Committee Members' Opinion: None. Decision Result: Approved as proposed.
7 th meeting of 3 rd - term Audit Committee 2023/08/01	1	Preparation of the Company's consolidated financial statements for the second quarter of 2023. Audit Committee Members' Opinion: None. Company's Handling of Audit Committee Members' Opinion: None. Decision Result: Approved as proposed.
	2	Establishment of a subsidiary in Germany by the Company. Audit Committee Members' Opinion: None. Company's Handling of Audit Committee Members' Opinion: None. Decision Result: Approved as proposed.
	3	The Company provides endorsement guarantees for financing transactions between its subsidiary, Nuvoton Technology Corporation Japan, and financial institutions, and has signed relevant documents. Audit Committee Members' Opinion: None. Company's Handling of Audit Committee Members' Opinion: None. Decision Result: Approved as proposed.
8 th meeting of 3 rd - term Audit Committee 2023/10/31	1	1. Preparation of the Company's consolidated financial statements for the third quarter of 2023. - Audit Committee Members' Opinion: None. - Company's Handling of Audit Committee Members' Opinion: None. - Decision Result: Approved as proposed.
	2	Formulation of the Company's audit plan for the year 2024. - Audit Committee Members' Opinion: None. - Company's Handling of Audit Committee Members' Opinion: None. - Decision Result: Approved as proposed.
	3	Acquisition of three units in the "Bao Jia Qi Lei" project in Zhubei City, Hsinchu County. - Audit Committee Members' Opinion: None. - Company's Handling of Audit Committee Members' Opinion: None. - Decision Result: Approved as proposed.
	4	Establishment of a subsidiary in Nanjing by the Company. - Audit Committee Members' Opinion: None. - Company's Handling of Audit Committee Members' Opinion: None. - Decision Result: Approved as proposed.
	5	Dissolution and liquidation of the Company's indirect wholly-owned subsidiary, Nuvoton Electronics Technology (Suzhou) Co., Ltd. - Audit Committee Members' Opinion: None. - Company's Handling of Audit Committee Members' Opinion: None. - Decision Result: Approved as proposed.
	6	Increase in capital expenditure budget for the year 2023. - Audit Committee Members' Opinion: None. - Company's Handling of Audit Committee Members' Opinion: None. - Decision Result: Approved as proposed.
	7	The Company provides endorsement guarantees for business transactions between its subsidiary, Nuvoton Technology Corporation Japan, and Taiwan Semiconductor Manufacturing Company Limited, and has signed relevant documents. - Audit Committee Members' Opinion: None. - Company's Handling of Audit Committee Members' Opinion: None. - Decision Result: Approved as proposed.
	8	Amendment of the Company's financial and business operation regulations concerning transactions among related parties. - Audit Committee Members' Opinion: None. - Company's Handling of Audit Committee Members' Opinion: None. - Decision Result: Approved as proposed.

Term/Date	Agenda and follow-up	
9 th meeting of 3 rd term Audit Committee 2024/02/05	1	Preparation of the Company's 2023 financial report and business report. - Audit Committee Members' Opinion: None. - Company's Handling of Audit Committee Members' Opinion: None. - Decision Result: Approved as proposed.
	2	Built the "Internal Control System Statement for the Year 2023". - Audit Committee Members' Opinion: None. - Company's Handling of Audit Committee Members' Opinion: None. - Decision Result: Approved as proposed.
	3	Appointment of accounting firm Deloitte & Touche as the annual remuneration for the company. - Audit Committee Members' Opinion: None. - Company's Handling of Audit Committee Members' Opinion: None. - Decision Result: Approved as proposed.
	4	Proposed pre-approval of the list of non-assurance services to be provided by the audit firm for the year 2024. - Audit Committee Members' Opinion: None. - Company's Handling of Audit Committee Members' Opinion: None. - Decision Result: Approved as proposed.
10 th meeting of 3 rd term Audit Committee 2024/03/05	1	Preparing the Company's 2023 earnings distribution statement. - Audit Committee Members' Opinion: None. - Company's Handling of Audit Committee Members' Opinion: None. - Decision Result: Approved as proposed.
	2	Drafting of the Company's capital expenditure budget for the year 2024. - Audit Committee Members' Opinion: None. - Company's Handling of Audit Committee Members' Opinion: None. - Decision Result: Approved as proposed.
	3	Proposed revocation of the non-compete restriction for directors of the Company. - Audit Committee Members' Opinion: None. - Company's Handling of Audit Committee Members' Opinion: None. - Decision Result: Approved as proposed.

B. In addition to matters above, other resolutions that have not been approved by the Audit Committee but have been passed by a vote of two-thirds or more of the entire Board of Directors: N/A.

(3) The Independent Directors' avoidance of interest motion should indicate the names of the Independent Directors, content of the motion and reasons of avoidance of interest as well as the involvement in voting:

Name of director	Agenda item	Reason for recusal	Voting on the agenda item	Note
Bao-Sheng Wea David Shu- Chyuan Tu	Removal of non-compete clause for the Directors of the Company	The Director has an interest in the matter	Did not participate in voting	5 th meeting of 3 rd -term Audit Committee
Bao-Sheng Wea David Shu- Chyuan Tu	Removal of non-compete clause for the Directors of the Company	The Director has an interest in the matter	Did not participate in voting	10 th meeting of 3 rd -term Audit Committee

(4) Communication between Independent Directors and internal auditors and accountants:

Communication principles

A. Head of Internal Audit

(A) The independent directors and the internal audit supervisor communicate with each other on the implementation status of the audit works through separate meetings. The internal

audit unit performs the audit work according to the annual audit plan, and the internal audit supervisor submits the audit report to the independent directors (convener of the audit committee). In addition, according to the review opinion of the convener, the focus of the audit will be strengthened, and it will be submitted to the independent directors for review before the end of the next month after the completion of the audit item.

(B) The internal audit supervisor conducts audit work reports to the Audit Committee and the Board of Directors on a quarterly basis.

Date of Audit Committee	Communication focus	Proposal and Company Handling Execution Results
4 th meeting of 3 rd term 2023/02/14	<ul style="list-style-type: none"> The Company's audit work report for Q4_2022 - Q4_2022 tracking of defects improvements in last period. - Audit plan and audit findings for Q4_2022. The Company's 2022 self-assessment situation of internal control system in 2021. The company's 2022 internal control system statement. 	<ul style="list-style-type: none"> All independent directors have no objection. All independent directors have no objection. The Company's 2022 internal control system statement is submitted to the Board of Directors for resolution after review and approval.
6 th meeting of 3 rd term 2023/05/03	<ul style="list-style-type: none"> The Company's audit work report for Q1_2023 - Q1_2023 tracking of defects improvements in last period. - Audit plan and audit findings for Q1_2023 	<ul style="list-style-type: none"> All independent directors have no objection.
7 th meeting of 3 rd term 2023/08/01	<ul style="list-style-type: none"> The Company's audit work report for Q2_2023 - Q2_2023 tracking of defects improvements in last period. - Audit plan and audit findings for Q2_2023 	<ul style="list-style-type: none"> All independent directors have no objection.
8 th meeting of 3 rd term 2023/10/31	<ul style="list-style-type: none"> The Company's audit work report for Q3_2023 - Q3_2023 tracking of defects improvements in last period. - Audit plan and audit findings for Q3_2023 The Company's audit plan of 2024. 	<ul style="list-style-type: none"> All independent directors have no objection. The Company's 2024 internal control system statement is submitted to the Board of Directors for resolution after review and approval.

B. Communication between independent directors and accountants:

Independent directors should communicate with accountants on financial status every six months and when they think it is necessary. The communication between independent directors and accountants is as follows:

Date of Audit Committee	Communication focus	Proposal and Company Handling Execution Results
4 th meeting of 3 rd term 2023/02/14	<ul style="list-style-type: none"> Significant, material risks, and key audit matters for the year 2022. Major accounting treatments for the current quarter. Audit quality indicators. 	<ul style="list-style-type: none"> All independent directors have no objection.
7 th meeting of 3 rd term 2023/08/01	<ul style="list-style-type: none"> Review status of the financial statements for the second quarter of 2023. Report on regulatory changes. 	<ul style="list-style-type: none"> All independent directors have no objection.

3. Corporate governance implementation status and departure from Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and reasons

Evaluation items	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
1. Has the Company set and disclosed principles for practicing corporate governance according to the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?"	V		The Company has established corporate governance principles in accordance with the TWSE Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and disclosed it on the Company website.	In line with the Corporate Governance Best-Practice Principles
2. Shareholding structure & stockholders' equity (1) Has the Company set internal operations procedures for dealing with shareholder proposals, doubts, disputes, and litigation as well as implemented those procedures through the proper procedures?	V		(1) The Company's Shareholders Affairs Unit is in charge of shareholder services, handling shareholder suggestions, questions and disputes in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies and the Standards for the Internal Control Systems of Shareholders Affairs Unit, and establishing a complaint mechanism on the Company website.	In line with the Corporate Governance Best-Practice Principles
(2) Does the Company have a list of major shareholders of companies over which the Company has actual control and the list of ultimate owners of those major shareholders?	V		(2) The Company discloses the list of major shareholders and the ultimate controllers of major shareholders in accordance with regulations and maintains favorable communication channels with major shareholders.	
(3) Has the Company established and implemented risk control/management and firewall mechanisms between it and affiliated corporations?	V		(3) The Company has established related regulations on internal control mechanisms and "Regulations on Financial and Business Transactions among Related Parties" in accordance with regulations. Business and financial dealings between the Company and an affiliate are treated as dealings with an independent third party, which and handled by the principles of fairness and reasonableness with documented rules established, and pricing and payment terms clearly defined to thoroughly prevent non-arm's-length transactions.	
(4) Does the Company have internal regulations in place to prevent its internal staff from trading securities based on information yet to be public on the market?	V		(4) The Company has established Procedures for Handling Major Internal Information and educated the internal staff on the restriction of trading securities based on information yet to be public on the market. Directors are also prohibited from trading their stocks during a closed period of thirty days before the announcement of the annual financial report and fifteen days before the announcement of each quarterly financial report. The Procedures have been disclosed on the Company's website.	

3. Composition and responsibilities of the Board of Directors			
(1) Has the board of directors formulated diversity policies, specific management objectives, and implemented them effectively?	V		
(2) In addition to establishing a Remuneration Committee and an Audit Committee, which are required by law, is the company willing to also voluntarily establish other types of functional committees?	V		
(3) Has the company established and implemented methods for assessing the performance of the Board of Directors and conducted performance evaluation annually? Does the Company submit results of assessments to the Board of directors and use results as the basis for the salary, remuneration, nomination and reappointment of individual Directors?	V	<p>(1) Article 20 of the "Corporate Governance Practice Guidelines" of the Company stipulates that the structure of the company's board of directors should take into account the scale of the company's business development, the shareholding situation of major shareholders, and the diversification of members, such as having different professional backgrounds, genders, or fields of work. The board of directors of the Company also includes female directors, and there are four independent directors, each of whom is held by professionals with expertise in finance or industry. The members of the company's board of directors already meet the aforementioned objectives; for specific management objectives and implementation of the 7th Board of Directors, please refer to Director Information (III).</p> <p>(2) The Company has established functional committees such as the Employee Welfare Committee, Labor Retirement Reserve Supervisory Committee, Occupational Safety and Health Committee, Patent Committee, Sustainable Development Committee, and Risk Management Committee.</p> <p>(3) To enhance corporate governance, the company has established the "Director Remuneration and Board Performance Evaluation Regulations." Members of the board of directors conduct a self-assessment based on the structure and standards of the self-assessment form for the board of directors, board members, and functional committees once annually. The assessment results are compiled by the board meeting unit and submitted to the Remuneration Committee and the board of directors. They also serve as one of the references for the reappointment of directors. The Company conducted an internal self-assessment in 2023, held in December 2023, and the assessment results were submitted to the Remuneration Committee and the board of directors on March 5th, 2024. For further details, please refer to the information on the operation of the board of directors. Additionally, the Company appoints external professional organizations every three years to conduct board performance evaluations. In 2023, the Chinese Corporate Governance Association was appointed to evaluate the effectiveness of the board of directors externally. Through the review by professional organizations and guidance and communication with evaluation committee members, the Company obtained professional and objective evaluation results and suggestions. These results were submitted to the Remuneration Committee and the board of directors on March 5th, 2024, and disclosed on the company's website. These evaluation results continuously aim to improve and optimize the functions of the board meetings.</p>	In line with the Corporate Governance Best-Practice Principles

<p>(4) Does the company periodically evaluate the level of independence of the CPA?</p>	<p>V</p>	<p>(4) The company has established the "Auditor Evaluation and Performance Assessment Measures" in accordance with the "Certified Public Accountant Act" and the "Code of Professional Ethics for Certified Public Accountants." The Audit Committee evaluates the independence and suitability of the auditor annually based on these measures. They check whether the auditor is a director, shareholder, or receives remuneration from the company to confirm whether they are a related party. The evaluation results are then reported to the Audit Committee and the Board of Directors.</p> <p>In 2024, the Audit Committee and the Board of Directors evaluated and considered the 2022 Audit Quality Indicators Report (assessment period: 2022/6/1 to 2023/5/31; AQI Report). They disclosed the audit quality at the "firm level" and the "audit case level" based on 5 dimensions and 13 indicator items such as professionalism, quality control, independence, supervision, and innovation capability, as outlined in Note 1. This served as a reference for appointing auditors annually. Additionally, auditors are required to abstain from matters in which they or their firms have direct or indirect interests, and auditor rotations are conducted in compliance with relevant regulations.</p> <p>The evaluation results for the most recent year were discussed and approved by the Audit Committee on February 5th, 2024, and subsequently endorsed by the Board of Directors on the same date regarding the independence and suitability assessment of the auditors.</p> <p>Note 1: Indicators for assessing the independence and suitability of auditors.</p>	
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Indicators for assessing the independence and suitability of auditors				
No.	Indicator	Result		Remark
		Yes	No	
1	Is the certified public accountant qualified to perform accounting services?	V		
2	Has the certified public accountant served for no more than seven consecutive years in the company?	V		
3	Does the certified public accountant have no direct or significant indirect financial interests with the company?	V		
4	Is there no familial relationship between the certified public accountant or audit service team members and directors, executives, or individuals with significant influence on audit matters of the company?	V		
5	Has the certified public accountant or audit service team members not served as directors, executives, or individuals with significant influence on audit matters for audit clients currently or in the past two years?	V		
6	Has the certified public accountant not served as a director, executive, or individual with significant influence on audit matters of the company within one year of resignation?	V		
7	Has the certified public accountant not allowed others to use their name?	V		
8	Do the certified public accountant and audit service team members not hold shares of the company or its related enterprises?	V		
9	Has the certified public accountant not promoted or intermediated the issuance of stocks or other securities of the company?	V		
10	Is there no monetary lending between the certified public accountant and the company, its related enterprises, directors, supervisors, executives, or managers?	V		
11	Is there no joint investment or profit-sharing relationship between the certified public accountant and the company, its related enterprises, directors, supervisors, executives, or managers?	V		
12	Does the certified public accountant not hold a regular job in the company or its related enterprises and receive fixed salaries?	V		
13	Is there no potential employment relationship between the certified public accountant and the company or its related enterprises?	V		
14	Has the certified public accountant not received any commission related to business?	V		
15	Does the certified public accountant's firm not overly rely on a single client (the company) as a source of income?	V		
16	Has the certified public accountant not received significant gifts, favors, or special discounts from the company, its directors, executives, or major shareholders?	V		
17	Are the certified public accountant and audit service team members not responsible for keeping the company's money?	V		
18	As of now, has the certified public accountant not been subject to any disciplinary action or compromise of independence principles?	V		

<p>4. Has the publicly-listed company appointed qualified and suitable number of corporate governance personnel and appointed a Corporate Governance Officer to handle governance related affairs (including but not limited to supplying information requested by the directors and supervisors, assisting Directors and Supervisors with legal compliance matters, processing company matters related to board meetings and shareholders' meetings according to laws, and preparing minutes of the board meetings and shareholders' meetings)?</p>	<p>V</p>	<p>The Shareholders Affairs Unit under the Company's Finance Center is responsible for related affairs for corporate governance. Its responsibilities include company registration, affairs related to board meetings and shareholders' meetings, providing information required for directors to perform their duties, update of related corporate governance regulations, affairs related to investor relations, and other relevant items specified in the Company's Articles of Incorporation or contracts. The post of chief governance officer is set up on February 18, 2021. The current corporate governance officer of the company is Vice President Hsu-Fen Lai, who has over three years of experience in financial management positions in publicly traded companies, meeting the statutory qualifications for the corporate governance officer. The business execution status for the fiscal year is as follows:</p> <ol style="list-style-type: none"> (1) Summarize the agenda proposed by each department for the board meetings and provide sufficient meeting materials, which are sent out with the meeting notices. Notify relevant personnel to attend and explain the agenda items. (5 meetings held in 2023) (2) Invite the auditors to report on audit matters or relevant accounting issues at the board meetings every half fiscal year. (3) Organize shareholder meetings by preparing registration, meeting notices, agendas, and minutes. Publicize relevant documents before the specified deadline and provide an English translation for global investors to review. (1 meeting held in 2023) (4) Organize relevant training courses based on the company's industry characteristics and the needs of the directors. All directors completed at least 6 hours of training in the fiscal year 2023. (5) Conduct performance evaluations for the board of directors and functional committees. (6) Conduct an external performance evaluation for the board of directors in 2023. <p>Corporate Governance Executive Training</p> <table border="1" data-bbox="875 836 1812 1461"> <thead> <tr> <th>Training date</th> <th>Hosting unit</th> <th>Course name</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td>2023/02/23</td> <td>Taiwan Corporate Governance Association</td> <td>Lesson Learned in Amazon: AI Operations Management and Its Applications</td> <td>3.0</td> </tr> <tr> <td>2023/07/13</td> <td>Taiwan Corporate Governance Association</td> <td>Utilizing Policy Resources, Diversified Strategies, and Local Community Connections in Taiwan to Achieve Corporate CSR Goals</td> <td>3.0</td> </tr> <tr> <td>2023/07/13</td> <td>Taiwan Corporate Governance Association</td> <td>Development and Challenges of International Net Zero New Technologies (2050 Carbon Neutrality): Starting from the 2007 "Hsinchu Baoshan Native Plant Conservation and Environmental Education Park" Project</td> <td>3.0</td> </tr> <tr> <td>2023/10/26</td> <td>Taiwan Corporate Governance Association</td> <td>Contemporary Architecture: Cultural Integration and Social Innovation</td> <td>3.0</td> </tr> <tr> <td>2023/10/26</td> <td>Taiwan Corporate Governance Association</td> <td>Development and Implications of International Carbon Border Adjustment Mechanisms; Rising Southeast Asia and the Changing Indo-Pacific: Geopolitical Risks, Regional Economic Resilience, and Policy Strategies</td> <td>1.5</td> </tr> </tbody> </table>	Training date	Hosting unit	Course name	Hours	2023/02/23	Taiwan Corporate Governance Association	Lesson Learned in Amazon: AI Operations Management and Its Applications	3.0	2023/07/13	Taiwan Corporate Governance Association	Utilizing Policy Resources, Diversified Strategies, and Local Community Connections in Taiwan to Achieve Corporate CSR Goals	3.0	2023/07/13	Taiwan Corporate Governance Association	Development and Challenges of International Net Zero New Technologies (2050 Carbon Neutrality): Starting from the 2007 "Hsinchu Baoshan Native Plant Conservation and Environmental Education Park" Project	3.0	2023/10/26	Taiwan Corporate Governance Association	Contemporary Architecture: Cultural Integration and Social Innovation	3.0	2023/10/26	Taiwan Corporate Governance Association	Development and Implications of International Carbon Border Adjustment Mechanisms; Rising Southeast Asia and the Changing Indo-Pacific: Geopolitical Risks, Regional Economic Resilience, and Policy Strategies	1.5	<p>In line with the Corporate Governance Best-Practice Principles</p>
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			2023/11/08	Securities and Futures Market Development Fund Foundation	Controversies over Corporate Governance and Introduction to Commercial Event Adjudication Laws	3.0		
			2023/11/14	Taiwan Corporate Governance Association	Emerging Money Laundering Models and Regulatory Trends Course	1.5		
5. Has the Company established channels for communicating with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up a dedicated stakeholder section on the company website, as well as appropriately responded to important corporate and social responsibility issues of concern to stakeholders?	V		The Company values communication with stakeholders and has established diverse communication channels. A stakeholder section has been set up on the company's website to effectively address important sustainability issues raised by stakeholders. The communication status for the year 2023 was reported to the board of directors on October 31, 2023, with detailed information disclosed on the Company's website.					In line with the Corporate Governance Best-Practice Principles
6. Has the Company hired a professional agency to handle tasks and issues related to convening shareholder's meeting?	V		The Company has engaged the service of CTBC Bank Co., Ltd. Transfer Agency Department to handle tasks and issues related to shareholder's meeting.					In line with the Corporate Governance Best-Practice Principles
7. Information disclosure (1) Has the Company established a corporate website to disclose information regarding the Company's financial, business and corporate governance status? (2) Has the Company adopted other means of information disclosure (such as establishing a website in English, appointing specific personnel to collect and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company's website)? (3) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?	V V V		(1) The Company regularly discloses financial business (monthly\quarterly\yearly) and corporate governance information on the Company website (http://www.nuvoton.com). (2) The Company maintains an English website and related departments including investor relations, shareholder affairs and public relations collect and disclose related information in accordance with regulations. The Company has also established a spokesperson system and the presentation files and videos of the investor conferences are available on the Company website for external parties. (3) To help investors access sufficient and accurate financial information, the Company submits the annual financial report to the Audit Committee and the Board of Directors for approval within two months after the end of the year and the financial report is published on the Market Observation Post System after it is passed in the meeting of the Board of Directors. The Q1, Q2, and Q3 financial reports and operation status of each month are also fully disclosed on the Market Observation Post System before the prescribed deadline.					In line with the Corporate Governance Best-Practice Principles
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation standards, the implementation of customer	V		(1) Employee rights, interests and wellbeing: The Company has established comprehensive management rules for the rights, obligations and benefits of employees. The Company has also established complaint filing protocols to safeguard employee rights and interests. The Company has established employee communication channels to encourage the employees to communicate directly with managerial officers. (2) Investor relations: The Company holds periodic investor conferences to communicate with investors and has established a designated section on company website for investors and periodically discloses financial information and information related to corporate					In line with the Corporate Governance Best-Practice Principles

<p>relations policies, and purchasing insurance for directors and supervisors)?</p>		<p>governance.</p> <p>(3) Supplier relations: The Company has established rules for supplier relations.</p> <p>(4) Stakeholder interests: The Directors of the Company recuse themselves from voting on agenda items in which they have an interest.</p> <p>(5) Continuing education of directors and supervisors: The Company arranges continuing education courses for directors and supervisors every year, and provides from time to time information on professional courses offered by external institutions. The continuing education courses taken by directors and supervisors are disclosed on the Market Observation Post System.</p> <p>(6) Implementation of risk management policies and risk assessment standards: The Company has established management rules for important managerial targets and implements them in accordance with the established rules.</p> <p>(7) The implementation of customer relations policies: The Company strictly adheres to the contracts signed with customers and relevant provisions to safeguard customers' rights and interests.</p> <p>(8) Status of purchase of liability insurance by the Company for directors and supervisors: The Company has purchased liability insurance for directors and supervisors in accordance with regulations in order to mitigate and disperse the risk of any material damages to the Company and its shareholders caused by any error or negligence of directors. Please refer to the Company's information disclosure on the Corporate Governance/Directors and Supervisors' Liability Insurance section of the Company Information Disclosure Platform.</p>	
<p>9. Please describe improvements in terms of the results of the Corporate Governance Evaluation System in recent years and propose areas and measures to be given priority where improvement will be needed.</p> <p>The Company attaches great importance to corporate governance, and continuously evaluates and refines the evaluation indicators and standards of the "Corporate Governance Evaluation" of the Securities and Exchange Fund to improve corporate governance.</p>			

4. Composition, duties, and operation of the Remuneration Committee

(1) Information on members of the Remuneration Committee

Identity	Criteria Name	Professional qualifications and experience	Independence status	Number of other public companies concurrently serving as a Remuneration Committee
Convenor/Independent Director	Bao-Sheng Wea	Mr. Bao-Sheng Wea has over five years of experience in corporate affairs and previously served as the Chairman of KGI Commercial Bank, as well as the Director-General of the Insurance Bureau at the Financial Supervisory Commission of the Executive Yuan. With a wealth of expertise in finance and insurance, coupled with an exceptional international perspective, he currently holds the position of Chairman at Shin Kong Life Insurance Co., Ltd.	(1) Not an employee of the Company or any of its affiliates; (2) Not a director or supervisor of the Company or any of its affiliates. (Only independent directors Allen Hsu and Jerry Hsu are concurrently independent director of Winbond Electronics Corp.) (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate number of 1% or more of the shares of the Company or ranks as one of its top ten shareholders. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the managerial officers listed in subparagraph (1) or persons listed in subparagraphs (2) and (3); (5) Not a director, supervisor or employee of an institutional shareholder holding directly 5% or more of the Company's shares, being one of the top five shareholders, or being appointed a director or supervisor of the company pursuant to Article 27, Paragraph 1 or 2 of the Company Act. (6) Not a director, supervisor or employee of another company that is controlled by the same person that holds the majority seats on the board or majority votes of the Company. (7) Not a director, supervisor or employee of another company or	2
Committee Member/Independent Director	David Shu-Chyuan Tu	Mr. David Shu-Chyuan Tu has over five years of work experience required for corporate operations. He has previously held multiple positions within the Synnex Technology International Corporation, specializing in IT channel layout, global production, enterprise operations, joint ventures and strategic alliances, as well as venture capital investment. Currently, he serves as the Chairman of BIZWAVE TECH CO., LTD., TONSAM Technologies Co., Ltd., and BestCom Co., Ltd., while also serving as a director of Synnex Technology International Corporation.	(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the managerial officers listed in subparagraph (1) or persons listed in subparagraphs (2) and (3); (5) Not a director, supervisor or employee of an institutional shareholder holding directly 5% or more of the Company's shares, being one of the top five shareholders, or being appointed a director or supervisor of the company pursuant to Article 27, Paragraph 1 or 2 of the Company Act. (6) Not a director, supervisor or employee of another company that is controlled by the same person that holds the majority seats on the board or majority votes of the Company. (7) Not a director, supervisor or employee of another company or	-
Committee Member/Independent Director	Allen Hsu	Mr. Allen Hsu has more than 5 years of work experience in fields relating to Company business. He used to serve on many titles of as the Yulon Finance Corporation; he now serves as the Chairman of Unus Tech Co., Ltd. and 3R Life Sciences Taiwan Ltd., and Independent Director of Winbond Electronics Corp.	(6) Not a director, supervisor or employee of another company that is controlled by the same person that holds the majority seats on the board or majority votes of the Company. (7) Not a director, supervisor or employee of another company or	2

Committee Member/Independent Director	Guang-Zhong Chen	Mr. Guang-Zhong Chen has more than 5 years of work experience in fields relating to Company business. He used to served as the Vice Chairman, Chief Executive Officer and Chief Executive Officer of LITEON Group, with extensive experience in business management, finance and investment. Now he serves as the Independent Director of Diodes Incorporated.	institution that has the same chairman, president, or the equivalent or a spouse in one of the roles as the Company. (8) Not a director, supervisor, manager, or shareholder holding five percent or more of the shares of a specific company or institution that has a financial or business relationship with the Company. (9) Not a professional who provides audit service or receives remuneration in the last two years for commercial, legal, financial, or accounting services to the Company or its affiliates, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliates.	1
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(2) Operation of Remuneration Committee

The Company's Remuneration Committee is responsible for formulating and reviewing the policies, systems, standards and structures of the performance evaluation and remuneration of the Company's directors and managerial officers, as well as the individual remunerations, and submitting the proposed recommendations to the Board of Directors for discussion.

1. Regularly review the organizational regulations of the Remuneration Committee and propose amendments.
2. Formulate and regularly review the policies, systems, standards and structures of directors' and managerial officers' annual performance goals and remuneration.
3. Regularly evaluate the achievement of the performance goals of directors and managerial officers, and determine the content and amount of their individual remunerations.
- 4.1. The Company's Remuneration Committee consists of 4 members, composed of all independent directors.
- 4.2. The term of the current Committee members: from June 2, 2022 to June 1, 2025

In 2023, the Remuneration Committee totally held 2 meetings (A) (the 4th Remuneration Committee held 2 meetings, and the 5th Remuneration Committee held 2 meetings). The attendance status of the Committee members is as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance in person rate (%) [B/A] (Note)	Notes
Convener	David Shu-Chyuan Tu	2	0	100%	N/A
Committee member	Bao-Sheng Wea	2	0	100%	N/A
Committee member	Allen Hsu	2	0	100%	N/A
Committee member	Guang-Zhong Chen	2	0	100%	N/A

Other matters that require reporting:

1. If the Board of Directors did not adopt or revise the recommendations of the remuneration committee, it should describe the date of the Board meeting, term of the Board, agenda item, resolutions adopted by the Board, and actions taken by the Company in response to the opinion of the remuneration committee: This event did not occur at the Company.
2. If a member opposes a resolution the Committee has adopted or has reservations with a written record or a statement, the date and session of the meeting, the resolution, opinions of all the members, and the handling of their opinions shall be indicated: This event did not occur at the Company.

Note: The attendance rate (%) shall be calculated by dividing the number of meetings a member of the Remuneration Committee attended by the number of meetings held within his/her term.

(3) Discussions and resolutions made by the Remuneration Committee in the latest year and the Company's handling of opinions of the Committee members:

Term/Date	Agenda and follow-up	
3 rd meeting of 5 th -term 2023/03/07	1	Passed the total amount and individual amount of remuneration to Directors in 2022. Opinions of the Remuneration Committee members: N/A. The Company's response to Remuneration Committee opinions: N/A. Resolution: Passed as proposed.
	2	Individual amounts of executive compensation vary within the company. Opinions of the Remuneration Committee members: N/A. The Company's response to Remuneration Committee opinions: N/A. Resolution: Passed as proposed.
	3	Change the individual remuneration of the Company's managerial officer Yuan-Mou Su. Opinions of the Remuneration Committee members: N/A. The Company's response to Remuneration Committee opinions: N/A. Resolution: Passed as proposed.
4 th meeting of 5 th -term 2023/08/01	1	Formulate the Company's 2023 director's remuneration appropriation ratio. Opinions of the Remuneration Committee members: N/A. The Company's response to Remuneration Committee opinions: N/A. Resolution: Passed as proposed.
	2	Determine the Company's 2023 employee remuneration appropriation ratio Opinions of the Remuneration Committee members: N/A. The Company's response to Remuneration Committee opinions: N/A. Resolution: Passed as proposed.
	3	The remuneration amount of the Company's 2023 managerial officers. Opinions of the Remuneration Committee members: N/A. The Company's response to Remuneration Committee opinions: N/A. Resolution: Passed as proposed.
	4	The individual amounts of employee compensation for the fiscal year 2022 within the Company. Opinions of the Remuneration Committee members: N/A. The Company's response to Remuneration Committee opinions: N/A. Resolution: Passed as proposed.
	5	The employee compensation amount for Mr. Yuan-Mou Su, a manager within the company, for the fiscal year 2022. Opinions of the Remuneration Committee members: N/A. The Company's response to Remuneration Committee opinions: N/A. Resolution: Passed as proposed.
5 th meeting of 5 th -term 2024/03/05	1	The total amount and individual amounts of director remuneration for the year 2023 within the Company. Opinions of the Remuneration Committee members: N/A. The Company's response to Remuneration Committee opinions: N/A. Resolution: Passed as proposed.
	2	The individual amounts of performance bonuses for the company's executives for the year 2023. Opinions of the Remuneration Committee members: N/A. The Company's response to Remuneration Committee opinions: N/A. Resolution: Passed as proposed.
	3	The performance bonus amount for Mr. Yuan-Mou Su, an executive of the company, for the year 2023. Opinions of the Remuneration Committee members: N/A. The Company's response to Remuneration Committee opinions: N/A. Resolution: Passed as proposed.

1. Implementation status of sustainable development and deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons

Driving items	Implementation status			Deviations from Corporate Sustainable Development Practice Principles for TWSE/TPEX listed companies and reasons								
	Yes	No	Summary									
1. Has the company established a governance structure for promoting sustainable development and set up a unit that supports CSR practices on a full-time or part-time basis? Is the CSR unit operated by senior managers as authorized by the board of directors, and supervised by the board of directors?	V		Complying with the Company's sustainable management vision and mission of "the invisible champion who enriches human life with green semiconductor technology", the "Corporate Social Responsibility Management Committee" was established in 2012, and the name was changed to "Sustainable Development Committee" in 2021, which is the highest level of decision-making center on sustainable development in the Company. The Committee is chaired by the President or a senior executive appointed by the President, responsible for promoting the Company's sustainable development businesses. The Committee includes corporate governance, labor rights, environmental safety and health, products, energy conservation, suppliers, and social participation teams. It holds meeting of the Sustainable Development Committee once per every quarter to set sustainable development project plans, performance goals, tracks down the plan progress and makes regulatory compliance review. In order to implement the supervision of the Board of Directors, the Committee reports the progress of sustainable development to the Board of Directors on a regular basis every year. Implementation results, the Board of Directors proposed the management policy, strategy and goals of the steering Committee. The meeting date for Q4_2023 was on October 31. In addition, according to the regulations of the Financial Supervisory Commission, the sustainability reports are disclosed on the Company's website .	In line with the Sustainable Development Practice Principles								
2. Has the company assessed the environmental, social, and corporate governance risks of its operations based on the principle of materiality and established related risk management policies or strategies?	V		<p>(1) This disclosure covers the Company's sustainable development performance in major locations from January 2023 to December 2023. The corporate governance part of the risk assessment boundary is mainly based on the Company, including subsidiaries in Taiwan and overseas, and the environmental and social part includes the Company's Taiwan base.</p> <p>(2) The Company follows the GRI General Standard 2021 version GRI 3, assessing the actual and potential impacts on governance, economy, environment, and people (including their human rights) throughout its operations and business relationships. It conducts relevant risk assessments on significant issues and develops risk management policies or strategies based on the assessed risks as follows:</p> <table border="1" data-bbox="869 1204 1825 1484"> <thead> <tr> <th>Type</th> <th>Material Issues</th> <th>Risk Assessment Items</th> <th>Risk Management Policy or Strategy</th> </tr> </thead> <tbody> <tr> <td>Governance</td> <td>Risk Management</td> <td>Reduce the negative impact and losses caused by significant risk events, protect the interests of stakeholders, and maintain the image of the company.</td> <td>By implementing risk management policies and measures, we aim to reduce the impact of various risks on our company's operations, while also striving to transform risks into opportunities.</td> </tr> </tbody> </table>	Type	Material Issues	Risk Assessment Items	Risk Management Policy or Strategy	Governance	Risk Management	Reduce the negative impact and losses caused by significant risk events, protect the interests of stakeholders, and maintain the image of the company.	By implementing risk management policies and measures, we aim to reduce the impact of various risks on our company's operations, while also striving to transform risks into opportunities.	In line with the Sustainable Development Practice Principles
Type	Material Issues	Risk Assessment Items	Risk Management Policy or Strategy									
Governance	Risk Management	Reduce the negative impact and losses caused by significant risk events, protect the interests of stakeholders, and maintain the image of the company.	By implementing risk management policies and measures, we aim to reduce the impact of various risks on our company's operations, while also striving to transform risks into opportunities.									

Driving items	Implementation status				Deviations from Corporate Sustainable Development Practice Principles for TWSE/TPEX listed companies and reasons		
	Yes	No	Summary				
				Information security and customer privacy protection	The confidentiality, integrity, and availability of all physical and electronic information assets on the website are ensured to meet regulatory, operational, and contractual requirements.	Policies, procedures, control measures, and training are developed to ensure that the organization's information and customer privacy are protected.	
				Regulatory Compliance	Regularly conduct applicability testing and compliance verification of relevant regulations that are newly added or revised.	Regularly conduct regulatory compliance inspections to ensure that the applicable regulations are updated in a timely manner, and that management practices comply with changes in regulations.	
				Business Strategy and Performance	Actively deploying globalization to enhance the international reputation of the company; continuously improving productivity and reducing costs; developing market strategies and exploring new markets to maintain industry leadership.	Develop comprehensive and forward-looking business strategies to enhance the company's operational performance and fulfill the responsibility to shareholders.	
			Economics	Customer Satisfaction	Regularly conduct customer satisfaction surveys.	Regularly conduct customer satisfaction surveys, and based on customer feedback and suggestions, formulate measures to improve satisfaction and continuously strengthen the provision of products and services.	
				Management of Innovative Research and Development	By implementing effective management of innovative research and development, we maintain our company's leading position in the industry and continue to provide customers with products featuring cutting-edge technology.	Regularly disclose the amount of R&D expenditures and the number of newly acquired patents.	

Driving items	Implementation status				Deviations from Corporate Sustainable Development Practice Principles for TWSE/TPEX listed companies and reasons		
	Yes	No	Summary				
			Environment	Energy and Resource Utilization and Consumption	Promote and analyze the importance of energy consumption management for the company, and strengthen the business resilience in the face of climate change risks.	Establishing an energy management policy and maintaining a management system to ensure the operational resilience of the company's enterprise on climate change issues.	
				Greenhouse Gas Emissions	In accordance with the Company's sustainable business strategy, continuously reduce the use and emissions of greenhouse gases through process optimization, installation of energy-saving equipment, reduction of carbon-emitting devices, and the participation of all employees.	To effectively comply with climate change mitigation measures, establish carbon reduction targets in accordance with international standards, and comprehensively implement climate change mitigation actions.	
			Population	The major influenza outbreaks (SARS, HxNy influenza, COVID-19).	Ensure that workers have a safe and healthy working environment, and appropriate control measures should be taken for hazards that may arise due to the epidemic in the work environment or operations.	Systematically mobilize and integrate relevant departments to reduce personnel health hazards, economic losses, and business impacts caused by the epidemic.	
				Human rights	Compliance with domestic laws such as the Labor Standards Act and international conventions like the United Nations Universal Declaration of Human Rights is necessary to ensure the labor rights of employees.	Establishing a sustainable development code of conduct and using it as the basis for formulating management policies and procedures is essential, and all employees are required to adhere to the code of conduct.	
				Ethics and integrity	Ensuring that employees adhere to ethical conduct and integrity in business practices is essential for the	Providing comprehensive education and training, and requiring all units to adhere to and implement relevant	

Driving items	Implementation status				Deviations from Corporate Sustainable Development Practice Principles for TWSE/TPEX listed companies and reasons
	Yes	No	Summary		
				sustainable development of the company.	regulatory requirements, is crucial.
<p>3. Environmental issues</p> <p>(1) Has the Company established a proper environmental management system based on the characteristics of the industry?</p> <p>(2) Is the Company committed to improving the efficiency of the various resources and using recycled materials which have a low impact on the environment?</p> <p>(3) Does the Company assess the potential risks and opportunities of climate change for its current and future operations and undertake response measures with respect to climate change?</p>	V	V	V	<p>The Company follows environmental protection regulations and related international norms to protect the natural environment and strive for a balanced development of the economy, society and the environment in conducting business to achieve the goal of a sustainable environment.</p> <p>(1) The Company has established an environmental safety and sanitary management system and a hazardous material management system and passed ISO 14001, OHSAS 18001, and QC 080000 certification in 2008. We also passed ISO 45001 certification in 2019 in place of OHSAS 18001. The Company has established a designated department in charge of environmental management and the implementation and management of the environmental management system, and placed professional technical management personnel in accordance with related environmental protection regulations.</p> <p>(2) To enhance the efficiency in the utilization of energy and resources, the Company stated in the publicly disclosed policy on safety, sanitation and environmental protection to continue improvements for lowering water and electricity consumption and reduce the emission of key chemical materials and main pollutants in accordance with reduction targets and track down the target-accomplishing status.</p> <p>(3) According to the Company's assessment, climate change has directly affected the production operations of the manufacturing industry and we face risks including flooding, water supply disruptions, power supply shortages, and rising raw material costs. We seek to reduce these risks to enhance our green competitiveness and help us grasp global business opportunities and win the approval of stakeholders. The Company was certified in the carbon footprint investigation in 2010, which shed light on the distribution of carbon emissions throughout the life cycle of the product. The information is used on strategies for energy conservation and reduction of greenhouse gas. We continue to lower high carbon emission items such as electricity consumption and polyfluorinated chemicals and set reduction targets annually with quarterly follow-ups in accordance with policy requirements to effectively lower greenhouse gas emissions. In addition, the Company continues to invest in environmentally friendly and sustainable machinery and equipment. It has completed the planning of solar power generation equipment, with a total installed capacity of 819 kW and an investment of about NTD 50 million in 2023, which has been work-completed at end of 2023. In 2023, the installation of three fluorinated gas reduction devices was completed. It is estimated that the annual reduction in greenhouse gas</p>	In line with the Sustainable Development Practice Principle

Driving items	Implementation status			Deviations from Corporate Sustainable Development Practice Principles for TWSE/TPEx listed companies and reasons																							
	Yes	No	Summary																								
(4) Does the Company calculate the amount of greenhouse gas emission, water consumption, and waste production in the past two years and implement policies to cut down energy and water consumptions, carbon and greenhouse gas emissions, and waste production?	V		emissions will be 15,000 metric tons of CO2e (carbon dioxide equivalent).																								
			<p>(4)</p> <table border="1"> <thead> <tr> <th></th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Greenhouse gas emissions - CO2e (carbon dioxide equivalent)</td> <td>72,588</td> <td>54,316</td> </tr> <tr> <td>Electricity usage (kWh)</td> <td>72,294</td> <td>71,859</td> </tr> <tr> <td>Water usage (1,000 tons)</td> <td>41.4</td> <td>40.2</td> </tr> <tr> <td>Water recycling rate</td> <td>67%</td> <td>66%</td> </tr> <tr> <td>Usage of sulfuric acid (in kilotons)</td> <td>652</td> <td>480</td> </tr> <tr> <td>Total weight of waste (in tons)</td> <td>813</td> <td>727</td> </tr> <tr> <td>- General waste quantity (in tons)</td> <td>284</td> <td>320</td> </tr> <tr> <td>- Hazardous waste quantity (in tons)</td> <td>529</td> <td>407</td> </tr> </tbody> </table> <p>In 2022, the Company's greenhouse gas emissions were verified by DNV Corp. The total greenhouse gas emissions were revised to 72,588 tons of CO2e (carbon dioxide equivalent) based on the Global Warming Potential (GWP) coefficients announced by the Environmental Protection Administration on February 5, 2023. The water usage was 414,000 cubic meters, with a water recycling rate of approximately 67%. The total weight of waste was 813 metric tons, consisting of approximately 284 metric tons of general waste and 529 metric tons of hazardous waste. These figures were disclosed in the company's 2022 Sustainability Report, which was certified by the third-party organization SGS Taiwan.</p> <p>In 2023, the greenhouse gas emissions were calculated to be 54,316 tons of CO2e. The emissions from purchased electricity were calculated based on the electricity coefficient of 0.495 kg CO2e/kWh announced by the Bureau of Energy, Ministry of Economic Affairs in 2022. The water usage was 402,000 cubic meters, and the total weight of waste was 727 metric tons, including 320 metric tons of general waste and 407 metric tons of hazardous waste. These data were also included in the company's 2023 Sustainability Report, which was certified by SGS Taiwan.</p>			2022	2023	Greenhouse gas emissions - CO2e (carbon dioxide equivalent)	72,588	54,316	Electricity usage (kWh)	72,294	71,859	Water usage (1,000 tons)	41.4	40.2	Water recycling rate	67%	66%	Usage of sulfuric acid (in kilotons)	652	480	Total weight of waste (in tons)	813	727	- General waste quantity (in tons)	284
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Driving items	Implementation status			Deviations from Corporate Sustainable Development Practice Principles for TWSE/TPEX listed companies and reasons
	Yes	No	Summary	
			<p>The water usage was recorded based on internal water meters, and the water recycling rate was calculated according to the water balance chart submitted to the Hsinchu Science Park Administration. In 2023, the water usage per unit product was approximately 49 liters/wafer mask, and the overall water recycling rate was about 66%.</p> <p>The waste management strategy focused on minimizing waste generation and maximizing resource recycling. Source segregation and waste reduction management were implemented to reduce the amount of waste generated per unit product and increase waste recycling. The waste output was reported in accordance with waste cleanup regulations, with the unit product waste output being 0.090 kg/wafer mask in 2023, a 12.5% increase from 0.080 kg/wafer mask in 2022.</p> <p>In response to the environmental impacts of climate change and Taiwan's limited water resources, the company set targets to improve electricity, greenhouse gas emissions, and tap water usage annually starting from the base year of 2020. In recent years, measures such as improving electricity efficiency, using alternative gases, increasing water resource recycling rates, and adjusting processes have led to a 0.6% reduction in electricity usage, a 26% reduction in sulfuric acid usage, and a 22% reduction in total greenhouse gas emissions in 2023 compared to 2022. Relative to the base year (2020), there was a 0.7% reduction in electricity usage, a 1.7% reduction in water usage, and a 26% reduction in sulfuric acid usage in 2023. Building on these reduction achievements, and based on the GWP coefficients announced by the Environmental Protection Administration on February 5, 2023, the Company aims to achieve a 22% reduction in total greenhouse gas emissions by 2030 compared to the base year (2020), which corresponds to approximately a 55% reduction in emissions. The Company will continue to strive towards its set targets in the future.</p>	
<p>4. Social issues</p> <p>(1) Has the Company formulated appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p>	V		<p>(1) The company adheres to relevant labor laws such as the Labor Standards Act, respecting and supporting the protection principles and basic principles of various international human rights conventions, including the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. We also follow the Responsible Business Alliance Code of Conduct and have established a Code of Conduct for Sustainable Development, based on which internal management policies and procedures are formulated to support and safeguard the labor rights of employees.</p>	In line with the Corporate Social Responsibility Best Practice Principle

