

Nuvoton Technology Corp.

2022

Annual Report

March 15, 2023

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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Name: Hsiu-Fen Lai

Title: Vice President, Finance Center

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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

Telephone: (03) 577-0066 (main line)

4. Common Stock Transfer Agency:

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

Website: <http://www.deloitte.com.tw>

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

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

Table of Contents

Chapter 1 Letter to Shareholders	1
Chapter 2 Company Overview.....	3
I. Company profile and history	3
II. Corporate governance report	5
III. Capital and Shareholding	69
IV. Corporate bond issuance status:	74
V. Issuance of preferred stocks.	75
VI. Issuance of global depository receipts (GDR).....	75
VII.Exercise of employee stock option plan (ESOP).....	75
VIII.Restricted stock awards	75
IX. Issuance of new shares for merger or acquiring shares of other companies	75
X. Implementation of capital allocation plan.	75
Chapter 3 Business Overview.....	76
I. Business Activities	76
II. Market, production and sales.....	84
III. Employees	89
IV. Spending on environmental protections	89
V. Employees-employer relations	90
VI. Information security management.....	93
VII.Important contracts	95
Chapter 4 Financial Overview	97
I. Condensed balance sheets, statements of income, names of auditors, and audit opinions of the last five years	97
II. Financial Analysis of the Last Five Years	101
III. Audit Committee's review report of the most recent fiscal year	104
IV. Consolidated financial statements of the most recent year	105
V. Individual financial statements of the most recent year	174
VI. Financial difficulties and corporate events encountered by the Company and affiliates for the most recent year and up to the date of report that have material impact on the financial status of the Company: N/A	228

Chapter 5 Financial Position, Financial Performance and Risk Analysis..... 229

I. Analysis of financial status..... 229

II. Analysis of financial performance 230

III. Cash flow analysis..... 230

IV. Effect of major capital spending on financial position and business operation in the past year: .. 230

V. Investment policy in the past year, profit/loss analysis, improvement plan, and investment plan for the coming year 230

VI. Risk management and evaluation..... 231

VII. Other important matters 233

Chapter 6. Special Disclosures 234

I. Profiles on affiliates and subsidiaries..... 234

II. Progress of private placement of securities during the latest year and up to the date of report 241

III. Holding or disposal of stocks of the Company by subsidiaries in the past year and up to the date of report 241

IV. Other supplemental information..... 241

V. 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..... 241

Chapter 1 Letter to Shareholders

Dear Shareholders,

2022 was quite a challenging year. Despite the slowdown in global economic growth due to rapid interest rate hikes, weak consumer demand and inventory adjustments, as well as the uncertainties brought about by the war between Ukraine and Russia, the U.S.-China relationship and the pandemic, Nuvoton still maintained its excellent R&D capabilities and continued to diversify its market and product portfolios, demonstrating solid operating results. With the efforts of our global colleagues, our revenue and profitability in 2022 hit a record high again.

Financial Performance

In terms of its overall financial performance in 2022, Nuvoton's total consolidated revenue was about NT\$41,872,000,000; its net income after tax was about NT\$4,220,000,000; its earnings per share after tax was NT\$10.06.

Products, Markets and Technological Developments

Looking back at the year 2022, Nuvoton's products have achieved outstanding results in the four major fields: automotive and industrial control products, communications, consumer products, and computers. Its important achievements are summarized as follows:

In terms of automotive products, we continued to develop new human-machine interface (HMI) solutions with car interconnection safety technology to support fast start-up and high-resolution display, and collaborate with Mitsubishi Motors in validating technology used to diagnose battery degradation, in the hope of building an ecosystem for recycling automotive batteries. In terms of industrial control, we launched our first MA35D1 series of microprocessors based on dual-core 64-bit Arm® Cortex® -A35 and Cortex® -M4 as their cores, to address the needs of industrial Internet of Things for high-performance edge computing. In terms of the communication field, in response to the demand for larger lithium battery capacity and fast charging in 5G smartphones, we developed the latest low on-state resistance Chip Scale Package (CSP) MOSFETs, which have been successfully introduced to the new mobile phones and wearable devices in 2023. In terms of consumer products, we continue to open up new business opportunities for inverter MCUs, which were successfully introduced to new heat pumps customers, in addition to being applied in smart home appliances. In terms of computer-related application, we worked with Microsoft to develop a new generation of baseboard management controllers (BMCs) used for the remote management and control of servers with enhanced hardware security features. We also launched the world's first USB 4.0 re-timer with built-in e-Marker, in response to the demand for high-speed transmission, with the expectation that we continue growing by providing more competitive products and gaining recognition from our customers.