Driving items	Implementation status			Deviations from Corporate Sustainable Development Practice Principles for TWSE/TPEX listed companies and reasons
	Yes	No	Summary	
<p>(2) Has the company established and implemented reasonable employee benefits (including remuneration, leave, and other benefits) and reflected the business performance or results in employee remuneration appropriately?</p> <p>(3) Does the Company provide a safe and healthy working environment and provide employees with regular safety and health training?</p>	V		<p>These rights include the freedom to choose employment, prohibition of child labor, protection of young workers, compliance with statutory working hours, compliance with statutory wages and benefits, humane and non-discriminatory treatment, and respect for employees' freedom of association. Our human rights policy is published on the company website, and clear reward and punishment items are specified in the work rules for employees to follow.</p>	
	V		<p>Furthermore, to strengthen the implementation of labor rights, environmental protection, health and safety, and ethical standards, the company conducts regular sustainability education and training sessions. These sessions are considered mandatory courses for employees each year, aiming to enhance awareness of human rights protection among staff. In 2023, a total of 1,514 employees underwent training with a completion rate of 100%.</p>	
	V		<p>(2) The Company establishes a reasonable salary and remuneration policy by referring to the market pay level, and has prescribed in the Articles of Incorporation that if the Company is profitable for the year, at least 1% of the profit shall be appropriated as employee remuneration. The Company has also established Performance Management Rules that links business performance to employee remuneration through periodic performance assessment as a means to reflect business results in employee pay. To provide employees a working environment conducive to body mind balance, the Company offers a leave system superior than statutory requirements and actively reminds employees to take holidays at appropriate intervals to build a healthy workplace. With regard to employee benefits, the Company offers group insurance with terms superior than statutory requirements to protect the employees' work and life security. With regard to encouraging employees to get married and have children, the Company provides parking spaces for pregnant employees, breastfeeding room, mommy packs, prenatal checkup leave, paternity leave, family care leave, marriage leave, and childbirth cash gift and child rearing subsidy from the Employee Welfare Committee.</p>	
	V		<p>(3) The Company has a dedicated occupational safety and health unit responsible for the operation and management of the occupational safety and health management system. The unit has obtained ISO 45001:2018 certification and follows the PDCA (Plan-Do-Check-Act) management system approach. It regularly conducts occupational safety and health risk assessments, plans and executes safety measures, and provides education and training. The Company also complies with relevant occupational safety and health laws, conducts internal audits semi-annually, and undergoes external audits annually by international verification companies to ensure the smooth operation of the system and provide employees with a safe and healthy working environment.</p>	

Driving items	Implementation status			Deviations from Corporate Sustainable Development Practice Principles for TWSE/TPEx listed companies and reasons
	Yes	No	Summary	
<p>(4) Has the Company established an effective career development and capability training program for employees?</p> <p>(5) In terms of the customer health and safety, right to privacy, marketing and labeling of products and services, has the Company followed relevant laws, regulations, and international norms and set up relevant consumer protection policies and complaint procedures?</p>	V		<p>In 2023, the Company organized a total of 68 safety and health education training sessions to provide learning opportunities for employees and enhance hazard prevention awareness. The attendance rate for these sessions was 98%. During the year, there were no fatal occupational accidents or cases of occupational diseases. However, there were two cases of disabling injuries (non-work-related falls and accidents), involving a total of two individuals, accounting for 0.011% of the total number of employees in 2023. The frequency of disabling injuries (excluding commuting accidents) was 0.67, and the severity rate of disabling injuries (excluding commuting accidents) was 0.67. Investigations and root cause analyses were conducted for each incident, and improvement measures were proposed to strengthen employees' hazard awareness and ability to respond to unsafe situations promptly. The Company remains committed to continuous improvement and enhancement of environmental safety to ensure that employees can work in a safe environment and grow together with the Company.</p> <p>(4) The Company has established a comprehensive "Education and Training Management Procedure" to create a conducive learning environment aligned with the Company's strategy, vision, and values. Organizational culture serves as the core, and a complete learning and development system is constructed based on hierarchy and capabilities. Training plans tailored to job categories and position requirements are developed to meet employees' learning needs. Various training resources and flexible learning methods are provided to supervisors and employees at different levels:</p> <p>1. Management Capability Training: - Tailored management capability training is provided based on the management competency blueprint for different levels of management. This includes courses to assist frontline supervisors in developing correct management thinking and enhancing management skills, internal supervisor exchange sessions to share management experiences, and lectures by industry experts to cover various topics. These training activities continuously strengthen the management capabilities of supervisors at all levels.</p> <p>2. Professional Skills Training: - Tailored near, medium, and long-distance professional skills training is provided based on employees' professional skill needs. Both internal and external training resources are offered to cultivate employees' learning momentum, continuously improve their technical skills, and support breakthroughs and advancements in professional fields.</p>	

Driving items	Implementation status			Deviations from Corporate Sustainable Development Practice Principles for TWSE/TPEX listed companies and reasons
	Yes	No	Summary	
(6) Has the Company formulated supplier management policies that require suppliers to comply with relevant regulations on environmental protection, occupational safety and health, and labor rights and requested their reports on the implementation of such regulations?			<p>3. Onboarding Training for New Employees: - To help new employees adapt to the environment quickly, the Company provides relevant training courses, including introduction to work systems and planning, organizational product introduction, introduction to company culture, and compliance with relevant regulations. These courses assist newcomers in integrating into the company, establishing an understanding of the organization, and creating a safe and healthy work environment.</p> <p>Through these initiatives, the Company aims to foster a culture of continuous learning and development, ensuring that employees at all levels have access to appropriate training resources to enhance their capabilities and contribute to the company's growth and success.</p> <p>(5) The Company's quality control mechanisms cover each step in the manufacturing process. We ensure the quality of the products through continuous monitoring on the manufacturing process and rapid and efficient detection of problems. We conduct comprehensive defect analyses for defective products returned by customers to verify the source of the defective products and implement improvements. We also use continuous innovation and improvement of products, procedures, and services to provide high-quality services and outstanding quality and become irreplaceable partners for customers. With regard to customer complaint channels, the Company periodically implements customer satisfaction surveys to understand whether the Company is providing satisfying products and services and to improve the quality of after-sales services.</p> <p>The Company strives to design, procure, manufacture and market products that contain no hazardous materials in accordance with international regulations and to satisfy customers' requests. We also enforce measures to protect the environment and fulfill responsibilities as a social citizen. The products provided comply with EU regulations and customer requirements, and safeguard the health of users.</p> <p>(6) As stipulated in the Company's internal rules, we incorporate quality, price, environmental protection and labor rights into the assessment for qualified suppliers.</p> <ol style="list-style-type: none"> 1. Environmental management system certification The Company requires that suppliers must acquire international certifications, e.g. ISO 14001 or ISO 45001 and safety and health management systems. If the supplier is unable to acquire these credentials on time, they are asked to provide a time table for the certification process. 2. Social requirements To ensure the labor rights of our suppliers, the Company has actively adopted the Code of Conduct of the Responsible Business Alliance (RBA). The Code was 	

Driving items	Implementation status			Deviations from Corporate Sustainable Development Practice Principles for TWSE/TPEX listed companies and reasons
	Yes	No	Summary	
			<p>previously known as the Electronic Industry Code of Conduct (EICC) and requires suppliers of the Company's supply chain to follow EICC requirements on environmental protection, safety and sanitation, labor rights and labor conditions. In the semi-annual evaluation of suppliers, the Company employs the power of procurement to request suppliers to fulfill environmental and social responsibilities.</p> <p>The Company requests all suppliers in its supply chain to sign mutual agreements on regulating industrial practices and confidentiality agreements that require suppliers to carry out various transactions in good faith and not to damage the Company's interests and image.</p> <p>The sustainability report issued by our company is compiled with reference to the Global Reporting Initiative (GRI) Standards, the Semiconductor Sustainability Accounting Standard 2018 (SSB) by the Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-related Financial Disclosures (TCFD). It has been verified by a third-party independent verification entity, Taiwan Inspection Technology Co., Ltd., and uploaded to the Taiwan Stock Exchange Corporation's Market Observation Post System and our company website by the end of June.</p>	
5. Has the company prepared and published reports such as its Corporate Social Responsibility Report to disclose non-financial information of the Company in accordance with international standards or guidelines? Has the Company received assurance or certification of the aforementioned reports from a third-party certification institution?	V		<p>The ESG Report published by the Company is prepared in accordance with the Global Reporting Initiative (GRI) Standards (GRI framework 2016 and 2021 version for certain items) meeting the AA1000AS TYPE1 medium assurance level verification standard, and we have obtained the certification from an impartial third-party agent, SGS Taiwan. We will also upload the information to the Market Observation Post System and the Company's website before the end of June.</p> <p>Company Website : https://www.nuvoton.com/ ESG Report download: https://www.nuvoton.com/about-nuvoton/corporate-social-responsibility/esg-report/</p>	In line with the Corporate Social Responsibility Best Practice Principle
6. If the Company has established corporate social responsibility principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies", please describe any difference between the principles and their implementation: The Company has established "Corporate Social Responsibility Best Practices Principles" to make sure our daily operations comply with regulations and international norms to ensure that the Company provides a safe working environment, the employees receive respect and dignity from their work, and the Company bears environmental protection responsibilities and follows moral principles in corporate governance to fully implement the Company's CSR policy and statement. There is no significant difference from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.				
7. Other key information useful for understanding the implementing status of the Company's driving sustainable developments: (1) The Company has established and implemented comprehensive standards in labor rights, health and safety, environmental protection, and management systems to achieve CSR goals. (2) The United Nations Sustainable Development Goals cover important issues and challenges facing the sustainable human development. As a corporate citizen, Nuvoton will contribute to the sustainable human well-being. Combining with the concept of ESG sustainable management, we focus on climate change, net zero carbon emissions, corporate governance, and socially oriented responsibilities.				

Driving items	Implementation status			Deviations from Corporate Sustainable Development Practice Principles for TWSE/TPEX listed companies and reasons
	Yes	No	Summary	
(3) In labor rights, the Company observes international labor rights regulations and prohibits the hiring of workers under 15 years of age and involuntary workers (including coerced, collateral, in debt, bound by contracts, enslaved and human trade) and prohibits harassment, illegal discrimination, coercion and inhumane treatment of employees (including potential employees), and there has not been major labor-management disputes in 2022				
(4) In terms of health and safety, our company promises to provide employees with a safe and healthy working environment:				
1. Our company establishes and records nursing personnel according to the Occupational Safety and Health Act to handle labor health services. We have completed the labor health service matters specified in Articles 9 to 11 of the Labor Health Protection Regulations. We manage and promote the health of workers to ensure a safe and healthy working environment, enhance employees' health awareness, and reduce the rate of abnormal health check-ups and the incidence of diseases. The occupational disease incidence rate among employees was 0% in 2023.				
2. Nurses provide 24-hour health services and emergency care. Every month, occupational disease physicians from medical centers are stationed for consultations. We combine this with visits to the work site by safety and health management units to provide a safe, hygienic, and healthy working environment, and we comply with regulations to formulate health management plans.				
3. We prioritize employee health management and promotion as important strategies for business operations to enhance the company's competitiveness. Referring to the Occupational Safety and Health Act and various guidelines, we have established health management and promotion plans such as the prevention of human-caused hazards, prevention of illegal violations, prevention of abnormal workloads, maternal health protection, and health care for middle-aged and elderly groups. We conduct workplace health risk assessments and health management to actively improve and prevent events affecting health and safety.				
4. Employees are entitled to an annual health check-up to achieve the goal of early diagnosis and treatment. The participation rate for employee health check-ups was 100% in 2023.				
5. Health promotion initiatives include organizing walking and weight-loss activities in 2022, with weight loss classes achieving an average reduction of 5%, meeting the expected targets. In 2023, we held seven online health seminars on topics such as improving sleep quality, mindfulness, and parenting, aimed at stress relief.				
6. For the 30 high-risk individuals with abnormal workloads, we arrange for physician consultations or health education management on specific issues.				
7. Cancer prevention programs involve screening high-risk groups based on the Ministry of Health and Welfare's list of the top ten cancers among Taiwanese people. We offer free or subsidized checks to those with family histories, middle-aged and elderly individuals, personal medical histories, or habits such as smoking or betel nut chewing. The total number of preventive examinations conducted in 2023 was approximately 1,437, with follow-ups for those with abnormalities.				
8. We encourage employees to establish clubs to balance work and leisure, cultivate regular exercise habits, and provide services such as a visually impaired massage area within the company to relieve stress and fatigue. We hope employees can develop good exercise habits and leisure interests, and we also provide channels for social gatherings outside of work. Current clubs and workshops include basketball, cycling, badminton, yoga, aerobics, and running.				
9. New Tang Technology upholds the principle of taking from society and giving back to society, continuously caring for the underprivileged, and promoting social welfare activities to create mutual prosperity. In addition to donating to institutions such as the Hsinchu Renai Children's Home and second-hand bookstores, we have also assisted institutions such as Yudong Junior High School in Zhudong, Hsinchu Family Support Center, Yawen Listening and Speaking Foundation, Heart Road Foundation, Genesis Foundation, Shiguang Care Home, Good Fertility Nursery, National Taiwan University Hsinchu Branch, and Mackay Memorial Hospital. Employees are very enthusiastic about donations, aiming to make children or patients in need feel the warmth of society. In 2023, New Tang donated 607,894 yuan to help build a boys' dormitory at the Hsinchu Renai Children's Home, assisted a university student in Taoyuan who urgently needed help due to a stroke, and donated 2,280 COVID-19 rapid test kits to the China Medical University Hospital Hsinchu Branch to protect medical personnel and patients. In addition, during New Tang Family Day, besides inviting children and teachers from the Hsinchu Renai Children's Home to participate and caring for children's growth and bringing them closer, we also invited neighborhood leaders to organize parent-child activities. We encourage employees to engage in public welfare, jointly help plan logic courses for rural education, demonstrate New Tang's emphasis on sustainable contributions to corporate culture, and cooperate with external partners to promote social welfare activities, aiming to create a society of mutual prosperity and win-win.				
(5) In terms of environmental protection, our company is committed to meeting international advanced safety, health, and environmental standards. We adhere to environmental management policies based on the Environmental Management System (ISO 14001) and implement various energy-saving policies to enhance the efficiency of energy resource utilization. We implement environmental Key Performance Indicators (KPIs) to achieve sustainable development goals in energy conservation and carbon reduction. Regular				

Driving items	Implementation status			Deviations from Corporate Sustainable Development Practice Principles for TWSE/TPEX listed companies and reasons
	Yes	No	Summary	
			<p>reviews are conducted in the Occupational Safety, Health, and Environmental Protection Committee to assess regulatory compliance, stakeholder concerns, and environmental improvement plans. We devise reduction targets and policies for significant environmental issues such as energy conservation and greenhouse gas reduction and implement various related reduction schemes to continuously reduce the use of critical raw materials and minimize pollutant emissions.</p> <p>We actively participate in environmental training activities and continue to serve as an "Environmental Education Partner" for the Hsinchu Science Park Administration. Our company also regularly conducts effective education and training advocacy activities to continuously improve efforts to prevent foreseeable risks such as personnel illness or injury, environmental pollution, and property loss. Through comprehensive management and the active participation of all employees, we aim to prevent potential disasters and losses effectively.</p> <p>(6) With regard to the management system, the Company has established comprehensive internal control mechanisms to monitor internal operations; in moral obligations, we prohibit behaviors such as bribery, corruption, blackmail and illegal use of company funds. We also do not participate in political activities. The Company is focused on corporate governance and Supervisors monitor the operations of the Company, the Company's compliance of regulations, financial transparency, instant disclosure of important information and make sure that there is no internal corruption.</p>	

6. Execution Status of Climate-related Information

Item	Execution Status						
<p>1. Description of the supervision and governance of climate-related risks and opportunities by the Board of Directors and management team.</p>	<p>Nuvoton Technology Corporation's climate change governance and management framework are overseen by the Board of Directors, which is ultimately responsible for supervising significant climate-related risks and guiding management strategies, key action plans, and goal achievements. The "Sustainability Committee," chaired by the General Manager or appointed senior executives, is responsible for formulating corporate sustainability strategies and visions, promoting relevant work and management, and regularly reporting on the execution of sustainability, including climate change issues, to the Board of Directors. The Finance Center is responsible for planning and guiding the identification and management of climate change risks and opportunities by the relevant departments, and it regularly reports trends, impacts, and performance on related issues to the Sustainability Committee.</p> <p>Roles related to climate change are described as follows:</p> <ul style="list-style-type: none"> - Board of Directors: <ol style="list-style-type: none"> (1) The Board of Directors serves as the highest governing body of our company, responsible for making significant decisions. The Sustainability Committee regularly reports to the Board of Directors on the progress of various sustainability initiatives, including climate risk management, and implements strategies based on the Board's discussions and recommendations to ensure the company's sustainable development. (2) The Board of Directors is responsible for reviewing the company's annual budget, business plans, and significant capital expenditures. It incorporates business execution plans and budget expenditures derived from responses to climate change risks and opportunities, or other sustainability issues, into its review and planning. (3) The Board of Directors and the Remuneration Committee regularly assess and determine the remuneration of directors and executives, taking into account non-financial sustainability performance related to economic, environmental, and social impacts, in addition to individual performance and company operational performance. - Sustainability Committee: <ol style="list-style-type: none"> (1) The Sustainability Committee is responsible for implementing and managing the promotion organization of climate change risks and opportunities. It reports to the Board of Directors twice annually on corporate governance and sustainability operational risk issues (including climate change issues), risk assessments, and control measures, and the Board of Directors makes decisions on important issues. (2) The Sustainability Committee is responsible for implementing the climate change management policies and major decisions under annual plan reviewed by the Board of Directors. It establishes various working groups to implement risk mitigation and opportunity realization regarding climate change. - Finance Center: <ol style="list-style-type: none"> (1) The Finance Center is responsible for regularly tracking international climate change development trends and enhancing employees' awareness of global risk trends and climate change. (2) The Finance Center is responsible for identifying and evaluating climate change risks and opportunities, coordinating regular climate change discussion meetings, convening the Risk Management Team to identify physical risks, transition risks, and opportunities related to climate change; guiding to propose corresponding improvement measures and goals to strengthen climate risk and opportunity management work. 						
<p>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the company (short-term, medium-term, long-term).</p>	<p>In the fiscal year 2023, our company identified a total of 4 significant climate change-related risks and 4 significant opportunities. The summarized periods of impact and aspects affected are as follows:</p> <table border="1" data-bbox="730 1385 2080 1447"> <thead> <tr> <th data-bbox="730 1385 999 1447">Risk</th> <th data-bbox="999 1385 1182 1447">Impacting time</th> <th data-bbox="1182 1385 2080 1447">The aspects affected by the risks</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Risk	Impacting time	The aspects affected by the risks			
Risk	Impacting time	The aspects affected by the risks					

Risk 001 - Increased severity of extreme weather events such as typhoons and droughts.	Short term	Due to government water restrictions caused by drought, factory production capacity has decreased, leading to reduced revenue. Water-saving measures need to be implemented, and when insufficient, production restrictions may occur. Water shortages require seeking alternative water sources or reuse, increasing costs. Raw material supply is affected, resulting in higher procurement costs. Limited water supply to residential areas in the factory zone may lead to service disruptions. Extreme weather conditions cause damage to machinery and equipment, increasing maintenance and operational costs. Supply chain disruptions affect revenue, and damage to reputation may decrease customer trust and investment.
Risk 002 - Costs of transitioning to low-carbon technologies.	Short to medium term	Developing low-carbon products may increase research and development (R&D) and production costs: additional R&D expenses are required to manufacture products with low energy consumption and uncompromised functionality; immature technologies can lead to additional operational expenses. Differences in international energy-saving standards require product diversification, increasing operational costs. New technologies require process conversion, increasing costs for experiments, workforce training, and advanced equipment. If low-carbon products fail to meet customer expectations, revenue may decrease. Low-carbon operations, such as using electric vehicles and energy-saving designs, also increase costs. Carbon taxes affect raw material costs, increasing operational expenses.
Risk 003 - Pricing of greenhouse gas emissions.	Short term	Carbon taxes increase operating costs for businesses, potentially necessitating price increases that impact sales volume. Addressing greenhouse gas policies, low-carbon raw materials and processes increase procurement costs. Global supply chains face different national climate policies, increasing supply chain uncertainty and risk.
Risk 004 - Rise in average temperatures.	Short to medium term	Rising temperatures lead to increased health and safety risks, such as heatstroke and infectious diseases, resulting in higher labor costs and fluctuations in product prices. Additionally, high temperatures in the summer increase electricity consumption for air conditioning, leading to higher operational costs.

Opportunities	Impacting time	The aspects affected by the opportunities
Opportunity 001: Energy substitution/diversification	Short to medium term	Increasing the use of diversified energy sources, such as solar energy and natural gas, reduces the risk of operational disruptions. Adopting low-carbon solutions to meet customer demand for low-carbon products enhances corporate image and increases revenue. By establishing a low-carbon supply chain and adopting mature low-carbon technologies, carbon emissions and related costs are reduced, leading to increased profitability.
Opportunity 002: Research and innovation in developing new products and services	Short to medium term	Developing low-carbon products enhances market competitiveness and revenue, meeting the increasing demand for energy efficiency and environmentally friendly products. Entering new markets through diversification of low-carbon products and technological innovations increases sales, enhances corporate reputation, and promotes a sustainable image. Additionally, the development of low-carbon

			technologies helps reduce production costs, especially in applications within the automotive and industrial sectors.
	Opportunity 003: Participation in incentivizing policies	Medium term	By reducing greenhouse gas emissions and promoting low-carbon products, organizations can receive incentives such as government subsidies and tax exemptions. Additionally, companies that comply with climate change action standards are more likely to obtain preferential financing from financial institutions, reducing financing costs while enhancing corporate image and reputation.
	Opportunity 004: Development of climate adaptation measures	Short to medium term	Enhancing operational and supply chain resilience through the implementation of Business Continuity Plans (BCP/BCM) helps identify the production priority sequence for critical products to ensure supply stability. This enhances customer trust, reputation, and subsequently increases revenue. Additionally, systematic management of supplier and customer relationships further reduces operational costs.
3. Describe the impact of extreme weather events and transition actions on finances.	Regarding the financial impact of extreme weather events (such as operational disruptions) and transition actions, as detailed in item 2 above:		
4. Explain how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.	<ul style="list-style-type: none"> • To effectively manage climate-related risks and opportunities, the Company's finance center includes climate change-related risks in the overall risk management scope, focusing on climate risks that may impact operations, including international regulatory requirements and extreme weather events. It estimates financial impacts and management costs, adjusts management mechanisms, and proposes response strategies to increase operational resilience. • Departments collaborate on assessing climate risks, comprehensively evaluating the potential impacts of relevant risks on operational processes. Through education and training, employees' awareness of global risk trends and climate change is enhanced, guiding them to identify potential climate-related risks and opportunities and assess their likelihood, impacts, and effects. • To establish a climate risk management mechanism and propose response strategies, the Company convenes a second meeting to address integrated risks and opportunities. Departmental supervisors or colleagues familiar with departmental business processes participate, identifying high-risk and high-severity risks and formulating appropriate management strategies (e.g., reduction, transfer, acceptance, or control). 		
5. If using scenario analysis to assess resilience to climate change risks, explain the scenario, parameters, assumptions, analysis factors, and major financial impacts.	Our Company follows the Task Force on Climate-related Financial Disclosures (TCFD) guidelines and conducts risk and opportunity scenario simulations based on four climate change scenarios.		
	Climate-related Risk and Opportunity Types	Evaluation Scenario for Response Strategies	Scenario Description
	1. Transition Risk 2. Opportunity	<ul style="list-style-type: none"> • NDC: ROC defines the expected contribution • IEA NZE 2050 	<ul style="list-style-type: none"> • Analyze the risks faced by enterprises during low-carbon transformation in accordance with the Republic of China's nationally determined contributions to limit global warming to 1.5°C. • Set the pathway to stabilize global warming at 1.5°C based on scenarios provided by the International Energy Agency's World Energy Outlook (WEO).

Physical Risks	<ul style="list-style-type: none"> • Global warming scenario SSP3-7.0 in the IPCC Sixth Assessment Report. • Global warming scenario SSP5-8.5 in the IPCC Sixth Assessment Report. 	<ul style="list-style-type: none"> • Evaluate the climate risks that enterprises may face based on scenarios used in the Intergovernmental Panel on Climate Change's Sixth Assessment Report (AR6) released in August 2021. SSP3-7.0 represents a high to medium emission scenario where greenhouse gas emissions are expected to peak around 2060. • Under the extreme high greenhouse gas emission scenario SSP5-8.5, climate change exacerbates future changes in average temperature, extreme heat, annual total rainfall, intensity of the largest 1-day rainfall, number of consecutive days without rainfall, and the proportion of strong typhoons, impacting the operations of the Company and its value chain.
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6. If there is a transition plan to manage climate-related risks, explain the plan's content, indicators, and goals used to identify and manage physical and transition risks.

Project	Indicator	Target
Risk 001 - Severity Increase of Extreme Weather Events such as Typhoons and Droughts		
Risk assessment	<ul style="list-style-type: none"> • Conduct risk assessments for each operational site based on SSP 5 - 8.5. 	<ul style="list-style-type: none"> • Complete risk assessments for 100% of operational sites.
Risk mitigation plan	<ul style="list-style-type: none"> • Research and develop or implement climate monitoring equipment such as weather simulators and observation instruments to take early action in response to extreme weather conditions, reducing potential impacts and financial losses. Increase investment to enhance the resilience of buildings to extreme weather and install backup power sources to ensure continuous operations. • Promote water conservation measures. 	<ul style="list-style-type: none"> • Achieve a 100% ratio of operational sites equipped with backup power sources. • Reduce water consumption by 10% by the year 2030 (baseline year: 2020).

Project	Indicator	Target
Risk 002 - Costs of Low-carbon Technology Transition		
Early Market Demand Research	Evaluate global energy-saving regulations risks, formulate production plans, gain in-depth understanding of market demand and consumer preferences to meet customer needs and reduce product design adjustment time. Focus on innovation and optimization of low-carbon products to enhance performance, reduce costs, and increase market acceptance. Actively respond to changes in energy-saving standards by developing compact, decarbonized green products that meet the demands of the energy-saving market.	60% of the sales market proportion is based on market demand research and analysis. Completion of 100% of the preliminary market demand research for new product submissions.
Enhancing Design and Production Efficiency	Drive digital transformation by introducing artificial intelligence technology to enhance the efficiency of low-carbon design, thereby reducing potential development	Reduction in manpower costs for product development.

		costs and negative financial impacts that may arise from increased product development.									
Risk 003 - Increase in greenhouse gas emission pricing.											
Establishing a carbon accounting system	Phasing in internal carbon pricing gradually to quantify and monetize greenhouse gas emissions, enhancing internal incentives for emissions reduction and managing the financial impacts of external policies.	Complete the establishment of carbon accounting system by 2025. Implement internal carbon pricing by 2030.									
Reducing greenhouse gas emissions	Actively participating in domestic carbon trading systems, aiming to achieve carbon neutrality through high-quality carbon credits. Establishing and collecting greenhouse gas emission baselines and reduction targets from key suppliers, and assisting suppliers without targets to set their emission reduction goals.	Achieve a carbon credit volume of 5,000 tons by 2027. Accumulate carbon credits equivalent to one year's worth of emissions by 2035. Reduce greenhouse gas emissions of major suppliers by 15% by 2030 (baseline year: 2020).									
Increasing investment in low-carbon equipment	Install fluorinated greenhouse gas reduction equipment to mitigate greenhouse gas emissions. Install energy-saving production equipment to reduce greenhouse gas emissions.	<ul style="list-style-type: none"> Scope 1 greenhouse gas emissions reduction: >73% by 2025, >77% by 2030 (baseline year: 2020). Scope 2 greenhouse gas emissions reduction: >37% by 2025, >39% by 2030 (baseline year: 2020). 									
Risk 004-Average atmosphere temperature rising											
Regular assessment of heat-related risks	<ul style="list-style-type: none"> Identify potential risks associated with global warming and improve personnel management. 	<ul style="list-style-type: none"> Complete warming potential assessments for 100% of production and operational sites. 									
Mitigation of health risks	<ul style="list-style-type: none"> Develop strategies to prevent disasters caused by global warming and mitigate health hazards to personnel. 	<ul style="list-style-type: none"> Continuous increase in the number of consecutive days without accidents. 									
7. If using internal carbon pricing as a planning tool, explain the pricing basis.	The Company aims to establish internal carbon pricing by 2030, but the specific framework for its formulation has not been finalized yet.										
8. If setting climate-related goals, provide information on the covered activities, scope of greenhouse gas emissions, planning timeframe, annual progress, etc. If using carbon offsets or Renewable Energy Certificates (RECs) to achieve these goals, explain the source and quantity of the offset carbon credits or RECs.	<p>In response to the risks and opportunities posed by extreme weather conditions, Nuvoton Technology Corporation has adopted the vision of "Being the Invisible Champion of Enriching Human Life with Green Semiconductor Technology." The company actively pursues various carbon reduction initiatives and establishes greenhouse gas reduction targets within the group. A dedicated energy-saving and emission reduction team has been established to develop a green and low-carbon operational model. Through continuous technological innovation and research and development capabilities, the company aims to enhance the path of green processes (green semiconductor technology) and improve green products.</p> <ul style="list-style-type: none"> Emission mitigation plan <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th style="width: 33%;">Sites and Scope</th> <th style="width: 33%;">Baseline Year</th> <th style="width: 17%;">2025</th> <th style="width: 17%;">2030</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>			Sites and Scope	Baseline Year	2025	2030				
Sites and Scope	Baseline Year	2025	2030								

		Emission(2020*)	Emission	Emission target
NTC_TW	1	66,260	13,549	11,010
	2	36,313	34,514	32,822
Sub-total		102,573	48,063	43,832
NTCJ	1	33,700	13,367	11,953
	2	106,635	55,315	53,839
Sub-total		140,335	68,683	65,792
Total		242,908	116,746	109,624

• Carbon reduction strategies

Main Strategies:	Action Plans:	2022 Execution Results:
Green Manufacturing Processes	<ul style="list-style-type: none"> Equipped with a local scrubber for handling greenhouse gas emissions.) Development of Renewable Energy Sources 	Installation of Wet Scrubbers completed. NTCJ purchased 2,366 tons of non-petroleum fuel certificates and planned to increase the purchase of green electricity by 10 million kWh/year. OSAT outsourced assembly, packaging, and testing facility purchased 1 million kWh/year of green electricity. Nuvoton Tenology Corporation_Taiwan is projected to own 880,000 kWh/year of green electricity (solar) by 2024.
Sustainable Operations	Implementation of Carbon Pricing Enhancement of Energy Efficiency Carbon Reduction Initiatives with Suppliers	NTCJ introduced greenhouse gas emissions. Suppliers were requested to set reduction targets for 2030.
Eco-Friendly Products	Sustainable Product Development Miniaturization of Chips	Proportion of sustainable products reached 65% in the Manufacturing Business Group. Chip packaging area reduced by 75%.

9. Greenhouse gas inventory and assurance status, reduction targets, strategies, and specific action plans.

Please refer to the table below for relevant information regarding our company.

Policies and Commitments	2023 Target		Future Target			Specific actions
	Target	Achievement Status	Short term (2024)	Medium term (2025)	Long term (2030)	
Emphasis is placed on the development of green products, promoting green production, increasing the use of renewable energy, actively reducing energy and resource consumption, and reducing greenhouse gas emissions in the production process. We are committed to achieving net zero emissions by 2050.	<ul style="list-style-type: none"> ■ Nuvoton Tenology Corporation (in Taiwan) 1. Implemented energy-saving and carbon-reduction projects, achieving a 20% reduction in greenhouse gas emissions compared to 2022. ■ NTCJ (Note 1) 1. Achieved a 44% reduction in greenhouse gas emissions compared to the base year (2020). 	<ul style="list-style-type: none"> ■ Nuvoton Tenology Corporation (in Taiwan) 1. Made a 34% reduction in greenhouse gas emissions ■ NTCJ 1. Completed on schedule 	<ul style="list-style-type: none"> ■ Nuvoton Tenology Corporation (in Taiwan) 1. Targeting an 8% reduction compared to the 2023 target for the year 2024. 2. Achieved the installation of solar energy equipment up to 8% of the contracted capacity. ■ NTCJ 1. Established a plan for the introduction of solar power generation. 	<ul style="list-style-type: none"> ■ Nuvoton Tenology Corporation (in Taiwan) 1. 50% reduction in 2025 compared with 2020 ■ NTCJ 1. 50% reduction in 2025 compared with 2020 2. Introduction of solar power generation 	<ul style="list-style-type: none"> ■ Nuvoton Tenology Corporation (in Taiwan) 1. 55% reduction in 2030 compared with 2020 2. Set net-zero emissions by 2050 as the long-term reduction goal ■ NTCJ 1. 55% reduction in 2030 compared with 2020 2. Set net-zero emissions by 2050 as the long-term reduction goal 	<ul style="list-style-type: none"> ■ Nuvoton Tenology Corporation (in Taiwan) 1. Purchased energy-saving and carbon reduction equipment to reduce greenhouse gas emissions. 2. Continued installation. ■ NTCJ 1. Selected energy-saving equipment when updating facilities to reduce greenhouse gas emissions. 2. Reduced output from cogeneration systems emitting large amounts of carbon dioxide. 3. Stopped low-running production lines.
Greenhouse Gas Inventory and Assurance Situation	<ul style="list-style-type: none"> ■ Nuvoton Tenology Corporation (in Taiwan) 1. Completed the greenhouse gas inventory for 2022 according to ISO 14064 standards and was confirmed by a third-party organization (SGS). ■ NTCJ 1. Completed the greenhouse gas inventory for 2022 according to ISO 14064 standards. 	<ul style="list-style-type: none"> ■ Nuvoton Tenology Corporation (in Taiwan) 1. Completed on schedule ■ NTCJ 1. Completed on schedule 	<ul style="list-style-type: none"> ■ Nuvoton Tenology Corporation (in Taiwan) 1. Completed the greenhouse gas inventory for 2023 according to ISO 14064 standards and was confirmed by a third-party organization (SGS). ■ NTCJ 1. Completed the greenhouse gas inventory for 2022 according to ISO 14064 standards and was confirmed by a third-party organization. 	<ul style="list-style-type: none"> ■ Nuvoton Tenology Corporation (in Taiwan) 1. Continue to maintain ■ NTCJ 1. Continue to maintain 	<ul style="list-style-type: none"> ■ Nuvoton Tenology Corporation (in Taiwan) 1. Continue to maintain ■ NTCJ 1. Continue to maintain 	<ul style="list-style-type: none"> ■ In compliance with the schedule published by the Financial Supervisory Commission of Taiwan.

Note1: NTCJ means the Nuvoton Technology Corporation Japan

7. Ethical corporate management and measures adopted:

Evaluation items	Implementation status			Departure from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	No	Summary	
<p>1. Establishment of ethical corporate management policy and approaches</p> <p>(1) Has the Company established the ethical corporate management policies approved by the Board of Directors and stated the policies and practices in its bylaws or external correspondence to maintain business integrity? Are the Board of Directors and the managerial officers committed in fulfilling this commitment?</p> <p>(2) Has the company established a risk assessment mechanism against unethical conduct, analyzed and assessed operating activities with higher risk of unethical conducts on a regular basis, and established prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best- Practice Principles for TWSE/TPEX Listed Companies"?</p> <p>(3) Does the Company have any measures against dishonest conducts? Are these measures supported by proper procedures, behavioral guidelines, disciplinary actions and complaint systems? Does the Company review the policies on a regular basis?</p>	V		<p>(1) The Company conducts business activities on the principle of integrity. To implement integrity policy and actively prevent unethical behavior, the Company has established Ethical Corporate Management Principles that has been approved by the Board of Directors and announced on the Company's external webpage, outlining for the employees of the Company in detail the important issues in conducting business.</p> <p>(2) The Company has established "Rules for Ethical Corporate Management" which clearly defines the content of unethical behavior. The employees of the Company should not, in principle, accept gifts, except for the maintenance of business etiquette which stipulates direct or indirect exchanges, promise or request for money, gifts, services, discounts, entertainment, meals, investment stock options or other interests; it is only appropriate if a gift can be classified in the preceding conditions and the employee follows the "Rules for Ethical Corporate Management" and files for approval through related procedures. The Rules have been announced to all employees and have been incorporated into the Company's training programs on sustainable development. The Company has also established "Rules for Reporting Unethical Business Conducts" to delineate the procedures for processing such cases where the Company's employees or others violate ethical business practices. The Rules also provide a legal report channel and process that keeps the identity of the reporter and the content of the report confidential to protect the reporter from reprisals.</p> <p>(3) The Company's "Rules for Ethical Corporate Management" clearly restricts the supply and acceptance of unlawful interests and the Company has established "Procedures Governing the Processing of the Acceptance of Unlawful Interests" and "Procedures Governing the Restriction on Facilitating Payments" (including "Operating Rules for Political Donations," "Operating Rules for Charity Donations," and the requirement of "Conflict of Interest Recusal") for employees to follow.</p>	<p>In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies</p>
<p>2. Implementation of ethical corporate management</p> <p>(1) Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?</p>	V		<p>(1) The Company requests all major suppliers to sign a supplier statement for code of conduct as a declaration of Company's ethical corporate management principles. The Company also evaluates the integrity of suppliers before establishing business relationships and communicates with business counterparts the Company's ethical corporate management policy to prevent the occurrence of</p>	<p>In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies</p>

Evaluation items	Implementation status			Departure from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	No	Summary	
(2) Does the Company have a unit under the Board of Directors that is charged with promoting ethical corporate management and regularly (at least once every year) reports to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	V		<p>unethical conduct. In addition, the Company's purchase orders will include a clause requiring compliance with the Company's ethical corporate management policy.</p> <p>(2) The Company has established the "Corporate Social Responsibility Committee" in July 2012, which has its name changed to "Sustainability Committee" in 2021. The Chairman appoints a high-level officer to serve as chair of the Committee to take charge of promoting ethical management policy and the amendment, implementation, and interpretation of the Rules for Ethical Corporate Management for counsel overseeing the drafting, execution, interpretation of the Rules for Ethical.</p> <ol style="list-style-type: none"> 1. Assist the incorporation of integrity and business ethics into the company's operation strategies and develop corruption and fraud prevention measures in accordance with relevant laws and regulations to ensure honest business practices. 2. Regularly analyze and evaluate the risks of unethical conduct within the scope of business, and based on which, develop programs for preventing unethical practices, with standard operation procedures and codes of conduct specified in each program. 3. Plan internal organization, personnel assignment and the duties of such personnel, so as to ensure mutual-monitoring, and check and balance mechanisms are in place for business activities with higher risk of unethical conduct. 4. Promote and coordinate business integrity policy through employee education and training. 5. Develop a whistleblowing policy and ensure its feasibility and effectiveness. 6. Assist the board and management to check and assess whether corruption and fraud prevention measures are effectively implemented and report compliance status in relevant business processes on a regular basis. 	
(3) Has the Company established policies to prevent conflicts of interests, implemented such policies, and provided adequate channels of communications?	V		<p>(3) The Company has also established the "Rules for Reporting Unethical Business Conducts" which clearly stipulates the policy of preventing conflicts of interests. When an employee, in the execution of company business, discovers that the employee him/herself or an institution he/she represents is in a conflict of interest, or if the employee, spouse, parents, children or other interested parties stands to benefit unlawfully, the employee should notify his/her direct superior and the Company's designated unit simultaneously. The employee's direct superior should provide adequate guidance to solve the issue. The Company holds periodic</p>	
	V			

Evaluation items	Implementation status			Departure from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	No	Summary	
<p>(4) Has the Company established effective accounting systems and internal control systems for enforcing ethical corporate management? Has the Company designated its internal audit unit to devise relevant audit plans and audit the compliance with the prevention programs accordingly based on the results of assessment of the risk of involvement in unethical conduct or commissioned a CPA to conduct the audit?</p> <p>(5) Did the Company periodically provide internal and external training programs on integrity management?</p>			<p>education on the prevention of insider trading for directors and managerial officers.</p> <p>(4) The Company has established an effective accounting system and internal control institutions in accordance with regulations and established related procedures for internal auditing staff to conduct periodic auditing and ensure the design and implementation of various systems continues to be effective.</p> <p>(5) The Company periodically holds corporate ethics education on sustainable development and ethical corporate management each year. In 2023, 1,514 employees participated in the training. The employees' training completion rate for "Ethical Management" and "Sustainable Development Policy" courses was 100%.</p>	
<p>3. Implementation of the Company's whistleblowing System</p> <p>(1) Has the Company established concrete whistleblowing and reward system and have a convenient reporting channel in place, and assign an appropriate person to communicate with the accused?</p>	V		<p>(1) The Company has established multiple reporting and complaint channels including the complaint email address, employee opinion letterbox and a complaint channel on company website. The Company has also established "Rules for Reporting Unethical Business Conducts" for related personnel to report on any improper business conduct through the system. The Company's designated senior managerial officer will personally handle the complaint. If the complaint is proven valid that violation of related laws or the Company's related policies on ethical corporate management does exist, the reported person will be asked to stop all related activities immediately and subject to appropriate actions. If deemed necessary, the Company may demand damages through legal process to uphold the reputation and interests of the Company.</p>	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
<p>(2) Has the company established standard operating procedures for investigating reported issues, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?</p>	V		<p>(2) The Company has implemented standard procedures and confidentiality measures for handling complaints filed. The Company has included the principles of ethical corporate management as part of employees' performance assessment and the Company's human resource policy. There are clear and effective systems in place to enforce discipline and reporting of unethical conduct. If any of the Company's personnel seriously violates ethical conduct rules, the Company shall dismiss the person in accordance with applicable laws and regulations or internal human resources guidelines. There are internal investigation procedures in place that requests confidentiality from all personnel concerned. All related documents are treated as confidential.</p>	
<p>(3) Has the Company adopted measures for protecting the whistle-blower against improper treatment or retaliation?</p>	V		<p>(3) The Company has delineated in the "Rules for Reporting Unethical Business Conduct" and "Complaint Procedures" the necessary protection measures for whistleblowers and all supervisors and employees are prohibited from discriminating, coercing or acting hostile against the employee filing the complaint.</p>	

Evaluation items	Implementation status			Departure from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	No	Summary	
4. Enhancing information disclosure (1) Has the Company disclosed its integrity principles and progress onto its website and M.O.P.S.?	V		(1) The Company has announced the "Ethical Corporate Management Principles" approved by the Board of Directors on the Company website to disclose related information on ethical corporate management. The Company has also placed the Annual Report which includes related information on ethical corporate management on the M.O.P.S.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
5. The Company shall establish its own Code of Business Integrity based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" and clearly articulate the differences between its operations and the established code. The Company has established "Ethical Corporate Management Principles" and "Rules for Ethical Corporate Management" in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies."				
6. Other important information to facilitate better understanding of the Company's implementation of ethical corporate management: (e.g. review/revision of the Company's Ethical Corporate Management Best Practice Principles): The Company constantly watches the development of ethical management related rules and regulations at home and abroad, and based on which, reviews and improves its own policies to enhance performance in ethical management.				

8. If the Company has established corporate governance principles and related guidelines, disclose the means of inquiring related information: The Company has a section "Investors/ Compliance" on its website for investors to inquiry corporate governance related rules.

9. Other significant information which may improve the understanding of corporate governance and operation: The Company continues to improve corporate governance and promptly discloses its corporate governance information on the Market Observation Post System and the Company website in a timely manner.

10. Status of implementation of internal control system

(1) Statement on Internal Control

Nuvoton Technology Corp. Statement on Internal Control System

Date: February 5, 2024

This Statement of Internal Control System is issued based on the self-evaluation results of the Company for year 2023:

1. The Company is fully aware that the establishment, implementation and maintenance of its internal control system is the responsibility of the Board of Directors and managerial officers. In this regard the Company has already established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), reliability of reporting, and compliance with applicable laws and regulations.
2. There are inherent limitations to even the most well designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the aforementioned goals. Moreover, the operating environment and situation may change and impact the effectiveness of the internal control system. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
3. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. Control environment, 2. Risk assessment, 3. Control operation, 4. Information and communication, and 5. Monitoring. Each element further contains several items. For more information on the abovementioned items, please refer to the Regulations.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the preceding paragraph, the Company believes that as of December 31, 2023, its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, reliability of reporting, and compliance with applicable laws and regulations, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.
6. This Statement will become a major part of the content of the Company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the Board of Directors Meeting of the Company held on February 5, 2024, where 0 of the 11 attending Directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Nuvoton Technology Corporation

Chairman of the Boards

Signature and Seal

President:

Signature and Seal

(2) If the Company engages an accountant to examine its internal control system, disclose the CPA audit report: N/A.

11. Penalty on the Company and its personnel or punishment imposed by the Company on personnel in violation of internal control rules, major deficiencies and improvement in the past year and up to the date of report: N/A.

12. Important resolutions adopted in shareholders meeting and Board of Directors' meeting in the past year and up to the date of report

(1) Important resolutions adopted at the 2023 general shareholders' meeting and their implementation:

Date	Important resolutions and implementation	
2023/06/02	1	Ratify 2022 business report and financial report Resolution: Passed as proposed. (For details of the resolution, please visit Market Observation Post System) Implementation status: Per resolution adopted
	2	Acknowledge the 2022 earnings distribution plan Resolution: Passed as proposed. (For details of the resolution, please visit Market Observation Post System) Implementation status: The Chairman decided on March 7, 2023 that the ex-dividend base date is August 6, 2023, and the distribution date is August 25, 2023. (NT\$7 per share)
	3	Passed the proposed removal of non-compete clause for directors. Resolution: Passed as proposed. (For details of the resolution, please visit Market Observation Post System) Implementation status: Completed the material information announcement on the day of the shareholders' meeting.

(2) Important resolutions adopted by the Board of Directors in 2023 and up to the date of this report (March 5, 2024)

Date	Important resolutions	
2023/02/14	1	Passed the Company's 2022 financial statements and business report.
	2	Passed the 2022 Statement on Internal Control System.
	3	Passed the Company's 2023 business plan and budget.
	4	Approved the annual remuneration paid to accounting firm Deloitte & Touche
	5	Approved the establishment of the "Review Procedures for Pre-Approval of Non-Assurance Services Provided by the Audit Firm" for the company.
	6	Approved the pre-approval of the list of non-assurance services to be provided by the auditor for the fiscal year 2023.
	7	Approved the purchase of Directors and Officers (D&O) liability insurance for the company's directors, supervisors, and key officers.
	8	Approved the company to obtain short-term comprehensive credit/derivative financial product limits from financial institutions and sign relevant documents.
	9	Approved the change in the company's corporate governance supervisor.
	10	Approved the change in the company's audit supervisor.
2023/03/07	1	Passed the 2022 earnings appropriation.
	2	Passed the proposed removal of non-compete clause for directors.
	3	Passed the proposal to convene the Company's general shareholders' meeting at 9AM on May 26, 2023.
	4	Approved the total amount and individual amounts of director remuneration for the year 2022.
	5	Approved the total amount of employee remuneration for the year 2022.
	6	Approved the individual amounts of variable compensation for executives in the Company.
	7	Approved the variable compensation amount for Mr. Yuan-Mou Su, an executive in the Company.

Date	Important resolutions	
2023/05/03	1	Approved the Q1_2023 consolidated financial report.
	2	1. Approval for the sale of all shares held by the company in its subsidiary Autotalks Ltd.
	3	2. Approval for the amendment of the company's internal regulations.
	4	3. Approval for the company to engage in derivative financial instrument transactions.
2023/08/01	1	Approved the Q2_2023 consolidated financial report.
	2	Approval for matters related to the establishment of a subsidiary in Germany by the company.
	3	Approval for the company to provide endorsement guarantees for financing transactions between its subsidiary, Nuvoton Technology Corporation Japan, and financial institutions, and to sign related documents.
	4	Approval for the company to obtain short-term comprehensive credit/derivative financial instrument facilities from financial institutions and to sign related documents.
	5	Approval for the company to engage in derivative financial instrument transactions.
	6	Approval for the allocation ratio of director remuneration for the year 2023.
	7	Approval for the allocation ratio of employee remuneration for the year 2023.
	8	Approval for individual salary compensation of company executives for the year 2023.
	9	Approval for the individual amounts of employee remuneration for the fiscal year 2023 for company executives.
	10	Approval for the amount of employee remuneration for Mr. Yuan-Mou Su, a company executive, for the fiscal year 2023.
	11	Approval to add agenda items for the company's shareholders' meeting for the fiscal year 2022.
2023/10/31	1	Approved the Q3_2023 consolidated financial report.
	2	Approval of the audit plan for the year 2023 by the company.
	3	Approval for the company's intention to acquire three units in the "Bao Jia Qi Lei" project in Zhubei City, Hsinchu County.
	4	Approval for matters related to the establishment of a subsidiary in Nanjing by the company.
	5	Approval for the dissolution and liquidation of the indirect investment 100% subsidiary, Songzhi Electronic Technology (Suzhou) Co., Ltd.
	6	Approval for the capital expenditure budget increase for the year 2023.
	7	Approval for the company to provide endorsement guarantees for business transactions between its subsidiary, Nuvoton Technology Corporation Japan, and Taiwan Semiconductor Manufacturing Company Limited, and to sign related documents.
	8	Approval for the amendment of the company's financial and business operation regulations between related parties.
	9	Approval for the company to obtain short-term comprehensive credit/derivative financial instrument facilities from financial institutions and to sign related documents.
	10	Approval for the company to engage in derivative financial instrument transactions.
2024/02/05	1	Approval of the company's financial report and operating report for the year 2023.
	2	Approval of the company's internal control system statement for the year 2023.
	3	Approval of the business plan and operating budget for the year 2024 by the company.
	4	Approval of the annual remuneration for the accounting firm Deloitte & Touche appointed by the company.
	5	Approval of the pre-approval for the list of non-assurance services to be provided by the accounting firm for the year 2024.
	6	Approval of the purchase of Directors and Officers Liability Insurance (referred to as D&O insurance) by the company.
	7	Approval for the company to obtain short-term comprehensive credit/derivative financial instrument facilities from financial institutions and to sign related documents.
	8	Approval of the company's financial report and operating report for the year 2023.
2024/03/05	1	Approval of the profit distribution plan for the year 2023 by the company.
	2	Approval of the capital expenditure budget proposal for the year 2024 by the company.
	3	Approval of the resolution to lift the non-compete restrictions on directors of the company.

Date	Important resolutions	
4	Approval of the proposal to convene the shareholders' meeting at 9:00 am on May 28, 2024 by the company.	
5	Approval of the retrospective case for the company to engage in derivative financial instrument transactions.	
6	Approval of the total amount and individual amounts of director remuneration for the year 2023 by the company.	
7	Approval of the total amount of employee remuneration for the year 2023 by the company.	
8	Approval of the individual amounts of performance bonuses for company executives for the year 2023.	
9	Approval of the performance bonus amount for Mr. Yuan-Mou Su, a company executive, for the year 2023.	

13. Dissenting or qualified opinion of directors against an important resolution passed by the Board of Directors that is on record or stated in a written statement in the past year and up to the date of report: N/A.

14. Resignation and dismissal of professional managerial officers related to the financial report including Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, Chief Governance Officer, and Chief R&D Officer in the past year and up to the date of report:

Title	Name	Date of Appointment	Date of Dismissal	Date of Dismissal
Chief Internal Auditor	Jenny Feng	2021.3.16	2023.03.01	Position adjustment
Chief Internal Auditor	Kun-Long Chen	2021.2.18	2023.02.14	Position adjustment

15. Handling of material information:

The Company has a rigorous internal operating process in place for the handling of material information, which is made public in accordance with the "Rules for Spokesperson and Deputy Spokesperson Operation." The Company also publicizes its Procedure for Major Internal Information Disclosure among employees from time to time to prevent the violation of insider trading regulations.

(IV) Information on fees to CPA:

1. Information on Fees to CPA

Unit: NT\$1,000

Name of accounting firm	Name of Accountants	Audit period (Note 1)	Audit fee	Non-audit fee (Note 2)	Total	Note
Deloitte & Touche	Kuo-Tien Hung	2023	16,490	1,386	17,876	The other items in the non-audit fee are tax-related service fees.
	Shu-Lin Liu					

- If the company changes accounting firm and the amount of audit fee paid in the year of change is less than that in the year before, the amount of decrease and reason: N/A.
- If the audit fee is more than 10% less than that paid in the previous year, the amount and percentage of decrease and reason: The 2023 audit fee did not decrease by more than 10% than the amount paid in 2022. This is therefore not applicable.

(V) The changes to the accountants before and after the two most recent years: None

(VI) The Chairman, President and Financial or Accounting Managerial Officer of the Company who had worked for the Independent CPA or the affiliate in the past year: N/A.

(VII) Share transfer by directors, supervisors, managerial officers and shareholders holding more than 10% equity and changes to share pledging by them in the past year and up to the date of report

(1) Share transfers:

Unit: Shares

Title	Name	2023		2024 up to March.5	
		Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares
Chairman	Winbond Electronics Corp.	-	-	-	-
	Representative: Yuan-Mou Su	-	-	-	-
Vice Chairperson	Karen K Chiao	-	-	-	-
Director	Yu-Cheng Chiao	-	-	-	-
Director	Chin Xin Investment Co., Ltd.	-	-	-	-
	Representative: Jen-Lieh Lin	-	-	-	-
Director	Chi-Lin Wea	-	-	-	-
Director	Royce Yu-Chun Hong	-	-	-	-
Director	Liang-Ji Chen	-	-	-	-
Independent director	Bao-Sheng Wea	-	-	-	-
Independent director	David Shu-Chyuan Tu	-	-	-	-
Independent director	Allen Hsu	-	-	-	-
Independent director	Guang-Zhong Chen	-	-	-	-
CEO	Yuan-Mou Su	-10,000	-	-	-
Deputy CEO	Yoshitaka Kinoshita	-	-	-	-
President	Hsin-Lung Yang	-	-	-	-
Vice President	Yu-Sung Cheng	-	-	-	-
Vice President	Guang-Lun Lin	-	-	-	-
Vice President	Meng-Chi Wu	-	-	-	-
Vice President	Jian-Liang Su	-	-	-	-
Vice President, Chief Financial Officer, Chief Accounting Officer and spokesperson, Corporate Governance Officer and speakwoman	Hsu-Fen Lai (Note 2)	-	-	-	-
CTO	Wei-Chan Hsu	-	-	-	-
Corporate Governance Officer	Kun-Long Chen (Note 3)	-	-	-	-

Note 1: The information above is based on actual shares held.

Note 2: Ms. Hsu-Fen Lai also served as Corporate Governance Officer from February 14, 2023.

Note 3: Mr. Kun-Long Chen was dismissed from the position of Corporate Governance Officer on February 14, 2023. The information in the above table only discloses up to the date of termination of his duty as the Corporate Governance Officer of the company.

(2) Share transfer information: N/A

(3) Share pledge information: N/A

(VIII) Information on the relationship between any of the top ten shareholders (related party, spouse, or kinship within the second degree)

March 30, 2024; Unit: Shares

Name	Shareholding		Shares Held by Spouse and Underage Children		Total Shareholding by Nominee Arrangement		Titles, Names and Relationships between Top 10 Shareholders (Related Party, Spouse, or Kinship within the Second Degree)		Note
	No. of shares	Percentage of shares	No. of shares	Percentage of shares	No. of shares	Percentage of shares	Title (or name)	Relationship	
Winbond Electronics Corp. Representative: Arthur Yu-Cheng Chiao	214,954,635	51.21%	-	-	-	-	Chin Xin Investment Corp.	Same individual as the chairman of the institutional shareholder	N/A
New System Labor Pension Fund	8,518,102	2.03%	-	-	-	-	-	-	N/A
Nomura Premium Fund Special Account	5,844,000	1.39%	-	-	-	-	-	-	N/A
Chin Xin Investment Co., Ltd. Representative: Arthur Yu-Cheng Chiao	5,440,219	1.30%	-	-	-	-	Winbond Electronics Corp.	Same individual as the chairman of the institutional shareholder	N/A
Fubon Life Insurance Co., Ltd.	4,946,000	1.18%	-	-	-	-	-	-	N/A
Allianz Taiwan Technology Fund Special Account	4,937,000	1.18%	-	-	-	-	-	-	N/A
Public Service Pension Fund Management Committee	3,869,000	0.92%	-	-	-	-	-	-	N/A
Old System Labor Pension Fund	3,538,400	0.84%	-	-	-	-	-	-	N/A
Yong-ShenXie	2,910,000	0.69%	-	-	-	-	-	-	N/A
Nomura SME Fund Special Account	2,580,000	0.61%	-	-	-	-	-	-	N/A

(IX) The shareholding of the Company, Director, Supervisor, Managerial Officers and an enterprise that is directly or indirectly controlled by the Company in the invested company

December 31, 2023; Unit: Shares

Invested entity (Note 1)	Investment by the Company (A)		Investments by directors, supervisors, managers and directly or indirectly controlled enterprises (B) G300		Combined investment (A+B)	
	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)
Nuvoton Electronics Technology (H.K.) Limited	107,400,000	100	-	-	107,400,000	100
Marketplace Management Limited	8,897,789	100	-	-	8,897,789	100
Nuvoton Investment Holding Ltd.	15,633,161	100	-	-	15,633,161	100
Song Yong Investment Corporation	3,850,000	100	-	-	3,850,000	100
Nuvoton Technology India Private Limited	600,000	100	-	-	600,000	100
Nuvoton Technology Corp. America	60,500	100	-	-	60,500	100
Nuvoton Technology Holding Japan	100	100	-	-	100	100
Nuvoton Technology Singapore Pte. Ltd.	45,100,000	100	-	-	45,100,000	100
Nuvoton Technology Korea Limited	125,000	100	-	-	125,000	100
Nuvoton Technology Germany GmbH	2,000,000	100	-	-	2,000,000	100

Note 1: Accounted for using equity method

III. Capital and Shareholding

(I) Sources of capital stock

Unit: Share; NT\$1,000

Year Month	Issuing price (NT\$)	Authorized capital		Paid-in capital		Note		
		No. of shares	Amount	No. of shares	Amount	Share capital source	Shares acquired by non-cash assets	Other
2008.04	10	300,000,000	3,000,000	100,000	1,000	Founding cash capital NT\$1,000,000	N/A	Yuan-Shang No. 0970009659
2008.07	10	300,000,000	3,000,000	250,000,000	2,500,000	Distribution from split NT\$2,499,000,000	N/A	Yuan-Shang No. 0970019973
2009.09	-	300,000,000	3,000,000	190,000,000	1,900,000	Cash capital decrease of NT\$600,000,000	N/A	Yuan-Shang No. 0980028478
2009.09	10	300,000,000	3,000,000	200,070,000	2,000,700	Capital surplus of NT\$ 100,700,000 transferred to common stock	N/A	Yuan-Shang No. 0980028736
2010.06	10	300,000,000	3,000,000	207,554,400	2,075,544	2009 earning and employee bonuses of NT\$74,844,000 transferred to common stock	N/A	Yuan-Shang No. 0990016508

Year Month	Issuing price (NT\$)	Authorized capital		Paid-in capital		Note		
		No. of shares	Amount	No. of shares	Amount	Share capital source	Shares acquired by non-cash assets	Other
2019.11	10	300,000,000	3,000,000	287,554,400	2,875,544	Cash capital increase of NT\$800,000,000	N/A	Zhu-Shang No. 1080032110
2020.12	10	500,000,000	5,000,000	375,961,556	3,759,616	Cash capital increase of NT\$800,000,000 Conversion of the first issuance of unsecured convertible bonds to common shares totaling NT\$84,072,000	N/A	Zhu-Shang No. 1090036975
11003	10	500,000,000	5,000,000	388,393,556	3,883,936	Conversion of the first issuance of unsecured convertible bonds to common shares totaling NT\$124,320,000	N/A	Zhu-Shang No. 1100006770
2021.06	10	500,000,000	5,000,000	390,673,646	3,906,736	Conversion of the first issuance of unsecured convertible bonds to common shares totaling NT\$22,800,000	N/A	Zhu-Shang No. 1100018330
2021.09	10	500,000,000	5,000,000	410,042,700	4,100,427	Conversion of the first issuance of unsecured convertible bonds to common shares totaling NT\$193,691,000	N/A	Zhu-Shang No. 1100026039
2021.12	10	500,000,000	5,000,000	417,210,062	4,172,101	Conversion of the first issuance of unsecured convertible bonds to common shares totaling NT\$71,674,000	N/A	Zhu-Shang No. 1100035642
2022.03	10	500,000,000	5,000,000	419,765,268	4,197,653	Conversion of the first issuance of unsecured convertible bonds to common shares totaling NT\$25,552,000	N/A	Zhu-Shang No. 1110006604

March 5, 2024; Unit: shares

Type of Shares	Authorized capital			Note
	Outstanding shares	Unissued shares	Total	
Common shares	419,765,268	80,234,732	500,000,000	Listed stock

Note: Information for shelf registration: N/A

(II) Shareholder structure

March 30, 2024

Shareholders	Government agencies	Financial institutions	Other corporations	Foreign institutions and foreigners	Individual investors	Total
Number of people	0	14	129	205	42,616	42,964
Shares held	0	27,050,648	254,894,976	29,464,713	108,354,931	419,765,268
Percentage (%)	0.00%	6.44%	60.73%	7.02%	25.81%	100.00 %

(III) Ownership dispersion status

1. Common stock:

March 30, 2024

Shareholding range	Number of shareholders	Shares held	Percentage (%)
1-999	9,342	1,890,177	0.45%
1,000-5,000	29,987	52,608,930	12.53%
5,001-10,000	2,166	16,853,702	4.02%
10,001-15,000	514	6,545,095	1.56%
15,001-20,000	308	5,716,310	1.36%
20,001-30,000	219	5,560,781	1.32%
30,001-40,000	110	3,948,435	0.94%
40,001-50,000	91	4,257,333	1.01%
50,001-100,000	118	8,422,966	2.01%
100,001-200,000	47	6,668,778	1.59%
200,001-400,000	23	6,967,118	1.66%
400,001-600,000	11	5,326,683	1.27%
600,001-800,000	4	2,850,278	0.68%
800,001-1,000,000	5	4,521,000	1.08%
More than 1,000,001 shares	19	287,627,682	68.52%
Total	42,964	419,765,268	100.00%

2. Preferred stock: Not applicable

(IV) Major shareholders

Names, shares and percentage of shareholding of top ten shareholders with more than 5% of equity:

March 30, 2024 Unit: Shares

Shares	Shares held	Percentage (%)
Name of major shareholders		
Winbond Electronics Corp.	214,954,635	51.21%
Fubon Life Insurance Co., Ltd.	19,384,000	4.62%
Taipei Fubon Commercial Bank Co., Ltd. entrusted to hold securities for the Fu Hwa Taiwan Technology Dividend ETF Securities Investment Trust Fund account.	13,594,000	3.24%
New System Labor Pension Fund	10,477,042	2.50%
Chin Xin Investment Co., Ltd.	5,440,219	1.30%
JPMorgan Chase Bank, Taipei Branch, entrusted to hold securities for J.P. Morgan Securities Ltd. investment account.	4,011,306	0.96%
Cathay Life Insurance Co., Ltd.	3,800,000	0.91%
Old System Labor Pension Fund	2,535,060	0.60%
Taiwan Shin Kong Life Insurance Co., Ltd. fully entrusts the Taiwan Shin Kong Investment Trust Co., Ltd. Stock Investment Account - Second Series.	1,500,000	0.36%
Standard Chartered Bank International Business Branch entrusted to hold securities for the iShares Core MSCI Emerging Markets ETF investment account.	1,311,000	0.31%

(V) Stock price, net worth, earnings, dividends and related information for the past two years

Unit: Share; NT\$

Item	Year	2022	2023	2024 Up to March 5
	Price per share (Note 1)	Highest	205	162.5
	Lowest	94.1	115.0	127.0

Item		Year		
		2022	2023	2024 Up to March 5
	Average	144.14	134.8	132.2
Net worth per share (Note 2)	Before distribution	41.85	39.86	-
	After distribution	34.85	36.86	-
Earnings per share	Weighted average shares	419,765,268	419,765,268	419,765,268
	Earnings per share	10.06	5.77	-
Dividends per share	Cash dividend	7.00	3.00	-
	Stock dividend	-	-	-
		-	-	-
	Accuulated unpaid dividend	-	-	-
Return analysis	Price-earnings ratio (Note 3)	14.33	23.36	-
	Price-dividend ratio (Note 4)	20.59	44.93	-
	Cash dividend yield (Note 5)	4.86%	2.23%	-

Note 1: The source of information is TWSE website.

Note 2: Computed based on the number of shares issued and outstanding at the end of the year and according to the resolution of the Board of Directors.

Note 3: Price-earnings (P/E) ratio = Average market price / Earnings per share.

Note 4: Price-dividend (P/D) ratio = Average market price / Cash dividends per share.

Note 5: Cash dividend yield rate = Cash dividend per share / Average market price.

(VI) Company Dividend Policy and Implementation

1. Company dividend policy:

Under the Company Act and Nuvoton's Articles of Incorporation, the Company shall, after covering prior years' losses and paying all taxes and dues, set aside 10% of its earnings as legal reserve until such reserve equals the paid-in capital. Of the remainder in the preceding paragraph plus undistributed earnings in prior years or of distributable earnings resulting from this year's loss plus undistributed earnings in prior years, special reserve shall be set aside or reversed according to laws or the competent authority. The remainder surplus may be set aside as special reserve or retained in view of business needs. For the remainder, after dividends for preferred stocks are set aside according to the Articles of Incorporation, the Board of Directors may propose an earnings distribution plan for dividends for shareholders and submit the plan to the shareholders' meeting for approval.

The Board of Directors shall be authorized to determine the cash distribution of the aforementioned earnings, legal reserve, and additional paid-in capital with resolution adopted by a majority vote in a board meeting attended by more than two thirds of the Directors and report to the shareholder's meeting.

Our dividend policy is set up in accordance with the Company Act and the Articles of Incorporation of our Company in consideration of factors including capital, financial structure, operating status, earnings, industry characteristics and cycle, etc. The retained earnings may be retained as appropriate or distributed in cash dividend or both stock dividend and cash dividend so as to ensure the sustainable development of the Company. The appropriation of dividends must take into consideration future operations and cash requirements, and dividends distributed shall be no less than 50% of the net profit after tax of the year after making up for cumulative losses and deducting the allocations for legal reserve and special reserve. Cash dividend shall not be lower than 10% of total dividends. The current dividend policy for retained earnings and dividends with respect to their conditions, timing, amount and type would be adjusted from time to time in accordance with economic and industrial fluctuations and the Company's future development needs and profitability.

2. Dividend distribution to be proposed to the Shareholders' Meeting:

The Company's 2023 earnings distribution plan was determined in the March 5, 2024 meeting

of the Board of Directors as shown in the chart below. This plan will be carried out in accordance with related rules after it is approved in the Shareholders' Meeting scheduled for May 28, 2024.

Earning Distribution Plan

2023

Unit: NT\$

Item	Amount
	\$ 2,110,783,851
Undistributed earnings from previous years	
Plus: Re-measurement of defined benefit plan converted into retained earnings	39,065,976
	2,420,434,433
Plus: Net profit of 2023	
	(245,950,041)
Minus: 10% legal reserve appropriated	
	(479,840,167)
Minus: Set aside special reserve	
	3,844,494,052
Distributable earnings as of year-end 2023	
Distribution items:	
	(1,259,295,804)
Cash dividends to common shares (NT\$3 per share)	
	()
Undistributed earnings at end of year	\$ 2,585,198,248

(VII) The effects of the stock dividends proposed by the shareholders' meeting on the Company's business performances and earnings per share: N/A.

(VIII) Remuneration of employees, directors and supervisors

1. Percentages or ranges of remuneration of employees and directors under the Articles of Incorporation

According to the amended Company Act and the amended Articles of Incorporation, if the Company has been profitable in the year, the remuneration for employees shall be over 1% (inclusive) and the remuneration for Directors and Supervisors will be under 1% (inclusive) of the earnings before tax and before deducting remuneration for employees and Directors.

The allocation of employees' and Directors' remuneration shall be reported to the shareholders' meeting.

The recipients of the Company's treasury stock buyback and transfer, distribution of employee stock options, employee subscription of new shares, issuance of new restricted employee shares, and payment of compensation to employees include employees of controlling or subordinate companies that meet the criteria. The specific criteria shall be determined by a resolution of the Board of Directors.

The recipients of remuneration for Directors and related matters shall be processed in accordance with related laws and determined by the Board of Directors.

2. Basis for estimating the amount of remuneration to employees and Directors/Supervisors, basis for calculating the number of shares to be distributed as stock bonuses, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period:

The basis for estimating the Company's 2023 remuneration for employees and directors is 6% and 1% of the earnings before tax and before deducting remuneration for employees and directors. The preceding estimation basis is based on the amended Company Act and the amended Articles of Incorporation. If there are changes made to the amount of the estimated remuneration to employees

and Directors after the date of the consolidated annual financial statements, the changes will be applied in accordance with accounting estimation changes and will be included in the financial statements of the following year.

3. Remuneration proposals passed by the board of directors

- (1) The difference, reasons and handling of discrepancies between the cash or stock appropriation of remuneration to employees and Directors and the annual recognized costs:

According to the amended Company Act and the amended Articles of Incorporation, if the Company has been profitable in the year, the remuneration for employees shall be over 1% (inclusive) and the remuneration for directors will be under 1% (inclusive) of the earnings before tax and before deducting remuneration for employees and directors. The Company has approved the appropriation of NT\$27,910,000 in remuneration for directors and remuneration of NT\$167,459,000 for employees in the meeting of the Board of Directors on March 5, 2024. The preceding amounts are consistent with the estimated amount of the recognized costs for the year.

- (2) The amount of employee bonus to be paid in stocks out of the current company-level financial report in terms of the sum of net profit after tax and employee bonus: Not applicable.

4. Actual remuneration to employees, directors and supervisors for 2022:

Unit: Share; NT\$

Item	Actual amount distributed (Note)			Amount approved by the Board of Directors	Difference
	Amount	Equitable shares	Stock price		
Remuneration to directors and supervisors	51,035,603	-	-	51,035,603	N/A
Cash bonus for employees	306,213,620	-	-	306,213,620	N/A

Note: The remuneration of directors, supervisors and employees above have been passed in Board of Directors' meeting on March 7, 2023. There is no difference between the actual amount distributed and the amount recognized in the 2022 financial statements.

(IX) Stock buyback status: N/A.

IV. Corporate bond issuance status

- (I) Corporate bonds not yet repaid and still being processed: All convertible bonds outstanding have been converted into common shares with over-the-counter trading terminated on December 24, 2021.
- (II) Corporate bonds maturing within two years: N/A.
- (III) Convertible bonds issued by the Company that may be converted into common shares, GDRs, or other securities: N/A.
- (IV) Where the Company has issued exchangeable bonds, specify the issuance date, underlying shares, and exchange price during issuance of each exchangeable bond, and the highest and lowest market prices, exchange prices, and the quantity of the underlying shares held by the Company in the most recent two years and up to the date of publication of the prospectus: N/A.
- (V) In the event the Company conducts a shelf registration for the collection of funds and issuance of regular corporate bonds, it shall disclose the estimated total issuance amount, total outstanding amount, and balance of reported shelf registration: N/A.
- (VI) Where the Company issues corporate bonds with warrants, it shall specify the issuance date, type and quantity of each corporate bond with warrants available for subscription, period of restricted share subscription, contract performance method, subscription price, and the units unexercised and the percentage of units unexercised to total outstanding shares as of the publication date of the prospectus: N/A.
- (VII) Progress of private placement of corporate bonds in the most recent three years and up to the publication date of the prospectus: N/A.

V. Issuance of preferred stocks:

N/A.

VI. Issuance of global depositary receipts (GDR):

N/A.

VII. Exercise of employee stock option plan (ESOP):

N/A.

VIII. Restricted stock awards:

N/A.

IX. Issuance of new shares for merger or acquiring shares of other companies:

N/A.

X. Implementation of capital allocation plan:

The Company has no situation where the issuance has not yet been completed or has been completed within the last three years yet the planned benefits have not manifested yet; therefore, it is not applicable.

Chapter 3 Business Overview

I. Business Activities

(I) Business Scope

1. Major business activities

The Company's primary business consists of the research and development, design and sales of integrated circuits and semiconductor foundry services, providing customers with customized total solutions from design, system integration, and manufacture to market.

2. Revenue breakdown

Unit: NT\$1,000

Key products	2023	
	Operating revenue	Percentage (%)
IC income	32,365,005	91%
Foundry service income	2,447,858	7%
Others	535,286	2%
Total	35,348,149	100%

3. Current products and services

The Company primarily operates in the design, sales, and wafer fabrication outsourcing business of integrated circuits (ICs). Integrated circuits are the main products, with a diverse range of applications, including microcontrollers, audio, cloud security, image sensing, battery monitoring, IoT applications, semiconductor components, and others. These IC products can be applied in various markets such as industrial, automotive, communication, consumer electronics, and computer. Additionally, the company owns a 6-inch wafer fabrication plant, equipped with diverse process technology capabilities, to provide specialized wafer outsourcing services.

The Company's main products and services are described below:

(1) IC Business

The Company has established a comprehensive product platform for microcontrollers including 64-bit microprocessor, and 32-bit and 8-bit MCU product lines. We also meet market demands in 5G, energy management, AIoT, smart home, industrial control, and automotive electronics with low power consumption, high security, integration of high precision analog circuits, abundant peripheral resources, and comprehensive software and hardware platforms and development tools.

Audio products include audio CODEC, ARM® Cortex® -M0/M4 audio MCU and Class-D Audio Amplifiers, Smart Amplifiers, Audio Enhancement, and DSP core products. The products target mainly smart home market, including smart appliances, smart stereo systems, smart family entertainment, smart cars, smart interactive toys, smart robots, meeting systems, consumer electronics, healthcare, and industrial applications.

In cloud computing products, the Company focuses on cross-over applications from computing devices related to data centers, computer servers, edge computing, and terminal processing. Our technologies cover the fields of security, interfaces, and energy management, and we provide remote baseboard management controllers for servers, Super I/O for desktop computers, security controllers for motherboards, embedded controllers for laptop computers, trust platform modules, computer hardware monitoring chips, and power management controllers to major brands and OEM plants.

The main product of semiconductor components is CSP (Chip Scale Package) MOSFET for lithium battery protection. In addition to being used in fast charging of smart phones and various wearable devices and, it has also been further expanded to the application of tablet computers. High power laser diodes can be used in industrial equipment and optical fiber communication.

Visual sensing products include 2D and 3D applications. Our 2D sensors feature small size and high image quality. They can be used in all types of camera equipment and medical endoscopy. Our 3D sensors provide high-precision and high-stability Time of Flight (ToF) sensors. Coupled with our unique Digital Signal Processor (DSP) signal processing technology, we can meet the rigorous demands for Human Machine Interface (HMI) quality in automotive industry. The 3D sensors can also be used in Autonomous Mobile Robot (AMR) or applications that require identifying human behavior or detecting obstacles.

Our battery monitoring products include battery monitoring IC for automobile and industrial lithium batteries, and cooling fan motor driver ICs for data centers, base stations, and home appliances.

Our IoT products can be used in MCU for power control or NFC Tag IC card security control, and HDMI 2.1 and USB 4 re-timer high-speed transmission interface ICs.

(2) Wafer foundry

The Company owns an 6-inch foundry plant and has accumulated over 30 years of experience in wafer foundry services. We are committed to providing stable, long-term capacity, the best OEM quality, and on-time delivery to our customers. We create more added-value for our customers as an indispensable partner in a competitive market with our strong R&D team and integrated services in the semiconductor supply chain.

4. New products in the pipeline

(1) IC business

The development of our MCU products focuses on achieving high performance, high security, low power consumption, and analog technologies. In coordination with the AIoT and smart home development, we will continue to broaden our product lines to meet market demands, and plan to develop high-end MCU and MPU to be used in machine learning and inference for applications in such as AIoT device system, which can execute object form and color identification, or recognition of key words in simple sentence.

We actively develop new audio products in the smart home entertainment, smart car, smart home, personal computer, mobile phone, and consumer electronics application markets. Smart amplifiers have been extended to the automotive market to provide entertainment system solutions. In addition, the voice product line also launched the industry's first Embedded-Flash voice control crystal N589, which effectively shortens the development cycle and inventory problems of voice products. Meanwhile, the NSPxx series have also been successfully expanded to consumer audio application products such as electronic door locks, electric vehicles, medical equipment, charging stations, smart toilets, smart trash bins, massage chairs, and electric toothbrushes.

In the aspect of cloud computing products, we actively introduce related functions that meet future energy conservation requirements. We increase the computing speed of the embedded processor and the hardware encryption module to fulfill customer demand for higher security when they work from home.

For HMI and TOF in our image sensing products,, we increase reliability and enhance the image quality and image processing performance to satisfy the sensing requirements for different spaces and distances in the automotive, industrial, and commercial markets.

In terms of battery monitoring and control products, we continue to develop Automotive Safety Integrity Level (ASIL-D) battery monitoring IC to ensure high capacity and safety of lithium batteries, and expand the scope of applications to energy storage systems. We also develop high-speed motor driver IC for wide applications in office machines, home appliances or monitors.

CSP MOSFET products have the characteristics of thin, light, small and low on-resistance; we are dedicated to develop the applications that support fast charging or long-term battery

requirements for 5G smartphones. In terms of IoT products, we continue to develop microcontrollers and high-speed transmission interface ICs for power control or NFC Tag IC card security control.

(2) Foundry service

The Company's foundry service focuses on the development of BCD processes to provide customers with more competitive next-generation power technology platforms and service value. We have planned produced the second-generation 0.5 μ m UHV and second-generation 0.35 μ m BCD and commenced volume production. We provide ultralow on-resistance, streamlined processes and a diverse range of components to satisfy customer demands for DC/DC power management products. We have expanded our ultra-high-voltage process into motor control applications. We have planned produced the second-generation 0.5 μ m HVIC and commenced trial production to provide streamlined process and high-reliability components. We have completed product verification with specific customers for the third-generation semiconductor GaN power components and commenced planned production. We continue to improve power technology platform to increase customers' market competitiveness.

(II) Industry overview

1. Current trends and outlook of the industry

(1) IC business

In terms of embedded computing applications, the demands for MCU and MPU continues to climb. The 32-bit ARM® Cortex® -M MCU and 64-bit Arm® Cortex® -A core MPU are the backbone of the market and demand is increasing rapidly as the product offers low power consumption, high performance, trust security island (TSI) security and a complete ecosystem with a vast number of users. To sum up, the growing applications in the overall embedded computing market that attract the most attention are the AIoT devices, smart industrial controls, smart home appliances, 5G, energy management, electric vehicle electronics and endpoint AI.

The application of human-machine intelligent interaction, utilizing natural language for two-way interactive communication via the internet, continues to rise steadily. Our company's audio products are evolving towards innovative solutions tailored to this diverse market, and we have been actively engaged with end-users in various projects. The application areas include smart conference systems, smart audio systems, smart home appliances, smart automobiles, Internet of Things (IoT), and wearable devices.

As inventory pressures ease, it is expected that the global computer market will return to a healthy supply-demand cycle. The main growth drivers will come from the gradual release of replacement demand from end-user business markets, as well as the continued expansion of Chromebooks and gaming laptops. With the upgrade to Windows 11 and the launch of new platforms, coupled with replacement demand driven by AI productivity applications like Copilot, a moderate recovery is anticipated from the lower end of the market.

With the global trend towards carbon neutrality, environmental regulations are tightening worldwide. Against the backdrop of governments actively implementing policies to electrify vehicles, the demand for automotive lithium batteries is expected to continue to grow. As automotive electronic devices and advanced driver-assistance systems (ADAS) become increasingly prevalent, the significant increase in the volume of information displayed or processed by in-vehicle systems will also drive growth for HMI products and even 3D sensing products. Additionally, with the widespread adoption of 5G, the market for fan motors used in 5G base stations is expected to increase. Furthermore, the MOSFET market is expected to grow with the replacement demand for 5G smartphones and the increase in penetration rates.

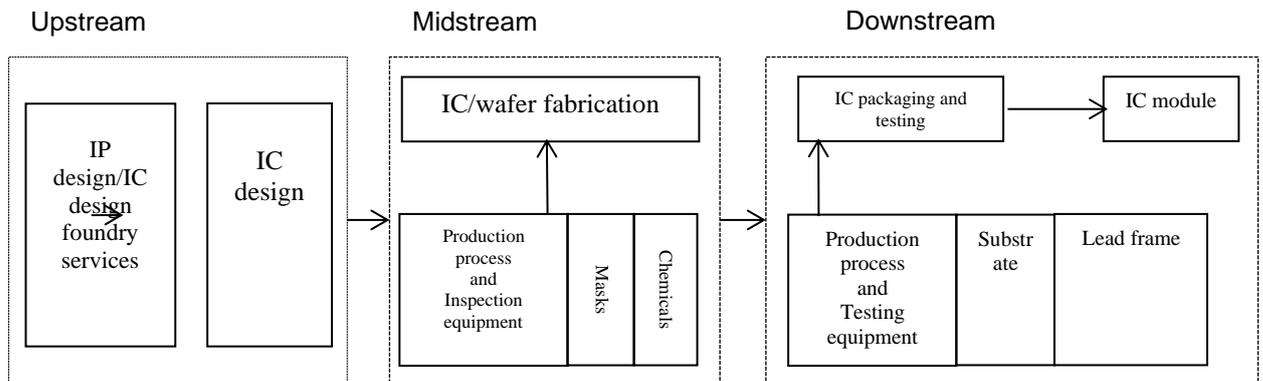
(2) Foundry service

According to the report published by market research agency WSTS, although the short-

term economic environment has led to a decline in short-term demand, various types of electronic products have become integrated into human life and continue to innovate. It is expected that long-term demand will continue to increase, indicating significant potential for the semiconductor foundry industry. Our company actively positions itself in semiconductor foundry services, focusing on the application of power management products and technology to meet market and customer demands. In terms of regions, the Asia-Pacific region remains a key market, and we are actively expanding semiconductor foundry services in other regions as well.

2. Relationships with suppliers in the industry's supply chain

The supply chain of the IC industry can be roughly divided into upstream IC design companies, midstream IC manufacturers and downstream IC packaging and testing plants.



From the perspective of the supply chain, MCUs are the control and computing core of end products. In cloud computing IC, the Company's downstream customers are primarily in servers, desktop workstations, personal computers, smart handheld devices, network communications and industrial computer sectors. The Company has established long and close partnerships in these sectors and has also established stable, long-term cooperation

3. Product Trends

(1) IC business

MCU and MPU products must incorporate low power consumption as well as high performance and security functions. Different application fields demand specific designs and one product cannot satisfy all requirements. Therefore, the Company's embedded product plan focuses on the development of MCU and MPU platforms for different applications, high confidentiality and security designs, and software/hardware reference solutions. The Company has also introduced machine learning, and launched a software and hardware development platform with operating systems, online communication modules, and cloud software services suitable for the IoT ecosystem to meet diverse and rapid development demands from the market. The Company endeavors in the development of special applications to provide customers with the best solutions. °

The development of future audio products will continue to focus on ultra-low power Audio MCU/DSP, Audio CODEC, Smart Class-D Speaker Amplifiers, Amplifiers, Audio Enhancement, and the DSP-core algorithm to provide cost-effective solutions for smart cars, home appliances, mobile phones, consumer electronics, personal computer applications. We will also continue to launch Embedded-Flash audio control chips with the aim of providing total solutions that effectively shorten the development cycle and resolve storage issues for audio products.

The demand for remote collaboration through cloud computing and learning from home will drive continuous innovation of related products in network connection performance, user experience, and personal data security. As users upload vast amounts of data for analysis, innovative applications and services not only lead to the construction of data and computing centers but also increases the importance of security for basic user-end information collection equipment. Consecutively increasing computing performance and optimizing energy consumption, and adding more flexible interface channel design and safety products will be the mainstream trend in the future.

As users develop higher demand for charging efficiency, MOSFET that offers safe, high-speed charging through low-voltage and high-current will also be the trend for the future. In line with the medium to long-term development of the automotive market, the industry has shifted its focus to enhancing driving safety and the useful life or range of car batteries. It will also drive continuous innovation in car battery monitoring or management, HMI or sensor imaging, signal processing, and integration.

(2) Foundry service

In recent years, the application of electric vehicles has driven a continuous increase in demand for power supplies in terminal products. Our company's semiconductor foundry division focuses on power technology development and continuously develops high-efficiency, low-power consumption power management-related process platforms, aiming to become the leading provider of comprehensive power management solutions. Additionally, the anticipated growth in demand for third-generation semiconductor gallium nitride (GaN) power devices will inject new momentum into the growth of semiconductor foundry services.

4. Product competition

(1) IC business

The Company began developing new 32-bit Arm® Cortex® -M0 universal MCU products in 2010. We introduced the 32-bit Arm® Cortex® -M4 with floating-point operations and DSP functions in 2012. The Company has also introduced the latest secure Arm® Cortex® -M23 MCU in 2016, and introduced Arm® Cortex® -A high-performance MPU products in 2019. We use our complete range of products and software and hardware platforms to satisfy future industrial application demands, and a strong technical support team to serve customers. We shall create irreplaceable customer relations and competitiveness and provide total solutions, software, tools, and the IoT software and hardware development platform to create a comprehensive

“NuDeveloper” ecosystem and build unique competitiveness.

Audio products provide high-quality audio codecs with high-power amplifiers to actively expand the smart car market. Meanwhile, the voice product line continues to innovate, providing the best choices and service solutions in the industry, with a view to jumping out of the low-end and low-priced market, and focusing on the smart toy market with high gross profit margin. Therefore, the voice product line also launched the industry's first Emd-Flash voice control chip N589 in 2018, which effectively shortens the development cycle and inventory problems of voice products.

Our cloud computing products feature unique security technology as the foundation, which, in combination with key customer systems and application knowhow, offer innovation, superior quality, and technical support as our most important competitive edge.

Visual sensing high-tech products continue to improve in the form of image signal processing technologies with higher resolution, higher performance, and lower power consumption. The Company has more than 30 years of R&D experience and market records and continues to provide global customers with related products from its leading position in the market.

In terms of battery monitoring and control products, we have begun developing leading functional safety technologies for car battery voltage measurement and internal monitoring. We will provide more innovative products and solutions for more effective use of lithium battery in the future.

(2) Foundry service

In the face of increasing growth and competition in capacity in the global semiconductor industry, the Company's foundry service is more focused on the power supply management market and customization market than other domestic and foreign foundry service providers. With flexible production, rapid development, and full support of the technical team, we provide our customers with irreplaceable foundry services in response to the fast-changing demands in the market.

(III) Overview of Technology and R&D

1. R&D expenditures

Unit: NT\$1,000		
Item	2023	2024 up to Feb. 29
R&D expenditures (A)	9,124,732	1,236,512
Net operating revenues (B)	35,348,149	5,033,696
(A)/(B)	26%	25%

2. Technologies and products successfully developed in the past year

Year	R&D achievements
2023	For industrial Human-Machine Interface (HMI) applications, we have introduced the high-efficiency and energy-saving Cortex-A35 dual-core 64/32-bit MA35H0 microprocessor. It features built-in DDR memory, an H.264 video decoder, and operates within a temperature range of -40°C to 125°C, suitable for the industrial Internet of Things (IIoT) market.
2023	In collaboration with Skymizer, we have integrated the NuMaker-M467HJ development board with Skymizer's ONNC ML optimization, achieving leadership in the MLPerf Tiny benchmark tests within the Cortex-M4 MCU category. This provides advanced solutions for machine learning in high-energy-efficient embedded systems.
2023	To meet the wide temperature requirements of the industrial control market, we have launched the M463 wide-temperature microcontroller based on the Cortex-M4 core, capable of operating at temperatures up to 125°C.
2023	For industrial control measurement needs, we offer the NADC24 series of 24-bit Delta-sigma ADC chips, featuring high precision, integration, and output rate.
2023	In the DDR5 memory module market, we have introduced the NUC1263 series based on the Cortex-M23 core, providing exclusive LLSI (LED Light Strip Interface) patent

Year	R&D achievements
	technology support for LED control.
2023	Addressing the demand for low-voltage applications, we have launched the N566LP series of 1-Battery boost control solutions, featuring New Tang's patented low-voltage boost circuit and overload protection circuit design.
2023	We have introduced the industry's first commercially available voice chip NSP2340A compliant with industrial standards, integrating New Tang's voice chip features of "high compression and high quality."
2023	New Tang Technology is the first manufacturer to pass FIPS 140-3 certification.
2023	The new eBMC chip, designed specifically for edge computing platforms, brings more efficient security and management to edge computing environments.
2023	New Tang Technology offers node management peripheral controllers (NMPC) with security control and Internet of Things functionality for server and computer peripheral applications, which have been audited for high innovation projects by the Industrial Development Bureau.
2023	Mass production has begun for the new motor control MCU based on the Arm® Cortex®-M4F core.
2023	Mass production has commenced for high-output power UV laser diodes that significantly enhance industrial equipment capabilities.
2023	Mass production has started for the new 30V CSP MOSFETs used in laptop lithium battery protection.
2023	We have introduced the fourth-generation battery monitoring chip for automotive battery control systems, offering higher precision in voltage, temperature, and current measurement for battery cells.
2023	The world's first USB 4 re-timer with built-in e-Marker has entered mass production for Taiwanese computer manufacturers.

3. Short and long term business development plans

(1) IC business

A. Short-term business development plans:

In the field of MCU and MPU, our company not only offers a diverse range of product portfolios and development platforms and tools but also strengthens performance and local service advantages. We actively cultivate an ecosystem by developing our own development platforms and collaborating with third-party vendors. For instance, we provide user-friendly and professional graphical user interface software to ensure the best development experience for customers. Additionally, we offer Internet of Things (IoT) development software and hardware application platforms such as Arm® mbed™, Linux, Amazon FreeRTOS, and Microsoft Azure. These platforms provide consistent operating systems, cloud services, tools, and developer ecosystems for IoT devices, enabling customers to quickly and massively create and deploy standard-based commercial IoT solutions. Furthermore, we provide the NuEdgeWise IDE, an efficient and simple machine learning development environment tailored for endpoint artificial intelligence (endpoint AI), catering to diverse customer needs.

In the short-term business development plan for audio products, our primary goal is to provide customers with a comprehensive range of audio product series and reference design solutions. Additionally, we collaborate with third-party solution design partners (3rd party) to provide the algorithms and application libraries required for related applications, such as voice human-machine interaction, voice recognition, active noise cancellation, and echo cancellation. This approach ensures that customers have access to the necessary resources and technologies to meet their application needs effectively.

In the realm of cloud computing products, we leverage advanced security technologies and integrate local advantages to expand the development of hardware and software solutions applicable to world-leading brand customers. In addition to allocating resources to stable business models, we continue to strive for expansion in edge computing and devices related to artificial intelligence applications. Simultaneously, we actively participate in international security standard-setting organizations and open-source software projects to maintain our technological leadership advantage.

For visual sensing products, we will move towards the development of high-resolution image sensor and high-performance imaging sensing technology, while continuing to integrate automotive HMI and software platform, and expand the visibility of the high-end camera market. Battery management-related products take advantage of the excellent heat resistance, high insulation and high voltage resistance of the company's battery monitoring IC, develop multiple control technologies, minimize the battery management system, and start developing a new generation of products. IoT products are based on the existing high-speed transmission interface technology to develop USB4.0 re-timer products to ensure the stability of signals during long-distance transmission.

B. Long-term business development plans:

In our long-term business development plan for embedded computing, we will continue to invest in the research and development of MCU and MPU products and platforms. We will focus on developing four key technologies: low power consumption, analog, security, and endpoint artificial intelligence (endpoint AI). Through technological innovation and process evolution, we aim to enrich our portfolio of 64-bit microprocessors, 32-bit, and 8-bit microcontrollers. We are committed to providing customers with a comprehensive product portfolio, establishing proprietary patented unique technologies, and offering customers long-life cycle products to establish our unique advantages in embedded computing products.

For audio products, we will continue to improve audio quality and develop highly integrated, low-power audio processing controllers. We will also expand our complete product layout of audio codecs and audio amplifiers and strategically invest in research and development resources for the automotive market, aiming to become a supplier in the automotive industry. Additionally, our focus in the voice product line is to provide the best service solutions in the industry, with a primary emphasis on deepening our presence in the high-margin intelligent toy market. In recent years, we have gradually allocated research and development resources to the development of high-end AI interactive toys.

In the realm of cloud computing products, with the increasing prevalence of cloud computing and AI-related applications, network security and enhancing the security of terminal devices have become crucial topics for the future. Through long-term and in-depth collaboration with customers, we actively research peripheral components and AI-related integration, and seek opportunities to introduce innovative products and relevant applications into the market.

With regard to image sensing, we will continue to develop core graphics and imaging technologies, and couple with imaging and audio detection technologies to develop end-to-end edge sensor devices. With regard to battery monitoring products, we will continue to advance lithium battery monitoring and current measurement technologies and extend the applications from industrial control and automotive to energy storage. In the aspect of 2D and 3D sensors, we will develop multi-functional products with high definition and high dynamic range, and endeavor to develop all-round sensing solutions.