Honors and Awards

In 2022, Nuvoton has won many honorary awards in product innovation and enterprise management. In terms of product innovation, we launched NuMicro® M030G/M031G series microcontrollers to provide a platform for complete optical transceiver module solution for the market, and won ASPENCORE Global Electronics Achievement Award - Microcontroller and Interface Product of the Year and 2022 EE Awards Asia - Gold Choice Potential Benchmark Award. In addition, for the purposes of sustainable development and environmental protection, Nuvoton continued to deliver measurable performance and results. In 2022, Nuvoton was awarded by the Occupational Safety and Health Administration of the Ministry of Labor as the Outstanding Enterprise in Occupational Health and Safety Indicators for Sustainable Reporting. Besides, for three consecutive years, we have been rated as an S-class energy-saving manufacturer by the Ministry of Economy, Trade and Industry of Japan, demonstrating our achievements in technological research and development and our efforts in sustainable development.

Corporate Operation and Outlook

In 2023, facing an uncertain market environment, Nuvoton will continue to build long-term, close partnerships with its customers and invest sufficient R&D resources to strengthen the company's competitive edge in targeted markets such as smart living, smart mobility and new energy applications, while maintaining its flexibility in response to changing circumstances to create new value added with innovative applications and services. Looking ahead, Nuvoton will uphold the core concepts of green innovation and sustainable development, integrate digital transformation to enhance our operational efficiency, and continue to move towards our vision: be a hidden champion in providing sustainable semiconductors to enrich human life.

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

Yuan-Mou Su, Chairman

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, microprocessors, smart home, cloud security, battery monitoring, 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 fab also keeps partial capacity for the manufacture of own IC products.

The Company provides customers high quality products at low costs through vigorous innovative technical capabilities, comprehensive product solutions and outstanding integration technologies. Leveraging our solid knowhow foundation, we provide customers with excellent services. With our vision "Joy of Innovation", we value long-term relationship with our customers and partners. Nuvoton has set up subsidiaries in the USA, Mainland China, Israel, India, Singapore, Korea, and Japan 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”, which further enhances Nuvoton's visibility and competitive edge in the world market.