Leveraging existing knowhow and customer relationships, we have put considerable resources into product development. Hopefully through product and technological innovation, we can provide customers with superior security products for all kinds of

applications as we seek a sound industrial environment and long-term development of the Company.

(2) Foundry service

A. Short-term business development plan:

The Company's wafer foundry service has accumulated many years of experience in production, research and development, and product services. We shall continue to service our customers with innovative ideas on existing foundations. The Company's short-term business development and promotion are focused on power management, power components, and the development of third-generation semiconductor gallium nitride (GaN) in the prospective of meeting the demand for energy efficient, high performance power management products.

B. Long-term business development:

The Company's wafer foundry service has a strong R&D and production team that works with a comprehensive product support team and an international certified laboratory to provide customers with IDM-level OEM services. We shall also focus on markets including high-power electronics, and automotive electronics as our long-term business development objectives. The Company shall continue to meet market demand and provide irreplaceable product competitiveness to customers through HV processes. In addition, our business development will gradually shift from Asia Pacific to Europe and America as we become a professional global OEM service provider.

II. Market, production and sales

(I) Market analysis

1. Areas in which core products (services) are sold (provided)

Unit: NT\$1,000

Sales region	2023	
	Amount	Percentage (%)
Asia	34,124,603	96%
America	296,521	1%
Europe	926,688	3%
Others	337	0%
Total	35,348,149	100%

2. Market Share

Our company possesses a complete microcontroller product platform, including 64-bit microprocessors, 32-bit, and 8-bit microcontroller product lines. These products feature low power consumption, high security, integration of high-precision analog circuits, and abundant peripheral resources. Coupled with comprehensive software and hardware platforms and development tools, they meet the market demands for 5G, energy management, smart IoT, smart home, industrial control, and electric vehicle electronics. Our market share has been steadily increasing year by year, with major customers including well-known consumer electronics, industrial control, power market, electric vehicle electronics, computer equipment, and communication product manufacturers.

In our audio product line, we offer audio codecs, audio microcontrollers (Audio MCU) based on Arm® Cortex®-M0/M4 and 4/8-bit MCUs, D-class audio power amplifiers (Speakers Amp), smart audio power amplifiers (Smart Amp), and audio enhancements. These products, including those with DSP cores, find application in various areas such as smart homes, including smart appliances, smart audio systems, smart home entertainment, smart cars, interactive smart toys, smart robots, conference systems, consumer electronics, medical, and industrial markets.

In computer and cloud application products, we actively incorporate features to meet future

energy-saving regulations and enhance the computational speed and hardware encryption modules of embedded processors to achieve higher security and low-power networking capabilities. In 2023, our market share of mainboard Security Controller I/O, laptop EC, and TPM still ranked among the top three globally, with major customers including renowned computer brands and OEMs.

Our battery management ICs and image sensing technology products have penetrated the supply chains of numerous global automotive manufacturers and received high praise from customers. Additionally, our MOSFETs for lithium battery protection, Inverter MCUs for home appliances, and HDMI ICs for high-speed transmission interfaces have high market shares in consumer and communication markets.

3. The future supply and demand situation and growth prospects in the market

The MCU market is evolving towards energy efficiency, intelligence, high security, compactness, and high performance. With the development of IoT smart devices, smart industrial control, smart home appliances, the 5G industry, energy management, and electric vehicle electronics, the market is expected to grow in the future. Our company will continue to deepen partnerships with mainstream computer brands and expand into more automotive, industrial control, and smart product applications to maintain our market leadership.

The application of voice interfaces for hands-free interaction with the Internet using natural language continues to rise. Our audio products are advancing towards these innovative products and have been involved in various projects targeting end customers, including smart conference systems, smart audio systems, smart home appliances, smart cars, IoT, and wearable devices.

The demand for computer computing systems in the terminal market is expected to increase visibility after inventory levels are digested. Additionally, changes in work patterns and education methods, along with the growth of cloud computing, remote collaboration, and open-source technology development, are driving the increasing proportion of AI servers, thereby synchronously driving the growth of our computer and cloud application products.

With digitalization, automation, and electrification in the automotive market, the demand for vehicle-mounted HMI and automotive lithium battery monitoring system will increase. Furthermore, along with rising awareness to health and wellness, and the aging society, demands for non-invasive diagnostics and remote healthcare services are on the rise. Hence the use of our 2D sensors in high-resolution camera and medical endoscopes will gradually increase. The growth in TOF sensors is mainly derived from smart applications and industrial automation markets including autonomous mobile robots ("AMR"), unmanned stores, and automotive sensors.

4. Competitive niches

The Company's MCUs provide diversified customized services with the help of professional R&D and technical support teams. We establish strategic partnerships with customers and provide competitive total design and development solutions to lower customers' cost, shorten development and increase the competitiveness of their products. In addition, the Company's experience in the voice and audio processing market involves IoT market application for the integration of MCU audio CODEC and third-party voice recognition in hopes of providing diversified product options and ideal economic solutions.

In terms of cloud computing products, our company bases its offerings on unique security technology, combining it with key customer system application knowledge. Through innovative products, excellent quality, and technical services, we extend beyond computer product lines to enhance our customers' competitiveness.

The company has also started mass production of Re-Timer IC for USB4® devices, which is the world's first built-in e-Marker and complies with the latest USB4®, USB 3.2, Thunderbolt™ 3, and alternate mode standard of DisplayPort™ 2.0 and DisplayPort™. This product has the industry's top performance and realizes the interconnectivity between USB4-

equipped devices, which helps to reduce the cost of the entire value chain, including the development, manufacturing and maintenance of USB4.

5. Favorable and adverse factors for long-term development and response measures

(1) Favorable factors

Our company's MCU and MPU products boast high compatibility, with standardized and backward-compatible development platforms. They are designed to be user-friendly for development, environmentally certified, and cater to IoT solutions, thus enhancing our core competitiveness and raising barriers to competition. In the realm of audio products, we also provide customers with comprehensive high-performance audio and voice solutions.

For our cloud computing products, we leverage advanced security technology and integrate local advantages to expand the development of software and hardware solutions suitable for leading global brand customers, maintaining a leading position in the market. Additionally, we actively participate in international security standard-setting organizations and open-source software initiatives to sustain our technological leadership.

The Company's lithium battery monitoring and image sensing products are powered by advanced technologies and we expect the end-user market to continue to grow with the deployment and development in global automotive electronics industry, industrial automation, artificial intelligence, and 5G networks.

(2) Adverse factors and response measures

In recent years, the consumer electronics market has become increasingly competitive and faces challenges in further development. Emerging applications such as new information services, energy conservation, environmental protection, and technological integration are expected to become the driving forces of future growth. This includes areas such as AI, new energy, and the Internet of Things (IoT). To maintain a leading position in the market, our company is focusing on developing highly integrated products, reducing costs, and enhancing our technological research and development capabilities.

In addition to continuously improving product optimization, establishing a global technical support team, and providing localized customer service, our company also offers reference design solutions to shorten the time and reduce the development costs for customers adopting our products. By seizing leading opportunities, we leverage dedicated sales teams for key customer applications to vertically integrate application solutions, continuously add value, expand, and replicate successful solutions in other emerging cities and markets. Furthermore, given the increasing prevalence of cloud computing and AI-related applications, ensuring network security and enhancing the security of terminal devices has become a necessary requirement. Through long-term deep cooperation with customers, our company actively researches peripheral components and integrates AI-related technologies to seize opportunities for innovative product development and market penetration.

The intense competition in the Chinese market has created concerns for price wars. The Company's image sensing technologies and products will leverage their advantages to lock in special applications, and we will continue to provide cost-effective products to maintain our leading position in the market.

The Company continues the recruitment of teams to strengthen local sales services in order to build customer recognition in local markets, build long-term business partnerships and provide growth in the Company's revenue.

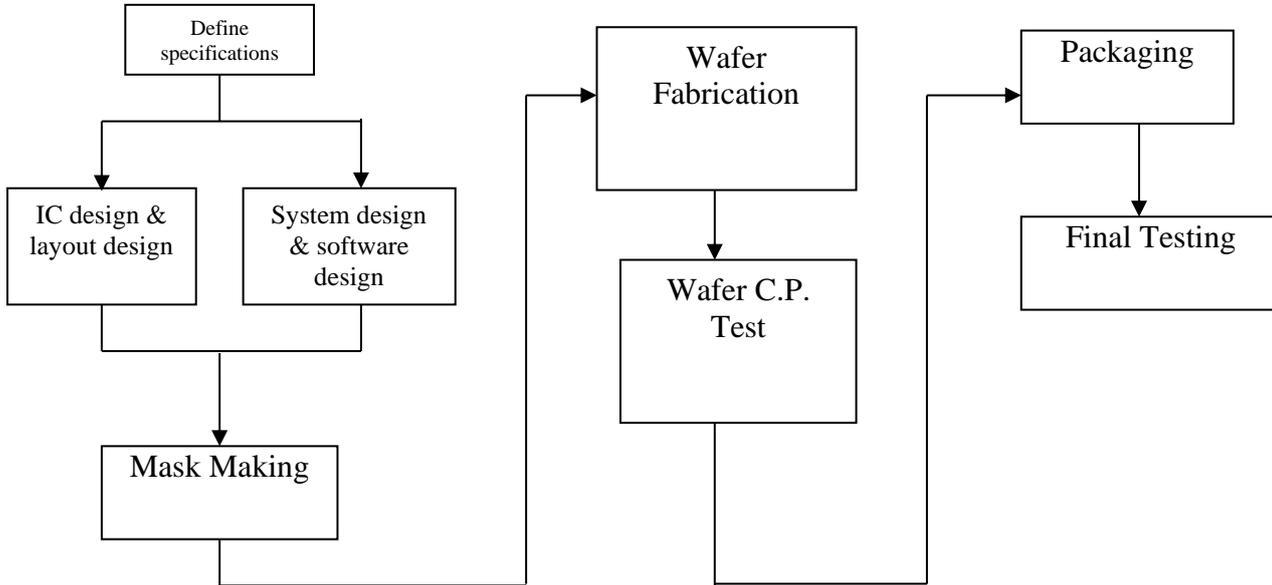
(II) Important applications and manufacturing processes of major products

1. Important applications of major products:

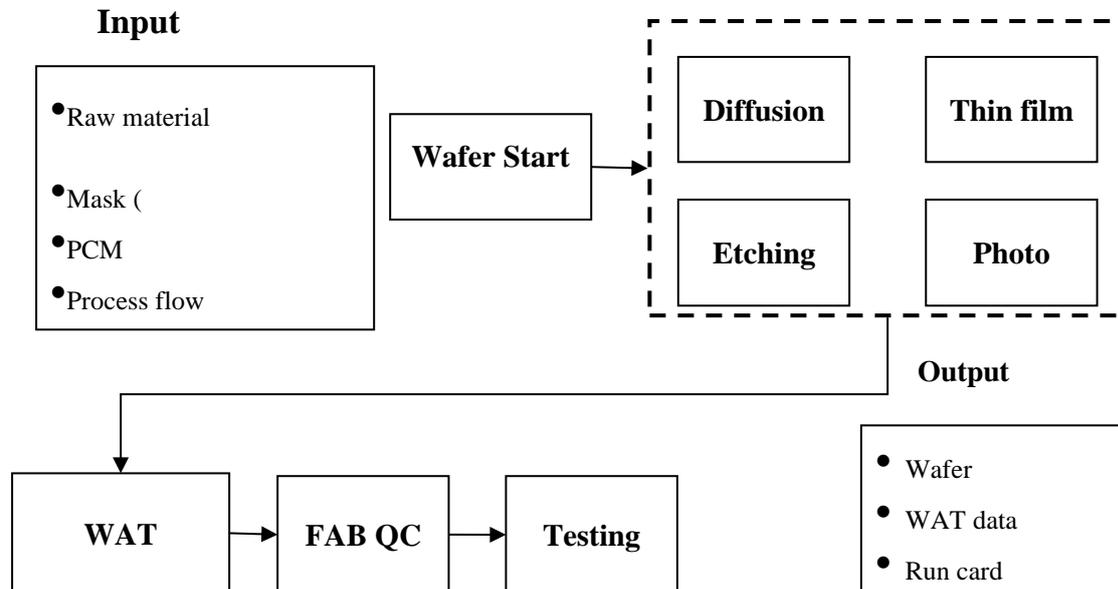
Product	Important applications
IC business	Provide customers with industrial controls, consumer electronics, smart home appliances,

Product	Important applications
	computer equipment, data centers, computer servers, edge computing devices, vehicle-mounted equipment, and communication products.
Foundry service	Provide foundry service for IC fabrication.

2. Production process:



Wafer Fabrication:



(III) Supply of main raw materials

Name of main raw materials	Major supplier	Supply status
Wafer	Supplier K, Supplier A, Supplier I and Supplier L	Stable quality, high yield rate, long-term cooperation, good supply status.
Blank wafer	Supplier C, Supplier J and Supplier H	Stable quality and supply, long-term cooperation, good supply status.

(IV) Names of suppliers who accounted for more than 10% of the purchase by the Company in the last two years, and the amount of purchase to total purchase

Unit: NT\$1,000

Item	2022				2023			
	Name	Amount	Percentage of total purchase %	Relationship with issuer	Name	Amount	Percentage of total purchase %	Relationship with issuer
1	Supplier K	4,597,807	32%	Other related parties	Supplier K	3,822,301	38%	Other related parties
2	Supplier A	3,163,187	22%	N/A	Supplier A	2,137,522	21%	N/A
	Others	6,643,212	46%	-	Others	4,002,572	41%	
	Net purchase	14,404,206	100%	-	Net purchase	9,962,395	100%	

Reasons for changes: There was no change in the ranking of suppliers that account for more than 10% of the total purchases in 2022 and 2023.

(V) Names of customers who accounted for more than 10% of the sales in the last two years, and sales as a percentage of total sales

Unit: NT\$1,000

Item	2022				2023			
	Name	Amount	Percentage of net sales %	Relationship with issuer	Name	Amount	Percentage of net sales %	Relationship with issuer
1	Client V	5,684,588	14%	N/A	Client V	4,400,516	12%	N/A
2	Client S	13,740,477	33%	N/A	Client S	2,959,218	8%	N/A
3	Others	22,447,361	53%	N/A	others	27,988,415	80%	N/A
	Net sales	41,872,426	100%		Net sales	35,348,149	100%	

(VI) Output volume and value for the past two years

Unit: Capacity 1,000 pcs/wafer 1,000 pcs/dies 1,000 pcs; NT\$1,000

Year Main Product	2022				2023			
	Capacity (Note)	Output volume		Output value	Capacity (Note)	Output volume		Output value
		Wafer	Die			Wafer	Die	
IC business	752	-	6,337,138	26,707,024	536	-	3,383,711	30,904,624
Foundry service		471	-	1,421,271		405	58	1,382,992
Others		-	-	14,617		-	-	16,190
Total		471	6,337,138	28,142,912		405	3,383,769	32,303,806

Note: The production capacity is represented by in-house production of 6-inch wafers. Building C in Uozu, Japan, was closed in March 2023.

(VII) Sales volume and value for the past two years

Unit: Wafer 1,000 pcs/dies 1,000pcs; NT\$1,000

Year Main Product	2022						2023					
	Domestic sales			Exports			Domestic sales			Exports		
	Volume		Value	Volume		Value	Volume		Value	Volume		Value
	Wafer	Die		Wafer	Die		Wafer	Die		Wafer	Die	
IC business	-	319,394	5,313,295		6,216,262	31,431,926	-	269,041	3,682,476		3,029,269	28,682,529
Foundry service	154	-	935,005	312	-	2,433,075	125	-	663,754	287	-	1,784,104
Others	-	-	5,854	-	-	1,753,271	-	-	19,779	-	-	515,507
Total	154	319,394	6,254,154	312	6,216,262	35,618,272	125	269,041	4,366,009	287	3,029,269	30,982,140

III. Employees

Year		2022	2023	2024 Up to March 5
Number of employees	Technical personnel (engineers)	2,458	2,538	2,529
	Administration and sales staff	926	751	745
	Technicians	391	369	386
	Total	3,775	3,658	3,660
Average age (years)		44.04	45.19	46.05
Average years of service		17.05	15.86	15.19
Education background (%)	PhD	1.22	1.42	1.39
	Master	35.68	36.09	35.98
	University/College	49.43	49.86	49.95
	High school	12.85	12.19	11.97
	Below high school	0.82	0.44	0.71
	Total	100	100	100

IV. Spending on environmental protections

(I) Losses due to environmental pollution (including compensation) and total fines during the most recent year and up to the date of this report:

There was no losses (including compensation) and disposal of the environmental pollution in 2023.

(II) Preventive measures taken to ensure a safe working environment and maintain employees' personal safety

The Company continues to invest preventative measures in safety and sanitary in our best efforts to maintain a safe and sanitary work environment. We hope to lower any risks of potential harm to employees in their work environments through continuous improvements. The Company's actual input includes:

1. Obtained the ISO 45001 Occupational Health and Safety and ISO 14001 Environmental Management certifications for more systematic and more comprehensive protection in safety and sanitary protection management and environmental protection.
2. Enhance fire safety and personnel protection facilities in the work environment with domestic laws and regulations as the minimum standard while incorporating international standards into regulations governing plant construction. Continue investment in funds and personnel for improvement projects.
3. In environmental inspections, we conduct inspections on chemical factors, carbon dioxide, illumination, noise and ionizing radiation etc. and the results were all superior to regulatory standards. The Company also measures perimeter noise levels at regular intervals each year and the results met requirements.
4. In personal protection of the employees, we provide suitable personal protection equipment in accordance with the nature of the operation. The measure is incorporated in automatic inspection plans to maintain its validity. The Company regularly evaluates personal protection equipment that offers greater comfort and safety to increase the convenience, comfort, and safety for workers.
5. Employees' professional training and certification in safety and health are the key safety and health protection tasks. We organized 68 courses in 2023 to enhance employees' awareness beyond software and hardware protection.

6. Emergency drills are conducted in accordance with possible operation hazards. We schedule annual drills for employees to minimize damages in accidents. In 2023, we completed 68 different types of drills.
7. Continuous safety, health and environmental protection improvement plans are advanced measures to ensure the safety of the work environment and employees. We completed 35 improvement programs in 2023.

V. Employees-employer relations

(I) The Company's employee benefit measures, continuing education, training, retirement system, and actual state of implementation

1. Employee benefits measures:

The Company funds the Employee Welfare Fund in accordance with related regulations and we organized the Employees' Welfare Committee to plan, oversee and implement employees' benefits.

The Company requests all employees to enroll in labor insurance unless otherwise specified in the Labor Insurance Act. The Company also offers employees with group insurance paid for by the Company. Family members of the employees can also enroll in the group insurance by paying the insurance fee.

In addition, to enhance the Company's competitiveness, we offer a complete training program for employees' career plans and professional capabilities. We also we provide performance bonuses and implement fair promotion systems for employees to enhance employees' cohesion.

2. Employee training

Nuvoton values the career development needs of talents in various fields, establishing a dual-track development mechanism for both professional and managerial roles. This mechanism is designed to align closely with organizational development strategies and short-, medium-, and long-term goals. Tailored learning journeys are planned for different positions, while individual talent development blueprints are also outlined. To help new recruits adapt to the Company culture, we offer training programs in accordance with the positions of new recruits and request the supervisor and employees of the department to help new recruits understand the Company's market position and future development. Employees can participate in training courses held by consulting firms, training institutes or government and business groups in accordance with their personal professional needs to enhance their knowledge.

To cultivate long-term talents and encourage employees to improve their knowledge in accordance with the organizational needs, the Company established rules for on-job training to allow employees to enhance professional or managerial skills.

3. Retirement system and its implementation status

To provide security to employees in retirement and enhance their service during employment, the Company has established a retirement system pursuant to Labor Standards Act requirements that clearly states retirement conditions, payment standards and application processes and we have also established the Supervisory Committees of Labor Retirement Reserve in accordance with regulations. In addition, for employees that fit the criteria in the Labor Pension Act, the Company injects an additional 6% of the employee's monthly salary to his/her pension account at the Bureau of Labor Insurance.

(II) Licenses and certificates held by personnel involved in transparency of financial information:

Certified Public Accountant (CPA) of the Republic of China: 2 employees from Audit Department and 2 employees from Finance/Accounting Department.

International Certification in Control Self-Assessor (CCSA): 1 employees from Audit Department.

International Certified Internal Auditor (CIA): 3 employees from Audit Department.

International Certification in Risk Management Assurance (CRMA): 1 employee from Audit Department.

International Computer Auditor (CISA): 1 person from Audit Department.

Proficiency test for associated persons of securities firms arranged by Securities and Futures Institute: 4 employees from Finance/Accounting Department.

Proficiency test for corporate governance professionals arranged by Securities and Futures Institute: 1 employee from Audit Department.

(III) Employer-employee relations and employee rights maintenance measures

1. Labor agreement status

The Company follows all labor laws and related regulations in all matters. Both labor and management follow rules stipulated in the work contract, work regulations and various management regulations. To facilitate friendly communication between labor and management, the Company holds labor-management meetings and the departments hold periodical monthly meetings etc. to help both sides come to a consensus and enhance cooperation to achieve maximum mutual benefits for both parties. The Company has enjoyed harmonious relations between labor and management since its founding and there have been no major labor-management disputes or losses.

2. Employee benefit protection status

The Company has established comprehensive management rules governing the rights, obligations and benefits of employees. The Company also established complaint filing protocols to safeguard employee rights and benefits.

(IV) Losses arising as a result of employment disputes in the recent year up to the date of this report; quantify the estimated losses and state any response actions or state any reasons why losses cannot be reasonably estimated.

As of the printing date of the 2023 annual report, Nuvoton Technology Corporation did not suffer any losses due to labor disputes. However, the company was fined NT\$20,000 by a letter numbered 1123932433 issued on May 8, 2023, due to the employer's violation of Article 21 of the Gender Equality in Employment Act.

In accordance with government regulations, the company has established regulations for procedures related to leave, suspension, and reinstatement, which comply with legal requirements. Employees are required to submit leave, suspension, and reinstatement applications in accordance with these regulations. The company has implemented improvement measures such as reviewing operational processes and providing personnel training to ensure compliance with legal requirements regarding the violation that resulted in the fine. Nuvoton Technology aims to establish a respectful and equitable work environment where every employee has fair opportunities and treatment. The company will continue its efforts to ensure compliance with the Gender Equality in Employment Act.

In the future, the company will strengthen communication between labor and management by holding regular labor-management meetings. The purpose of these meetings is to promote the prosperity of the company and safeguard employee welfare. The company hopes to reduce the occurrence of labor disputes through peaceful and rational dialogue between both parties. Additionally, the company will continue to enhance communication and promote compliance with laws and regulations to ensure attendance and personnel management practices are implemented effectively.

(V) Employee code of conduct

The Company established comprehensive regulations management rules for employees' work ethics, intellectual property rights/trade secret protection and work rules, as described below:

1. Work ethics and conduct

(1) Work rules: The Company's regulations contain dedicated service rules and general principles for prevention of sexual harassment.

(2) Workplace sexual harassment prevention regulations: In accordance with relevant government

laws and regulations, the Company has explicitly drafted workplace sexual harassment prevention regulations and has adopted appropriate prevention, correction, and punishment measures.

- (3) Employment contracts: We have implemented rules including loyalty in the execution of job functions and restrictions on dual employment and non- competition.

2. Rules for protection of intellectual property rights and maintenance of business secrets

- (1) Work rules: The Company's rules contain general principles for maintaining the confidentiality of business secrets.
- (2) Employment contracts: Employment contracts specify requirements concerning confidentiality duties, document ownership, secret information, ownership of intellectual or industrial property, and non-compete terms during the period of employment.
- (3) Legal software authorization statement and notice to employees: Agreements on legal software usage and respect for intellectual property rights are in place.

3. Work orders

- (1) Division of responsibilities: The "Guidelines for Hierarchy of Responsibility" specify the division of responsibilities and guide the performance of on-the-job duties.
- (2) Duties of individual units: The duties and tasks of each unit are clearly defined.
- (3) Restrictions on the hiring of relatives: The "restrictions on the hiring of relatives" specify that relatives should not be hired to fill certain positions. This is intended to ensure that the effectiveness and efficiency of the Company's internal management is not compromised unnecessarily by family relationships between employees.

(4) Attendance management

- A. "Request for leave regulations": These regulations explicitly state The Company's leave request principles and regulations.
- B. "Domestic travel regulations" and "foreign travel regulations": To facilitate personnel management and activate substitute mechanisms, the Company has established operating procedures for travel applications; To ensure that personnel taking business trips accomplish their missions, such personnel shall be given appropriate travel subsidies.
- C. "Overtime regulations": These regulations explicitly specify The Company's overtime principles and standards.
- D. "Regulations concerning work stoppages due to natural disasters and major accidents": These regulations explicitly state standards for work stoppages in the event of natural disasters and major accidents.

(5) Performance management

- A. "Performance management and evaluation regulations": These regulations seek to provide an understanding of employees' strengths and weaknesses, and help them to develop their personal abilities, by assessing the degree to which employees have achieved their personal goals; Employees' contributions to the organization are determined on the basis of mutual comparisons between peers.
- B. "Performance guidance operating regulations": Performance guidance work seeks to enhance the productivity of the Company as a whole.

(6) Reward and penalty regulations

The "Reward and penalty handling regulations" prescribe appropriate rewards or punishments for those employees who display superior performance or violate regulations and have the intent of encouraging and maintaining on-the-job morale and order.

(7) Manpower development

- A. "In-service continuing education regulations": These regulations establish channels for continuing education, and have a goal of accumulating the human resources needed for the Company's long-term operations.
- B. "External Education and Training Application Specification": Provide colleagues with multiple learning channels, use external learning resources to enrich professional knowledge and skills, and obtain the latest information in the field.
- C. " Measure for Seminar Participation and Management ": Encourage colleagues to participate in international seminars to exchange professional knowledge and obtain the latest information in the field.

(8) Communication channels

- A. "Corporate internal appeal regulations": These regulations provide employees with channels expressing their views and making appeals directly to the Company, maintain employees' rights and interests, and encourage communication of views.
- B. "Implementation Measures for Labor-Management Conference": Establishing a good communication system between labors and management to eliminate labor disputes; using harmonious labor-management relations to promote productivity improvement.

VI. Information security management:

(I). Information Security Policy

Nuvoton Technology Corporation has established the "Nuvoton Security Policy" and "Information Security Management Measures" to uphold the confidentiality, integrity, and availability of all physical and electronic information. The company is committed to ensuring compliance with laws, regulations, and relevant standards and regulations, while maintaining a secure information environment to protect company information and computer systems. This is done to ensure the protection of customer privacy and sensitive data. Additionally, the company has signed confidentiality agreements with vendors and customers to collectively safeguard confidential information and prevent improper disclosure of sensitive data.

In 2022, the company established a dedicated cybersecurity unit and appointed a manager to oversee information security-related matters. This unit is responsible for coordinating information security-related tasks across the company and ensuring the effectiveness of the information security operations and risk management mechanisms.

(II). Information Security Management Framework and Specific Management Effectiveness

The ISO International Organization for Standardization released the ISO 27001:2022 new version standard in October 2022. In order to strengthen the information security management framework, our company has initiated the ISO 27001:2022 new version certification implementation project in 2023, with the aim of obtaining certification by 2024.

Furthermore, to continuously maintain product security, our company has obtained the Common Criteria EAL 4+ high-level certification from the international security organization. Our production processes adhere to the requirements of the Common Criteria organization, ensuring the production of products that meet internationally recognized security standards and protect customer information and assets. In addition to biennial on-site/remote audits conducted by external audit units, our company conducts regular Common Criteria standard awareness training for employees every year to enhance their product security awareness.

In response to remote work arrangements, our company has implemented mechanisms such as device management, identity authentication, multi-factor identification, and source address verification to mitigate information security risks associated with remote connections. We have also enhanced monitoring and reporting of cloud services to minimize the likelihood of abnormal intrusion behavior.

Our company conducts monthly information security awareness campaigns for employees, quarterly social engineering education training, and annual personal data protection education

training with testing requirements for employees to pass. We also issue announcements and provide education on emerging technologies and current events on an ad-hoc basis.

In addition, to maintain the systems for external services, our company utilizes cloud monitoring tools to scan in real-time for any significant risks. Upon discovery, immediate arrangements are made to address and update the systems within the shortest possible timeframe. For internal systems, vulnerability scanning tools are employed in conjunction with major risk notifications provided by Microsoft. Monthly schedules are set aside to install updates and patch vulnerabilities.

(III) Input of information security management resources

The Company has an information security and communications department set up to continuously enhance a defense in depth structure to prevent cyber attack and data breach. In addition, we strengthen authentication and detection of irregular login through the security mechanism of cloud service to reduce the risk of intrusion. Also through self-constructed SIEM system, outsourced SOC service and cloud monitoring service, we strengthen the monitoring and reporting of suspicious activities. For the information management, we perform regular interior audits, backup and restore, offsite redundancy, cyber security emergency response and consistent operation drills.

Furthermore, our company shares information with third-party service providers to enable them to provide relevant services. We require these vendors to sign confidentiality agreements and establish joint defense mechanisms for information security. In the event that the systems, equipment, or services of these service providers are attacked, our company and the cooperating vendors can synchronize efforts to resolve issues promptly, thereby avoiding significant impacts on company operations.

In 2023, our company invested resources in information security management, with related expenses totaling approximately 16.2 million New Taiwan Dollars and human resources investment amounting to around 39 personnel.

(IV) Impact of material information security incidents and response measures

In 2023 and up to the date of report, the Company did not discover any information security incident that has caused or may produce materially adverse effect on Company business or operations.

VII. Important contracts:

Nature of contract	Contracting parties	Commencement date/expiration date	Content	Restriction clauses
Authorization contract	Company A	2008.07.01~ indefinite	Technology licensing	The Company is prohibited from licensing third parties. The Company has the obligation of confidentiality
Authorization contract	Company B	2009.06.26~ indefinite	Technology licensing	The Company is prohibited from licensing third parties. The Company has the obligation of confidentiality
Authorization contract	Company C	2009.11.12~ indefinite	Technology licensing	The Company is prohibited from licensing third parties. The Company has the obligation of confidentiality
Authorization contract	Company B	2012.06.22~ indefinite	Technology licensing	The Company is prohibited from licensing third parties. The Company has the obligation of confidentiality
Authorization contract	Company B	2016.03.29~ indefinite	Technology licensing	The Company is prohibited from licensing third parties. The Company has the obligation of confidentiality
Sales contract	Company D	2017.08.03~ 2022.07.30	Sales of products	Provide product related warranty, and the Company has the obligation of confidentiality.
Shares procurement/sales contract	Autotalks Ltd. and other investors	2019.07.31~ indefinite	Equity investment	Payment for purchase of shares in accordance with the contract.
Lease contract	Hsinchu Science and Industrial Park, Ministry of Science and Technology	2019.08.01~ 2027.12.31	Lease	Payment of rent in accordance with contractual agreement.
Merger and acquisition contract	Panasonic Corporation	2019.11.28~ indefinite	Merger and acquisition	Payment for M&A in accordance with contractual agreement.
Procurement contract	Company E	2020.04.01~PO no longer issue out	Software licensing	The Company has the obligation of confidentiality.
Sales contract	Company F	2020.09.01~ 2023.08.31	Sales of products	The Company has the obligation of confidentiality.
Procurement/sales contract	Company F	2020.09.01~ 2023.08.31	Product procurement and sales	The Company has the obligation of confidentiality.
Asset procurement and sales contract	Panasonic Asia Pacific Pte. Ltd.	2020.09.01~ indefinite	Asset transaction	Purchase of machinery, products, and other assets
Authorization contract	Microchip Technology Incorporated	2020.03.31~ Patent expired	Patent licensing	The Company is prohibited from licensing third parties.
Loan contract	Export-Import Bank of PRC	2020.05.22~ 2027.08.25	Loan	Payment of interest and repayment of loan in accordance with the contract.
Loan contract	Export-Import Bank of PRC	2019.09.12~ 2026.09.21	Loan	Payment of interest and repayment of loan in accordance with the contract.
Asset procurement and sales contract	Panasonic Semiconductor (Suzhou) Co., Ltd.	2020.09.01~ indefinite	Asset transaction	Payment for purchase of assets in accordance with the contract.
Service contract	Panasonic Corporation	2020.09.01~ 2023.08.31	Service provision	Payment for services in accordance with the contract.
Asset transfer contract	HSMC Corp. (Suzhou) Co., Ltd.	2021.04.01~ indefinite	Asset transaction	Sales and transfer of assets in accordance with the contract.

Nature of contract	Contracting parties	Commencement date/expiration date	Content	Restriction clauses
Acquisition price adjustment contract	Panasonic Corporation Industrial Solutions Company	2021.04.23~indefinite	Description of acquisition price adjustment	Paying the adjusted acquisition price as agreed
Authorization contract	Company B	2021.08.01~2024.07.31	Use of all IP in the subscribed software	The Company has the obligation of confidentiality.
Contractor contract	Company D	2022.02.23~2025.12.31	Engaged to develop and design IC	Develop and design IC according to the contract
Sales contract	Company G	2022.02.15~indefinite	Sales of equipment	The Company has the obligation of confidentiality.
Syndicated loan contract	7 banks	2021.05.17~2026.05.16	Loans	The Company has the obligation of confidentiality.
Wafer capacity procurement contract	Company H	2022.1.1~2025.12.31	Wafer procurement	The Company has the obligation of confidentiality.
Wafer capacity procurement contract	Company I	2022.2.1~2026.1.31	Wafer procurement	The Company has the obligation of confidentiality.
Price adjustment contract	Company J	2022.6.20~indefinite	Price adjustment	The Company has the obligation of confidentiality.
Shares procurement/sales contract	Winbond Electronics Corp.	2022.11.3~indefinite	Shares transaction	The Company has the obligation of confidentiality.
Wafer procurement contract	Company K	2023.05.01~2028.04.30	(Wafers Supply Agreement)	The Company has the obligation of confidentiality
Loan discount contract	Company L	2023.03.01~2026.02.28	Loan discount	The Company has the obligation of confidentiality
Authorization contract	Company M	2023.06.29~2026.06.27	Software authorization	The Company has the obligation of confidentiality
Shares procurement/sales contract	Autotalks Ltd. and other investors	2023.05.03~indefinite	Equity investment	The Company has the obligation of confidentiality

Chapter 4 Financial Overview

I. Condensed balance sheets, statements of income, names of auditors, and audit opinions of the last five years

(I) Condensed consolidated balance sheet and statements of income

Condensed consolidated balance sheet

Unit: NT\$1,000

Item	Year	Financial information for the last five years (Note)				
		2019	2020	2021	2022	2023
Current assets		8,187,357	18,360,546	22,000,452	24,115,127	19,199,465
Property, plant and equipment		760,321	6,547,107	5,248,513	5,764,085	5,785,697
Intangible assets		261,230	802,691	983,329	722,757	550,894
Other assets		1,947,321	6,612,357	6,176,096	6,249,771	6,204,138
Total assets		11,156,229	32,322,701	34,408,390	36,851,740	31,740,194
Current liabilities	Before distribution	2,341,884	11,550,328	9,818,988	10,967,686	8,180,808
	After distribution	2,686,949	11,862,061	11,917,814	13,906,043	9,440,104
Non-current liabilities		1,422,314	9,251,005	9,034,712	8,318,116	6,828,342
Total liabilities	Before distribution	3,764,198	20,801,333	18,853,700	19,285,802	15,009,150
	After distribution	4,109,263	21,113,066	20,952,526	22,224,159	16,268,446
Equity attributable to owners of parent		7,392,031	11,521,368	15,554,690	17,565,938	16,731,044
Capital Stock		2,875,544	3,883,936	4,197,653	4,197,653	4,197,653
Capital surplus		2,906,976	5,796,731	6,871,811	6,871,827	6,995,630
Retained earnings	Before distribution	1,458,951	1,699,988	4,418,707	7,207,437	6,728,580
	After distribution	1,113,886	1,388,255	2,319,881	4,269,080	5,469,284
Other interests		150,560	140,713	66,519	(710,979)	(1,190,819)
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	7,392,031	11,521,368	15,554,690	17,565,938	16,731,044
	After distribution	7,046,966	11,209,635	13,455,864	14,627,581	15,471,748

Note: Consolidated financial report inspected and certified by a CPA.

Financial information for the last five years (Note)

Unit: NT\$1,000, except for EPS (NT\$)

Item	Year	Financial information for the last five years (Note)				
		2019	2020	2021	2022	2023
Operating revenue		10,367,269	20,668,056	41,455,957	41,872,426	35,348,149
Gross profit		4,127,889	7,706,912	16,856,117	17,494,329	14,342,653
Operating income/loss		584,321	322,282	3,327,143	4,477,909	1,690,183
Non-operating income and expenses		83,248	421,143	218,353	629,111	1,036,421
Net income before tax		667,569	743,425	3,545,496	5,107,020	2,726,604
Net income from continuing operations		558,459	532,785	2,940,752	4,220,773	2,420,434
Loss from discontinued operations		-	-	-	-	-
Net profit of the term (loss)		558,459	532,785	2,940,752	4,220,773	2,420,434
Other comprehensive income of the term (net value after tax)		(25,386)	43,470	15,506	(110,715)	(440,774)
Total comprehensive income of the term		533,073	576,255	2,956,258	4,110,058	1,979,660
Net income attributable to owners of the parent		558,459	532,785	2,940,752	4,220,773	2,420,434
Net Income (Loss) Attributable to Non-controlling Interests		-	-	-	-	-
Total Comprehensive income attributable to owners of the Parent		533,073	576,255	2,956,258	4,110,058	1,979,660
Total Comprehensive income attributable to Non-controlling Interests		-	-	-	-	-
Earnings per share (EPS)		2.53	1.81	7.27	10.06	5.77

Note: Consolidated financial report inspected and certified by a CPA.

Individual condensed balance sheet

Unit: NT\$1,000

Item		Year	Financial information for the last five years (Note)				
			2019	2020	2021	2022	2023
Current assets			7,342,113	7,140,333	11,638,813	12,000,898	8,526,784
Property, plant and equipment			673,029	669,361	637,113	634,009	824,617
Intangible assets			192,005	561,859	645,692	575,887	357,413
Other assets			2,664,973	10,000,750	11,258,236	13,054,434	14,176,200
Total assets			10,872,120	18,372,303	24,179,854	26,265,228	23,885,014
Current liabilities	Before distribution		2,334,337	3,522,367	4,627,458	4,492,035	4,085,703
	After distribution		2,679,402	3,834,100	6,726,284	7,430,392	5,344,999
Non-current liabilities			1,145,752	3,328,568	3,997,706	4,207,255	3,068,267
Total liabilities	Before distribution		3,480,089	6,850,935	8,625,164	8,699,290	7,153,970
	After distribution		3,825,154	7,162,668	10,723,990	11,637,647	8,413,266
Equity attributable to owners of parent			7,392,031	11,521,368	15,554,690	17,565,938	16,731,044
Capital Stock			2,875,544	3,883,936	4,197,653	4,197,653	4,197,653
Capital surplus			2,906,976	5,796,731	6,871,811	6,871,827	6,995,630
Retained earnings	Before distribution		1,458,951	1,699,988	4,418,707	7,207,437	6,728,580
	After distribution		1,113,886	1,388,255	2,319,881	4,269,080	5,469,284
Other interests			150,560	140,713	66,519	(710,979)	(1,190,819)
Treasury stock			-	-	-	-	-
Non-controlling interests			-	-	-	-	-
Total equity	Before distribution		7,392,031	11,521,368	15,554,690	17,565,938	16,731,044
	After distribution		7,046,966	11,209,635	13,455,864	14,627,581	15,471,748

Note: Financial report inspected and certified by a CPA.

Condensed individual statement of comprehensive income

Unit: NT\$1,000, except for EPS (NT\$)

Item	Financial information for the last five years (Note)				
	2019	2020	2021	2022	2023
Operating revenue	10,123,801	11,433,163	14,601,031	19,520,219	19,065,868
Gross profit	3,891,680	4,465,591	6,808,240	8,002,112	5,597,133
Operating income/loss	494,017	647,574	2,590,437	2,967,595	797,718
Non-operating income and expenses	139,442	9,966	699,315	1,778,716	1,797,894
Net income before tax	633,459	657,540	3,289,752	4,746,311	2,595,612
Net income from continuing operations	558,459	532,785	2,940,752	4,220,773	2,420,434
Loss from discontinued operations	-	-	-	-	-
Net profit of the term (loss)	558,459	532,785	2,940,752	4,220,773	2,420,434
Other comprehensive income of the term (net value after tax)	(25,386)	43,470	15,506	(110,715)	(440,774)
Total comprehensive income of the term	533,073	576,255	2,956,258	4,110,058	1,979,660
Earnings per share (EPS)	2.53	1.81	7.27	10.06	5.77

Note: Financial report inspected and certified by a CPA.

(3) Names of auditing CPAs of the last five years and their audit opinions:

Year	Name of firm	Name of CPA:	Audit opinion
2019	Deloitte & Touche	Shu-Lin Liu, Accountant Hung-Bin Yu, Accountant	Unqualified opinion
2020	Deloitte & Touche	Shu-Lin Liu, Accountant Hung-Bin Yu, Accountant	Unqualified opinion
2021	Deloitte & Touche	K. T. Hong, Accountant Shu-Lin Liu, Accountant	Unqualified opinion
2022	Deloitte & Touche	K. T. Hong, Accountant Shu-Lin Liu, Accountant	Unqualified opinion
2023	Deloitte & Touche	K. T. Hong, Accountant Shu-Lin Liu, Accountant	Unqualified opinion

II. Financial Analysis of the Last Five Years

Consolidated financial analysis

Item		Year	Financial analysis for the last five years				
		2019	2020	2021	2022	2023	
Capital Structure Analysis	Debt to total assets ratio (%)	33.74	64.35	54.79	52.33	47.28	
	Long-term fund to property, plant and equipment (%)	1,159.29	317.27	468.50	449.05	407.20	
Liquidity Analysis	Current ratio (%)	349.60	158.96	224.06	219.87	234.68	
	Quick ratio (%)	275.20	102.66	150.80	138.70	134.40	
	Interest protection multiples (%)	4,775.18	1,158.58	5,244.73	14,596.22	6058.61	
Operating ability	Receivables turnover ratio (times)	9.78	7.69	9.78	9.71	8.24	
	Average collection period	37	47	37	37	44	
	Inventory turnover rate (times)	3.23	3.02	3.54	2.99	2.41	
	Payables turnover ratio (times)	6.18	5.20	7.04	7.75	8.03	
	Average inventory turnover days	113	120	103	122	151	
	Property, plant and equipment turnover ratio (times)	14.21	5.65	7.02	7.60	6.12	
	Total assets turnover ratio (times)	1.20	0.95	1.24	1.17	1.03	
Profitability	Return on assets (%)	6.59	2.70	8.97	11.92	7.16	
	ROE (%)	10.03	5.63	21.72	25.48	14.11	
	Pre-tax income to paid-in capital ratio (%)	23.21	19.14	84.46	121.66	64.95	
	Net Margin (%)	5.38	2.57	7.09	10.08	6.84	
	Earnings per share (NT\$)	2.53	1.81	7.27	10.06	5.77	
Cash flows	Cash flow ratio (%)	45.99	12.08	41.86	31.19	1.61	
	Cash flow adequacy ratio (%)	86.62	106.83	158.04	124.15	84.30	
	Cash flow reinvestment ratio (%)	2.35	0.98	3.74	1.31	-3.24	
Leverage	Operating leverage	6.92	23.38	4.88	3.73	8.17	
	Financial leverage	1.02	1.27	1.02	1.00	1.02	
Reasons for changes in financial ratios in recent two years: Bigger changes in financial ratios are mainly due to decrease in profits in 2023.							

Standalone financial analysis

Item		Year	Financial analysis for the last five years				
		2019	2020	2021	2022	2023	
Capital Structure Analysis	Debt to total assets ratio (%)	32.00	37.28	35.67	33.12	29.95	
	Long-term fund to property, plant and equipment (%)	1,268.56	2,218.52	3,068.90	3,434.20	2401.03	
Liquidity Analysis	Current ratio (%)	314.52	202.71	251.51	267.15	208.69	
	Quick ratio (%)	240.35	146.13	190.52	190.14	120.74	
	Interest protection multiples (%)	8,745.54	1,967.74	13,327.79	25,757.12	10,157.78	
Operating ability	Receivables turnover ratio (times)	11.08	12.68	13.53	16.37	10.58	
	Average collection period	32	28	26	22	34	
	Inventory turnover rate (times)	3.24	3.27	2.93	3.45	3.81	
	Payables turnover ratio (times)	6.18	5.56	5.24	7.24	7.92	
	Average inventory turnover days	112	111	124	105	103	
	Property, plant and equipment turnover ratio (times)	15.75	17.03	22.35	30.71	26.14	
	Total assets turnover ratio (times)	1.19	0.78	0.68	0.77	0.76	
Profitability	Return on assets (%)	6.66	3.83	13.91	16.79	9.73	
	ROE (%)	10.03	5.63	21.72	25.48	14.11	
	Pre-tax income to paid-in capital ratio (%)	22.02	16.92	78.37	113.07	61.83	
	Net Margin (%)	5.51	4.65	20.14	21.62	12.69	
	Earnings per share (NT\$)	2.53	1.81	7.27	10.06	5.77	
Cash flows	Cash flow ratio (%)	46.07	39.45	49.30	51.99	-24.77	
	Cash flow adequacy ratio (%)	83.04	96.75	120.89	129.31	67.78	
	Cash flow reinvestment ratio (%)	2.40	3.53	5.73	0.64	-11.39	
Leverage	Operating leverage	7.87	6.92	2.61	2.66	6.90	
	Financial leverage	1.01	1.05	1.00	1.00	1.03	
Reasons for changes in financial ratios in recent two years: Bigger changes in financial ratios are mainly due to decrease in profits in 2023.							

The calculation formula for the items of analysis is stated below:

1. Capital Structure Analysis

- (1) Debt-to-asset ratio = total liabilities / total assets.
- (2) Long-term fund to property, plant and equipment ratio = (total equity + non-current liabilities) / net amount of real estate properties, plants and equipment.

2. Liquidity Analysis

- (1) Current ratio = current assets / current liabilities.
- (2) Quick ratio = (current assets – inventory – prepaid expense) / current liabilities.
- (3) Times interest earned = net income before income tax and interest expense / current interest expense.