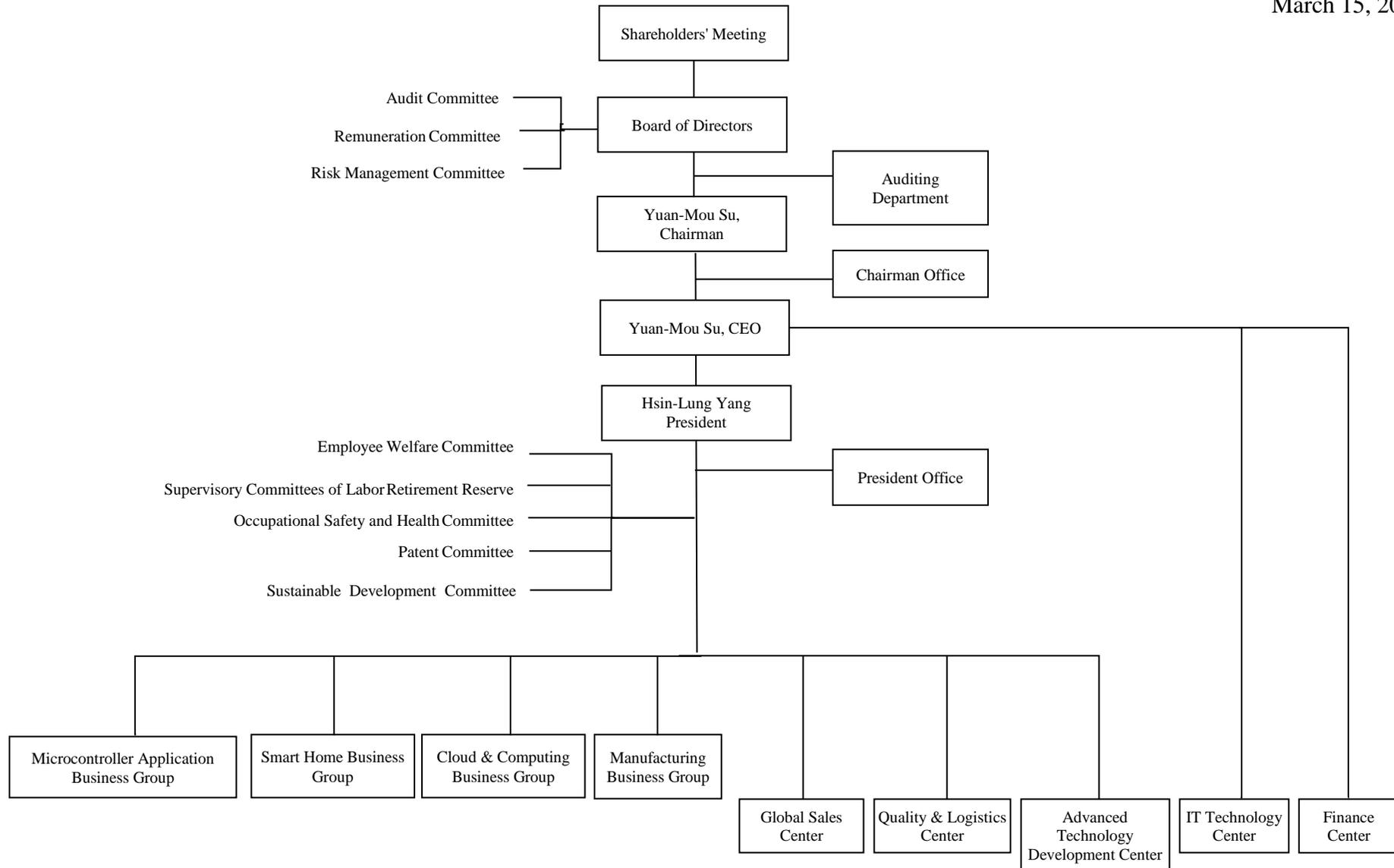
We will continue to build up our strength in R&D and focus on the core businesses while establishing ourself as a market leader. We will aim to achieve sustainability and advance steadily to become a world-class IC designer and manufacturer.