3. Operating ability

- (1) Receivables (including accounts receivable arising from operation notes receivable) turnover ratio = net sales / average receivables (including accounts receivable arising from operation notes receivable) balances.
- (2) Average collection period = 365 / receivables turnover.
- (3) Inventory turnover ratio = cost of goods sold / average amount of inventory.
- (4) Payable (including accounts payable arising from operation notes payable) turnover ratio = cost of goods sold / average payables (including accounts payable arising from operation notes payable) balances.
- (5) Average days of sales = 365 / inventory turnover.
- (6) Real estate, plant, and equipment turnover ratio = net sales / average net for real estate, plant, and equipment.
- (7) Fixed assets turnover = net sales / average gross assets.

4. Profitability

- (1) Return on assets = [net income + interest expense (1– tax rate)] / average total assets.
- (2) ROE = profit after tax/net average equity.
- (3) Net margin = net income / net sales.
- (4) EPS = (income belonging to parent company - stock dividend of preferred stocks)/weighted average number of issued shares.

5. Cash flows

- (1) Cash flow ratio = new cash flows from operating activities / current liabilities.
- (2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend) for the most recent five years.
- (3) Cash reinvestment ratio = (net cash flows from operating activities –cash dividend) / (gross margin of property, plant and equipment + long-term investment + other non- current assets + working capital).

6. Leverage:

- (1) Operating leverage = (net operating revenues - current operating cost and expense)/operating profit.
- (2) Financial leverage = operating income / (operating income – interest expense).

III. Audit Committee's review report of the most recent fiscal year

Audit Committee's Report

The Board of Directors has prepared and submitted the 2023 business report, financial statements (including consolidated financial statements), and earnings distribution proposal. The Board of Directors have appointed Accountant Kuo-Tien Hung and Accountant Shu-Lin Liu of Deloitte & Touche CPA Firm to audit the financial statements and they have submitted an audit report with no reservations. The Audit Committee has reviewed the business report, financial statements, and the earnings distribution proposal and did not find any instances of noncompliance. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, it is hereby submitted for your review and perusal.

To

Nuvoton Technology Corp. 2024 General Shareholders' Meeting

Chairman of the Audit Committee: Bao-Sheng Wea

March 5, 2024

IV. Consolidated financial statements of the most recent year

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of Nuvoton Technology Corporation as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Nuvoton Technology Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Name of Company: Nuvoton Technology Corporation
Chairman: Yuan-Mou Su

February 5, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Nuvoton Technology Corporation

Opinion

We have audited the accompanying consolidated financial statements of Nuvoton Technology Corporation and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matter

Key audit matter is this matter that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Occurrence of Sales Revenues Recognition

Revenue from the sale of goods is recognized when the customer received the goods and bear the risk. We performed an analytical procedure on the sales revenue in 2023, and some kind of products have relatively high gross margins and certain percentage of annual sales, which has a material impact of the financial report. Therefore, we choose the occurrence of those products sales revenue as a key audit matter for the year ended December 31, 2023. Refer to Note 4 to the consolidated financial statements for the Group's revenue recognition policies.

Our audit procedures in response to the occurrence of sales revenue recognition included understanding the design and the implementation of internal control of sales revenue and selecting samples of revenue items and confirmation to verify that revenue transactions have indeed occurred.

Other Matter

We have also audited the parent company only financial statements of Nuvoton Technology Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for 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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the audit committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matter. We describe this matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 5, 2024

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 audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' 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' report and consolidated financial statements shall prevail.

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 6,325,394	20	\$ 10,398,185	28
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	22,422	-	2,894	-
Accounts receivable, net (Notes 4 and 8)	4,092,482	13	3,610,131	10
Accounts receivable from related parties, net (Notes 4, 8 and 32)	29,523	-	768,711	2
Finance lease receivables - current (Notes 4, 9 and 32)	92,088	-	96,731	-
Other receivables (Notes 10 and 32)	412,575	1	327,265	1
Inventories (Notes 4 and 11)	7,756,366	24	8,458,827	23
Other current assets	468,615	2	452,383	1
Total current assets	<u>19,199,465</u>	<u>60</u>	<u>24,115,127</u>	<u>65</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	76,763	-	121,775	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 12)	1,348,557	4	1,234,748	3
Investments accounted for using equity method (Notes 4 and 13)	1,824,673	6	1,710,869	5
Property, plant and equipment (Notes 4, 14, 32 and 33)	5,785,697	18	5,764,085	16
Right-of-use assets (Notes 4, 15 and 32)	520,912	2	623,867	2
Investment properties (Notes 4, 16 and 33)	1,549,000	5	1,798,160	5
Intangible assets (Notes 4 and 17)	550,894	2	722,757	2
Deferred tax assets (Notes 4 and 25)	226,001	1	198,727	1
Refundable deposits (Notes 6, 32 and 33)	275,294	1	337,862	1
Finance lease receivables - non-current (Notes 4, 9 and 32)	23,289	-	123,451	-
Other non-current assets	359,649	1	100,312	-
Total non-current assets	<u>12,540,729</u>	<u>40</u>	<u>12,736,613</u>	<u>35</u>
TOTAL	<u>\$ 31,740,194</u>	<u>100</u>	<u>\$ 36,851,740</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18, 32 and 33)	\$ 1,064,280	3	\$ 1,069,040	3
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	786	-	7,412	-
Accounts payable	1,304,407	4	2,401,020	7
Accounts payable to related parties (Note 32)	778,160	3	747,717	2
Other payables (Notes 19 and 32)	3,969,136	13	4,464,260	12
Current tax liabilities (Notes 4 and 25)	305,031	1	712,005	2
Provisions - current (Note 20)	-	-	132,473	-
Lease liabilities - current (Notes 4, 15 and 32)	156,298	1	169,896	1
Long-term borrowings - current (Notes 18, 32 and 33)	142,857	-	71,429	-
Other current liabilities	459,853	1	1,192,434	3
Total current liabilities	<u>8,180,808</u>	<u>26</u>	<u>10,967,686</u>	<u>30</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 18, 32 and 33)	857,143	3	1,428,571	4
Provisions - non-current (Note 20)	2,235,033	7	2,491,287	7
Deferred tax liabilities (Notes 4 and 25)	77,953	-	13,209	-
Lease liabilities - non-current (Notes 4, 15 and 32)	384,600	1	491,363	1
Net defined benefit liabilities - non-current (Notes 4 and 21)	1,370,333	4	1,492,573	4
Guarantee deposits (Notes 4, 22 and 32)	1,845,998	6	2,351,028	6
Other non-current liabilities	57,282	-	50,085	-
Total non-current liabilities	<u>6,828,342</u>	<u>21</u>	<u>8,318,116</u>	<u>22</u>
Total liabilities	<u>15,009,150</u>	<u>47</u>	<u>19,285,802</u>	<u>52</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital (Note 23)	4,197,653	14	4,197,653	11
Capital surplus (Note 23)	6,995,630	22	6,871,827	19
Retained earnings (Note 23)				
Legal reserve	1,447,316	5	958,560	3
Special reserve	710,979	2	-	-
Unappropriated earnings	4,570,285	14	6,248,877	17
Exchange differences on translation of financial statements of foreign operations (Notes 4 and 23)	(1,556,260)	(5)	(1,005,611)	(3)
Unrealized gains on financial assets at fair value through other comprehensive income (Notes 4 and 23)	365,441	1	294,632	1
Total equity	<u>16,731,044</u>	<u>53</u>	<u>17,565,938</u>	<u>48</u>
TOTAL	<u>\$ 31,740,194</u>	<u>100</u>	<u>\$ 36,851,740</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 FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 32)	\$ 35,348,149	100	\$ 41,872,426	100
OPERATING COST (Notes 11, 26 and 32)	<u>21,005,496</u>	<u>59</u>	<u>24,378,097</u>	<u>58</u>
GROSS PROFIT	<u>14,342,653</u>	<u>41</u>	<u>17,494,329</u>	<u>42</u>
OPERATING EXPENSES (Notes 26 and 32)				
Selling expenses	972,814	3	1,162,124	3
General and administrative expenses	2,545,425	7	2,749,443	6
Research and development expenses	9,124,732	26	9,104,501	22
Expected credit loss (gain)	<u>9,499</u>	<u>-</u>	<u>352</u>	<u>-</u>
Total operating expenses	<u>12,652,470</u>	<u>36</u>	<u>13,016,420</u>	<u>31</u>
PROFIT FROM OPERATIONS	<u>1,690,183</u>	<u>5</u>	<u>4,477,909</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 32)				
Finance costs	(45,759)	-	(35,230)	-
Share of profit (loss) of associates	162,270	-	126,861	-
Interest income	190,134	1	89,583	-
Dividend income	71,728	-	80,422	-
Other gains and losses	40,651	-	50,404	-
Gains (losses) on disposal of property, plant and equipment	646,211	2	304,132	1
Foreign exchange gains (losses)	77,808	-	143,614	-
Gains (losses) on financial assets at fair value through profit or loss	<u>(106,622)</u>	<u>-</u>	<u>(130,675)</u>	<u>-</u>
Total non-operating income and expenses	<u>1,036,421</u>	<u>3</u>	<u>629,111</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	2,726,604	8	5,107,020	12
INCOME TAX EXPENSE (Notes 4 and 25)	<u>(306,170)</u>	<u>(1)</u>	<u>(886,247)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>2,420,434</u>	<u>7</u>	<u>4,220,773</u>	<u>10</u>

(Continued)

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Note 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 21)	\$ 41,748	-	\$ 109,511	-
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	70,809	-	(253,744)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	(2,682)	-	(5,812)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>(550,649)</u>	<u>(1)</u>	<u>39,330</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(440,774)</u>	<u>(1)</u>	<u>(110,715)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,979,660</u>	<u>6</u>	<u>\$ 4,110,058</u>	<u>10</u>
EARNINGS PER SHARE (Notes 4 and 27)				
From continuing operations				
Basic	<u>\$ 5.77</u>		<u>\$ 10.06</u>	
Diluted	<u>\$ 5.75</u>		<u>\$ 9.99</u>	

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(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		Unappropriated 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				
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)
Total appropriation earnings	-	-	-	303,045	-	(2,401,871)	-	-	(2,098,826)
Net profit for the year ended December 31, 2022	-	-	-	-	-	4,220,773	-	-	4,220,773
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	103,699	39,330	(253,744)	(110,715)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	4,324,472	39,330	(253,744)	4,110,058
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 DECEMBER 31, 2022	<u>4,197,653</u>	<u>-</u>	<u>6,871,827</u>	<u>958,560</u>	<u>-</u>	<u>6,248,877</u>	<u>(1,005,611)</u>	<u>294,632</u>	<u>17,565,938</u>
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)
Total appropriation earnings	-	-	-	488,756	710,979	(4,138,092)	-	-	(2,938,357)
Net profit for the year ended December 31, 2023	-	-	-	-	-	2,420,434	-	-	2,420,434
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	39,066	(550,649)	70,809	(440,774)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	2,459,500	(550,649)	70,809	1,979,660
Unclaimed dividends from claims extinguished by prescriptions	-	-	22	-	-	-	-	-	22
Share-based payment transaction (Note 28)	-	-	3,380	-	-	-	-	-	3,380
Disposal of subsidiaries (Note 29)	-	-	120,401	-	-	-	-	-	120,401
BALANCE AT DECEMBER 31, 2023	<u>\$ 4,197,653</u>	<u>\$ -</u>	<u>\$ 6,995,630</u>	<u>\$ 1,447,316</u>	<u>\$ 710,979</u>	<u>\$ 4,570,285</u>	<u>\$ (1,556,260)</u>	<u>\$ 365,441</u>	<u>\$ 16,731,044</u>

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 2,726,604	\$ 5,107,020
Adjustments for:		
Depreciation expense	1,152,906	1,039,876
Amortization expense	341,176	291,785
Expected credit loss recognized on accounts receivable	9,499	352
Finance costs	45,759	35,230
Interest income	(190,134)	(89,583)
Dividend income	(71,728)	(80,422)
Compensation costs of share-based payment transaction	3,380	-
Share of (profit) loss of associates	(162,270)	(126,861)
Gains on disposal of property, plant and equipment	(646,211)	(304,132)
Gain on lease modification	(25,693)	(110,866)
Other adjustment to reconcile losses (profit)	591	(90)
Changes in operating assets and liabilities		
(Increase) decrease in financial assets at fair value through profit or loss	(26,142)	(1,426)
(Increase) decrease in accounts receivable	(1,099,561)	(180,029)
(Increase) decrease in accounts receivable from related parties	739,188	(111,973)
(Increase) decrease in other receivables	(145,632)	480,595
(Increase) decrease in inventories	146,920	(1,599,361)
(Increase) decrease in other current assets	(19,467)	(113,769)
(Increase) decrease in other non-current assets	(259,337)	(96,007)
(Increase) decrease in notes payable	-	(38,753)
Increase (decrease) in accounts payable	(1,034,931)	(233,356)
Increase (decrease) in accounts payable to related parties	30,443	281,044
Increase (decrease) in other payables	(464,364)	(52,249)
Increase (decrease) in provisions	(232,836)	(407,467)
Increase (decrease) in other current liabilities	(178,152)	313,262
Increase (decrease) in net defined benefit liabilities	562	(2,193)
Increase (decrease) in other non-current liabilities	7,197	3,696
Cash flows generated from operations	647,767	4,004,323
Interest received	185,020	86,735
Interest paid	(43,966)	(33,826)
Income tax paid	(728,462)	(715,976)
Dividend received	71,728	80,422
Net cash flows generated from operating activities	<u>132,087</u>	<u>3,421,678</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
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)	(358,772)
Proceeds from disposal of subsidiaries	196,798	-

(Continued)

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Decrease in payable for investment	\$ -	\$ (362,643)
Decrease in finance lease receivables	94,491	71,848
Decrease in other receivables - time deposits	48,830	128,267
Acquisition of property, plant and equipment	(1,042,315)	(1,351,626)
Proceeds from disposal of property, plant and equipment	696,675	314,662
Acquisition of intangible assets	(320,122)	(374,144)
Proceeds from intangible assets	-	356
Decrease in refundable deposits paid	<u>(5,981)</u>	<u>(188,382)</u>
Net cash flows used in investing activities	<u>(389,210)</u>	<u>(2,164,434)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	6,148,050	1,069,040
Repayment of short-term borrowings	(6,077,970)	-
Repayment of long-term borrowings	(500,000)	-
Proceeds from guarantee deposits received	64,823	433,932
Repayments of the principal portion of lease liabilities	(184,100)	(225,233)
Dividends paid to owners of the Company	<u>(2,938,357)</u>	<u>(2,098,826)</u>
Net cash flows generated from (used in) financing activities	<u>(3,487,554)</u>	<u>(821,087)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(328,114)</u>	<u>262,997</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	(4,072,791)	699,154
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		
	<u>10,398,185</u>	<u>9,699,031</u>
CASH AND CASH EQUIVALENTS, END OF YEAR		
	<u>\$ 6,325,394</u>	<u>\$ 10,398,185</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 YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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 both approximately 51% of the ownership interest in the Company as of December 31, 2023 and 2022.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s Board of Directors and authorized for issue on February 5, 2024.

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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies:

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

The amendments introduce a temporary exception to the requirements in IAS 12 by stipulating that the Group should neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments also require the Group to disclose that it has applied the exception and separately disclose its current tax expense (income) related to Pillar Two income taxes. In addition, for periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, the Group should disclose qualitative and quantitative information that helps users of financial statements understand the Group’s exposure to Pillar Two income taxes. The requirement that the Group apply the exception and the requirement to disclose that fact are applied immediately and retrospectively upon issuance of the amendments. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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 IFRS Accounting Standards 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 has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

- c. The IFRS Accounting Standards 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	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 IFRS Accounting Standards 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

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 (%)	
			December 31	
			2023	2022
The Company	Nuvoton Electronics Technology (H.K.) Limited (“NTHK”)	Sales of semiconductor	100	100
	Marketplace Management Limited (“MML”)	Investment holding	100	100
	Nuvoton Investment Holding Ltd. (“NIH”)	Investment holding	100	100
	Song Yong Investment Corporation (“SYI”)	Investment holding	100	100
	Nuvoton Technology India Private Limited (“NTIPL”)	Design, sales and after-sales service of semiconductor	100	100
	Nuvoton Technology Corporation America (“NTCA”)	Design, sales and after-sales service of semiconductor	100	100
	Nuvoton Technology Holdings Japan (“NTHJ”)	Investment holding	100	100
	Nuvoton Technology Singapore Pte. Ltd (“NTSG”)	Design, sales and after-sales service of semiconductor	100	100
	Nuvoton Technology Korea Limited (“NTKL”)	Design, sales and after-sales service of semiconductor	100	100
	Nuvoton Technology Germany GmbH (“NTG”) (Note 1)	Customer service and technical support of semiconductor	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
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
	Winbond Electronics (Nanjing) Ltd. (“WENJ”) (Note 2)	Computer software service (except I.C. design)	-	100
NTSH	Song Zhi Electronics Technology (Suzhou) (“Song Zhi Suzhou”)	Provide development of semiconductor and technology, consult service and equipment lease	100	100
NIH	Nuvoton Technology Israel Ltd. (“NTIL”)	Design and service of semiconductor	100	100
NTHJ	Nuvoton Technology Corporation Japan (“NTCJ”)	Design, sales and after-sales service of semiconductor	100	100
NTCJ	Atfields Manufacturing Technology Corporation (“AMTC”) (Note 3)	Design and service of semiconductor	-	100

Note 1: The Group established NTG in Germany in December 2023 and acquired 100% of ownership.

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

Note 3: NTCJ has sold all of its shares of AMTC to WEC in January 2023, refer to Note 29 to the consolidated financial statements.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

- a. Assets held primarily for the purpose of trading;
- b. Assets expected to be realized within 12 months after the reporting period; and
- c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- a. Liabilities held primarily for the purpose of trading;
- b. Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- c. Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gains on bargain purchases. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. The measurement period does not exceed 1 year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity and included in capital surplus - options is not remeasured at the end of the subsequent reporting period and its subsequent settlement is accounted for within equity and transferred to capital surplus - share premiums. Other contingent consideration is remeasured at fair value at the end of subsequent reporting period with any gain or loss recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

Foreign Currencies

The consolidated financial statements are presented in the Company's functional currency, New Taiwan dollars.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's foreign currencies are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement are recognized in profit or loss in the period they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into New Taiwan dollars. Assets and liabilities are translated at the exchange rates prevailing at the end of each reporting period, and income and expense items are translated at the average exchange rates for the period, and exchange differences arising are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

Cash Equivalents

Cash equivalents include time deposits and bonds investments, highly liquid, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities other than financial assets and financial liabilities at FVTPL are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

a. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis, except derivative financial assets which are recognized and derecognized on settlement date basis.

Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

1) Financial asset at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 31 to the consolidated financial statements.

2) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- a) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and

- b) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

3) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. 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.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivable).

The Group always recognizes lifetime Expected Credit Loss (ECL) on accounts receivable. On all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity. On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

b. Financial liabilities

1) Subsequent measurement

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL. Financial liabilities at fair value through profit or loss are stated at fair value, with any interest paid on such financial liabilities is recognized in finance costs, and any gains or losses arising on remeasurement recognized in profit or loss.

Other financial liabilities are measured at amortized cost using the effective interest method.

2) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid is recognized in profit or loss.

c. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts and cross-currency swaps.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process. The cost of raw materials and supplies are recognized using moving-average method and finished goods and work-in-process are recorded at standard cost and adjusted to approximate weighted-average cost at the end of the reporting period. Inventories are stated at the lower of cost or net realizable value; evaluation and recognition of appropriate allowance for value decline are based on the amount of inventories and sales situation. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

Investments in Associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of profit or loss and other comprehensive income of the associate. The Group recognizes the changes in the Group's share of the equity of associates.

Any excess of the cost of acquisition over the Group's share of net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of net fair value

of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus and investments accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), recognizing its share of further loss. Additional losses and liabilities are discontinued recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of unrelated parties' interests in the associate.

Property, Plant and Equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation is recognized using the straight-line method over the following estimated useful life after considering residual values: Buildings 8-20 years, machinery and equipment 3-5 years and other equipment 5 years. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss, and depreciated over 20 years useful life after considering residual values, using the straight-line method. On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

Intangible Assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line method over the following estimated useful life of the assets: Deferred technical assets - economic life or contract period and other intangible assets 3-5 years. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

Impairment of Property, Plant and Equipment, Right-of-use Asset, Intangible Assets Other Than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the reversed carrying amount should not exceed the carrying amount (after amortization or depreciation) that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

Products Guarantee Based on Commitment

The Group will estimate guarantee provision by using appropriate ratio at the time the related product is sold.

Guarantee Deposit

The Group guarantee deposit mainly consists of cash received under deposit agreements with customers to ensure they have access to the Group specified capacity. When the contract expires, the guarantee deposits will be refunded to customers by offsetting related accounts receivable or returned.

Revenue Recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods is mainly recognized when a customer obtains control of promised goods, at which time the goods are delivered to the customer's specific location and performance obligation is satisfied.

Revenue from sale of goods is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Provision for estimated sales returns and other allowances is generally made and adjusted based on historical experience and on the consideration of varying contractual terms affecting the recognition of a provision, which is classified under other non-current liabilities.

Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

a. The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs, and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

Under operating lease, lease payments (less any lease incentives payable) are recognized as income on a straight-line basis over the terms of the relevant lease. Initial direct costs incurred in obtaining operating lease are added to the carrying amount of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

b. The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

Employee Benefits

a. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

b. 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.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings. Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and it is remeasured at the end of each reporting period and recognized to the extent that it has become probable that there will be future taxable profit.

Deferred tax assets arising from deductible temporary differences associated with investments in subsidiaries are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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.

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

	December 31	
	2023	2022
Cash and deposits in banks	\$ 6,161,894	\$ 10,348,185
Repurchase agreements collateralized by bonds	<u>163,500</u>	<u>50,000</u>
	<u>\$ 6,325,394</u>	<u>\$ 10,398,185</u>

- a. Please refer to Note 33 to the consolidated financial statements for the amount of refundable deposits pledged to secure land leases, customs tariff obligations and borrowings.
- b. The Group has time deposits which are not held for the purpose of meeting short-term cash commitments and are reclassified to “other receivables” as follows (Note 10 to the consolidated financial statements):

	December 31	
	2023	2022
Time deposits	<u>\$ 7,384</u>	<u>\$ 56,214</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
<u>Financial assets - current</u>		
Held for trading		
Foreign exchange forward contracts	<u>\$ 22,422</u>	<u>\$ 2,894</u>
<u>Financial assets - non-current</u>		
Mandatorily measured at FVTPL		
Domestic and oversea warrants	<u>\$ 76,763</u>	<u>\$ 121,775</u>
<u>Financial liabilities - current</u>		
Held for trading		
Foreign exchange forward contracts	<u>\$ 786</u>	<u>\$ 7,412</u>

As at the end of the year, the outstanding foreign exchange forward contracts not treated under hedge accounting were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>December 31, 2023</u>			
Sell forward exchange contracts	USD/NTD	2024.01.03-2024.01.23	USD21,000/NTD653,226
	USD/JPY	2024.01.12-2024.02.14	USD28,200/JPY4,041,691
<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

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

	<u>December 31</u>	
	2023	2022
<u>Accounts receivable (including related parties)</u>		
At amortized cost		
Gross carrying amount	\$ 4,165,734	\$ 4,412,957
Less: Allowance for impairment loss	<u>(43,729)</u>	<u>(34,115)</u>
	<u>\$ 4,122,005</u>	<u>\$ 4,378,842</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.

December 31, 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	\$ 4,138,023	\$ 24,878	\$ 860	\$ 1,973	\$ -	\$ 4,165,734
Loss allowance (lifetime ECL)	<u>(42,750)</u>	<u>(498)</u>	<u>(86)</u>	<u>(395)</u>	<u>-</u>	<u>(43,729)</u>
Amortized cost	<u>\$ 4,095,273</u>	<u>\$ 24,380</u>	<u>\$ 774</u>	<u>\$ 1,578</u>	<u>\$ -</u>	<u>\$ 4,122,005</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>

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

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 34,115	\$ 32,854
Add: Net remeasurement of loss allowance	9,499	352
Foreign currency exchange gains and losses	<u>115</u>	<u>909</u>
Balance at December 31	<u>\$ 43,729</u>	<u>\$ 34,115</u>

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

9. FINANCE LEASE RECEIVABLES

	December 31	
	2023	2022
<u>Undiscounted lease payments</u>		
Year 1	\$ 93,586	\$ 100,135
Year 2	23,397	100,135
Year 3	<u>-</u>	<u>25,034</u>
	116,983	225,304
Less: Unearned finance income	<u>(1,606)</u>	<u>(5,122)</u>
Finance lease receivables	<u>\$ 115,377</u>	<u>\$ 220,182</u>
Current	\$ 92,088	\$ 96,731
Non-current	<u>23,289</u>	<u>123,451</u>
	<u>\$ 115,377</u>	<u>\$ 220,182</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 32 to the consolidated financial statements for details of finance lease contracts.

10. OTHER RECEIVABLES

	December 31	
	2023	2022
Time deposits (Note 6)	\$ 7,384	\$ 56,214
Business tax refund receivable	293,243	28,436
Others	<u>111,948</u>	<u>242,615</u>
	<u>\$ 412,575</u>	<u>\$ 327,265</u>

11. INVENTORIES

	December 31	
	2023	2022
Raw materials and supplies	\$ 521,147	\$ 574,856
Work-in-process	4,944,496	6,025,839
Finished goods	2,288,440	1,857,865
Inventories in transit	<u>2,283</u>	<u>267</u>
	<u>\$ 7,756,366</u>	<u>\$ 8,458,827</u>

The operating cost for the years ended December 31, 2023 and 2022 was NT\$21,005,496 thousand and NT\$24,378,097 thousand, respectively. The inventory write-downs, obsolescence and abandonment of inventories for the years ended December 31, 2023 and 2022 were NT\$385,214 thousand and NT\$201,712 thousand, respectively.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31	
	2023	2022
Listed shares and emerging market shares		
Nyquest Technology Co., Ltd.	\$ 132,660	\$ 116,985
Brightek Optoelectronic Co., Ltd.	1,423	919
Unlisted shares		
United Industrial Gases Co., Ltd.	536,800	492,800
Yu-Ji Venture Capital Co., Ltd.	7,324	9,844
Autotalks Ltd. - Preferred E. Share	614,100	614,200
Allxon Inc.	56,250	-
Symetrix Corporation - Preferred A. Share	<u>-</u>	<u>-</u>
	<u>\$ 1,348,557</u>	<u>\$ 1,234,748</u>

These investments in equity instruments are not held for trading. Instead, they are held for mid-term 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 dividends of NT\$71,728 thousand and NT\$80,422 thousand during 2023 and 2022, respectively.

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Associates

	December 31	
	2023	2022
Tower Partners Semiconductor Co., Ltd. ("TPSCo.")	<u>\$ 1,824,673</u>	<u>\$ 1,710,869</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 December 31, 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 32 to the consolidated financial statements.

The investments accounted for using equity method and the shares of profit or loss of these investments for the year ended December 31, 2023 and 2022 were based on the associates' financial statements audited by independent auditors.

14. PROPERTY, PLANT AND EQUIPMENT

	December 31					
	2023	2022				
Land	\$ 1,801,369	\$ 1,890,924				
Buildings	1,740,796	1,908,905				
Machinery and equipment	1,595,440	1,470,965				
Other equipment	309,192	276,558				
Construction in progress and prepayments for purchase of equipment	<u>338,900</u>	<u>216,733</u>				
	<u>\$ 5,785,697</u>	<u>\$ 5,764,085</u>				
		Construction in Progress and Prepayments for Purchase of Equipment				
	Land	Buildings	Machinery and Equipment	Other Equipment	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	34,120	52,094	253,019	30,987	869,773	1,239,993
Disposals	-	(21,328)	(8,232,830)	(288,379)	-	(8,542,537)
Disposals of subsidiaries	-	-	-	(6,813)	-	(6,813)
Reclassified	-	56,605	505,148	186,128	(746,508)	1,373
Effects of foreign currency exchange differences	<u>(123,675)</u>	<u>(1,095,707)</u>	<u>(2,829,247)</u>	<u>(191,217)</u>	<u>(1,098)</u>	<u>(4,240,944)</u>
Balance at December 31, 2023	<u>1,801,369</u>	<u>19,481,913</u>	<u>44,016,907</u>	<u>3,072,159</u>	<u>338,900</u>	<u>68,711,248</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments for Purchase of Equipment	Total
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2023	\$ -	\$ 18,581,344	\$ 52,849,852	\$ 3,064,895	\$ -	\$ 74,496,091
Disposals	-	(20,355)	(8,186,476)	(285,242)	-	(8,492,073)
Depreciation expense	-	166,118	512,752	169,129	-	847,999
Disposal of subsidiaries	-	-	-	(4,837)	-	(4,837)
Effects of foreign currency exchange differences	-	(985,990)	(2,754,661)	(180,978)	-	(3,921,629)
Balance at December 31, 2023	<u>-</u>	<u>17,741,117</u>	<u>42,421,467</u>	<u>2,762,967</u>	<u>-</u>	<u>62,925,551</u>
Carrying amounts at December 31, 2023	<u>\$ 1,801,369</u>	<u>\$ 1,740,796</u>	<u>\$ 1,595,440</u>	<u>\$ 309,192</u>	<u>\$ 338,900</u>	<u>\$ 5,785,697</u>
<u>Cost</u>						
Balance at January 1, 2022	\$ 1,918,115	\$ 20,895,264	\$ 55,766,204	\$ 3,323,174	\$ 101,297	\$ 82,004,054
Additions	24,667	57,851	143,191	41,909	1,167,048	1,434,666
Disposals	-	(19,722)	(785,157)	(166,385)	-	(971,264)
Reclassified	12,248	131,444	668,033	236,727	(1,048,452)	-
Effects of foreign currency exchange differences	(64,106)	(574,588)	(1,471,454)	(93,972)	(3,160)	(2,207,280)
Balance at December 31, 2022	<u>1,890,924</u>	<u>20,490,249</u>	<u>54,320,817</u>	<u>3,341,453</u>	<u>216,733</u>	<u>80,260,176</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	-	(19,722)	(775,208)	(93,271)	-	(888,201)
Depreciation expense	-	165,750	388,297	152,655	-	706,702
Reclassified	-	-	(3)	3	-	-
Effects of foreign currency exchange differences	-	(517,453)	(1,471,924)	(88,574)	-	(2,077,951)
Balance at December 31, 2022	<u>-</u>	<u>18,581,344</u>	<u>52,849,852</u>	<u>3,064,895</u>	<u>-</u>	<u>74,496,091</u>
Carrying amounts at December 31, 2022	<u>\$ 1,890,924</u>	<u>\$ 1,908,905</u>	<u>\$ 1,470,965</u>	<u>\$ 276,558</u>	<u>\$ 216,733</u>	<u>\$ 5,764,085</u>

(Concluded)

- a. Refer to Note 33 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 32 to the consolidated financial statements for details of finance lease contracts.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Land	\$ 127,725	\$ 150,211
Buildings	247,567	313,972
Machinery and equipment	118,495	139,758
Other equipment	<u>27,125</u>	<u>19,926</u>
	<u>\$ 520,912</u>	<u>\$ 623,867</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 32 to the consolidated financial statements for related information.

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 84,076</u>	<u>\$ 214,534</u>
Depreciation for right-of-use assets		
Land	\$ 25,333	\$ 25,170
Buildings	114,804	118,682
Machinery and equipment	12,398	32,999
Other equipment	<u>16,349</u>	<u>17,560</u>
	<u>\$ 168,884</u>	<u>\$ 194,411</u>
Income from the subleasing of right-of-use assets (presented in other income)	<u>\$ 7,390</u>	<u>\$ 7,329</u>

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Current	<u>\$ 156,298</u>	<u>\$ 169,896</u>
Non-current	<u>\$ 384,600</u>	<u>\$ 491,363</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2023	2022
Land	1.76%-2.06%	1.76%-2.06%
Buildings	0.14%-5.24%	0.14%-3.03%
Machinery and equipment	0.48%-0.80%	0.48%-0.80%
Other equipment	0.14%-5.10%	0.14%-2.44%

For the years ended December 31, 2023 and 2022, the interest expense under lease liabilities amounted to NT\$9,708 thousand and NT\$11,857 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 32 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:

	December 31	
	2023	2022
Year 1	\$ 6,816	\$ 7,429
Year 2	2,105	5,824
Year 3	-	4,041
Year 4	-	-
Year 5	-	-
Year 5 onwards	-	-
	<u>\$ 8,921</u>	<u>\$ 17,294</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 Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	<u>\$ 218,322</u>	<u>\$ 161,211</u>
Total cash outflow for leases	<u>\$(410,316)</u>	<u>\$(397,940)</u>

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

16. INVESTMENT PROPERTIES

	December 31	
	2023	2022
Investment properties, net	<u>\$ 1,549,000</u>	<u>\$ 1,798,160</u>

The fair value of investment properties held by the Company was NT\$2,443,494 thousand as of December 31, 2022, of which was assessed by independent qualified professional appraisers was NT\$2,243,494 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 December 31, 2023.

	For the Year Ended December 31	
	2023	2022
<u>Cost</u>		
Balance at January 1	\$ 7,662,122	\$ 7,924,196
Effect of foreign currency exchange differences	<u>(496,392)</u>	<u>(262,074)</u>
Balance at December 31	<u>7,165,730</u>	<u>7,662,122</u>
<u>Accumulated depreciation and impairment</u>		
Balance at January 1	5,863,962	5,918,598
Depreciation expense	136,023	138,763
Effect of foreign currency exchange differences	<u>(383,255)</u>	<u>(193,399)</u>
Balance at December 31	<u>5,616,730</u>	<u>5,863,962</u>
Carrying amount at December 31	<u>\$ 1,549,000</u>	<u>\$ 1,798,160</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:

	December 31	
	2023	2022
Year 1	\$ 146,532	\$ 171,129
Year 2	143,790	152,691
Year 3	143,872	149,898
Year 4	143,894	149,898
Year 5	140,886	149,898
Year 5 onwards	<u>455,304</u>	<u>637,067</u>
	<u>\$ 1,174,278</u>	<u>\$ 1,410,581</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 33 to the consolidated financial statements for the amount of investment properties pledged as collateral for bank borrowings.

17. INTANGIBLE ASSETS

	December 31		
	2023	2022	
Deferred technical assets	\$ 357,994	\$ 550,613	
Other intangible assets	<u>192,900</u>	<u>172,144</u>	
	<u>\$ 550,894</u>	<u>\$ 722,757</u>	
	Deferred Technical Assets	Other Intangible Assets	Total
<u>Cost</u>			
Balance at January 1, 2023	\$ 2,062,573	\$ 1,136,379	\$ 3,198,952
Additions	29,588	148,437	178,025
Disposals	-	(71,767)	(71,767)
Disposal of subsidiaries	-	(7,243)	(7,243)
Reclassification	41,255	(42,628)	(1,373)
Effects of foreign currency exchange differences	<u>(8,012)</u>	<u>(61,028)</u>	<u>(69,040)</u>
Balance at December 31, 2023	<u>2,125,404</u>	<u>1,102,150</u>	<u>3,227,554</u>

Accumulated amortization and impairment

Balance at January 1, 2023	1,511,960	964,235	2,476,195
Amortization expense	260,311	80,865	341,176
Disposals	-	(71,176)	(71,176)
Disposal of subsidiaries	-	(6,703)	(6,703)
Effects of foreign currency exchange differences	<u>(4,861)</u>	<u>(57,971)</u>	<u>(62,832)</u>
Balance at December 31, 2023	<u>1,767,410</u>	<u>909,250</u>	<u>2,676,660</u>
Carrying amounts at December 31, 2023	<u>\$ 357,994</u>	<u>\$ 192,900</u>	<u>\$ 550,894</u>

Cost

Balance at January 1, 2022	\$ 1,892,805	\$ 1,305,198	\$ 3,198,003
Additions	170,807	85,079	255,886
Disposals	-	(206,023)	(206,023)
Effects of foreign currency exchange differences	<u>(1,039)</u>	<u>(47,875)</u>	<u>(48,914)</u>
Balance at December 31, 2022	<u>2,062,573</u>	<u>1,136,379</u>	<u>3,198,952</u>

Accumulated amortization and impairment

Balance at January 1, 2022	1,292,193	922,481	2,214,674
Amortization expense	219,914	71,871	291,785
Disposals	-	(901)	(901)
Effects of foreign currency exchange differences	<u>(147)</u>	<u>(29,216)</u>	<u>(29,363)</u>
Balance at December 31, 2022	<u>1,511,960</u>	<u>964,235</u>	<u>2,476,195</u>
Carrying amounts at December 31, 2022	<u>\$ 550,613</u>	<u>\$ 172,144</u>	<u>\$ 722,757</u>

In the year of 2022, the carrying amount of intangible assets disposed under finance leases was NT\$204,857 thousand. Refer to Note 32 to the consolidated financial statements for details of finance lease contracts.

18. BORROWINGS

a. Short-term borrowings

	December 31			
	2023		2022	
	Interest Rate	Amount	Interest Rate	Amount
<u>Secured borrowings</u>				
Chinatrust Commercial Bank Co., Ltd.	1.17%-1.18%	\$ 847,080	1.15%	\$ 952,840
<u>Unsecured borrowings</u>				
Chinatrust Commercial Bank Co., Ltd.	1.00%-1.01%	<u>217,200</u>	1.02%	<u>116,200</u>

\$ 1,064,280

\$ 1,069,040

The above short-term borrowings from Chinatrust Commercial Bank Co., Ltd. are guaranteed by the parent company. Refer to Note 32 to the consolidated financial statements for related information.

b. Long-term borrowings

	Period	Interest Rate	December 31	
			2023	2022
<u>Unsecured borrowings</u>				
The Export-Import Bank of ROC	2019.09.20-2026.09.21	0.92%-1.34%	\$ -	\$ 500,000
The Export-Import Bank of ROC	2020.08.25-2027.08.25	0.92%-1.94%	<u>1,000,000</u>	<u>1,000,000</u>
			1,000,000	1,500,000
Less: Current portion			<u>(142,857)</u>	<u>(71,429)</u>
			<u>\$ 857,143</u>	<u>\$ 1,428,571</u>

The proceeds of the Group's unsecured loan was invested in Autotalks Ltd. and acquired Panasonic's semiconductor business in Japan. Partial loans have been completed early 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 33 to the consolidated financial statements for the collateral of the syndicated loan.

19. OTHER PAYABLES

	December 31	
	2023	2022
Payable for salaries or employee benefits	\$ 1,115,611	\$ 1,632,490
Payable for royalties	372,295	510,272
Payable for purchase of equipment	349,296	151,618
Payable for maintenance	239,369	257,092
Payable for service	130,706	99,345
Payable for software	74,190	104,241
Payable for utilities	70,005	73,009
Payable for professional service	26,892	52,126
Others	<u>1,590,772</u>	<u>1,584,067</u>
	<u>\$ 3,969,136</u>	<u>\$ 4,464,260</u>

20. PROVISIONS

	December 31	
	2023	2022
<u>Current</u>		
Decommissioning costs	\$ <u> -</u>	\$ <u>132,473</u>
<u>Non-current</u>		
Employee benefits	\$ 1,360,661	\$ 1,485,268
Decommissioning costs	477,406	510,815
Warranties	<u>396,966</u>	<u>495,204</u>
	<u>\$ 2,235,033</u>	<u>\$ 2,491,287</u>

	De- commissionin g Costs	Employee Benefits	Warranties	Total
Balance at January 1, 2023	\$ 643,288	\$ 1,485,268	\$ 495,204	\$ 2,623,760
Decreased	(133,148)	(27,208)	(72,480)	(232,836)
Effects of foreign currency exchange differences	<u>(32,734)</u>	<u>(97,399)</u>	<u>(25,758)</u>	<u>(155,891)</u>
Balance at December 31, 2023	<u>\$ 477,406</u>	<u>\$ 1,360,661</u>	<u>\$ 396,966</u>	<u>\$ 2,235,033</u>

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

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in the United States, Hong Kong, Israel, Japan, Korea, Singapore and China are members of a state-managed defined contribution plan implemented through the local government. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average of monthly salaries of the 6 months before retirement. In 2023 and 2022, the Company contributed amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee of the Company. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The payables for employee turnover of NTIL are calculated on the basis of the length of service and the last monthly salary under a defined benefit plan.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 2,680,172	\$ 2,744,500
Fair value of plan assets	<u>(1,309,839)</u>	<u>(1,251,927)</u>
Net defined benefit liabilities, non-current	<u>\$ 1,370,333</u>	<u>\$ 1,492,573</u>

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2022	<u>\$ 2,851,529</u>	<u>\$(1,209,668)</u>	<u>\$ 1,641,861</u>
Service cost			
Current service cost	51,982	-	51,982
Net interest expense (income)	<u>25,350</u>	<u>(19,333)</u>	<u>6,017</u>
Recognized in profit or loss	<u>77,332</u>	<u>(19,333)</u>	<u>57,999</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Remeasurement			
Actuarial (gain) loss - the discount rate greater (less) than the realized rate of return	\$ -	\$ (53,296)	\$ (53,296)
Actuarial (gain) loss - changes in financial assumptions	(183,608)	21,254	(162,354)
Actuarial (gain) loss - experience adjustments	<u>103,244</u>	<u>2,895</u>	<u>106,139</u>
Recognized in other comprehensive income	<u>(80,364)</u>	<u>(29,147)</u>	<u>(109,511)</u>
Contributions from the employer	-	(53,552)	(53,552)
Benefits paid	(50,369)	49,496	(873)
Effects of foreign currency exchange differences	<u>(53,628)</u>	<u>10,277</u>	<u>(43,351)</u>
Balance at December 31, 2022	<u>2,744,500</u>	<u>(1,251,927)</u>	<u>1,492,573</u>
Service cost			
Current service cost	43,988	-	43,988
Net interest expense (income)	<u>45,539</u>	<u>(29,955)</u>	<u>15,584</u>
Recognized in profit or loss	<u>89,527</u>	<u>(29,955)</u>	<u>59,572</u>
Remeasurement			
Actuarial (gain) loss - the discount rate greater (less) than the realized rate of return	-	(2,861)	(2,861)
Actuarial (gain) loss - changes in financial assumptions	15,227	26	15,253
Actuarial (gain) loss - experience adjustments	<u>(13,920)</u>	<u>(40,220)</u>	<u>(54,140)</u>
Recognized in other comprehensive income	<u>1,307</u>	<u>(43,055)</u>	<u>(41,748)</u>
Contributions from the employer	-	(58,181)	(58,181)
Benefits paid	(57,414)	56,585	(829)
Effects of foreign currency exchange differences	<u>(97,748)</u>	<u>16,694</u>	<u>(81,054)</u>
Balance at December 31, 2023	<u>\$ 2,680,172</u>	<u>\$(1,309,839)</u>	<u>\$ 1,370,333</u> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans were as follows:

	For the Year Ended December 31	
	2023	2022
Analysis by function		
Operating cost	\$ 3,928	\$ 4,339
Selling expenses	207	122
General and administrative expenses	10,253	13,147
Research and development expenses	<u>45,184</u>	<u>40,391</u>
	<u>\$ 59,572</u>	<u>\$ 57,999</u>

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rate(s)	1.40%-3.30%	1.25%-2.62%
Expected rate(s) of salary increase	1.5%-2.5%	1.5%-2.5%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2023	2022
Discount rate(s)		
0.25% increase	<u>\$(16,888)</u>	<u>\$(26,774)</u>
0.25% decrease	<u>\$ 19,799</u>	<u>\$ 30,956</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 17,935</u>	<u>\$ 27,497</u>
0.25% decrease	<u>\$(16,545)</u>	<u>\$(24,950)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
Expected contributions to the plans for the next year	<u>\$ 90,503</u>	<u>\$ 100,501</u>
The average duration of the defined benefit obligation	7.0-11.6 years	7.5-11.84 years

22. GUARANTEE DEPOSITS

	December 31	
	2023	2022
Capacity guarantee	\$ 1,783,150	\$ 2,294,914
Others	<u>62,848</u>	<u>56,114</u>
	<u>\$ 1,845,998</u>	<u>\$ 2,351,028</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

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

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Additional paid-in capital	\$ 5,203,712	\$ 5,200,332
Conversion of bonds	1,481,180	1,481,180
<u>May only be used to offset a deficit</u>		
Overdue dividends unclaimed	100	78
Share of changes in capital surplus of associates or joint ventures (disposals of subsidiaries)	<u>310,638</u>	<u>190,237</u>
	<u>\$ 6,995,630</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 appropriation of earnings for 2022 and 2021 were as follows:

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

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.

The appropriation of earnings for 2023 was not initiated in the Company's board meeting as of February 5, 2024.

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 years ended December 31, 2023 and 2022, other comprehensive gain (loss) was NT\$(550,649) thousand and NT\$39,330 thousand, respectively.
- 2) Unrealized valuation gains (losses) on financial assets at FVTOCI

	For the Year End December 31	
	2023	2022
Balance at January 1	\$ 294,632	\$ 1,111,460
Recognized for the period	70,809	(253,744)
Cumulative unrealized gains (losses) of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>(563,084)</u>
Balance at December 31	<u>\$ 365,441</u>	<u>\$ 294,632</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 37 to the consolidated financial statements for the Group's revenue.