II. Corporate governance report

(I) Organizational Structure and Major Business Units

1. Organization structure

March 15, 2023



2. Major business units and their key businesses

Department	Key businesses
President Office	Analysis, formulation and execution of business strategies
Auditing 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.
Smart Home Business Group	Planning, R&D, promotion and operation of audio products.
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 28, 2023; 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	
Director	ROC	Winbond Electronics Corp.	-	2022.6.2	3 years	2008.3.14	214,954,635	51.21%	214,954,635	51.21%	-	-	-	-	-	Note 1	N/A	N/A	N/A	
Chairperson	ROC	Representative of Winbond Electronics Corp.: Yuan-Mou Su	M 60-70	2022.6.2	3 years	2020.2.6	80,000	0.02%-	80,000-	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.	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	1.3%	5,440,219	1.30%	-	-	-	-	-	Note 5	N/A	N/A	N/A	
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%	307,421	0.07%	-	-	-	-	Master of Electrical Engineering, National Cheng Kung University; 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	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; also served as the Financial Director of the Commissioner of Insurance, Executive Yuan, ROC.	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., Pine Capital Investment Limited, Landmark Group Holdings Ltd., Winbond International Corporation, Winbond Technology Ltd., Callisto Holding Limited, Winbond Electronics Germany GmbH, Great Target Development Ltd., Hwa Bao Botanic Conservation Corp. and Intellectual Property Innovation Corporation; Supervisor of Chin Xin Investment Corp, and Harbinger III Venture Capital Corp.
- Note 2: Mr. Yuan-Mou Su is the Company's Chairman, CEO; serves concurrently as the chairman of Nuvoton Technology Corporation Japan and Nuvoton Technology Corp. America, and the director of 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) 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, Landmark Group Holdings Ltd., Winbond International Corporation, Nuvoton Investment Holding Ltd., Marketplace Management Limited, Great Target Development Ltd., Nuvoton Technology Holdings Japan, and Tower Partners Semiconductor Co., Ltd.; Independent director, remuneration committee convener and audit committee member 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.
- Note 7: Director Mr. Chi-Lin Wea serves concurrently as Chairman of Waterland Financial Holdings, Top Taiwan VI Venture Capital Co., Ltd., and Top Taiwan VIII Venture Capital Co., Ltd.; Director of Elan Microelectronics Corporation, and AcBel Polytech Inc.; Supervisor of Aces Electronic Co., Ltd. and Breeze Development Co.; Independent Director of Formosa Plastics Corporation; and Adjunct Professional of Business Administration, National Taiwan University
- Note 8: Director Mr. Royce Yu-Chun Hong serves concurrently as Chairman and President of IPEVO Corp.; Chairman of XRANGE CO., LTD., XING Mobility Inc., and Panasonic Taiwan; Director of Long Jun Investment 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 LION International Insurance Service Co., Ltd. and TWINCN Co., Ltd.; concurrently serves as the Vice Chairman of Capital Gateway Investments Co., Ltd. and Shanyue Development Co., Ltd.; and Independent Director of AIMD-Ainos Inc.
- Note 11: Independent Director Mr. David Tu serves concurrently as Vice President Group Business Development & Strategy of Synnex Technology International Corp., Chairman of BIZWAVE TECH CO., LTD. and BestCom Co., Ltd., Director of Jetwell Computer Co., Ltd., Asgard System Inc., Inforcom Technology Inc., Synnex (Thailand) Public Company Ltd., Redington (India) Ltd., Seper Technology Corp., Digitimes Inc., Synnex FPT Joint Stock Company and PT. Synnex Metrodata Indonesia
- Note 12: Independent Director Mr. Allen Hsu serves concurrently as the Chairman of Unus Tech Co., Ltd., 3R Life Sciences Taiwan Ltd., Yu Yuan Investment Co. Ltd., and Fu Run Investment Co. Ltd.; Director of Innodisk Corporation, Acme Electronics Corporation, and Pao Yue Investment Co. Ltd.; Independent Director and Convener of Remuneration Committee and Audit Committee of Winbond Electronics Corp.
- Note 13: Independent Director Mr. Guang-Zhong Chen serves concurrently as Independent Director of Diodes Incorporated.
- Note 14: Nuvoton appoints the same person to serve as the Chairman and CEO of the Company mainly to improve the operating performance of the Group's organization and increase shareholders' interests to achieve corporate sustainability. In response to the above situation, the number of independent directors has been increased from the statutory 3 seats to 4 seats in accordance with Article 23 of the Nuvoton Corporate Governance Best Practice Principles. In addition, other members of the Board of Directors do not serve concurrently as employees or managerial officers of the Company and they retain their objectiveness and supervision.

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

March 15, 2023

Name of institutional shareholder	Major shareholders of institutional shareholders
Winbond Electronics Corporation	Walsin Lihwa Corporation (22.20%), Chin Xin Investment Co., Ltd (6.031%), Arthur Yu- Cheng Chiao (1.59%), Vanguard Emerging Markets Stock Index Fund Investment Account of the Vanguard Group under the custody of JPMorgan Chase Bank N.A. (1.04%), LGT Bank (Singapore) Investment Fund under the custody of Standard Chartered Bank (Taiwan), Main Branch (1.04%) 、Pai-Yung Hong (0.96%), Vanguard Star Funds series Comprehensive International Stock Index Fund investment account of Progressive Global Investment Advisor Taiwan Limited under the custody of JPMorgan Chase Bank N.A. (0.95%), Yu-Heng Chiao (0.75%), iShares MSCI Taiwan Index ETF Investment Account under the custody of Standard Chartered Bank (0.69%), and Yu-Lon Chiao (0.64%).
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 15, 2023