25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

- a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 291,062	\$ 998,789
Adjustment for prior years' tax	(8,564)	20,540
Deferred tax		
In respect of the current year	<u>23,672</u>	<u>(133,082)</u>
Income tax expense recognized in profit or loss	<u>\$ 306,170</u>	<u>\$ 886,247</u>

b. Reconciliation of accounting profit and income tax expense were as follows:

	For the Year Ended December 31	
	2023	2022
Income tax expense from continuing operations at the statutory rate	\$ 642,394	\$ 1,262,449
Tax effect of adjustment item		
Permanent differences	7,659	68,879
Tax-exempt income	(14,453)	(15,900)
Others	<u>(285,866)</u>	<u>(341,721)</u>
Current income tax	349,734	973,707
Unused investment credits	(35,000)	(108,000)
Adjustment for prior year's income tax	<u>(8,564)</u>	<u>20,540</u>
Income tax expense recognized in profit or loss	<u>\$ 306,170</u>	<u>\$ 886,247</u>

c. Current tax assets and liabilities

	December 31	
	2023	2022
Tax refund receivables	<u>\$ 1,262</u>	<u>\$ 14,263</u>
Income tax payables	<u>\$ 305,031</u>	<u>\$ 712,005</u>

d. Deferred tax assets

	December 31	
	2023	2022
Deferred tax assets		
Allowance for inventory valuation and obsolescence loss and others	<u>\$ 226,001</u>	<u>\$ 198,727</u>

e. Deferred tax liabilities

	December 31	
	2023	2022
Deferred tax liabilities		
Unrealized valuation gains or losses	<u>\$ 77,953</u>	<u>\$ 13,209</u>

f. Income tax assessments

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

g. Information about investment credits

The Company applies the Statute for Industrial Innovation Article 10, and up to 15% or 10% of its R&D expenses may be credited against the profit-seeking enterprise income tax payable in each of the three years following the then current year.

h. Pillar Two Income Tax Act

In March 2023, the local government of the country where the NTCJ was registered had substantively legislated the Pillar Two Income Tax Act, which came into effect on April 1, 2024. Since the act has not yet taken effect as of the end of the reporting period, there is no relevant current income tax impact on the Group.

Under the Act, NTCJ is required to pay supplementary tax in Japan on profits taxed below the effective tax rate of 15%. As of December 31, 2023, no country has yet entered into force its Pillar Two income tax act, so there is no major jurisdiction that may be exposed to this income tax risk. However, the Group also continues to review the impact of the Pillar Two Income Tax Act on its future financial performance.

26. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION

	For the Year Ended December 31							
	2023				2022			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Employee benefits expense								
Short-term employment benefits	\$ 967,406	\$ 6,875,256	\$ -	\$ 7,842,662	\$ 1,229,737	\$ 7,371,356	\$ -	\$ 8,601,093
Post-employment benefits	41,877	451,151	-	493,028	44,155	464,481	-	508,636
Share-based payment	461	2,919	-	3,380	-	-	-	-
Depreciation	588,709	425,108	139,089	1,152,906	529,043	371,585	139,248	1,039,876
Amortization	6,815	334,361	-	341,176	5,362	286,423	-	291,785

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.

The employees' compensation and remuneration of directors for the year ended December 31, 2023 were as follows:

	For the Year Ended December 31 2023	
	Amount	%
Employees' cash compensation	\$ 167,459	6
Remuneration of directors	27,910	1

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

The employees' compensation and remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on March 7, 2023 and February 10, 2022, respectively, were as follows:

	For the Year Ended December 31			
	2022		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 Year Ended December 31					
	2023			2022		
	Amounts (Numerator) After Income Tax (Attributable to Owners of the Company)	Shares (Denominator) (In Thousands)	Earnings Per Share (NT\$) After Income Tax (Attributable to Owners of the Company)	Amounts (Numerator) After Income Tax (Attributable to Owners of the Company)	Shares (Denominator) (In Thousands)	Earnings Per Share (NT\$) After Income Tax (Attributable to Owners of the Company)
Basic earnings per share						
Net profit attributed to owners of the Company	\$ 2,420,434	419,765	\$ <u>5.77</u>	\$ 4,220,773	419,765	\$ <u>10.06</u>
Effect of potentially dilutive ordinary shares						
Employees’ compensation	-	1,545		-	2,829	
Diluted earnings per share						
Net profit attributed to owners of the Company	\$ <u>2,420,434</u>	<u>421,310</u>	\$ <u>5.75</u>	\$ <u>4,220,773</u>	<u>422,594</u>	\$ <u>9.99</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. SHARE-BASED PAYMENT TRANSACTION ARRANGEMENTS

WEC was approved by the Securities and Futures Bureau (FSC) on September 25, 2023 to issue 200,000 thousand shares for its cash capital increase. The board of directors resolved to retain 10% of the issued shares for employees’ subscription. On November 2, 2023, the number of shares retained for employees’ subscription and the subscription price were confirmed. The Company recognized the capital surplus of NT\$3,380 thousand on the grant date at the fair value computed based on the Black-Scholes option evaluation model. Relevant information is as follows:

Share Price on the Grant Date (In Dollars)	Exercise Price (In Dollars)	Expected Ratio of Stock Price Fluctuation	Expected Duration	Expected Dividend Rate	Risk-free Interest Rate	Fair Value Per Share (In Dollars)
\$25.55	\$22	34.57%	2 days	-	0.98%	\$3.55

29. 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>

30. 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.

31. FINANCIAL INSTRUMENT

a. Categories of financial instruments

	December 31			
	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial assets</u>				
Financial assets at amortized cost (Note 1)	\$ 11,250,645	\$ 11,250,645	\$ 15,662,336	\$ 15,662,336
Financial assets at FVTPL				
Derivative financial assets	99,185	99,185	124,669	124,669
Financial assets at FVTOCI				
Investment in equity instruments	1,348,557	1,348,557	1,234,748	1,234,748
<u>Financial liabilities</u>				
Financial liabilities at amortized cost (Note 2)	9,961,981	9,961,981	12,533,065	12,533,065
Financial liabilities at FVTPL				
Derivative financial liabilities	786	786	7,412	7,412

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\$8,649 thousand and NT\$8,651 thousand as of December 31, 2023 and 2022, respectively.

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

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 22,422	\$ 76,763	\$ 99,185
<u>Financial assets at FVTOCI</u>				
Domestic listed shares and emerging market shares	\$ 134,083	\$ -	\$ -	\$ 134,083
Domestic and overseas unlisted shares	\$ -	\$ -	\$ 1,214,474	\$ 1,214,474
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	\$ -	\$ 786	\$ -	\$ 786
	December 31, 2022			
	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 2,894	\$ 121,775	\$ 124,669
<u>Financial assets at FVTOCI</u>				
Domestic 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

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 years ended December 31, 2023 and 2022 were as follows:

	For the Year Ended December	
	31	
	2023	2022
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	54,630	(10,968)
Recognized in profit or loss	(12)	7,575
Transferred to investments accounted for using the equity method	<u>-</u>	<u>(1,289,679)</u>
Balance at December 31	<u>\$ 1,291,237</u>	<u>\$ 1,238,619</u>

c. Financial risk management objectives and policies

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 year are set out in Note 36 to the consolidated financial statements.

The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period and assuming an increase in net income and equity if New Taiwan dollars strengthen by 1% against foreign currencies. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be impact on net income in the amounts of NT\$14,974 thousand decrease and NT\$13,042 thousand decrease for the years ended December 31, 2023 and 2022, respectively. The amounts used in the 1% weakening of New Taiwan dollars against the relevant currency did not consider the impact of hedge contracts and hedged item.

b) Interest rate risk

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

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

	December 31	
	2023	2022
Cash flow interest rate risk		
Financial assets	\$ 8,413	\$ 8,413
Financial liabilities	2,064,280	2,569,040

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 years ended December 31, 2023 and 2022 would have increased by NT\$20,559 thousand and NT\$25,606 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:

	December 31, 2023			
	Within 1 Year	1-2 Years	Over 2 Years	Total
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 6,051,703	\$ -	\$ -	\$ 6,051,703
Lease liabilities	165,301	127,188	269,323	561,812
Variable interest rate liabilities	<u>1,207,137</u>	<u>285,714</u>	<u>571,430</u>	<u>2,064,281</u>
	<u>\$ 7,424,141</u>	<u>\$ 412,902</u>	<u>\$ 840,753</u>	<u>\$ 8,677,796</u>

Additional information about the maturity analysis of lease liabilities:

	Less than 2 Years	2-5 Years	Over 5 Years	Total
<u>Non-derivative financial liabilities</u>				
Lease liabilities	<u>\$ 292,489</u>	<u>\$ 153,869</u>	<u>\$ 115,454</u>	<u>\$ 561,812</u>
December 31, 2022				
	Within 1 Year	1-2 Years	Over 2 Years	Total
<u>Non-derivative financial liabilities</u>				
Non-interest bearing Lease liabilities	\$ 7,612,997	\$ -	\$ -	\$ 7,612,997
Variable interest rate liabilities	180,503	140,228	381,071	701,802
	<u>1,140,469</u>	<u>285,714</u>	<u>1,142,857</u>	<u>2,569,040</u>
	<u>\$ 8,933,969</u>	<u>\$ 425,942</u>	<u>\$ 1,523,928</u>	<u>\$ 10,883,839</u>

Additional information about the maturity analysis of lease liabilities:

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

32. RELATED PARTIES TRANSACTIONS

- a. The names and relationships of related parties are as follows:

<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 29 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 Year Ended December 31	
	2023	2022
1) Operating revenue		
Related party in substance Associate	\$ 141,953 <u>99,937</u>	\$ 3,506,494 <u>401,706</u>
	<u>\$ 241,890</u>	<u>\$ 3,908,200</u>
2) Purchases of goods		
Associate TPSCo.	\$ 3,822,301	\$ 3,099,787
Others	-	9,884
Related party in substance TPSCo.	-	1,498,020
Parent company	<u>97,226</u>	<u>189,136</u>
	<u>\$ 3,919,527</u>	<u>\$ 4,796,827</u>
3) Manufacturing expenses		
Associate TPSCo.	\$ 1,865,936	\$ 1,408,002
Others	59,547	-
Related party in substance TPSCo.	-	475,284
Waltech	2,118,859	1,076,208
Parent company	<u>1,595</u>	<u>1,088</u>
	<u>\$ 4,045,937</u>	<u>\$ 2,960,582</u>
4) Operating expenses		
Associate	\$ 398,695	\$ 578,351
Related party in substance	30,186	124,134
Parent company	<u>219,336</u>	<u>75,958</u>
	<u>\$ 648,217</u>	<u>\$ 778,443</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>\$ 70,565</u>	<u>\$ 80,318</u>
6) Other income (loss)		
Related party in substance Associate	\$ (81,633) <u>(2,569)</u>	\$ 649 <u>12,119</u>
	<u>\$ (84,202)</u>	<u>\$ 12,768</u>

	December 31	
	2023	2022
7)Accounts receivable from related parties		
Related party in substance		
Nyquest	\$ 18,433	\$ 15,704
Waltech	2,165	684,713
Others	27	20
Associate	<u>8,898</u>	<u>68,274</u>
	<u>\$ 29,523</u>	<u>\$ 768,711</u>

8)Other receivables		
Associate		
TPSCo.	\$ 36,518	\$ 54,318
Others	9,713	7,202
Parent company	1,598	597
Related party in substance	<u>555</u>	<u>340</u>
	<u>\$ 48,384</u>	<u>\$ 62,457</u>

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

	December 31	
	2023	2022
9)Refundable deposits		
Parent company	\$ 1,780	\$ 1,780
Related party in substance	<u>1,722</u>	<u>1,722</u>
	<u>\$ 3,502</u>	<u>\$ 3,502</u>
10)Accounts payable to related parties		
Associate		
TPSCo.	\$ 385,860	\$ 252,642
Related party in substance		
Waltech	373,818	474,247
Parent company	<u>18,482</u>	<u>20,828</u>
	<u>\$ 778,160</u>	<u>\$ 747,717</u>
11)Other payables		
Associate	\$ 216,715	\$ 241,319
Parent company	94,651	48,200
Related party in substance	<u>248,339</u>	<u>137,410</u>
	<u>\$ 559,705</u>	<u>\$ 426,929</u>

	December 31	
	2023	2022
12) Guarantee deposits		
Related party in substance		
Nyquest	\$ 244,800	\$ 250,594
Parent company	<u>545</u>	<u>545</u>
	<u>\$ 245,345</u>	<u>\$ 251,139</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

	Acquisition Price	
	For the Year Ended December 31	
	2023	2022
Associate	\$ 57,001	\$ 112,128
Related party in substance	<u>-</u>	<u>31,725</u>
	<u>\$ 57,001</u>	<u>\$ 143,853</u>

14) Disposal of property, plant and equipment

	Proceeds		Gain (Loss) on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Associate	<u>\$ -</u>	<u>\$ 72,749</u>	<u>\$ -</u>	<u>\$ 155</u>

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

Please refer to Note 32 (d) to the consolidated financial statements for details of finance lease contracts.

15) Disposal of intangible assets

	Proceeds		Gain (Loss) on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
Related Party Category	2023	2022	2023	2022
Associate				
TPSCo.	<u>\$ -</u>	<u>\$ 204,873</u>	<u>\$ -</u>	<u>\$ 16</u>

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

Please refer to Note 32 (d) to the consolidated financial statements for details of finance lease contracts.

c. Lease arrangements - Group is lessee

	December 31	
	2023	2022
1) Lease liabilities		
Parent company	\$ 12,188	\$ 24,245
Associate	<u>24,290</u>	<u>32,131</u>
	<u>\$ 36,478</u>	<u>\$ 56,376</u>
	For the Year Ended December	
	31	
	2023	2022
2) Finance costs		
Associate	\$ 460	\$ 563
Parent company	182	312
Related party in substance	<u>-</u>	<u>84</u>
	<u>\$ 642</u>	<u>\$ 959</u>

d. Lease arrangements - Group is lessor/sublease arrangements

Sublease arrangements under operating leases

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

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

	December 31	
Related Party Category	2023	2022
Associate		
TPSCo.	\$ 12,842	\$ 19,770
Others	230	230
Parent company	<u>401</u>	<u>340</u>
	<u>\$ 13,473</u>	<u>\$ 20,340</u>

2) Future lease payment receivables are as follows:

Related Party Category	December 31	
	2023	2022
Associate		
TPSCo.	\$ 1,155,776	\$ 1,402,999
Others	458	1,830
Parent company	<u>4,254</u>	<u>12,151</u>
	<u>\$ 1,160,488</u>	<u>\$ 1,416,980</u>

3) Lease income were as follows:

Related Party Category	For the Year Ended December 31	
	2023	2022
Associate		
TPSCo.	\$ 175,386	\$ 155,271
Others	1,393	1,395
Related party in substance		
TPSCo.	-	55,912
Parent company	<u>4,050</u>	<u>4,041</u>
	<u>\$ 180,829</u>	<u>\$ 216,619</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 December 31, 2023 and 2022, the balance of finance lease receivables were NT\$115,377 thousand and NT\$220,182 thousand, respectively, and no impairment loss was recognized for the year ended December 31, 2023 and 2022. There was also no gain (loss) on the disposal of equipment and intangible assets. The amount of interest income under finance leases for the year ended December 31, 2023 and 2022 were NT\$3,236 thousand and NT\$3,552 thousand, respectively.

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

December 31, 2023

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

December 31, 2022

Related Party Category	Project	Number of Shares	Target	Amount Obtained
Associate TPSCo.	Investments accounted for using equity method	30,919	TPSCo. Ordinary share	<u>\$ 358,772</u>

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

Related Party Category	December 31	
	2023	2022
Parent company		
Amount endorsed	<u>\$ 6,516,000</u>	<u>\$ 6,972,000</u>
Amount utilized (reported as secured bank loans)	<u>\$ 847,080</u>	<u>\$ 952,840</u>

h. Compensation of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 278,334	\$ 308,890
Post-employment benefits	3,508	3,623
Share-based payment	<u>3,174</u>	<u>-</u>
	<u>\$ 285,016</u>	<u>\$ 312,513</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 29 to the consolidated financial statements.

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2023	2022
Land	\$ 1,021,639	\$ 1,104,321
Buildings	519,543	612,959
Investment properties	324,873	381,219
Time deposits (accounted as refundable deposits)	<u>109,268</u>	<u>107,227</u>
	<u>\$ 1,975,323</u>	<u>\$ 2,205,726</u>

34. 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 effective 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.

35. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

On 1 January 2024, an earthquake of magnitude 7.6 centered on the Noto Peninsula, Ishikawa Prefecture, Japan. The Group's plants located in Toyama, Japan, including the front-end wafer fab of TPSCo., which is a joint venture with Tower and the Company's back-end semiconductor packaging and testing plant had been activated the emergency safety procedures. Currently it has been confirmed that all employees are safe, the office and factory buildings have not been significantly damaged, subsequent repair and other related costs are still being evaluated.

36. 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:

	December 31					
	2023			2022		
	Foreign Currencies (Thousand)	Exchange Rate (Note)	New Taiwan Dollars (Thousand)	Foreign Currencies (Thousand)	Exchange Rate (Note)	New Taiwan Dollars (Thousand)
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 178,715	30.7050	\$ 5,487,438	\$ 182,038	30.71	\$ 5,590,375
ILS	10,874	8.4694	92,097	9,720	8.7301	84,860
RMB	5,906	4.3270	25,555	5,675	4.4080	25,014
JPY	217,862	0.2172	47,320	267,375	0.2324	62,138
EUR	604	33.98	20,536	178	32.72	5,834

(Continued)

December 31

	2023			2022		
	Foreign Currencies (Thousand)	Exchange Rate (Note)	New Taiwan Dollars (Thousand)	Foreign Currencies (Thousand)	Exchange Rate (Note)	New Taiwan Dollars (Thousand)
<u>Financial liabilities</u>						
Monetary items						
USD	\$ 131,320	30.7050	\$ 4,032,168	\$ 142,250	30.71	\$ 4,368,483
ILS	13,070	8.4694	110,694	10,532	8.7301	91,949
RMB	4,495	4.3270	19,452	6,602	4.4080	29,102
JPY	3,283	0.2172	713	56,304	0.2324	13,085
						(Concluded)

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

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains (losses) were NT\$77,808 thousand and NT\$143,614 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

37. SEGMENT INFORMATION

a. Basic information about operating segment

1) Classification of operating segments

The Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

a) General IC product segment

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

b) Foundry service segment

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

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

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

b. Segment revenues and operating results

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

	Segment Revenue		Segment Profit and Loss	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2023	2022	2023	2022
General IC products	\$ 32,365,005	\$ 36,745,221	\$ 4,277,083	\$ 5,722,355
Foundry service	2,447,858	3,368,080	884,345	1,863,466
Total of segment revenue	34,812,863	40,113,301	5,161,428	7,585,821
Other revenue	535,286	1,759,125	321,620	1,103,362
Operating revenue	<u>\$ 35,348,149</u>	<u>\$ 41,872,426</u>	5,483,048	8,689,183
Unallocated expenditure				
Administrative and supporting expenses			(2,545,425)	(2,749,443)
Sales and other common expenses			(1,247,440)	(1,461,831)
Total operating profit			1,690,183	4,477,909
Finance costs			(45,759)	(35,230)
Interest income			190,134	89,583
Dividend income			71,728	80,422
Other gains and losses			40,651	50,404
Gains (losses) on disposal of property, plant and equipment			646,211	304,132
Foreign exchange gains (losses)			77,808	143,614
Gains (losses) on financial instruments at fair value through profit or loss			(106,622)	(130,675)
Share of profit (loss) of associates			<u>162,270</u>	<u>126,861</u>
Profit before income tax			<u>\$ 2,726,604</u>	<u>\$ 5,107,020</u>

c. Geographical information

The Group operates in three principal geographical area - Asia, the United States and Europe.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets (non-current assets exclude financial instruments and deferred income tax assets) by location are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended		December 31	
	2023	2022	2023	2022
Asia	\$ 34,124,603	\$ 40,737,361	\$ 10,532,950	\$ 10,646,633
United States	296,521	624,117	57,875	73,417
Europe	926,688	499,827	-	-
Others	337	11,111	-	-
	<u>\$ 35,348,149</u>	<u>\$ 41,872,426</u>	<u>\$ 10,590,825</u>	<u>\$ 10,720,050</u>

d. Information about major customer

Single customers contributing 10% or more to the Group's operating revenue for the years ended December 31, 2023 and 2022 were as follows:

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
Customer S	\$ 4,400,516	12	\$ 5,684,588	14
Customer V	<u>2,959,218</u>	<u>8</u>	<u>13,740,477</u>	<u>33</u>
	<u>\$ 7,359,734</u>	<u>20</u>	<u>\$ 19,425,065</u>	<u>47</u>

38. ADDITIONAL DISCLOSURE

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

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

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

b. Information on investment in mainland China

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

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 2)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 2)	Actual Borrowing Amount (In Thousands of Foreign Currencies)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Company	NTCJ	Subsidiary	\$ 16,731,044	\$ 2,185,365	\$ 2,185,365	\$ 196,922	\$ -	13.06	\$ 16,731,044	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

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	<u>Shares</u> Yu-Ji Venture Capital Co., Ltd.	The held company as the investee's director	Non-current financial assets at fair value through other comprehensive income	375,000	\$ 7,324	5	\$ 7,324	
	Brightek Optoelectronic Co., Ltd.	None	"	34,680	1,423	-	1,423	
	United Industrial Gases Co., Ltd.	The held company as the investee's director	"	8,800,000	536,800	4	536,800	
	Autotalks Ltd. - Preferred E. Share	None	"	3,932,816	614,100	9	614,100	
	Allxon Inc.	None	"	5,625,000	56,250	15	56,250	
	<u>Warrants</u> Autotalks Ltd.	None	Non-current financial assets at fair value through profit and loss	-	76,763	-	76,763	
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	132,660	5	132,660	
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 DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

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

Note: In January 2023, NTCJ sold 100% of the shares of AMTC to WEC at the consideration of 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 YEAR ENDED DECEMBER 31, 2023
 (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	\$ 7,952,135	42	Net 50 days from invoice date	N/A	N/A	\$ 1,213,476	50	
	NTCA	Subsidiary	Sales	125,605	1	Net 50 days from invoice date	N/A	N/A	34,326	1	
	NTSG	Subsidiary	Sales	661,206	3	Net 10 days end of the month	N/A	N/A	88,124	4	
	NTCJ	Subsidiary	Sales	908,377	5	Net 10 days end of the month	N/A	N/A	207,534	9	
	NTSZ	Subsidiary	Sales	191,873	1	Net 50 days from invoice date	N/A	N/A	22,577	1	
	Nyquest	Related party in substance	Sales	127,399	1	Net 45 days from invoice date	N/A	N/A	18,433	1	
	NTSG	Subsidiary	Purchases	596,847	7	Net 8 days end of the month	N/A	N/A	(47,516)	3	
	NTCJ	Subsidiary	Purchases	6,372,549	70	Net 8 days end of the month	N/A	N/A	(600,655)	33	
	NTSG	NTCJ	Fellow subsidiary	Sales	US\$ 174,949	65	Net 10 days end of the month	N/A	N/A	US\$ 9,991	49
NTHK		Fellow subsidiary	Sales	US\$ 14,528	5	Net 10 days end of the month	N/A	N/A	US\$ 1,517	7	
NTCJ	NTSG	Fellow subsidiary	Sales	JPY23,048,973	25	Net 10 days end of the month	N/A	N/A	JPY 1,260,807	9	
	NTHK	Fellow subsidiary	Sales	JPY12,988,745	14	Net 10 days end of the month	N/A	N/A	JPY 1,098,239	8	
	TPSCo.	Associate	Purchases	JPY17,239,206	41	Net 10 days end of the month	N/A	N/A	JPY (1,776,518)	29	

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
The Company	NTHK	Subsidiary	\$ 1,213,476 (Note 1)	11.74	\$ -	-	\$ 730,020	\$ -
	NTCJ	Subsidiary	207,534 (Note 1)	8.75	-	-	195,949	-
NTSG	NTCJ	Fellow subsidiary	US\$ 9,991 (Note 1)	13.01	-	-	US\$ 9,991	-
NTCJ	NTSG	Fellow subsidiary	JPY1,260,807 (Note 1)	14.72	-	-	JPY1,260,807	-
	NTHK	Fellow subsidiary	JPY1,098,239 (Note 1)	23.65	-	-	JPY1,098,239	-
	The Company	Parent company	JPY2,767,586 (Note 1)	16.77	-	-	JPY2,767,586	-
NTIL	The Company	Parent company	ILS 16,642 (Note 1)	(Note 2)	-	-	ILS 16,642	-

Note 1: All receivables balances are eliminated.

Note 2: Mainly related to other receivables, the calculation of turnover days is not applicable.

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 YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
The Company	NTHK	Hong Kong	Sales of semiconductor	\$ 427,092	\$ 427,092	107,400,000	100	\$ 703,987	\$ 101,154	\$ 101,154	(Note 3)
	MML	British Virgin Islands	Investment holding	274,987	274,987	8,897,789	100	282,496	4,262	4,262	
	NIH	British Virgin Islands	Investment holding	515,251	590,953	15,633,161	100	370,049	71,938	71,938	
	SYI	Taiwan	Investment holding	38,500	38,500	3,850,000	100	161,693	11,260	11,260	
	NTIPL	India	Design, sales and service of semiconductor	30,211	30,211	600,000	100	21,564	30	30	
	NTCA	United States of America	Design, sales and service of semiconductor	190,862	190,862	60,500	100	219,309	8,827	8,827	
	NTSG	Singapore	Design, sales and service of semiconductor	1,319,054	1,319,054	45,100,000	100	2,021,289	59,001	59,001	
	NTKL	Korea	Design, sales and service of semiconductor	30,828	30,828	125,000	100	13,804	1,402	1,402	
	NTHJ	Japan	Investment holding	5,927,849	5,927,849	100	100	8,527,820	1,368,696	1,368,696	
	NTG	Germany	Customer service and technical support of semiconductor	67,980	-	2,000,000	100	67,960	-	-	
MML	GLLC	United States of America	Investment holding	1,473,559	1,473,559	-	100	282,622	4,661	4,661	
NIH	NTIL	Israel	Design and service of semiconductor	46,905	46,905	1,000	100	369,080	69,907	69,907	
NTHJ	NTCJ	Japan	Design, sales and service of semiconductor	111,520	111,520	9,480	100	11,695,970	1,368,454	1,368,454	
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	1,824,673	363,783	162,270	(Note 1)

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

Note 2: Refer to Note 29 for information of the Company 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 Note 4 for information of the Company established NTG in Germany in December 2023 and acquired 100% of ownership.

Note 5: Refer to Table 7 for information on investment in mainland China.

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

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

Investee Company in Mainland China	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	% Ownership of Direct or Indirect Investment	Net Income of the Investee	Investment Gain (Note 1)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
NTSH	Provide project of sale in China and repairing, testing and consulting of software and leasing business	\$ 68,036 (US\$ 2,000)	Through investing in MML in the third area in British Virgin Islands, which then invested in the investee in mainland China indirectly	\$ 68,036 (US\$ 2,000)	\$ -	\$ -	\$ 68,036 (US\$ 2,000)	100	\$ 165	\$ 165	\$ 282,801	\$ -
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)	- (Note 2)	-
NTSZ	Computer software service (except I.C. design), wholesale business for computer, supplement and software	197,670 (US\$ 6,000)	Through investing in NTHK in the third area, which then invested in the investee in mainland China indirectly	197,670 (US\$ 6,000)	-	-	197,670 (US\$ 6,000)	100	6,366	6,366	229,728	-
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	(271)	(271)	7,787	-

Note 1: Investment profit or loss for the year ended December 31, 2023 was recognized under the basis of the financial statements audited 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 December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
The Company	NT\$282,135 (US\$8,500)	NT\$282,135 (US\$8,500)	NT\$10,038,626

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

3. Refer to Table 8 of the Consolidated Financial Statements 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 YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

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	2023 The Company	NTHK	Transactions between parent company and subsidiaries	Operating revenue	\$ 7,952,135	-	22
		NTHK	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	1,213,476	-	4
		NTCA	Transactions between parent company and subsidiaries	Operating revenue	125,605	-	-
		NTSG	Transactions between parent company and subsidiaries	Operating revenue	661,206	-	2
		NTCJ	Transactions between parent company and subsidiaries	Operating revenue	908,377	-	3
		NTCJ	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	207,534	-	1
		NTSZ	Transactions between parent company and subsidiaries	Operating revenue	191,873	-	1
		NTSG	Transactions between parent company and subsidiaries	Operating cost	596,847	-	2
		NTCJ	Transactions between parent company and subsidiaries	Operating cost	6,372,549	-	18
		NTCJ	Transactions between parent company and subsidiaries	Accounts payable to related parties	600,655	-	2
		NTIL	Transactions between parent company and subsidiaries	Other payables	140,949	-	-
		NTIL	Transactions between parent company and subsidiaries	Operating expense	1,196,938	-	3
		NTCA	Transactions between parent company and subsidiaries	Operating expense	429,561	-	1
1	NTCJ	NTSG	Transactions between subsidiaries	Operating revenue	5,132,532	-	15
		NTSG	Transactions between subsidiaries	Accounts receivable due from related parties	273,847	-	1
		NTHK	Transactions between subsidiaries	Operating revenue	2,867,867	-	8
		NTHK	Transactions between subsidiaries	Accounts receivable due from related parties	238,538	-	1
2	NTSG	NTCJ	Transactions between subsidiaries	Operating revenue	5,436,698	-	15
		NTCJ	Transactions between subsidiaries	Accounts receivable due from related parties	306,787	-	1
		NTHK	Transactions between subsidiaries	Operating revenue	453,014	-	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.

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES**INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2023**

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

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

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

V. Individual financial statements of the most recent year

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Nuvoton Technology Corporation

Opinion

We have audited the accompanying parent company only financial statements of Nuvoton Technology Corporation (the Company), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

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

Basis for Opinion

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

Key Audit Matters

Key audit matter is this matter that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Occurrence of Sales Revenues Recognition

Revenue from the sale of goods is recognized when the customer received the goods and bear the risk. We performed an analytical procedure on the sales revenue in 2023, and some kind of products have relatively high gross margins and hold certain percentage of annual sales, which has a material impact of the financial report. Therefore, we choose the occurrence of those products sales revenue as a key audit matter for the year ended December 31, 2023. Refer to Note 4 to the financial statements for the Company's revenue recognition policies.

Our audit procedures in response to the occurrence of sales revenue recognition included understanding the design and the implementation of internal control of sales revenue and selecting samples of revenue items and confirmation to verify that sales transactions have indeed occurred.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 5, 2024

Notice to Readers

The accompanying financial statements are intended only to present the 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 audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying 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' report and financial statements shall prevail.

NUVOTON TECHNOLOGY CORPORATION

BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,434,419	10	\$ 7,352,657	28
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	8,686	-	169	-
Accounts receivable, net (Notes 4 and 8)	837,845	4	833,452	3
Accounts receivable from related parties, net (Notes 4, 8 and 27)	1,591,869	7	298,581	1
Other receivables (Note 27)	59,622	-	55,659	-
Inventories (Notes 4 and 9)	3,286,830	14	3,132,051	12
Other current assets	307,513	1	328,329	2
Total current assets	<u>8,526,784</u>	<u>36</u>	<u>12,000,898</u>	<u>46</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	76,763	-	121,775	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 10)	1,215,897	5	1,117,763	4
Investments accounted for using equity method (Notes 4 and 11)	12,389,971	52	11,185,353	43
Property, plant and equipment (Notes 4 and 12)	824,617	3	634,009	2
Right-of-use assets (Notes 4 and 13)	146,696	1	177,648	1
Intangible assets (Notes 4 and 14)	357,413	2	575,887	2
Deferred tax assets (Notes 4 and 20)	99,000	-	137,000	1
Refundable deposits (Notes 27 and 28)	247,873	1	314,895	1
Total non-current assets	<u>15,358,230</u>	<u>64</u>	<u>14,264,330</u>	<u>54</u>
TOTAL	<u>\$ 23,885,014</u>	<u>100</u>	<u>\$ 26,265,228</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	\$ 354	-	\$ 6,017	-
Accounts payable	774,153	3	872,141	3
Accounts payable to related parties (Note 27)	1,040,471	4	711,978	3
Other payables (Notes 16 and 27)	1,591,367	7	2,086,602	8
Current tax liabilities (Notes 4 and 20)	238,919	1	456,801	2
Lease liabilities - current (Notes 4 and 13)	42,061	-	38,766	-
Current portion of long-term borrowings (Note 15)	142,857	1	71,429	-
Other current liabilities	255,521	1	248,301	1
Total current liabilities	<u>4,085,703</u>	<u>17</u>	<u>4,492,035</u>	<u>17</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 15)	857,143	4	1,428,571	5
Products guarantee based on commitment (Note 4)	101,891	-	101,891	-
Lease liabilities - non-current (Notes 4 and 13)	83,430	-	115,528	1
Net defined benefit liabilities - non-current (Notes 4 and 17)	206,651	1	236,488	1
Guarantee deposits (Notes 4, 18 and 27)	1,805,726	8	2,311,351	9
Other non-current liabilities	13,426	-	13,426	-
Total non-current liabilities	<u>3,068,267</u>	<u>13</u>	<u>4,207,255</u>	<u>16</u>
Total liabilities	<u>7,153,970</u>	<u>30</u>	<u>8,699,290</u>	<u>33</u>
EQUITY				
Share capital (Note 19)	4,197,653	18	4,197,653	16
Capital surplus (Note 19)	6,995,630	29	6,871,827	26
Retained earnings (Note 19)				
Legal reserve	1,447,316	6	958,560	4
Special reserve	710,979	3	-	-
Unappropriated earnings	4,570,285	19	6,248,877	24
Exchange differences on translation of financial statements of foreign operations (Notes 4 and 19)	(1,556,260)	(7)	(1,005,611)	(4)
Unrealized gains on financial assets at fair value through other comprehensive income (Notes 4 and 19)	365,441	2	294,632	1
Total equity	<u>16,731,044</u>	<u>70</u>	<u>17,565,938</u>	<u>67</u>
TOTAL	<u>\$ 23,885,014</u>	<u>100</u>	<u>\$ 26,265,228</u>	<u>100</u>

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

NUVOTON TECHNOLOGY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 27)	\$ 19,065,868	100	\$ 19,520,219	100
OPERATING COST (Notes 9 and 27)	<u>13,468,735</u>	<u>71</u>	<u>11,518,107</u>	<u>59</u>
GROSS PROFIT	<u>5,597,133</u>	<u>29</u>	<u>8,002,112</u>	<u>41</u>
OPERATING EXPENSES (Notes 21 and 27)				
Selling expenses	226,085	1	243,187	1
General and administrative expenses	715,572	4	847,873	4
Research and development expenses	3,856,310	20	3,948,546	20
Expected credit loss (gain)	<u>1,448</u>	<u>-</u>	<u>(5,089)</u>	<u>-</u>
Total operating expenses	<u>4,799,415</u>	<u>25</u>	<u>5,034,517</u>	<u>25</u>
PROFIT FROM OPERATIONS	<u>797,718</u>	<u>4</u>	<u>2,967,595</u>	<u>16</u>
NON-OPERATING INCOME AND EXPENSES (Note 27)				
Finance costs	(25,807)	-	(18,499)	-
Share of (loss) profit of subsidiaries and associates accounted for using equity method	1,626,570	9	1,579,503	8
Interest income	122,568	1	74,629	1
Dividend income	61,003	-	67,222	-
Other gains and losses	15,649	-	18,679	-
Gains (losses) on disposal of property, plant and equipment	873	-	6,906	-
Foreign exchange gains (losses)	2,856	-	183,340	1
Gains (losses) on financial assets at fair value through profit or loss	<u>(5,818)</u>	<u>-</u>	<u>(133,064)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>1,797,894</u>	<u>10</u>	<u>1,778,716</u>	<u>9</u>
PROFIT BEFORE INCOME TAX	2,595,612	14	4,746,311	25
INCOME TAX EXPENSE (Notes 4 and 20)	<u>(175,178)</u>	<u>(1)</u>	<u>(525,538)</u>	<u>(3)</u>
NET PROFIT FOR THE YEAR	<u>2,420,434</u>	<u>13</u>	<u>4,220,773</u>	<u>22</u>

(Continued)

NUVOTON TECHNOLOGY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 17)	\$ 24,982	-	\$ 73,185	-
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	55,134	-	(46,010)	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	29,759	-	(177,220)	(1)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>(550,649)</u>	<u>(3)</u>	<u>39,330</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(440,774)</u>	<u>(3)</u>	<u>(110,715)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,979,660</u>	<u>10</u>	<u>\$ 4,110,058</u>	<u>21</u>
EARNINGS PER SHARE (Notes 4 and 22)				
From continuing operations				
Basic	<u>\$ 5.77</u>		<u>\$ 10.06</u>	
Diluted	<u>\$ 5.75</u>		<u>\$ 9.99</u>	

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

(Concluded)

NUVOTON TECHNOLOGY CORPORATION

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Ordinary Share	Certificates of Bond-to-stock Conversion	Capital Surplus	Retained Earnings			Other Equity		Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	
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 19)									
Legal reserve	-	-	-	303,045	-	(303,045)	-	-	-
Cash dividends	-	-	-	-	-	(2,098,826)	-	-	(2,098,826)
Total appropriation earnings	-	-	-	303,045	-	(2,401,871)	-	-	(2,098,826)
Net profit for the year ended December 31, 2022	-	-	-	-	-	4,220,773	-	-	4,220,773
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	103,699	39,330	(253,744)	(110,715)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	4,324,472	39,330	(253,744)	4,110,058
Convertible bonds converted to ordinary shares (Note 19)	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 (Note 19)	-	-	-	-	-	563,084	-	(563,084)	-
BALANCE AT DECEMBER 31, 2022	4,197,653	-	6,871,827	958,560	-	6,248,877	(1,005,611)	294,632	17,565,938
Appropriation of 2022 earnings (Note 19)									
Legal reserve	-	-	-	488,756	-	(488,756)	-	-	-
Special reserve	-	-	-	-	710,979	(710,979)	-	-	-
Cash dividends	-	-	-	-	-	(2,938,357)	-	-	(2,938,357)
Total appropriation earnings	-	-	-	488,756	710,979	(4,138,092)	-	-	(2,938,357)
Net profit for the year ended December 31, 2023	-	-	-	-	-	2,420,434	-	-	2,420,434
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	39,066	(550,649)	70,809	(440,774)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	2,459,500	(550,649)	70,809	1,979,660
Unclaimed dividends from claims extinguished by prescriptions	-	-	22	-	-	-	-	-	22
Share-based payment transaction (Note 23)	-	-	3,380	-	-	-	-	-	3,380
Disposal of subsidiaries (Note 24)	-	-	120,401	-	-	-	-	-	120,401
BALANCE AT DECEMBER 31, 2023	\$ 4,197,653	\$ -	\$ 6,995,630	\$ 1,447,316	\$ 710,979	\$ 4,570,285	\$ (1,556,260)	\$ 365,441	\$ 16,731,044

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

NUVOTON TECHNOLOGY CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 2,595,612	\$ 4,746,311
Adjustments for:		
Depreciation expense	219,998	228,173
Amortization expense	264,610	236,293
Expected credit loss (gain) recognized on accounts receivable	1,448	(5,089)
Finance costs	25,807	18,499
Interest income	(122,568)	(74,629)
Dividend income	(61,003)	(67,222)
Compensation costs of share-based payment transaction	3,380	-
Share of (profit) loss of associates	(1,626,570)	(1,579,503)
Unrealized gain (loss)	740	(3,753)
(Gains) losses on disposal of property, plant and equipment	(873)	(6,906)
Gain on lease modification	-	(9)
Changes in operating assets and liabilities		
(Increase) decrease in financial assets at fair value through profit or loss	(14,168)	(96)
(Increase) decrease in accounts receivable	(511,466)	144,081
(Increase) decrease in accounts receivable from related parties	(1,293,288)	(145,742)
(Increase) decrease in other receivables	(7,203)	(19,013)
(Increase) decrease in inventories	(154,779)	(515,548)
(Increase) decrease in other current assets	20,816	(121,777)
Increase (decrease) in accounts payable	(97,988)	(597,073)
Increase (decrease) in accounts payable to related parties	328,493	585,283
Increase (decrease) in other payables	(391,427)	(19,554)
Increase (decrease) in other current liabilities	7,220	(121,186)
Increase (decrease) in net defined benefit liabilities	(4,855)	(3,345)
Cash flows generated by (used in) operations	(818,064)	2,678,195
Interest received	125,808	72,338
Interest paid	(25,864)	(18,344)
Income tax paid	(355,060)	(463,578)
Dividend received	61,003	67,222
Net cash flows generated from (used in) operating activities	<u>(1,012,177)</u>	<u>2,335,833</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
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	(67,980)	-
Proceeds from capital reduction of investments accounted for using equity method	75,702	-
Dividends received from investments accounted for using equity method	13,001	5,262
Decrease in payable for investment	-	(362,643)

(Continued)

NUVOTON TECHNOLOGY CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Acquisition of property, plant and equipment	\$ (297,358)	\$ (161,571)
Disposal of property, plant and equipment	1,586	13,866
Acquisition of intangible assets	(215,822)	(254,708)
(Increase) decrease in refundable deposits paid	<u>67,022</u>	<u>(202,733)</u>
Net cash flows generated from (used in) investing activities	<u>(421,849)</u>	<u>(1,006,527)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term borrowings	(500,000)	-
Proceeds from guarantee deposits received	-	655,388
Repayments of the principal portion of lease liabilities	(45,855)	(53,148)
Dividends paid to owners of the Company	<u>(2,938,357)</u>	<u>(2,098,826)</u>
Net cash flows generated from (used in) financing activities	<u>(3,484,212)</u>	<u>(1,496,586)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,918,238)	(167,280)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>7,352,657</u>	<u>7,519,937</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,434,419</u>	<u>\$ 7,352,657</u>

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

(Concluded)

NUVOTON TECHNOLOGY CORPORATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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 both approximately 51% of the ownership interest in the Company as of December 31, 2023 and 2022.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorized for issue on February 5, 2024.

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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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 IFRS Accounting Standards 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 financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	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 IFRS Accounting Standards 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 financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of Preparation

The 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 value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The Company uses equity method to account for its investment in subsidiaries for the stand-alone financial statements. The amounts of the net profit, other comprehensive income and total equity in stand-alone financial statements are same with the amounts attributable to the owner of the Company in its consolidated financial statements since there is no difference in accounting treatment between stand-alone basis and consolidated basis.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

- a. Assets held primarily for the purpose of trading;
- b. Assets expected to be realized within 12 months after the reporting period; and
- c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- a. Liabilities held primarily for the purpose of trading;
- b. Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- c. Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

Foreign Currencies

The financial statements are presented in the Company's functional currency, New Taiwan dollars.

In preparing the financial statements, transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement are recognized in profit or loss in the period they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purposes of presenting financial statements, the assets and liabilities of the Company's foreign operations are translated into New Taiwan dollars. Assets and liabilities are translated at the exchange rates prevailing at the end of each reporting period, income and expense items are translated at the average exchange rates for the period, and exchange differences arising are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

Cash Equivalents

Cash equivalents include time deposits and bonds investments, highly liquid, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities other than financial assets and financial liabilities at FVTPL are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

a. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis, except derivative financial assets which are recognized and derecognized on settlement date basis.

Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

1) Financial asset at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 26 to the financial statements.

2) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- a) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and
- b) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- a) Significant financial difficulty of the issuer or the borrower;
- b) Breach of contract, such as a default;
- c) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization;
or
- d) The disappearance of an active market for that financial asset because of financial difficulties.

3) Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivable).

The Company always recognizes lifetime Expected Credit Loss (ECL) on accounts receivable. On all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity. On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

b. Financial liabilities

1) Subsequent measurement

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL. Financial liabilities at fair value through profit or loss are stated at fair value, with any interest paid on such financial liabilities is recognized in finance costs, and any gains or losses arising on remeasurement recognized in profit or loss.

Other financial liabilities are measured at amortized cost using the effective interest method.

2) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid is recognized in profit or loss.

c. Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts and cross-currency swaps.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Inventories

Inventories consist of raw materials, supplies, finished goods and work in process. The cost of raw materials and supplies are recognized using moving-average method and finished goods and work-in-process are recorded at standard cost and adjusted to approximate weighted-average cost at the end of the reporting period. Inventories are stated at the lower of cost or net realizable value; evaluation and recognition of appropriate allowance for value decline are based on the amount of inventories and sales situation. Inventory write-downs are made by item, except where it may be appropriate to Company similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

Investments Accounted for Using Equity Method

Investment in subsidiaries

Subsidiaries are the entities controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

Property, Plant and Equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method over the following estimated useful life after considering residual values: Buildings 8-20 years, machinery and equipment 3-5 years and other equipment 5 years. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Intangible Assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line method over the following estimated useful life of the assets: Deferred technical assets - economic life or contract period and other intangible assets 3-5 years. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the reversed carrying amount should not exceed the carrying amount (after amortization or depreciation) that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

Products Guarantee Based on Commitment

The Company will estimate guarantee provision by using appropriate ratio at the time the related product is sold.

Guarantee Deposit

The Company guarantee deposit mainly consists of cash received under deposit agreements with customers to ensure they have access to the Company specified capacity. When the contract expires, the guarantee deposits will be refunded to customers by offsetting related accounts receivable or returned.

Revenue Recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods is mainly recognized when a customer obtains control of promised goods, at which time the goods are delivered to the customer's specific location and performance obligation is satisfied.

Revenue from sale of goods is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Provision for estimated sales returns and other allowances is generally made and adjusted based on historical experience and on the consideration of varying contractual terms affecting the recognition of a provision, which is classified under other non-current liabilities.

Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

a. The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Company subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs, and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Company's net investment outstanding in respect of leases.

Under operating lease, lease payments (less any lease incentives payable) are recognized as income on a straight-line basis over the terms of the relevant lease. Initial direct costs incurred in obtaining operating lease are added to the carrying amount of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

b. The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

Employee Benefits

a. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

b. 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 Company'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.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings. Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. And it is remeasured at the end of each reporting period and recognized to the extent that it has become probable that there will be future taxable profit.

Deferred tax assets arising from deductible temporary differences associated with investments in subsidiaries are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company’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.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash and cash in bank	\$ 2,270,919	\$ 7,302,657
Repurchase agreements collateralized by bonds	<u>163,500</u>	<u>50,000</u>
	<u>\$ 2,434,419</u>	<u>\$ 7,352,657</u>

Please refer to Note 28 to the financial statements for the amount of refundable deposits pledged to secure land leases, customs tariff obligations and borrowings.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
<u>Financial assets - current</u>		
Held for trading		
Foreign exchange forward contracts	\$ 8,686	\$ 169
<u>Financial assets - non-current</u>		
Mandatorily measures at FVTPL		
Foreign warrants	\$ 76,763	\$ 121,775
<u>Financial liabilities - current</u>		
Held for trading		
Foreign exchange forward contracts	\$ 354	\$ 6,017

As at the end of the year, the outstanding foreign exchange forward contracts not treated under hedge accounting were as follows:

	Currencies	Maturity Date	Contract Amount (In Thousands)
<u>December 31, 2023</u>			
Sell forward exchange contracts	USD/NTD	2024.01.03- 2024.01.23	USD21,000/NTD653,226
<u>December 31, 2022</u>			
Sell forward exchange contracts	USD/NTD	2023.01.06- 2023.03.03	USD30,000/NTD915,452

The Company entered into 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 Company did not apply hedge accounting treatment.