Name of institutional shareholder	Major shareholders
Walsin Lihwa Corp.	Winbond Electronics Corporation (6.63%), Chin Xin Investment Corp.(6.63%), LGT Bank (Singapore) Investment Fund under the custody of Standard Chartered Bank (6.38%), TECO (5.64%), Rong Chiang International Ltd. (4.92%), Yu-Hui Chiao (2.92%), Oriental Consortium Investment Limited (2.87%), Yu-Heng Chiao (1.75%), Pictet Bank Investment Fund under the custody of HSBC (1.80%), Yu-Heng Chiao (1.77%), Bai-Yun Hong (1.39%) and Yu-Chi Chiao (1.38%)
Oriental Consortium Investment Limited	HannStar Display Corporation (100%).
Walsin Technology Corporation	Walsin Lihwa Corporation (18.30%), HannStar Board Corporation (7.65%), Global Brands Manufacture Limited (3.30%), Walton Advanced Engineering (2.74%), Yu-Heng Chiao (2.74%), Maybank Kim Eng Securities Investment Account under the custody of Citibank (Taiwan) (2.61%), Winbond Electronics Corporation (1.72%), Giga Investment Co. (1.37%), Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds under the custody of JPMorgan Chase Bank N.A. Taipei Branch (1.37%), and Vanguard Star Funds series Comprehensive International Stock Index Fund investment account of Progressive Global Investment Advisor Taiwan Limited under the custody of JPMorgan Chase Bank N.A. (1.35%).
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%), BNP Paribas

Name of institutional shareholder	Major shareholders
	Wealth Management Bank Singapore Branch Account under the trust of HSBC Bank (1.50%), Prosperity Dielectrics Co., Ltd. (1.07%), Walsin Color Corp. (0.96%), and Yu Yue Co. Ltd.(0.89%).
Prosperity Dielectrics Co., Ltd.	Walsin Technology Corporation (43.13%), Walton Advanced Engineering, Inc. (0.75%), Mercer Investment Fund 1 Investment Account of Mercer QIF Fund PLC managed by Phase Investment Management Co. and under the custody of Standard Chartered Bank (Taiwan), Main Branch (0.72%), 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%), and Representative Royce-Asian small business investment account of GAM Investment Management (Switzerland) under the custody of the Business Department of Standard Chartered International Commercial Bank (0.15%).

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. He is currently the Chairman and CEO of Nuvoton.	(1) Mr. Su serves as Chairman in the capacity of a representative of institutional director. (2) Mr. Su is free of situations stipulated in Article 30 of the Company Act.	-
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., and is currently the Vice Chairman of the Company.	(1) Director Karen K Chiao is the daughter of Director Authur Yu-Cheng Chiao. (2) Director Karen K Chiao is free of situations stipulated in Article 30 of the Company Act.	
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. Mr. Chiao is currently the Chairman and CEO of Winbond Electronics Corp.	(1) Director Authur Yu-Cheng Chiao is the father of Director Karen K Chiao. (2) Director Chiao is free of situations stipulated in Article 30 of the Company Act.	1
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, and is now the Deputy President of the Business Group of Winbond Electronics Corp.	(1) Director Jen-Lieh Lin serves as a director of corporation representative. (2) Director Lin is free of situations stipulated in Article 30 of the Company Act.	-

Criteria Name	Professional qualifications and experience	Independence status	Number of other public companies concurrently serving as an independent director
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. He is currently the Chairman of International Bills Finance Corp. He is also an adjunct professor at the Graduate Institute of International Business, National Taiwan University	Director Wea is free of situations stipulated in Article 30 of the Company Act.	1
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., and Panasonic Taiwan. Director Tu is free of situations stipulated in Article 30 of the Company Act.	Director Hong is free of situations stipulated in Article 30 of the Company Act.	1
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. He now serves as the Independent Director of Vanguard International Semiconductor Corporation. Mr. Liang-Ji Chen is free of situations stipulated in Article 30 of the Company Act.	Director Chen is free of situations stipulated in Article 30 of the Company Act.	2
Bao-Sheng Wea	Mr. Bao-Sheng Wea has more than 5 years of work experience in fields relating to Company business. He used to serve as the Chairman of KGI Commercial Bank and the Financial Director of the Commissioner of Insurance, and KGI Securities; also served as the Executive Yuan, ROC. He now serves as the Vice Chairman of Capital Gateway Investments Co., Ltd. and Independent Director of AIMD-Ainos Inc., Director Bao-Sheng Wea is free of situations stipulated in Article 30 of the Company Act.	(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	1