8. ACCOUNTS RECEIVABLE, NET

	December 31	
	2023	2022
<u>Accounts receivable (including related parties)</u>		
At amortized cost		
Gross carrying amount	\$ 2,450,248	\$ 1,151,119
Less: Allowance for impairment loss	(20,534)	(19,086)
	<u>\$ 2,429,714</u>	<u>\$ 1,132,033</u>

The average credit period of sales of goods was 30-60 days. No interest was charged on trade receivables. The Company 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 Company uses other publicly available financial information and its own trading records to rate its major customers. The Company'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 Company annually.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company 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 Company's credit risk was significantly reduced.

The Company 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 Company'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 Company's different customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company 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 trade receivables (including related parties) based on the Company's provision matrix.

December 31, 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	2%	2%	10%	20%	50%	
Gross carrying amount	\$ 2,423,751	\$ 24,669	\$ 859	\$ 969	\$ -	\$ 2,450,248
Loss allowance (lifetime ECL)	<u>(19,761)</u>	<u>(493)</u>	<u>(86)</u>	<u>(194)</u>	<u>-</u>	<u>(20,534)</u>
Amortized cost	<u>\$ 2,403,990</u>	<u>\$ 24,176</u>	<u>\$ 773</u>	<u>\$ 775</u>	<u>\$ -</u>	<u>\$ 2,429,714</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	2%	2%	10%	20%	50%	
Gross carrying amount	\$ 1,123,692	\$ 25,749	\$ 1,678	\$ -	\$ -	\$ 1,151,119
Loss allowance (lifetime ECL)	<u>(18,403)</u>	<u>(515)</u>	<u>(168)</u>	<u>-</u>	<u>-</u>	<u>(19,086)</u>
Amortized cost	<u>\$ 1,105,289</u>	<u>\$ 25,234</u>	<u>\$ 1,510</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,132,033</u>

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

	For the Year Ended December	
	31	
	2023	2022
Balance at January 1	\$ 19,086	\$ 24,175
Expected credit loss recognized (reversed)	<u>1,448</u>	<u>(5,089)</u>
Balance at December 31	<u>\$ 20,534</u>	<u>\$ 19,086</u>

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

9. INVENTORIES

	December 31	
	2023	2022
Raw materials and supplies	\$ 177,634	\$ 231,211
Work-in-process	2,192,571	2,151,861
Finished goods	916,625	748,712
Inventories in transit	<u>-</u>	<u>267</u>
	<u>\$ 3,286,830</u>	<u>\$ 3,132,051</u>

The operating cost for the years ended December 31, 2023 and 2022 was NT\$13,468,735 thousand and NT\$11,518,107 thousand, respectively. The inventory write-downs, obsolescence and disposal of inventories for the years ended December 31, 2023 and 2022 were NT\$153,750 thousand and NT\$196,152 thousand, respectively.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments at FVTOCI:

	December 31	
	2023	2022
Listed shares and emerging market shares		
Brightek Optoelectronic Co., Ltd.	\$ 1,423	\$ 919
Unlisted shares		
United Industrial Gases Co., Ltd.	536,800	492,800
Yu-Ji Venture Capital Co., Ltd.	7,324	9,844
Autotalks Ltd. - Preferred E. Share	614,100	614,200
Allxon Inc.	<u>56,250</u>	<u>-</u>
	<u>\$ 1,215,897</u>	<u>\$ 1,117,763</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 Company's strategy of holding these investments for long-term purposes.

In June, 2023, The Company 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 Company recognized dividends of NT\$61,003 thousand and NT\$67,222 thousand during 2023 and 2022, respectively.

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2023	2022
Investments in subsidiaries	<u>\$ 12,389,971</u>	<u>\$ 11,185,353</u>

	December 31			
	2023		2022	
	Carrying Value	Percentage of Ownership	Carrying Value	Percentage of Ownership
<u>Non-listed companies</u>				
Marketplace Management Ltd. (“MML”)	\$ 282,496	100	\$ 285,197	100
Nuvoton Technology Corporation America (“NTCA”)	219,309	100	210,631	100
Nuvoton Investment Holding Ltd. (“NIH”)	370,049	100	368,652	100
Nuvoton Electronics Technology (H.K.) Limited (“NTHK”)	703,987	100	611,146	100
Song Yong Investment Corporation (“SYI”)	161,693	100	147,758	100
Nuvoton Technology India Private Ltd. (“NTIPL”)	21,564	100	21,647	100
Nuvoton Technology Holdings Japan (“NTHJ”)	8,527,820	100	7,567,843	100
Nuvoton Technology Singapore Pte. Ltd. (“NTSG”)	2,021,289	100	1,959,771	100
Nuvoton Technology Korea Limited (“NTKL”)	13,804	100	12,708	100
Nuvoton Technology Germany GmbH (“NTG”)				
(Note)	<u>67,960</u>	100	<u>-</u>	-
	<u>\$ 12,389,971</u>		<u>\$ 11,185,353</u>	

Note: In December 2023, the Company established NTG, the original investment amount was \$67,980 thousand and was held by the Company with 100% ownership.

12. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2023	2022
Land	\$ 34,120	\$ -
Buildings	218,814	195,504
Machinery and equipment	515,126	398,675
Other equipment	34,545	27,370
Construction in progress and prepayments for purchase of equipment	<u>22,012</u>	<u>12,460</u>
	<u>\$ 824,617</u>	<u>\$ 634,009</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	\$ -	\$ 3,739,165	\$ 11,535,608	\$ 220,062	\$ 12,460	\$ 15,507,295
Additions	34,120	52,094	245,356	16,747	14,962	363,279
Disposals	-	(4,378)	(168,659)	(10,030)	-	(183,067)
Reclassified	-	1,010	4,400	-	(5,410)	-
Balance at December 31, 2023	<u>34,120</u>	<u>3,787,891</u>	<u>11,616,705</u>	<u>226,779</u>	<u>22,012</u>	<u>15,687,507</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2023	-	3,543,661	11,136,933	192,692	-	14,873,286
Disposals	-	(4,378)	(167,946)	(10,030)	-	(182,354)
Depreciation expense	-	29,794	132,592	9,572	-	171,958
Balance at December 31, 2023	-	<u>3,569,077</u>	<u>11,101,579</u>	<u>192,234</u>	-	<u>14,862,890</u>
Carrying amounts at December 31, 2023	<u>\$ 34,120</u>	<u>\$ 218,814</u>	<u>\$ 515,126</u>	<u>\$ 34,545</u>	<u>\$ 22,012</u>	<u>\$ 824,617</u>
<u>Cost</u>						
Balance at January 1, 2022	\$ -	\$ 3,716,254	\$ 11,521,096	\$ 211,349	\$ 5,130	\$ 15,453,829
Additions	-	28,630	121,868	10,406	13,265	174,169
Disposals	-	(5,719)	(113,079)	(1,905)	-	(120,703)
Reclassified	-	-	5,723	212	(5,935)	-
Balance at December 31, 2022	-	<u>3,739,165</u>	<u>11,535,608</u>	<u>220,062</u>	<u>12,460</u>	<u>15,507,295</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2022	-	3,521,478	11,112,490	182,748	-	14,816,716
Disposals	-	(5,719)	(106,119)	(1,905)	-	(113,743)
Depreciation expense	-	27,902	130,565	11,846	-	170,313
Reclassified	-	-	(3)	3	-	-
Balance at December 31, 2022	-	<u>3,543,661</u>	<u>11,136,933</u>	<u>192,692</u>	-	<u>14,873,286</u>
Carrying amounts at December 31, 2022	<u>\$ -</u>	<u>\$ 195,504</u>	<u>\$ 398,675</u>	<u>\$ 27,370</u>	<u>\$ 12,460</u>	<u>\$ 634,009</u>

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Carrying amounts</u>		
Land	\$ 127,725	\$ 150,211
Buildings	13,370	23,372
Other equipment	<u>5,601</u>	<u>4,065</u>
	<u>\$ 146,696</u>	<u>\$ 177,648</u>

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 17,088</u>	<u>\$ 3,672</u>
Depreciation for right-of-use assets		
Land	\$ 25,333	\$ 25,170
Buildings	16,992	27,815
Other equipment	<u>5,715</u>	<u>4,875</u>
	<u>\$ 48,040</u>	<u>\$ 57,860</u>
Income from the subleasing of right-of-use assets (presented in other income)	<u>\$ 6,058</u>	<u>\$ 5,994</u>

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Current	<u>\$ 42,061</u>	<u>\$ 38,766</u>
Non-current	<u>\$ 83,430</u>	<u>\$ 115,528</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2023	2022
Land	1.76%-2.06%	1.76%-2.06%
Buildings	0.96%-1.31%	0.96%-1.61%
Other equipment	0.88%-1.72%	0.88%-1.09%

For the years ended December 31, 2023 and 2022, the interest expense under lease liabilities amounted to NT\$2,391 thousand and NT\$2,912 thousand, respectively.

c. Material lease-in activities and terms

The Company 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 Company leased parcel 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 the lease. The chairman of the Company is a joint guarantor of such lease (refer to Note 27 to the financial statements).

The Company leased some of the offices part in Taiwan, and the lease terms will expire between 2023 and 2026 which can be extended after the expiration of the lease periods.

d. Subleases

The Company subleases its right-of-use assets for buildings under operating leases with lease terms between 3 to 5 years.

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

	December 31	
	2023	2022
Year 1	\$ 6,419	\$ 6,116
Year 2	2,105	5,427
Year 3	-	4,101
Year 4	-	-
Year 5	-	-
Year 5 onwards	<u>-</u>	<u>-</u>
	<u>\$ 8,524</u>	<u>\$ 15,644</u>

To reduce the residual asset risk related to the subleased asset at the end of the relevant sublease, the lease contract between the Company 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 Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	<u>\$ 18,482</u>	<u>\$ 2,681</u>
Total cash outflow for leases	<u>\$(66,764)</u>	<u>\$(58,814)</u>

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

14. INTANGIBLE ASSETS

	December 31		
	2023	2022	
Deferred technical assets	\$ 274,759	\$ 475,993	
Other intangible assets	<u>82,654</u>	<u>99,894</u>	
	<u>\$ 357,413</u>	<u>\$ 575,887</u>	
	Deferred Technical Assets	Other Intangible Assets	Total
<u>Cost</u>			
Balance at January 1, 2023	\$ 1,830,594	\$ 184,851	\$ 2,015,445
Additions	<u>14,071</u>	<u>32,065</u>	<u>46,136</u>
Balance at December 31, 2023	<u>1,844,665</u>	<u>216,916</u>	<u>2,061,581</u>

(Continued)

	Deferred Technical Assets	Other Intangible Assets	Total
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2023	\$ 1,354,601	\$ 84,957	\$ 1,439,558
Amortization expense	<u>215,305</u>	<u>49,305</u>	<u>264,610</u>
Balance at December 31, 2023	<u>1,569,906</u>	<u>134,262</u>	<u>1,704,168</u>
Carrying amounts at December 31, 2023	<u>\$ 274,759</u>	<u>\$ 82,654</u>	<u>\$ 357,413</u>
<u>Cost</u>			
Balance at January 1, 2022	\$ 1,681,185	\$ 167,772	\$ 1,848,957
Additions	<u>149,409</u>	<u>17,079</u>	<u>166,488</u>
Balance at December 31, 2022	<u>1,830,594</u>	<u>184,851</u>	<u>2,015,445</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2022	1,165,778	37,487	1,203,265
Amortization expense	<u>188,823</u>	<u>47,470</u>	<u>236,293</u>
Balance at December 31, 2022	<u>1,354,601</u>	<u>84,957</u>	<u>1,439,558</u>
Carrying amounts at December 31, 2022	<u>\$ 475,993</u>	<u>\$ 99,894</u>	<u>\$ 575,887</u>

(Concluded)

15. BORROWINGS

Long-term Borrowings

	Period	Interest Rate	<u>December 31</u>	
			2023	2022
<u>Unsecured borrowings</u>				
The Export-Import Bank of ROC	2019.09.20-2026.09.21	0.92%-1.34%	\$ -	\$ 500,000
The Export-Import Bank of ROC	2020.08.25-2027.08.25	0.92%-1.94%	<u>1,000,000</u>	<u>1,000,000</u>
			1,000,000	1,500,000
Less: Current portion			<u>(142,857)</u>	<u>(71,429)</u>
			<u>\$ 857,143</u>	<u>\$ 1,428,571</u>

The proceeds of the Company's unsecured loan was used to invest in Autotalks Ltd. and acquire Panasonic's semiconductor business in Japan. Partial loans have been completed early repayment in the third quarter of 2023.

16. OTHER PAYABLES

	December 31	
	2023	2022
Payable for salaries or employee benefits	\$ 603,159	\$ 1,040,620
Payable for royalties	284,675	416,519
Payable for subsidiaries service fees (Note 27)	159,337	118,145
Payable for purchase of equipment	138,652	72,731
Payable for service	96,239	62,467
Payable for software	73,794	103,817
Others	<u>235,511</u>	<u>272,303</u>
	<u>\$ 1,591,367</u>	<u>\$ 2,086,602</u>

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average of monthly salaries of the 6 months before retirement. In 2023 and 2022, the Company contributed amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee of the Company. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans are as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 903,205	\$ 937,625
Fair value of plan assets	<u>(696,554)</u>	<u>(701,137)</u>
Net defined benefit liabilities	<u>\$ 206,651</u>	<u>\$ 236,488</u>

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Asset)
Balance at January 1, 2022	<u>\$ 990,835</u>	<u>\$(677,817)</u>	<u>\$ 313,018</u>
Service cost			
Current service cost	6,195	-	6,195
Net interest expense (income)	<u>6,739</u>	<u>(4,587)</u>	<u>2,152</u>
Recognized in profit or loss	<u>12,934</u>	<u>(4,587)</u>	<u>8,347</u>
Remeasurement			
Actuarial (gain) loss - the discount rate greater (less) than the realized rate of return	-	(53,296)	(53,296)
Actuarial (gain) loss - changes in financial assumptions	(80,856)	-	(80,856)
Actuarial (gain) loss - experience adjustments	<u>60,967</u>	<u>-</u>	<u>60,967</u>
Recognized in other comprehensive income	<u>(19,889)</u>	<u>(53,296)</u>	<u>(73,185)</u>
Contributions from the employer	-	(11,692)	(11,692)
Benefits paid	<u>(46,255)</u>	<u>46,255</u>	<u>-</u>
Balance at December 31, 2022	<u>937,625</u>	<u>(701,137)</u>	<u>236,488</u>
Service cost			
Current service cost	4,325	-	4,325
Net interest expense (income)	<u>16,329</u>	<u>(12,188)</u>	<u>4,141</u>
Recognized in profit or loss	<u>20,654</u>	<u>(12,188)</u>	<u>8,466</u>
Remeasurement			
Actuarial (gain) loss - the discount rate greater (less) than the realized rate of return	-	(2,861)	(2,861)
Actuarial (gain) loss - changes in financial assumptions	24,403	-	24,403
Actuarial (gain) loss - experience adjustments	<u>(46,524)</u>	<u>-</u>	<u>(46,524)</u>
Recognized in other comprehensive income	<u>(22,121)</u>	<u>(2,861)</u>	<u>(24,982)</u>
Contributions from the employer	-	(13,321)	(13,321)
Benefits paid	<u>(32,953)</u>	<u>32,953</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 903,205</u>	<u>\$(696,554)</u>	<u>\$ 206,651</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans were as follows:

	For the Year Ended December 31	
	2023	2022
Analysis by function		
Operating cost	\$ 3,928	\$ 4,339
Selling expenses	207	122
General and administrative expenses	706	641
Research and development expenses	<u>3,625</u>	<u>3,245</u>
	<u>\$ 8,466</u>	<u>\$ 8,347</u>

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rate(s)	1.4%	1.8%
Expected rate(s) of salary increase	1.5%-2.5%	1.5%-2.5%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2023	2022
Discount rate(s)		
0.25% increase	<u>\$(15,375)</u>	<u>\$(16,996)</u>
0.25% decrease	<u>\$ 15,799</u>	<u>\$ 17,486</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 15,635</u>	<u>\$ 17,380</u>
0.25% decrease	<u>\$(15,292)</u>	<u>\$(16,976)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
Expected contributions to the plans for the next year	<u>\$ 14,583</u>	<u>\$ 12,807</u>
Average duration of the defined benefit obligation	7 years	7.5 years

18. GUARANTEE DEPOSITS

	December 31	
	2023	2022
Capacity guarantee	\$ 1,783,150	\$ 2,294,914
Others	<u>22,576</u>	<u>16,437</u>
	<u>\$ 1,805,726</u>	<u>\$ 2,311,351</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.

19. EQUITY

a. Share capital

Ordinary shares

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

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Additional paid-in capital	\$ 5,203,712	\$ 5,200,332
Conversion of bonds	1,481,180	1,481,180
<u>May only be used to offset a deficit</u>		
Overdue dividends unclaimed	100	78
Share of changes in capital surplus of associates or joint ventures (disposals of subsidiaries)	<u>310,638</u>	<u>190,237</u>
	<u>\$ 6,995,630</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 dividend 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 21 to the 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 for 2022 and 2021 were as follows:

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

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.

The appropriation of earnings for 2023 was not initiated in the Company's board meeting on February 5, 2024.

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 years ended December 31, 2023 and 2022, other comprehensive gain (loss) was NT\$(550,649) thousand and NT\$39,330 thousand, respectively.
- 2) Unrealized valuation gains (losses) on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 294,632	\$ 1,111,460
Recognized for the year	70,809	(253,744)
Cumulative unrealized gains (losses) of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>(563,084)</u>
Balance at December 31	<u>\$ 365,441</u>	<u>\$ 294,632</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.

20. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 146,000	\$ 615,000
Adjustment for prior years' tax and effects of estimated difference	(8,822)	2,538
Deferred tax		
In respect of the current year	<u>38,000</u>	<u>(92,000)</u>
Income tax expense recognized in profit or loss	<u>\$ 175,178</u>	<u>\$ 525,538</u>

b. Reconciliation of accounting profit and income tax expense were as follows:

	For the Year Ended December 31	
	2023	2022
Income tax expense from continuing operations at the statutory rate	\$ 519,000	\$ 949,000
Tax effect of adjustment item		
Permanent differences	(14,000)	(13,000)
Others	<u>(286,000)</u>	<u>(305,000)</u>
Current income tax	219,000	631,000
Unused investment credits	(35,000)	(108,000)
Adjustment for prior year's income tax	<u>(8,822)</u>	<u>2,538</u>
Income tax expense recognized in profit or loss	<u>\$ 175,178</u>	<u>\$ 525,538</u>

c. Current tax liabilities

	December 31	
	2023	2022
Income tax payable	<u>\$ 238,919</u>	<u>\$ 456,801</u>

d. Deferred tax assets

	December 31	
	2023	2022
Deferred tax assets		
Allowance for inventory valuation and obsolescence loss and others	<u>\$ 99,000</u>	<u>\$ 137,000</u>

e. Income tax assessments

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

f. Information about investment credits

The Company applies the Statute for Industrial Innovation Article 10, and up to 15% or 10% of its R&D expenses may be credited against the profit-seeking enterprise income tax payable in each of the three years following the then current year.

21. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION

	For the Year Ended December 31					
	2023			2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits expense						
Short-term employment benefits	\$ 830,118	\$ 1,617,661	\$ 2,447,779	\$ 1,052,760	\$ 2,017,543	\$ 3,070,303
Post-employment benefits	32,147	62,836	94,983	32,673	58,344	91,017
Remuneration to directors	-	36,910	36,910	-	58,958	58,958
Share-based payment	461	2,919	3,380	-	-	-
Depreciation	139,942	80,056	219,998	134,398	93,775	228,173
Amortization	-	264,610	264,610	-	236,293	236,293

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.

The employees' compensation and remuneration of directors for the year ended December 31, 2023, was as follows:

	For the Year Ended December 31, 2023	
	Amount	%
Employees' cash compensation	\$ 167,459	6
Remuneration of directors	27,910	1

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

The employees' compensation and remuneration of directors for the years ended December 31, 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 the Year Ended December 31			
	2022		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 to directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

22. EARNINGS PER SHARE

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

	For the Year Ended December 31					
	2023			2022		
	Amounts (Numerator) After Income Tax (Attributable to Owners of the Company)	Shares (Denominator) (In Thousands)	Earnings Per Share (NT\$) After Income Tax (Attributable to Owners of the Company)	Amounts (Numerator) After Income Tax (Attributable to Owners of the Company)	Shares (Denominator) (In Thousands)	Earnings Per Share (NT\$) After Income Tax (Attributable to Owners of the Company)
Net profit for the year	<u>\$ 2,420,434</u>			<u>\$ 4,220,773</u>		
Basic earnings per share						
Net profit attributed to owners of the Company	2,420,434	419,765	\$ 5.77	4,220,773	419,765	\$ 10.06
Effect of potentially dilutive ordinary shares						
Employees’ compensation	-	1,545		-	2,829	
Diluted earnings per share						
Net profit attributed to owners of the Company	<u>\$ 2,420,434</u>	<u>421,310</u>	\$ 5.75	<u>\$ 4,220,773</u>	<u>422,594</u>	\$ 9.99

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.

23. SHARE-BASED PAYMENT ARRANGEMENTS

WEC was approved by the Securities and Futures Bureau (FSC) on September 25, 2023 to issue 200,000 thousand shares for its cash capital increase. The board of directors resolved to retain 10% of the issued shares for employees’ subscription. On November 2, 2023, the number of shares retained for employees’ subscription and the subscription price were confirmed. The Company recognized the capital surplus of NT\$3,380 thousand on the grant date at the fair value computed based on the Black-Scholes option evaluation model. Relevant information is as follows:

Share Price on the Grant Date (In Dollars)	Exercise Price (In Dollars)	Expected Ratio of Stock Price Fluctuation	Expected Duration	Expected Dividend Rate	Risk-free Interest Rate	Fair Value Per Share (In Dollars)
\$25.55	\$22	34.57%	2 days	-	0.98%	\$3.55

24. DISPOSAL OF SUBSIDIARIES

NTCJ 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. Refer to Note 29 to the Group's consolidated financial statements for the Group's.

25. CAPITAL MANAGEMENT

The Company's manages its capital 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.

26. FINANCIAL INSTRUMENT

a. Categories of financial instruments

	December 31			
	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial assets</u>				
Financial assets at amortized cost (Note 1)	\$ 5,171,628	\$ 5,171,628	\$ 8,855,244	\$ 8,855,244
Financial assets at FVTPL				
Derivative financial assets	85,449	85,449	121,944	121,944
Financial assets at FVTOCI				
Investment in equity instruments	1,215,897	1,215,897	1,117,763	1,117,763

(Continued)

	December 31			
	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial liabilities</u>				
Financial liabilities at amortized cost (Note 2)	\$ 6,211,717	\$ 6,211,717	\$ 7,482,072	\$ 7,482,072
Financial liabilities at FVTPL				
Derivative financial liabilities	354	354	6,017	6,017

(Concluded)

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

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

b. Fair value information

- 1) The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value is observable and the significance in its entirety, which are described as follows:
 - a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
 - b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
 - c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- 2) Fair value measurements recognized in the 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\$8,649 thousand and NT\$8,651 thousand for the years ended December 31, 2023 and 2022, respectively.
- 3) Fair value of financial instruments measured at fair value on a recurring basis

Fair value hierarchy

	December 31, 2023			Total
	Level 1	Level 2	Level 3	
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 8,686	\$ 76,763	\$ 85,449
<u>Financial assets at FVTOCI</u>				
Domestic listed shares and emerging market shares	\$ 1,423	\$ -	\$ -	\$ 1,423
Domestic and overseas unlisted shares	\$ -	\$ -	\$ 1,214,474	\$ 1,214,474
<u>Financial liabilities at FVTPL</u>				

Derivative financial liabilities	\$ <u> -</u>	\$ <u> 354</u>	\$ <u> -</u>	\$ <u> 354</u>
	December 31, 2022			
	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ <u> -</u>	\$ <u> 169</u>	\$ <u> 121,775</u>	\$ <u> 121,944</u>
<u>Financial assets at FVTOCI</u>				
Domestic listed shares and emerging market shares	\$ <u> 919</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 919</u>
Domestic and overseas unlisted shares	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 1,116,844</u>	\$ <u> 1,116,844</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	\$ <u> -</u>	\$ <u> 6,017</u>	\$ <u> -</u>	\$ <u> 6,017</u>

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 years ended December 31, 2023 and 2022 were as follows:

	For the Year Ended December	
	31	
	2023	2022
Balance at January 1	\$ 1,238,619	\$ 1,232,040
Additions	-	45,000
Refund of capital reduction of investments	(2,000)	(1,000)
Recognized in other comprehensive income	54,630	(44,996)
Recognized in profit or loss	<u>(12)</u>	<u>7,575</u>
Balance at December 31	<u>\$ 1,291,237</u>	<u>\$ 1,238,619</u>

c. Financial risk management objectives and policies

The use of financial derivatives is governed by the Company'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 Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company entered into foreign exchange forward contracts to hedge the exchange rate risk arising on the export business.

a) Foreign currency risk

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

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 30 to the financial statements.

The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period and assuming an increase in net income and equity if New Taiwan dollars strengthen by 1% against foreign currencies. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be impact on net income in the amounts of NT\$1,249 thousand decrease and NT\$5,609 thousand decrease for the years ended December 31, 2023 and 2022, respectively. The amounts used in the 1% weakening of New Taiwan dollars against the relevant currency did not consider the impact of hedge contracts and hedged item.

b) Interest rate risk

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

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

	December 31	
	2023	2022
Cash flow interest rate risk		
Financial assets	\$ 5,713	\$ 5,713
Financial liabilities	1,000,000	1,500,000

The sensitivity analysis of cash flows based on the Company's exposure to interest rates of variable-rate non-derivative instruments at the end of the year showed that if market interest rates increased by 1%, the Company's cash outflows for the years ended December 31, 2023 and 2022 would have increased by NT\$9,943 thousand and increased by NT\$14,943 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 Company, to mitigate the risk of financial loss from defaults, The Company 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 Company consider that the Company's credit risk was significantly reduced.

3) Liquidity risk

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

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

	December 31, 2023			
	Within 1 Year	1-2 Years	Over 2 Years	Total
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 3,405,991	\$ -	\$ -	\$ 3,405,991
Lease liabilities	44,726	25,352	60,292	130,370
Variable interest rate liabilities	<u>142,857</u>	<u>285,714</u>	<u>571,429</u>	<u>1,000,000</u>
	<u>\$ 3,593,574</u>	<u>\$ 311,066</u>	<u>\$ 631,721</u>	<u>\$ 4,536,361</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 2 Years	2-5 Years	Over 5 Years	Total
<u>Non-derivative financial liabilities</u>				
Lease liabilities	<u>\$ 70,078</u>	<u>\$ 52,237</u>	<u>\$ 8,055</u>	<u>\$ 130,370</u>

	December 31, 2022			
	Within 1 Year	1-2 Years	Over 2 Years	Total
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 3,670,721	\$ -	\$ -	\$ 3,670,721
Lease liabilities	40,646	36,541	82,607	159,794
Variable interest rate liabilities	<u>71,429</u>	<u>285,714</u>	<u>1,142,857</u>	<u>1,500,000</u>
	<u>\$ 3,782,796</u>	<u>\$ 322,255</u>	<u>\$ 1,225,464</u>	<u>\$ 5,330,515</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 2 Years	2-5 Years	Over 5 Years	Total
Non-derivative <u>financial liabilities</u>				
Lease liabilities	<u>\$ 77,187</u>	<u>\$ 74,658</u>	<u>\$ 7,949</u>	<u>\$ 159,794</u>

27. RELATED PARTY TRANSACTIONS

a. The names and relationships of related parties are as follows:

<u>Related Party Name</u>	<u>Relationship with the Company</u>
Winbond Electronics Corporation (“WEC”)	Parent company
Nuvoton Electronics Technology (H.K.) Limited (“NTHK”)	Subsidiary
Nuvoton Electronics Technology (Shenzhen) Limited (“NTSZ”)	Subsidiary
Nuvoton Electronics Technology (Shanghai) Limited (“NTSH”)	Subsidiary
Nuvoton Technology Corporation America (“NTCA”)	Subsidiary
Nuvoton Technology Israel Ltd. (“NTIL”)	Subsidiary
Song Yong Investment Corporation (“SYI”)	Subsidiary
Nuvoton Technology India Private Limited (“NTIPL”)	Subsidiary
Nuvoton Technology Corporation Japan (“NTCJ”)	Subsidiary
Nuvoton Technology Singapore Pte. Ltd. (NTSG)	Subsidiary
Nuvoton Technology Germany GmbH (NTG)	Subsidiary
Winbond Electronics Corporation Japan (“WECJ”)	Associate
Atfields Manufacturing Technology Corp. (AMTC)	Associate (Note)
Miraxia Edge Technology Corporation (METC)	Associate
Winbond Electronics Germany GmbH (“WEG”)	Associate
Callisto Holding Limited	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: 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 24 to the financial statements.

b. Operating activities

	For the Year Ended December	
	31	
	2023	2022
1) Operating revenue		
Subsidiary		
NTHK	\$ 7,952,135	\$ 8,079,378
Others	1,887,061	280,080
Related party in substance	127,499	229,477
Associate	<u>89,608</u>	<u>149,014</u>
	<u>\$ 10,056,303</u>	<u>\$ 8,738,149</u>
2) Purchases of goods		
Subsidiary		
NTCJ	\$ 6,372,549	\$ 1,961,416
Others	596,847	335,654
Parent company	97,226	173,354
Related party in substance		
Waltech	<u>947,744</u>	<u>1,045,764</u>
	<u>\$ 8,014,366</u>	<u>\$ 3,516,188</u>
3) Manufacturing expenses		
Related party in substance		
Waltech	\$ 1,594,639	\$ -
Parent company	<u>1,595</u>	<u>1,088</u>
	<u>\$ 1,596,234</u>	<u>\$ 1,088</u>
4) Operating expenses		
Subsidiary		
NTIL	\$ 1,196,938	\$ 1,136,241
NTCA	429,561	417,532
Others	53,471	40,141
Parent company	131,510	75,958
Related party in substance	11,423	10,780
Associate	<u>5,838</u>	<u>4,854</u>
	<u>\$ 1,828,741</u>	<u>\$ 1,685,506</u>
5) Dividend income		
Related party in substance		
United Industrial Gases Co., Ltd.	<u>\$ 59,840</u>	<u>\$ 67,118</u>

	December 31	
	2023	2022
6)Accounts receivable from related parties		
Subsidiary		
NTHK	\$ 1,213,476	\$ 141,110
NTCJ	207,534	17
NTCA	34,326	108,679
Others	110,700	-
Related party in substance	18,460	15,723
Associate	<u>7,373</u>	<u>33,052</u>
	<u>\$ 1,591,869</u>	<u>\$ 298,581</u>
7)Other receivables		
Subsidiary		
NTCJ	\$ 11,240	\$ 7,575
Others	960	2,779
Parent company	1,598	597
Associate	<u>983</u>	<u>353</u>
	<u>\$ 14,781</u>	<u>\$ 11,304</u>
8)Refundable deposits		
Parent company	\$ 1,780	\$ 1,780
Related party in substance	<u>1,722</u>	<u>1,722</u>
	<u>\$ 3,502</u>	<u>\$ 3,502</u>
9)Accounts payable to related parties		
Subsidiary		
NTCJ	\$ 600,655	\$ 158,614
NTSG	47,516	84,359
Related party in substance		
Waltech	373,818	448,177
Parent company	<u>18,482</u>	<u>20,828</u>
	<u>\$ 1,040,471</u>	<u>\$ 711,978</u>
10)Other payables		
Subsidiary		
NTIL	\$ 140,949	\$ 91,949
Others	19,508	31,314
Parent company	87,990	48,200
Related party in substance	<u>1,577</u>	<u>1,042</u>

December 31	
2023	2022
<u>\$ 250,024</u>	<u>\$ 172,505</u>

11) Guarantee deposits

Related party in substance		
Nyquest	\$ 244,800	\$ 250,594
Parent company	<u>545</u>	<u>545</u>
	<u>\$ 245,345</u>	<u>\$ 251,139</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.

c. Lease arrangements - Company is lessee

	December 31	
	2023	2022
1) Lease liabilities		
Parent company	\$ 12,188	\$ 24,245
	For the Year Ended December 31	
	2023	2022
2) Finance costs		
Parent company	\$ 182	\$ 312
Related party in substance	-	84
	<u>\$ 182</u>	<u>\$ 396</u>

d. Lease arrangements - Company is lessor/sublease arrangements

Sublease arrangements under operating leases

For the year ended December 31, 2023, the Company subleases its assets under operating leases to WEC and SYI with lease terms 1 year.

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

	December 31	
	2023	2022
Parent company	\$ 401	\$ 340
Subsidiary	-	6
	<u>\$ 401</u>	<u>\$ 346</u>

2) Future lease payment receivables was as follows:

	December 31	
	2023	2022
Parent company	\$ 4,254	\$ 4,076
Subsidiary	60	150
	<u>\$ 4,314</u>	<u>\$ 4,226</u>

3) Lease income was as follows:

	For the Year Ended December 31	
	2023	2022
Parent company	\$ 4,050	\$ 4,041
Subsidiary	<u>60</u>	<u>60</u>
	<u>\$ 4,110</u>	<u>\$ 4,101</u>

e. Acquisition of financial assets

For the year ended December 31, 2023

Related Party Category	Project	Number of Shares	Target	Amount Obtained
Subsidiary NTG	Investments accounted for using equity method	2,000	NTG ordinary share	<u>\$ 67,980</u>

For the year ended December 31, 2022: None.

f. Endorsements and guarantees

Endorsements and guarantees provided by the Company

The chairman of the Company is a joint guarantor of the land-leasing from Taiwan Sugar Corporation. Refer to Note 13 to the financial statements.

For the year ended December 31, 2023, the Company will provide endorsement guarantees and property guarantees for NTCJ, for their financing to financial institutions.

g. Compensation of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 180,227	\$ 212,840
Post-employment benefits	840	945
Share-based payment	<u>3,174</u>	<u>-</u>
	<u>\$ 184,241</u>	<u>\$ 213,785</u>

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

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2023	2022
Time deposits (accounted as refundable deposits)	<u>\$ 107,328</u>	<u>\$ 107,227</u>

29. 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 effective 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.

30. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Company has provided the information of the significant events after the reporting period in the consolidated financial statements. Refer to Note 35 to the consolidated financial statements for the year ended December 31, 2023.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	December 31					
	2023			2022		
	Foreign Currencies (Thousand)	Exchange Rate	New Taiwan Dollars (Thousand)	Foreign Currencies (Thousand)	Exchange Rate	New Taiwan Dollars (Thousand)
<u>Financial assets</u>						
Monetary items						
USD	\$ 108,157	30.705	\$ 3,320,952	\$ 145,545	30.71	\$ 4,469,702
ILS	10,816	8.4694	91,602	1,243	8.7301	10,855
JPY	2,125	0.2172	462	179,662	0.2324	41,753
EUR	604	33.98	20,524	63	32.72	2,077
RMB	5,799	4.3270	25,090	2,752	4.4080	12,133
Investments accounted for using equity method						
USD	96,192	30.705	2,953,561	90,843	30.71	2,789,786
INR	58,407	0.3692	21,564	58,317	0.3712	21,647
KRW	579,987	0.0238	13,804	520,808	0.0244	12,708
JPY	39,262,523	0.2172	8,527,820	32,563,868	0.2324	7,567,843
EUR	2,000	33.98	67,960	-	32.72	-
<u>Financial liabilities</u>						
Monetary items						
USD	104,718	30.705	3,215,370	125,858	30.71	3,865,095
ILS	13,070	8.4694	110,694	10,532	8.7301	91,949
JPY	745	0.2172	162	56,304	0.2324	13,085
EUR	194	33.98	6,575	164	32.72	5,397

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains were NT\$2,856 thousand and NT\$183,430 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Company.

32. SEGMENT INFORMATION

The Company has provided the financial information of the operating segments in the consolidated financial statements. Therefore, these financial statements do not provide such information.

33. ADDITIONAL DISCLOSURE

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)	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.	Table 7

	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.	
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c. Information of major shareholders: Refer to Table 8 attached.

NUVOTON TECHNOLOGY CORPORATION

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

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 2)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 2)	Actual Borrowing Amount (In Thousands of Foreign Currencies)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Company	NTCJ	Subsidiary	\$ 16,731,044	\$ 2,185,365	\$ 2,185,365	\$ 196,922	\$ -	13.06	\$ 16,731,044	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

MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	<u>Shares</u> Yu-Ji Venture Capital Co., Ltd.	The held company as the investee's director	Financial assets at fair value through other comprehensive income	375,000	\$ 7,324	5	\$ 7,324	
	Brightek Optoelectronic Co., Ltd.	None	"	34,680	1,423	-	1,423	
	United Industrial Gases Co., Ltd.	The held company as the investee's director	"	8,800,000	536,800	4	536,800	
	Autotalks Ltd. - Preferred E. Share	None	"	3,932,816	614,100	9	614,100	
	Allxon Inc.	None	"	5,625,000	56,250	15	56,250	
	<u>Warrants</u> Autotalks Ltd.	None	Financial assets at fair value through profit and loss	-	76,763	-	76,763	
SYI	<u>Shares</u> Nyquest Technology Co., Ltd.	The held company as the investee's director	Financial assets at fair value through other comprehensive income	1,650,000	132,660	5	132,660	
NTCJ	Symetrix Corporation	None	"	50,268	-	1	-	

NUVOTON TECHNOLOGY CORPORATION

**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 DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

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

Note: In January 2023, NTCJ sold 100% of the shares of AMTC to WEC at the consideration of 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

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(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	\$ 7,952,135	42	Net 50 days from invoice date	N/A	N/A	\$ 1,213,476	50	
	NTCA	Subsidiary	Sales	125,605	1	Net 50 days from invoice date	N/A	N/A	34,326	1	
	NTSG	Subsidiary	Sales	661,206	3	Net 10 days end of the month	N/A	N/A	88,124	4	
	NTCJ	Subsidiary	Sales	908,377	5	Net 10 days end of the month	N/A	N/A	207,534	9	
	NTSZ	Subsidiary	Sales	191,873	1	Net 50 days from invoice date	N/A	N/A	22,577	1	
	Nyquest	Related party in substance	Sales	127,399	1	Net 45 days from invoice date	N/A	N/A	18,433	1	
	NTSG	Subsidiary	Purchases	596,847	7	Net 8 days end of the month	N/A	N/A	(47,516)	3	
	NTCJ	Subsidiary	Purchases	6,372,549	70	Net 8 days end of the month	N/A	N/A	(600,655)	33	
	NTSG	NTCJ	Fellow subsidiary	Sales	US\$ 174,949	65	Net 10 days end of the month	N/A	N/A	US\$ 9,991	49
NTHK		Fellow subsidiary	Sales	US\$ 14,528	5	Net 10 days end of the month	N/A	N/A	US\$ 1,517	7	
NTCJ	NTSG	Fellow subsidiary	Sales	JPY23,048,973	25	Net 10 days end of the month	N/A	N/A	JPY 1,260,807	9	
	NTHK	Fellow subsidiary	Sales	JPY12,988,745	14	Net 10 days end of the month	N/A	N/A	JPY 1,098,239	8	
	TPSCo.	Associate	Purchases	JPY17,239,206	41	Net 10 days end of the month	N/A	N/A	JPY (1,776,518)	29	

NUVOTON TECHNOLOGY CORPORATION

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023**

(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
The Company	NTHK	Subsidiary	\$ 1,213,476	11.74	\$ -	-	\$ 730,020	\$ -
	NTCJ	Subsidiary	207,534	8.75	-	-	195,949	-
NTSG	NTCJ	Fellow subsidiary	US\$ 9,991	13.01	-	-	US\$ 9,991	-
NTCJ	NTSG	Fellow subsidiary	JPY1,260,807	14.72	-	-	JPY1,260,807	-
	NTHK	Fellow subsidiary	JPY1,098,239	23.65	-	-	JPY1,098,239	-
	The Company	Parent company	JPY2,767,586	16.77	-	-	JPY2,767,586	-
NTIL	The Company	Parent company	ILS 16,642	(Note)	-	-	ILS 16,642	-

Note: Mainly related to other receivables, the calculation of turnover days is not applicable.

NUVOTON TECHNOLOGY CORPORATION

**NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
The Company	NTHK	Hong Kong	Sales of semiconductor	\$ 427,092	\$ 427,092	107,400,000	100	\$ 703,987	\$ 101,154	\$ 101,154	(Note 3)
	MML	British Virgin Islands	Investment holding	274,987	274,987	8,897,789	100	282,496	4,262	4,262	
	NIH	British Virgin Islands	Investment holding	515,251	590,953	15,633,161	100	370,049	71,938	71,938	
	SYI	Taiwan	Investment holding	38,500	38,500	3,850,000	100	161,693	11,260	11,260	
	NTIPL	India	Design, sales and service of semiconductor	30,211	30,211	600,000	100	21,564	30	30	
	NTCA	United States of America	Design, sales and service of semiconductor	190,862	190,862	60,500	100	219,309	8,827	8,827	
	NTSG	Singapore	Design, sales and service of semiconductor	1,319,054	1,319,054	45,100,000	100	2,021,289	59,001	59,001	
	NTKL	Korea	Design, sales and service of semiconductor	30,828	30,828	125,000	100	13,804	1,402	1,402	
	NTHJ	Japan	Investment holding	5,927,849	5,927,849	100	100	8,527,820	1,368,696	1,368,696	
	NTG	Germany	Customer service and technical support of semiconductor	67,980	-	2,000,000	100	67,960	-	-	
MML	GLLC	United States of America	Investment holding	1,473,559	1,473,559	-	100	282,622	4,661	4,661	
NIH	NTIL	Israel	Design and service of semiconductor	46,905	46,905	1,000	100	369,080	69,907	69,907	
NTHJ	NTCJ	Japan	Design, sales and service of semiconductor	111,520	111,520	9,480	100	11,695,970	1,368,454	1,368,454	
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	1,824,673	363,783	162,270	(Note 1)

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

Note 2: Refer to Note 24 for information of the Company 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 Note 11 for information of the Company established NTG in Germany in December 2023 and acquired 100% of ownership.

Note 5: Refer to Table 7 for information on investment in mainland China.

NUVOTON TECHNOLOGY CORPORATION

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

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

Investee Company in Mainland China	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	% Ownership of Direct or Indirect Investment	Net Income of the Investee	Investment Gain (Note 1)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
NTSH	Provide project of sale in China and repairing, testing and consulting of software and leasing business	\$ 68,036 (US\$ 2,000)	Through investing in MML in the third area in British Virgin Islands, which then invested in the investee in mainland China indirectly	\$ 68,036 (US\$ 2,000)	\$ -	\$ -	\$ 68,036 (US\$ 2,000)	100	\$ 165	\$ 165	\$ 282,801	\$ -
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)	- (Note 2)	-
NTSZ	Computer software service (except I.C. design), wholesale business for computer, supplement and software	197,670 (US\$ 6,000)	Through investing in NTHK in the third area, which then invested in the investee in mainland China indirectly	197,670 (US\$ 6,000)	-	-	197,670 (US\$ 6,000)	100	6,366	6,366	229,728	-
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	(271)	(271)	7,787	-

Note 1: Investment profit or loss for the year ended December 31, 2023 was recognized under the basis of the financial statements audited 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 December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
The Company	NT\$282,135 (US\$8,500)	NT\$282,135 (US\$8,500)	NT\$10,038,626

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

3. Refer to Table 8 of the Consolidated Financial Statements 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**INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

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

Note 1: Table 8 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 financial report and the actual number of shares delivered without physical registration may differ due to the different calculation basis.

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

NUVOTON TECHNOLOGY CORPORATION

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NUVOTON TECHNOLOGY CORPORATION**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Foreign Currencies)**

Item	Description	Amount
Cash on hand		\$ 230
	Check accounts	457
	Demand deposits - NT\$	48,079
	Foreign currency deposits - US\$3,807 @30.705	116,901
	Foreign currency deposits - JPY206,618 @0.2172	44,877
	Foreign currency deposits - ILS1,881 @8.4694	15,928
	Foreign currency deposits - EUR599 @33.98	20,366
	Foreign currency deposits - RMB581 @4.327	2,513
	Time deposits - NT\$	1,300,000
	Time deposits - US\$23,500 @30.705	721,568
Cash equivalents	Repurchase agreements collateralized by bond - expired from January 12, 2024 to January 19, 2024, interest rates at 0.87%	<u>163,500</u>
		<u>\$ 2,434,419</u>

NUVOTON TECHNOLOGY CORPORATION**STATEMENT OF ACCOUNTS RECEIVABLE****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount
Client V	Third parties, sales payments	\$ 610,129
Client C	Third parties, sales payments	254,903
Client S	Third parties, sales payments	86,592
Others (Note)	Third parties, sales payments	213,641
Less: Allowance for return and rebate		(306,886)
Less: Loss allowance		<u>(20,534)</u>
		<u>\$ 837,845</u>

Note: The amount of individual client included in "others" does not exceed 5% of the account balance.

NUVOTON TECHNOLOGY CORPORATION**STATEMENT OF OTHER RECEIVABLES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Amount
Business tax refund receivable	\$ 34,977
Receivables from related parties	14,781
Receivables from sales of scraps	6,685
Others (Note)	<u>3,179</u>
	<u>\$ 59,622</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

NUVOTON TECHNOLOGY CORPORATION**STATEMENT OF INVENTORIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Net Realized Value
Raw materials and supplies	\$ 279,269	\$ 177,634
Work-in-process	2,515,138	2,192,571
Finished goods	1,135,394	916,625
Less: Allowance for inventory valuation and obsolescence losses	<u>(642,971)</u>	<u>-</u>
	<u>\$ 3,286,830</u>	<u>\$ 3,286,830</u>

NUVOTON TECHNOLOGY CORPORATION**STATEMENT OF OTHER CURRENT ASSETS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Amount
Prepaid expenses for mask	\$ 104,250
Prepayments to suppliers	95,209
Prepaid expenses for software	40,423
Prepaid expenses for bonus	32,653
Others (Note)	<u>34,978</u>
	<u>\$ 307,513</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

NUVOTON TECHNOLOGY CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars)

Name of Securities	As of January 1, 2023		Increase		Decrease		As of December 31, 2023		Collateral
	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	
Listed shares and emerging market shares									
Brightek Optoelectronic Co., Ltd.	34,680	\$ 919	-	\$ 504 (Note 1)	-	\$ -	34,680	\$ 1,423	None
Unlisted shares									
United Industrial Gases Co., Ltd.	8,800,000	492,800	-	44,000 (Note 1)	-	-	8,800,000	536,800	"
Yu-Ji Venture Capital Co., Ltd.	575,000	9,844	-	-	200,000	2,520 (Note 2)	375,000	7,324	"
Autotalks Ltd. - Preferred E. Share	3,932,816	614,200	-	-	-	100 (Note 1)	3,932,816	614,100	"
Allxon Inc.	-	-	5,625,000	56,250 (Note 3)	-	-	5,625,000	56,250	"
		<u>1,116,844</u>		<u>100,250</u>		<u>2,620</u>		<u>1,214,474</u>	
		<u>\$ 1,117,763</u>		<u>\$ 100,754</u>		<u>\$ 2,620</u>		<u>\$ 1,215,897</u>	

Note 1: Unrealized fair value measurement.