Criteria Name	Professional qualifications and experience	Independence status	Number of other public companies concurrently serving as an independent director
David Shu- Chyuan Tu	Mr. David Shu- Chyuan Tu has more than 5 years of work experience in fields relating to Company business. he now serves as the Vice President of Product Specifications Business Unit, Synnex Technology International Corporation. Mr. David Shu- Chyuan Tu is free of situations stipulated in Article 30 of the Company Act.	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).	-
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. Mr. Allen Hsu is free of situations stipulated in Article 30 of the Company Act.	(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.	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, now he serves as the Independent Director of Diodes Incorporated. Mr. Guang-Zhong Chen is free of situations stipulated in Article 30 of the Company Act.	(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. (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

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 for the 7th –term (2022-2024) board diversity policy: According to Article 20 of the Nuvoton Corporate Governance Best Practice Principles, the board diversity policy pertains to maintaining the seats of major shareholders and participation of female directors, recruiting top talents from different generations and professional fields, and in addition, facilitating succession planning for management and achieving sustainable development. Hence the management goal of the 7th term Board of Directors is to maintain 2 institutional directors. The election result of the 2022 General Shareholders' Meeting meets the management goal (2 institutional directors on the board).

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						
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	V						
Independent Director	Guang-Zhong Chen	M	V	V	V	V	V						
								91%	9%	36%	9%	91%	9%

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 directors have a familial relationship within the second degree of kinship, which does not exceed half of the seats on the Board of Directors, and meets the requirements of Article 26-3 of the Securities 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 15, 2023 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	80,000	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, Director of Nuvoton Technology Israel Ltd., 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), Chairman of Nuvoton Technology Israel Ltd. (NTIL), Director of Nuvoton Technology Hong Kong (NTHK), Director of Nuvoton Technology Shenghai (NTSH), Director of Nuvoton Technology Shenzhen (NTSZ), 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	
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, Director of Nuvoton Technology Shenghai (NTSH), Director of Nuvoton Technology Shenzhen (NTSZ), Director of Nuvoton Tec. India Private Ltd. (NTIPL), Director of Nuvoton Technology Singapore Pte. Ltd.(NTSG)	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	Jian-liang Su	M	2022.7.1	-	-	-	-	-	-	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 Nuvoton Electronics Technology (Suzhou) Limited	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), Nuvoton Electronics Technology (Suzhou) Limited, (STSC), Nuvoton Technology Corp. America (NTCA), Song Yong Investment Corporation, Nuvoton Technology (H.K.) (NTHK), Winbond Technology (Nanking), and Nuvoton Technology (Shen Zhen) (NTSZ).	N/A	N/A	N/A	
CTO	ROC	Wei-Chan Hsu	M	2020.8.1	-	-	-	-	-	-	Ph.D. in Physics, University of Illinois at Urbana-Champaign; Chairman of Nuvoton Technology Corporation America	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: Nuvoton appoints the same person to serve as the Chairman and CEO of the Company mainly to improve the operating performance of the Group's organization and increase shareholders' interests to achieve corporate sustainability. In response to the above situation, the number of independent directors has been increased from the statutory 3 seats to 4 seats in accordance with Article 23 of the Company's Corporate Governance Best Practice Principles. If the Chairman and CEO continue to be the same person, the Company shall increase the number of Independent Directors in accordance with regulations. Other members of the Board of Directors do not serve concurrently as employees or managerial officers of the Company and they retain their objectiveness and supervision.