Note 2: Capital reduction of investments of NT\$2,000 thousand and unrealized losses of NT\$520 thousand.

Note 3: In June 2023, the Company executes the Allxon Inc. stock warrants conversion to acquired 5,625 thousand preferred shares, which was valued at fair value.

NUVOTON TECHNOLOGY CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Otherwise Stated)

Name	Balance at January 1, 2023		Increase		Decrease		Balance at December 31, 2023			Market Value or Net Assets Value	Collateral
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	%	Amount		
Nuvoton Electronics Technology (H.K.) Limited	107,400,000	\$ 611,146	-	\$ 92,841	-	\$ -	107,400,000	100	\$ 703,987	\$ 703,987	None
Marketplace Management Ltd.	8,897,789	285,197	-	-	-	2,701	8,897,789	100	282,496	282,496	//
Nuvoton Technology Corporation America	60,500	210,631	-	8,678	-	-	60,500	100	219,309	219,309	//
Nuvoton Investment Holding Ltd.	17,960,000	368,652	-	77,099	2,326,839	75,702	15,633,161	100	370,049	370,049	//
Song Yong Investment Corporation	3,850,000	147,758	-	13,935	-	-	3,850,000	100	161,693	161,693	//
Nuvoton Technology India Private Limited.	600,000	21,647	-	-	-	83	600,000	100	21,564	21,564	//
Nuvoton Technology Holdings Japan	100	7,567,843	-	959,977	-	-	100	100	8,527,820	8,527,820	//
Nuvoton Technology Korea Limited	125,000	12,708	-	1,096	-	-	125,000	100	13,804	13,804	//
Nuvoton Technology Singapore Pte. Ltd.	45,100,000	1,959,771	-	61,518	-	-	45,100,000	100	2,021,289	2,021,289	//
Nuvoton Technology Germany GmbH	-	-	2,000,000	67,960	-	-	2,000,000	100	67,960	67,960	//
		<u>\$ 11,185,353</u>		<u>\$ 1,283,104</u>		<u>\$ 78,486</u>			<u>\$ 12,389,971</u>	<u>\$ 12,389,971</u>	

NUVOTON TECHNOLOGY CORPORATION**STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Balance at January 1, 2023	Addition	Deduction	Balance at December 31, 2023
Cost				
Land	\$ 251,055	\$ 2,847	\$ -	\$ 253,902
Buildings	123,640	6,990	57,092	73,538
Other equipment	<u>18,343</u>	<u>7,251</u>	<u>-</u>	<u>25,594</u>
	<u>\$ 393,038</u>	<u>\$ 17,088</u>	<u>\$ 57,092</u>	<u>\$ 353,034</u>
Accumulated depreciation				
Land	\$ 100,844	\$ 25,333	\$ -	\$ 126,177
Buildings	100,268	16,992	57,092	60,168
Other equipment	<u>14,278</u>	<u>5,715</u>	<u>-</u>	<u>19,993</u>
	<u>\$ 215,390</u>	<u>\$ 48,040</u>	<u>\$ 57,092</u>	<u>\$ 206,338</u>

NUVOTON TECHNOLOGY CORPORATION**STATEMENT OF REFUNDABLE DEPOSITS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
	Land leases and customs tariff obligations	\$ 107,328
Pledged time deposits	deposit	
Refundable deposits	Lease deposit	<u>140,545</u>
		<u>\$ 247,873</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

NUVOTON TECHNOLOGY CORPORATION**STATEMENT OF ACCOUNTS PAYABLE****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Vender Name	Description	Amount
Vendor G	Third parties, payment for goods	\$ 243,062
Vendor E	"	166,558
Vendor C	"	52,793
Vendor I	"	61,037
Others (Note)		<u>250,703</u>
		<u>\$ 774,153</u>

Note: The amount payable to each individual vendor included in "others" does not exceed 5% of the account balance.

NUVOTON TECHNOLOGY CORPORATION**STATEMENT OF OTHER CURRENT LIABILITIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Amount
Receipts in advance	\$ 244,779
Receipts under custody	<u>10,742</u>
	<u>\$ 255,521</u>

NUVOTON TECHNOLOGY CORPORATION

STATEMENT OF LEASE LIABILITIES

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Lease Term	Discount Rate (%)	Balance, End of Year	Note
Land	Science Park Administration and Taiwan Sugar Corporation	2019/01/01-2034/09/30	1.76-2.06	\$ 105,249	
Buildings	Office and Science Park dormitory	2019/12/01-2024/12/31	0.96-1.31	14,466	
Other equipment	Company cars and parking lot	2019/12/01-2028/02/23	0.88-1.72	<u>5,776</u>	
				<u>\$ 125,491</u>	

NUVOTON TECHNOLOGY CORPORATION**STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Quantity	Amount
General IC products	1,472,559 thousand pieces of die	\$ 16,573,651
Foundry service	412 thousand pieces of chip	2,447,858
Others		<u>44,359</u>
		<u>\$ 19,065,868</u>

NUVOTON TECHNOLOGY CORPORATION**STATEMENT OF OPERATING COST
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Amount
Raw materials, beginning of year	\$ 318,359
Add: Raw material purchased	9,141,169
Less: Transferred to manufacturing expenses, operating expenses and others	(369,342)
Scrapped	(2,020)
Raw materials, end of year	<u>(279,269)</u>
Raw materials used	8,808,897
Direct labor	217,864
Manufacturing expenses	<u>4,445,607</u>
Manufacturing cost	13,472,368
Add: Work-in process, beginning of year	2,382,228
Transferred to manufacturing expenses, operating expenses and others	14,239
Less: Scrapped	(19,728)
Work-in-process, end of year	<u>(2,515,138)</u>
Cost of finished goods	13,333,969
Add: Finished goods, beginning of year	963,040
Less: Transferred to manufacturing expenses, operating expenses	(59,647)
Scrapped	(22,782)
Finished goods, end of year	(1,135,394)
Add: Other operating costs	235,799
Loss on the reduction of inventory to LCM and obsolescence	111,128
Scrap loss	44,530
Sales of scrap and waste	<u>(1,908)</u>
	<u>\$ 13,468,735</u>

NUVOTON TECHNOLOGY CORPORATION**STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Amount
Payroll expense	\$ 67,510
Subsidiaries service fee	53,471
Commission	23,676
Import and export fee	28,137
Travel expenses	13,941
Others (Note)	<u>39,350</u>
	<u>\$ 226,085</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

NUVOTON TECHNOLOGY CORPORATION**STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Amount
Payroll expense	\$ 206,296
Subsidiaries service fee	126,665
Amortization	49,305
Professional service fee	38,146
Others (Note)	<u>295,160</u>
	<u>\$ 715,572</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

NUVOTON TECHNOLOGY CORPORATION**STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Amount
Payroll expense	\$ 1,239,166
Subsidiaries service fee	1,499,834
Materials for research and development	346,011
Others (Note)	<u>771,299</u>
	<u>\$ 3,856,310</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

NUVOTON TECHNOLOGY CORPORATION

STATEMENT OF EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION BY FUNCTION FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31					
	2023			2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Labor cost						
Payroll expense	\$ 764,040	\$ 1,512,972	\$ 2,277,012	\$ 986,096	\$ 1,915,298	\$ 2,901,394
Labor and health insurance	66,078	104,689	170,767	66,664	102,245	168,909
Pension	32,147	62,836	94,983	32,673	58,344	91,017
Remuneration to director	-	36,910	36,910	-	58,958	58,958
Share-based payment arrangements	461	2,919	3,380	-	-	-
	<u>\$ 862,726</u>	<u>\$ 1,720,326</u>	<u>\$ 2,583,052</u>	<u>\$ 1,085,433</u>	<u>\$ 2,134,845</u>	<u>\$ 3,220,278</u>
Depreciation expense	<u>\$ 139,942</u>	<u>\$ 80,056</u>	<u>\$ 219,998</u>	<u>\$ 134,398</u>	<u>\$ 93,775</u>	<u>\$ 228,173</u>
Amortization expense	<u>\$ -</u>	<u>\$ 264,610</u>	<u>\$ 264,610</u>	<u>\$ -</u>	<u>\$ 236,293</u>	<u>\$ 236,293</u>

Note 1: As of December 31, 2023 and 2022, the Company had 1,555 and 1,554 employees, respectively. There were both 8 non-employee directors.

Note 2:

- a. Average labor cost for the year ended December 31, 2023 was NT\$1,644 thousand. ((Total labor cost of the current year - Total remuneration to director of the current year)/(Employees of the current year - Non-employee directors of the current year))

Average labor cost for the year ended December 31, 2022 was NT\$2,045 thousand. ((Total labor cost of the current year - Total remuneration to director of the current year)/(Employees of the current year - Non-employee directors of the current year))

- b. Average payroll and bonus expense for the year ended December 31, 2023 was NT\$1,472 thousand. (Total payroll and bonus expense of the current year/(Employees of the current year - Non-employee directors of the current year))

Average payroll and bonus expense for the year ended December 31, 2022 was NT\$1,877 thousand. (Total payroll and bonus expense of the current year/(Employees of the current year - Non-employee directors of the current year))

- c. There was a (21.58%) adjusted change in the average payroll and bonus expense. ((Average payroll and bonus expense of the current year - Average payroll and bonus expense of the prior year)/Average payroll and bonus expense of the prior year)

Note 3: The Company has set up an audit committee and did not have supervisors, therefore, there was no compensation to the supervisor.

Note 4: The company's compensation policy:

- a. Directors: In accordance with the Company's Article 25, if the Company turns a profit in a year, no more than 1% (includes 1%) of the profit should be distributed to directors as compensation, however, if the Company still has accumulated deficit from previous terms, it should reserve the amount needed to settle the outstanding balance. The Company's Remuneration of directors and supervisors will suggest the amount of board compensation based on the Company's Article, the Company's "Rules for Distribution of Compensation to Directors and Performance Appraisal to the Board of Directors", the results of the Board of Directors member's self-appraisal and yearly business results, after the Board of Directors approve the suggested amounts, the amounts should be reported to the shareholders meeting.
- b. Managers: To improve business performance, implement the policy of managers taking responsibility for business performance and to ensure the salary's excitement and competitiveness, the Company provides competitive overall remuneration.

(Continued)

- c. Employees: The overall remuneration of employees includes fixed compensation and variable compensation and is based on the principle of striking a balance between internal fairness and external competitiveness. In accordance with the Company's Article, no less than 1% (includes 1 %) of the profit before income tax excluding the employee and board compensation should be distributed to employees as compensation. The employee's personal remuneration is based on the contribution to their responsibilities and professional function. The bonus payments are made in accordance with the employee's personal performance and contribution.

(Concluded)

VI. For the most recent fiscal year of the company and its related entities, and up to the date of printing of the annual report, Were there any occurrences of financial difficulties that had a significant impact on the financial condition of the Company? No.

Chapter 5 Financial Position, Financial Performance and Risk Analysis

I. Analysis of financial status (consolidated)

Unit: NT\$1,000

Item\Year	2023	2022	Difference	
			Change (amount)	Change (%)
Current assets	19,199,465	24,115,127	(4,915,662)	(20%)
Property, plant and equipment	5,785,697	5,764,085	21,612	-
Intangible assets	550,894	722,757	(171,863)	(24%)
Other assets	6,204,138	6,249,771	(45,633)	(1%)
Total assets	31,740,194	36,851,740	(5,111,546)	(14%)
Current liabilities	8,180,808	10,967,686	(2,786,878)	(25%)
Non-current liabilities	6,828,342	8,318,116	(1,489,774)	(18%)
Total liabilities	15,009,150	19,285,802	(4,276,652)	(22%)
Capital Stock	4,197,653	4,197,653	-	-
Capital surplus	6,995,630	6,871,827	123,803	2%
Retained earnings	6,728,580	7,207,437	(478,857)	(7%)
Other interests	(1,190,819)	(710,979)	(479,840)	67%
Total equity	16,731,044	17,565,938	(834,894)	(5%)

Reasons for changes exceeding 20%:

1. Current Assets: Primarily due to the decrease in cash and cash equivalents in the fiscal year 2023.
2. Intangible Assets: Primarily due to the amortization of deferred technology rights assets in the fiscal year 2023.
3. Current Liabilities: Primarily due to the decrease in accounts payable in the fiscal year 2023.
4. Other Equity: Primarily due to the decrease in exchange differences from the translation of financial statements of foreign operations in the fiscal year 2023.

II. Analysis of financial performance (consolidated)

Unit: NT\$1,000

Item\Year	2023	2022	Change (amount)	Percentage of change (%)
Operating revenue	35,348,149	41,872,426	(6,524,277)	(15)
Operating cost	<u>21,005,496</u>	<u>24,378,097</u>	<u>(3,372,601)</u>	(14)
Gross profit	14,342,653	17,494,329	(3,151,676)	(18)
Operating expenses	<u>12,652,470</u>	<u>13,016,420</u>	<u>(363,950)</u>	(3)
Operating profits	1,690,183	4,477,909	(2,787,726)	(62)
Non-operating income and expenses	<u>1,036,421</u>	<u>629,111</u>	<u>407,310</u>	65
Pre-tax profit	2,726,604	5,107,020	(2,380,416)	(47)
Income tax expense	<u>306,170</u>	<u>886,247</u>	<u>(580,077)</u>	(65)
Net profit of the term	2,420,434	4,220,773	(1,800,339)	(43)
Other comprehensive income of the term	(440,774)	(110,715)	(330,059)	298
Total comprehensive income of the term	<u>1,979,660</u>	<u>4,110,058</u>	<u>(2,130,398)</u>	(52)

Reasons for changes exceeding 20%:

1. Operating Profit, Income Tax Expense, and Net Profit for the Period Decrease: Primarily due to a decrease in operating profit in the fiscal year 112, influenced by macroeconomic factors.
2. Increase in Non-operating Income and Expenses: Primarily due to gains from the disposal of real estate, factory buildings, and equipment, as well as increased interest income.
3. Decrease in Other Comprehensive Income: Primarily due to a decrease in exchange differences from the translation of financial statements of foreign operations.

III. Cash flow analysis

Unit: NT\$1,000

Cash balance, beginning	Annual net cash flow from operating activities	Cash outflow due to investing and financing activities	Cash surplus (deficit)	Remedial measures for cash deficit	
				Investment plans	Financing plans
10,398,185	132,087	(4,204,878)	6,325,394	-	-

1. Analysis on the cash flow changes of the current year:
 - (1) Operating activities: Mainly due to operating profits in 2023.
 - (2) Investing activities: Mainly due to the increase in the amount of real estate, plant and equipment acquired in 2023.
 - (3) Financing activities: Mainly due to the increase in repaying short-term borrowings and cash dividends issued in 2023.
2. Remedial actions for cash deficit and liquidity analysis: Not applicable.
3. Net cash inflow from operating activities of the Company and subsidiaries for the coming year is estimated at NT\$ 3.267 billion, and net cash outflow due to investing and financing activities is estimated at NT\$ 3.674 billion; mainly to be used for capital expenditures and cash dividends.

Note: Not certified by CPA yet.

IV. Effect of major capital spending on financial position and business operation in the past year:

1. Major capital spending and its implementation status: N/A.
2. Anticipated benefit: N/A.

V. Investment policy in the past year, profit/loss analysis, improvement plan, and investment plan for the coming year:

The Company's reinvestment projects are divided into strategic investments and non-strategic investments. The objective of strategic investments is to produce comprehensive results for the operation of the Company, and non-strategic investments are financial in nature. The Company will formulate plans in the future as required by company operations.

VI. Risk management and evaluation

(I) Impact of interest rate and exchange rate changes and inflation on Company's profit and response measures:

1. Effects of changes in interest rates:

The Company currently operates mainly on own funds. Thus changes in interest rates are not expected to produce significant impact on the operations of the Company. The Company maintains friendly relations with multiple financial institutions that offer preferred interest rates when the need for capital arises; changes in interest rates are not expected to produce significant impact on Company's cost of operation. However the Company will continue to watch closely the effect of interest rate movement on Company operations.

2. Effects of changes in exchange rates:

Nuvoton's exchange rate risks are mainly derived from operating activities. Regarding the exchange rate risks associated with purchases or sales in currency valuation, the Company offsets foreign currency assets and liabilities to achieve balance and maintains close communication with financial institutions to continue to observe changes in exchange rates and lower exchange rate variation risks. The Company will continue to adopt the following response actions for exchange rate risks:

A. Engage in financial derivatives transactions for the main purpose of hedging risks derived from business operations and choose financial derivative products to primarily hedge the risks associated with the Company's business operations. In the selection of trading counterparty, give primary consideration to credit risk to avoid loss arising from counterparty's failure to perform its contractual obligation. In addition, the Company shall choose as its partners the financial institutions with low credit risk, good relationship with the Company, and the capability to provide the Company with professional information.

B. The Company keeps abreast of financial market information, predicts market trends, gets familiar with financial products and related regulations and trading techniques, and provides full and timely information to the management and relevant departments for reference.

C. The Company sets the limit of unrealized loss on all financial derivatives contracts to 20% of the contract values or 3% of owners' equity, whichever is lower. The Company's finance unit evaluates the Company's position on financial derivatives every month and produces a report therefor, which is submitted to the head of finance and senior management authorized by the Board of Directors for review in the hope to predict the risk of each transaction and potential loss.

3. Inflation:

As domestic and global inflation turned for the worse in 2023, the Company actively manages and controls cost and operating expenditures to reduce the impact of inflation on operations.

(II) Policies, main causes of gain or loss and future response measures with respect to high-risk, high-leveraged investments, lending or endorsement guarantees, and derivatives transactions:

The Company has not engaged in any high-risk, high-leverage investment, or loans to other parties. The Company's derivatives trading policy aims to hedge against the risks derived from business operations and reduce the risk of fair value fluctuation for assets and liabilities actually owned by the Company under the objective of economic hedge and the resulting loss or income in exchange rates are entirely manageable. The Company has established "Procedures for the Acquisition or Disposal of Assets Procedures," "Procedures for Lending Funds to Other Parties," "Rules for Endorsements and Guarantees", and "Procedures for Engaging in Derivatives Transactions" as the basis for related transactions to control and manage financial transaction risks.

(III) Future R&D Programs and Expected R&D Investment

The Company's future R&D undertaking will continue to focus on the research of low- power, information security, high-speed CPU core platforms, and innovative IP technology. We shall strengthen compliance with high standards and high reliability in international standards and introduce advanced process platforms. We shall enhance capabilities in IoT, energy-efficient consumer electronics, industrial control, and automotive electronics and continue to expand the customer base and applications to adapt to future changes in the industry. The Company will also carry out R&D for cloud computing and PC devices, and focus on security management, user experience, and energy conservation to expand production lines and applications based on the solid foundation of existing operations. The total 2024 R&D expenditure for the preceding application products is estimated at NT\$9.8 billion.

- (IV) Major changes in government policies and laws at home and broad, the impact on Company finance and business, and response measures:

The Company's operation policies must follow laws and regulations and the Company must also watch closely the important shifts in policies and laws at home and abroad and consult related experts for their opinion when necessary to take appropriate response measures. As of the date of report, the Company finance and business have not been affected by major changes in government policies and laws at home and abroad.

- (V) Impact of recent technological and market changes on the Company's finance and business, and response measures:

The Company watches closely technological and market changes, and will, in view of the circumstances, assign staff or a project team to study and evaluate the impact of those changes on the Company's development, finance and business in the future as well as response measures. As of the date of report, there have not been significant technological changes that may produce material impact on the Company's finance and business.

- (VI) Impact of corporate image change on risk management and response measures:

The Company is focused on the operation of its main business and internal auditing to comply with applicable laws and regulations. As of the date of report, the Company has been free of events that affect corporate image.

- (VII) The expected benefits and possible risks of mergers and acquisitions as well as the responding measures: Not applicable

- (VIII) Expected benefits and possible risks of factory expansions as well as the response measures: Not applicable.

- (IX) Risks associated with over-concentration in purchase or sale and response measures:

The Company's purchasing is concentrated due to considerations given to product quality, preferred purchasing price, and stable supply at the time of shortage. Still for purchase management, the Company maintains at least two suppliers to avoid risks resulting from over- concentration in purchasing. There is no over-concentration of sales for the Company and we continue to develop new products as well as long-term strategic cooperation with customers of excellent financial background to lower the risks of over-concentration of sales.

- (X) Impact of mass transfer of equity by or change of directors, supervisors, or shareholders holding more than 10% interest on the Company, associated risks and response measures: N/A.

- (XI) The effects that change in management has on the Company as well as risk and responding measures: Not applicable.

- (XII) Litigation or non-litigation events:

1. The Company's concluded or pending litigious, non-litigious or administrative litigation event as of the date of report:

None.

With the exception of the aforementioned legal cases, there were no major legal cases in which the Company is a principal as of the date of this report.

2. The outcome of concluded or pending litigious, non-litigious, or administrative litigation events involving the director, supervisor, president, de facto responsible person, major shareholders holding more than 10% interest, or subsidiary of the Company:

None.

(XIII) Risk management organization framework:

The Company's risk management tasks are dispersed among different functions inside the Company. The Company has established sound internal management guidelines and operating procedures and has developed comprehensive plans and processes for risk aversion, loss prevention and crisis management. In addition, the Company's management keeps continuous watch over changes in the macroeconomic environment that might affect the Company business and operations and has assigned staff to make planning and formulate response actions against all kinds of contingencies to reduce operational uncertainties to the minimum.

(XIV) Other significant risks and response measures:

The Company was free of any situation described above in the past year and up to the date of report.

VII. Other important matters:

N/A.

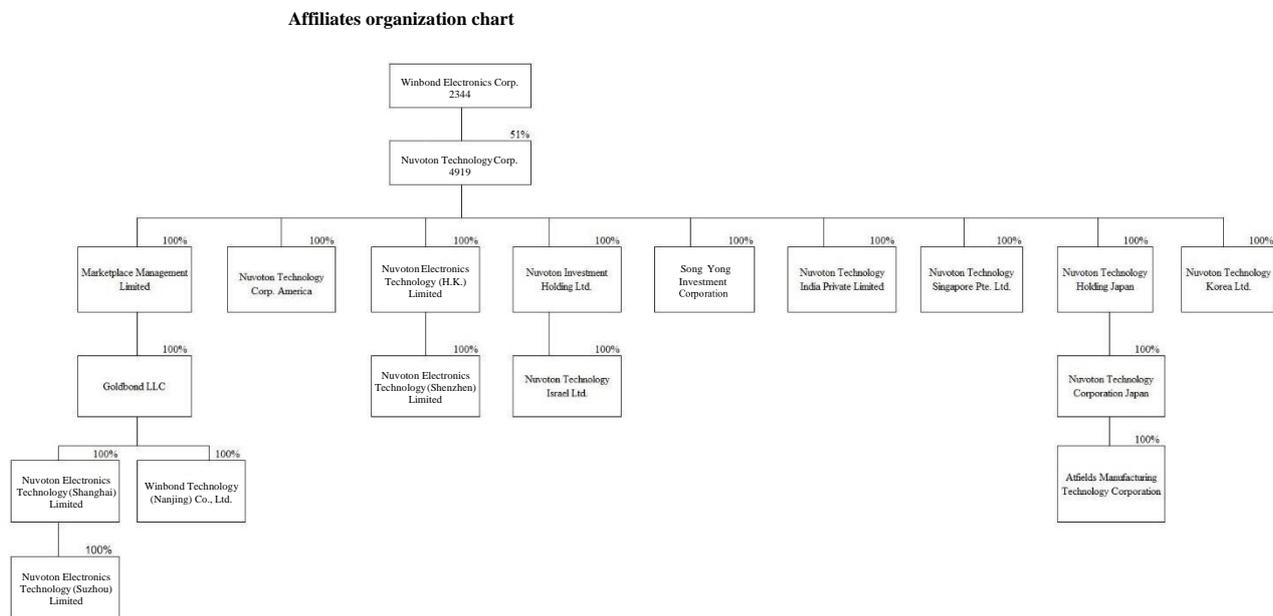
Chapter 6. Special Disclosures

I. Profiles on affiliates and subsidiaries

(I) Consolidated Operation Report of Affiliates

1. Affiliate organization chart

Dec. 31, 2023



2. Profiles of affiliates

December 31, 2023; Unit: NT\$1,000/foreign currency \$1,000

Enterprise name	Date of establishment	Address	Paid-in capital	Main businesses/products
Winbond Electronics Corp.	1987.09.29	No. 8, Keya 1st Road, Daya District, Taichung City, Taiwan	41,800,002	Research & development, production, and sale of all types of semiconductor parts and components used in integrated circuits and other system products.
Nuvoton Technology Corp.	2008.04.09	No. 4, Creation 3rd Rd., Hsinchu Science Park, Hsinchu City, Taiwan	4,197,653	Research, design, development manufacture and sales of logic IC products, 6-inch wafer manufacture, testing and foundry services
Marketplace Management Limited	2000.07.28	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD 8,898	Investment business
Goldbond LLC	2000.09.22	1912 Capitol Ave, Cheyenne, WY 82001	USD 44,775	Investment business
Nuvoton Electronics Technology (Shanghai) Limited	2001.03.30	Room 2701, 27F, 2299 Yan An Road (West), Shanghai, P.R. China	RMB 16,555	Provide maintenance, test and related technical consulting services for products and solutions sold in Mainland China, and semiconductor equipment leases
Nuvoton Technology Corporation America	2008.05.01	251 Little Falls Drive, Wilmington, DE 19808, Delaware	USD 6,050	Design, sales and service of semiconductor components
Nuvoton Electronics Technology (H.K.) Limited	1989.04.04	Unit 9-11, 22F, Millennium City 2, No 378 Kwun Tong Road, Kowloon, Hong Kong	HKD 107,400	Sales services for semiconductor components
Nuvoton Electronics Technology (Shenzhen) Limited	2007.02.16	Room 801, 8F Microprofit Building, Gaoxinnan 6 Road, High-Tech Industrial Park, Nanshan District, Shenzhen, P.R. China	RMB 46,434	Provides computer software services (excluding IC design), computer and peripheral equipment and software wholesales
Nuvoton Investment Holding Ltd.	2005.03.21	3rd Floor, Omar Hodge Building, Wickhams Cay I, P.O. Box 362, Road Town, Tortola, British Virgin Islands	USD 15,633	Investment business
Nuvoton Technology Israel Ltd.	2005.03.22	8 Hasadnaot Street, Herzliya B, 4672835 Israel	ILS1	Design and service of semiconductor parts and components
Song Yong Investment Corporation	2014.04.09	3F, No. 192, Jingye 1st Road, Zhongshan District, Taipei City, Taiwan	38,500	Investment business

Enterprise name	Date of establishment	Address	Paid-in capital	Main businesses/products
Nuvoton Technology India Private Limited	2014.09.26	PS22-23, Bridge+, Unit No. 02-02 to 15, 2nd Floor, Ascendas Park Square Mall, Whitefield Road, ITPB, Bengaluru, 560066	INR60,000	Design, sales and service of semiconductor components
Nuvoton Technology Singapore Pte. Ltd.	2020.03.25	3 Bedok South Road, Singapore, 469269	USD45,100	Design, sales and service of semiconductor components
Nuvoton Technology Korea Ltd.	2020.06.05	2507 Room, Trade Tower, Yeongdong-daero 511, Gangnam-Gu, Seoul, Korea, 06164	KRW1,250,000	Design, sales and service of semiconductor components
Nuvoton Technology Holdings Japan	2020.04.01	1 Kotari-yakemachi, Nagaokakyo City, Kyoto 617-8520, Japan	JPY5,000	Investment business
Nuvoton Technology Corporation Japan	2014.03.10	1 Kotari-yakemachi, Nagaokakyo City, Kyoto 617-8520, Japan	JPY400,000	Design, sales and service of semiconductor components
Nuvoton Technology Germany GmbH	2023.12.27	Konrad-Zuse-Platz 8, 81829 München	EUR2,000	Design and service of semiconductor parts and components
Song Zhi Electronics Technology (Suzhou)Limited	2020.12.04	4F, Building 1, No. 379, Tayuan Road, Suzhou New District, Suzhou, P.R. China	RMB2,000	Supply of semiconductor technology development, consulting services, and machinery and equipment leases

3. Information of common shareholders who are presumed to have a relationship of control and subordination: N/A

4. Basic information of Directors, Supervisors, and Presidents of affiliates

December 31, 2023

; Unit: shares

Enterprise name	Title	Name or representative	Shares held	
			No. of shares	Shareholding ratio
Winbond Electronics Corp.	Chairman	Yu-Cheng Chiao	68,506,673	2%
	Vice Chairman	Chin Xin Investment Co., Ltd., institutional representative: Tung-Yi Chan	260,003,436 (Note1)	6%
	Director	Yung Chin	13,002,316	0%
	Independent Director	Allen Hsu	-	-
	Independent Director	Ta-Chuan Cho	-	-
	Independent Director	Zhong-Min Guan	-	-
	Director	Zhong-Pei Li	-	-
	Director	Walsin Lihwa Corporation institutional representative - Wen-Hu Pan	919,380,016 (Note 1)	22%
	Director	Zhi-Chen Lin	-	-
	Director	Wei-Hsin Ma	-	-
	Director	ELAINE SHIHLAN CHANG	-	-
	President	Pei-Ming Chen	639,655	0%
Nuvoton Technology Corp.	Chairman	Winbond Electronics Corp., institutional representative: Yuan-Mou Su	214,954,635 (Note 1)	51%
	Vice Chairperson	Karen K Chiao	-	-
	Director	Yu-Cheng Chiao	-	-
	Director	Chin Xin Investment Co., Ltd., institutional representative: Jen-Lieh Lin	5,440,219 (Note 1)	1%
	Director	Royce Yu-Chun Hong	-	-
	Director	Chi-Lin Wea	-	-
	Director	Liang-Ji Chen	-	-
	Independent Director	Allen Hsu	-	-
	Independent Director	Bao-Sheng Wea	-	-
	Independent Director	David Shu-Chyuan Tu	-	-
	Independent Director	Guang-Zhong Chen	-	-
	President	Hsin-Lung Yang	97,362	0%
Marketplace Management Limited	Director	Nuvoton Technology Corp., institutional representative: Yu-Cheng Chiao	8,897,789 (Note 1)	100%
	Director	Nuvoton Technology Corp., institutional representative: Hung-Wen Huang		
	Director	Nuvoton Technology Corp., institutional representative: Tung-Yi Chan		
Goldbond LLC	Managerial officer (Note 2)	Marketplace Management Limited, institutional representative: Yu-Cheng Chiao	Note 3	100%

Enterprise name	Title	Name or representative	Shares held	
			No. of shares	Shareholding ratio
	Managerial officer (Note 2)	Marketplace Management Limited, institutional representative -Jessica C. Huang		
	Managerial officer (Note 2)	Marketplace Management Limited, institutional representative -Hung-Wen Huang		
Nuvoton Electronics Technology (Shanghai) Limited	Chairman	Goldbond LLC, institutional representative: Hsi-Jung Tsai	Note 3	100%
	Director	Goldbond LLC, institutional representative: Hsin-Lung Yang		
	Director	Goldbond LLC, institutional representative: Meng-Chi Wu		
	Director	Goldbond LLC, institutional representative: Yue-Fang Zhong		
	Director	Goldbond LLC, institutional representative: Hui-Jun Lai		
	Supervisor	Goldbond LLC, institutional representative: Justin Chan		
	Presodent	Jou-Wei Fu	Note 3	-
Nuvoton Technology Corporation America	Chairman	Nuvoton Technology Corp., institutional representative - Hsin-Lung Yang	60,500 (Note 1)	100%
	Director	Nuvoton Technology Corp., institutional representative -Yuan-Mou Su		
	Director	Nuvoton Technology Corp., institutional representative -Yu-Cheng Chiao		
	Director	Nuvoton Technology Corp., institutional representative -Hsu-Fen Lai		
	Director	Nuvoton Technology Corp., institutional representative -Meng-Chi Wu		
	Director	Nuvoton Technology Corp., institutional representative –Jian-Liang Su		
	Director	Nuvoton Technology Corp., institutional representative –Yoshiro Itadani		
	Director	Nuvoton Technology Corp., institutional representative - Hirofumi Taguchi		
	President	Aditya Raina	-	-
Nuvoton Electronics Technology (H.K.) Limited	Chairman	Nuvoton Technology Corp., institutional representative -Karen K Chiao	107,400,000 (Note 1)	100%
	Director	Nuvoton Technology Corp., institutional representative-Yung Chin		
	Director	Nuvoton Technology Corp., institutional representative-Hsu-Fen Lai		
	Director	Nuvoton Technology Corp., institutional representative-Hsin-Lung Yang		
		Director	Nuvoton Technology Corp., institutional representative-Yu-Sung Cheng	
	President	Jou-Wei Fu	-	-
Nuvoton Electronics Technology (Shenzhen) Limited	Chairman	Nuvoton Electronics Technology (H.K.) Limited, institutional representative- Hsi-Jung Tsai	Note 3	100%
	Director	Nuvoton Electronics Technology (H.K.) Limited, institutional representative-Hsu-Fen Lai		
	Director	Nuvoton Electronics Technology (H.K.) Limited, institutional representative-Meng-Chi Wu		
	Director	Nuvoton Electronics Technology (H.K.) Limited, institutional representative-Hsin-Lung Yang		
	Director	Nuvoton Electronics Technology (H.K.) Limited, institutional representative-Yue-Fang Zhong		
	Supervisor	Nuvoton Electronics Technology (H.K.) Limited, institutional representative- Justin Chan		
	President	Jou-Wei Fu	Note 3	-
Nuvoton Investment Holding Ltd.	Director	Nuvoton Technology Corp., institutional representative-Yu-Cheng Chiao	15,633,161 (Note 1)	100%
	Director	Nuvoton Technology Corp., institutional representative-Jessica C. Huang		
	Director	Nuvoton Technology Corp., institutional representative-Hung-Wen Huang		
Nuvoton Technology Israel Ltd.	Chairman	Nuvoton Investment Holding Ltd., institutional representative: Hsin-Lung Yang	1,000 (Note 1)	100%
	Director	Nuvoton Investment Holding Ltd., institutional representative: Yue-Fang Zhong		
	Director	Nuvoton Investment Holding Ltd., institutional representative: Yuan-Mou Su		
	Director	Nuvoton Investment Holding Ltd., institutional representative: Hui-Jun Lai		
	Director	Nuvoton Investment Holding Ltd., institutional representative: Jian-Liang Su		
	Director	Nuvoton Investment Holding Ltd., institutional representative: Biranit Levany		
	Director	Nuvoton Investment Holding Ltd., institutional representative: Erez Naory		
	President	Biranit Levany	-	-
Song Yong Investment Corporation	Chairman	Nuvoton Technology Corp., institutional representative- Hsiang- Yun Fan	3,850,000 (Note 1)	100%
	Director	Nuvoton Technology Corp., institutional representative-Yu-Cheng Chiao		
	Director	Nuvoton Technology Corp., institutional representative-Hsu-Fen Lai		
	Supervisor	Nuvoton Technology Corp., institutional representative-Jen-Lieh Lin		
Nuvoton Technology India Private Limited	Chairman	Nuvoton Technology Corp., institutional representative- Hsi-Jung Tsai	600,000 (Note 1)	100%
	Director	Nuvoton Technology Corp., institutional representative-Jitendra Patil		
	Director	Nuvoton Technology Corp., institutional representative-Hsin-Lung Yang		
	Director	Nuvoton Technology Corp., institutional representative-Meng-Chi Wu		
	Director	Nuvoton Technology Corp., institutional representative-Hui-Jun Lai		
	President	Jitendra Patil	-	-
Nuvoton Technology Singapore Pte. Ltd.	Director	Nuvoton Technology Corp., institutionally appointed person- Yu-Sung Cheng	45,100,000 (Note 1)	100%
	Director	Nuvoton Technology Corp., institutionally appointed person -Yue-Fang Zhong		
	Director	Nuvoton Technology Corp., institutionally appointed person -Yi-Tsia Hsu		

Enterprise name	Title	Name or representative	Shares held	
			No. of shares	Shareholding ratio
	Director	Nuvoton Technology Corp., institutionally appointed person -Meng-Chi Wu		
	Director	Nuvoton Technology Corp., institutionally appointed person -Yoshitaka Kinoshita		
	President	Yi-Tsia Hsu	-	-
Nuvoton Technology Korea Ltd.	Representative-Director	Nuvoton Technology Corp., institutionally appointed person -Hsin-Lung Yang	125,000 (Note 1)	100%
	Director	Nuvoton Technology Corp., institutionally appointed person -Hsu-Fen Lai		
	Director	Nuvoton Technology Corp., institutionally appointed person -Jen-Lieh Lin		
	Director	Nuvoton Technology Corp., institutionally appointed person - Susumu Sawai		
	President	Ahn Jung Mo	-	-
Nuvoton Technology Holdings Japan	Representative-Director	Nuvoton Technology Corp., institutionally appointed person -Yu-Cheng Chiao	100 (Note 1)	100%
	Director	Nuvoton Technology Corp., institutionally appointed person -Yuan-Mou Su		
	Director	Nuvoton Technology Corp., institutionally appointed person -Hsu-Fen Lai		
	President	Yoshitaka Kinoshita	-	-
Nuvoton Technology Corporation Japan	Chairman	Nuvoton Technology Holdings Japan, institutionally appointed person - Yuan-Mou Su	9,480 (Note 1)	100%
	Director	Nuvoton Technology Holdings Japan, institutionally appointed person-Kazuhiro Koyama		
	Director	Nuvoton Technology Holdings Japan, institutionally appointed person-Susumu Sawai		
	Director	Nuvoton Technology Holdings Japan, institutionally appointed person-Karen K Chiao		
	Director	Nuvoton Technology Holdings Japan, institutionally appointed person-Hsu-Fen Lai		
	Director	Nuvoton Technology Holdings Japan, institutionally appointed person-Yoshitaka Kinoshita		
	Director	Nuvoton Technology Holdings Japan, institutionally appointed person-Mamoru Yoshida		
	Director	Nuvoton Technology Holdings Japan, institutionally appointed person-Hsin-Lung Yang		
	Director	Nuvoton Technology Holdings Japan, institutionally appointed person-Sakae Suzuki		
	Supervisor	Nuvoton Technology Holdings Japan, institutionally appointed person-Akihiko Nishida		
	Supervisor	Nuvoton Technology Holdings Japan, institutionally appointed person-Hiroshi Yasuda		
	President	Kazuhiro Koyama		
	Nuvoton Technology Germany GmbH	Director	Nuvoton Technology Corporation Japan, institutionally appointed person-Yoshiro Itadani	2,000,000 (Note 1)
Director		Nuvoton Technology Corporation Japan, institutionally appointed person-Keiji Ito		
Director		Nuvoton Technology Corporation Japan, institutionally appointed person-Hui-Jun Lai		
Songzhi Electronic Technology (Suzhou) Co., Ltd.	Chairman	Nuvoton Electronics Technology (Shanghai) Limited, institutional representative: Jessica C. Huang	Note 3	100%
	Director	Nuvoton Electronics Technology (Shanghai) Limited, institutional representative: Yu-Sung Cheng		
	Director	Nuvoton Electronics Technology (Shanghai) Limited, institutional representative: Hsu-Fen Lai		
	Supervisor	Nuvoton Electronics Technology (Shanghai) Limited, institutional representative: Hung-Wen Huang		
	President	Jo-Wei Fu	Note 3	-

Note 1: The shareholding of corporate directors.

Note 1: Goldbond LLC is a company with a manager system.

Note 2: Goldbond LLC, Nuvoton Electronics Technology (Shanghai) Limited, Nuvoton Electronics Technology (Shenzhen) Limited, and Nuvoton Electronics Technology (Suzhou) Limited are not limited stock companies and have not issued shares.

5. Overall businesses covered by affiliates

The businesses covered by the Company's affiliates include mainly the research, design, development, production, sales and services of integrated circuits, various semiconductor components and other system products. Certain affiliates have investment businesses as their main scope of business. Overall speaking, the affiliates support each other in technology, marketing and

services in their transactions, allowing the Company to become the most competitive company with our own products.

6. Profiles and business status of affiliates

December 31, 2023; Unit: NT\$1,000

Enterprise name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Profit and loss for the period	Profit and loss for the period	Earnings (loss) per share (NT\$)
Winbond Electronics Corp.	41,800,002	167,332,850	75,036,033	92,296,817	37,561,043	(3,819,060)	(1,146,522)	(0.29)
Nuvoton Technology Corp.	4,197,653	23,885,014	7,153,970	16,731,044	19,065,868	797,718	2,420,434	5.77
Marketplace Management Limited	273,207	283,078	582	282,496	4,672	4,262	4,262	0.48
Goldbond LLC	1,374,811	282,928	306	282,622	4,848	4,661	4,661	Note 1
Nuvoton Electronics Technology (Shanghai) Limited	71,632	119,676	37,878	81,798	124,558	1,869	165	Note 1
Nuvoton Technology Corporation America	185,765	333,599	114,290	219,309	683,644	25,359	8,827	145.90
Nuvoton Electronics Technology (H.K.) Limited	421,975	2,281,524	1,568,560	712,964	11,721,502	101,671	101,154	0.94
Nuvoton Electronics Technology (Shenzhen) Limited	200,920	284,389	45,685	238,704	367,283	6,333	6,366	Note 1
Nuvoton Investment Holding Ltd.	480,016	370,089	40	370,049	72,106	71,938	71,938	4.60
Nuvoton Technology Israel Ltd.	8	681,800	312,720	369,080	1,205,352	80,201	69,907	69.907
Song Yong Investment Corporation	38,500	161,843	150	161,693	11,657	11,443	11,260	2.92
Nuvoton Technology India Private Limited	22,152	21,684	120	21,564	5,117	244	30	0.05
Nuvoton Technology Singapore Pte. Ltd.	1,384,796	2,690,632	669,343	2,021,289	8,324,460	49,360	59,001	1.31
Nuvoton Technology Korea Ltd.	29,750	15,578	1,774	13,804	61,249	2,917	1,402	11.22
Nuvoton Technology Holdings Japan	1,086	8,901,243	553	8,900,690	1,368,454	1,368,821	1,368,696	13,686.962
Nuvoton Technology Corporation Japan	86,880	17,865,508	6,169,538	11,695,970	26,540,882	625,262	1,368,454	144.352
Nuvoton Electronics Technology (Suzhou) Limited	8,654	7,787	0	7,787	0	(202)	(271)	Note 1
Nuvoton Technology Germany GmbH	67,960	67,960	0	67,960	0	0	0	0

Note 1: Goldbond LLC, Nuvoton Electronics Technology (Shanghai) Limited, Nuvoton Electronics Technology (Shenzhen) Limited and Nuvoton Electronics Technology (Suzhou) Limited are not limited stock companies and have not issued shares.

(II) Consolidated Financial Statement of Affiliates: Please see P.119~193

(III) Affiliation Report:

1. Statement of Affiliation Report

Statement of Affiliation Report

The Company's 2023 (January 1 ~ December 31, 2023) affiliation report was compiled in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises and the disclosed information is largely consistent with the related information disclosed in the notes to the financial statements of the period. It is hereby declared

Company name Nuvoton Technology Corp.

Legal Representative: Yuan-Mou Su

February 5, 2024

2. The general relationship between the subsidiary company and the control company

Unit: Shares; %

Name of control company	Reason for control	Shares held by the control company and status of pledged shares			Control company's appointment of Directors, Supervisors or managerial officers	
		Number of shares held	Shareholding ratio	Pledged shares	Title	Name
Winbond Electronics Corp.	Holds over 50% of shares of the Company and retains control	214,954,635	51.21	N/A	Chairman	Yuan-Mou Su

3. Transaction status

(1) Procurement and sales transaction status

Unit: thousand NT\$, %

Transaction status with control company				Transaction conditions with control company		Regular trading terms		Reason for difference	Accounts receivable (payable) and notes		Overdue accounts receivable			Note
Purchase/sale	Amount	Ratio of total procurement (sales)	Gross margin	Unit price (NT\$)	Credit period	Unit price (NT\$)	Credit period		Balance	Ratio of total accounts receivable (payable) and notes	Amount	Handling method	Allowance for bad debts	
Purchase	97,226	1%	-	-	30 days on a monthly basis	-	30 to 120 days on a monthly basis	-	(18,482)	1%	-	-	-	

(2) Property transaction status: N/A

(3) Financing status: N/A

(4) Property rental status:

Unit: NT\$1,000

Transaction type	Subject		Lease term	Nature of lease	Basis for rent	Rent collection (payment) method	Comparison with general rent levels	Total rent for the current period	Collection and payment status for the current period	Other agreements
	Name	Location								
Lessee	Winbond Zhubei Office Building	Certain floor areas at No. 539, Section 2, Wenxing Road, Zhubei City, Hsinchu County	2019.11.16~2024.12.31	Operating lease	The rent as determined based on market rates for nearby properties	Monthly payment	No material deviation	12,239	12,239	The rent- free period was 2019.11.16 ~12.31

(5) Endorsements and guarantees: N/A

II. Progress of private placement of securities during the latest year and up to the date of report:

N/A

IV. Holding or disposal of stocks of the Company by subsidiaries in the past year and up to the date of report:

N/A

V. Other supplemental information:

N/A

VI. Corporate events with material impact on shareholders' equity or stock prices set forth in Subparagraph 2, Paragraph 3, Article 36 of Securities and Exchange Act in the past year and up to the date of report:

N/A

Nuvoton Technology Corp.

Legal Representative: Yuan-Mou Su