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, 2022; 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 other than subsidiaries, if any (Note 7)
		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 (Note 5)	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)	
																Cash value	Share value	Cash value	Share value			
Chairman	Company	Winbond Electronics Corporation																				
	Representative	Yuan-Mou Su																				
Vice Chairman		Karen K Chiao (Note 8)																				
Director		Arthur Yu-Cheng Chiao																				
Director	Company	Chin Xin Investment Corp.	0	-	0	-	30,760	30,760	3,442	3,442	34,202 0.81%	34,202 0.81%	23,634	23,634	9	9	8,060	-	8,060	-	65,905 1.56%	65,905 1.56%
	Representative	Jen-Lieh Lin (Note 9)																				
	Representative	Yung Chin (Note 10)																				
Director		Chi-Lin Wea																				
Director		Royce Yu-Chun Hong (Note 11)																				
Director		Liang-Ji Chen (Note 12)																				
Director		Ken-Shew Lu (Note 13)																				
Independent Director		Bao-Sheng Wea (Note 14)																				
Independent Director		Allen Hsu																				
Independent Director		David Shu-Chyuan Tu																				
Independent Director		Guang-Zhong Chen (Note 15)	2,240	2,240	0	-	20,276	20,276	2,240	2,240	24,756 0.59%	24,756 0.59%	-	-	-	-	-	-	-	-	24,756 0.59%	24,756 0.59%
Independent Director		Royce Yu-Chun Hong (Note 11)																				
Independent Director		Jerry Hsu (Note 16)																				

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 2012 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\$51,036,000. 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 2022, which is NTD 4,220,773,000.

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 of employees, directors and supervisors) and 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.

Note 8: Ms. Karen K Chiao has served as the Vice Chairman of the Company since June 2, 2022.

Note 9: Mr. Jen-Lieh Lin has served as the Company's institutional director representative of the company since June 2, 2022.

Note 10: Ms. Yung Chin served as the Company's institutional director representative until June 2, 2022. The information in the above table only discloses the termination date of her role as the c Company's institutional director representative.

Note 11: Mr. Royce Yu-Chun Hong, an independent director, resigned on June 2, 2022. In the 7th term of the board of directors, he was changed from an independent director to a director.

Note 12: Mr. Liang-Ji Chen has served as a director of the company since June 2, 2022.

Note 13: Mr. Ken-Shew Lu resigned from June 2, 2022. The information in the above table only discloses the termination date of his tenure as a director of the company.

Note 14: Mr. Bao-Sheng Wea has served as an independent director of the company since June 2, 2022.

Note 15: Mr. Guang-Zhong Chen has served as an independent director of the company since June 2, 2022.

Note 16: Mr. Jerry Hsu resigned from June 2, 2022. The information in the above table only discloses the termination date of his tenure as an independent director of the company.

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.: Yung Chin, 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.: Yung Chin, Representative of Chin Xin Investment Co., Ltd.: Jen-Lieh Lin	Representative of Chin Xin Investment Co., Ltd.: Yung Chin, Representative of Chin Xin Investment Co., Ltd.: Jen-Lieh Lin	Representative of Chin Xin Investment Co., Ltd.: Yung Chin, 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)	Karen K Chiao, Ken-Shew Lu, Jerry Hsu, Liang-Ji Chen, Bao-Sheng Wea, Guang-Zhong Chen	Karen K Chiao, Ken-Shew Lu, Jerry Hsu, Liang-Ji Chen, Bao-Sheng Wea, Guang-Zhong Chen	Karen K Chiao, Ken-Shew Lu, Jerry Hsu, Liang-Ji Chen, Bao-Sheng Wea, Guang-Zhong Chen	Karen K Chiao, Ken-Shew Lu, Jerry Hsu, Liang-Ji Chen, Bao-Sheng Wea, Guang-Zhong Chen
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)	-	-	-	-
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	Winbond Electronics Corp., Chin Xin Investment Co., Ltd., Yu-Cheng Chiao, Chi-Lin Wea, Royce Yu-Chun Hong, David Shu-Chyuan Tu, Allen Hsu	Winbond Electronics Corp., Chin Xin Investment Co., Ltd., Yu-Cheng Chiao, Chi-Lin Wea, Royce Yu-Chun Hong, David Shu-Chyuan Tu, Allen Hsu	Winbond Electronics Corp., Chin Xin Investment Co., Ltd., Yu-Cheng Chiao, Chi-Lin Wea, Royce Yu-Chun Hong, David Shu-Chyuan Tu, Allen Hsu	Winbond Electronics Corp., Chin Xin Investment Co., Ltd., Yu-Cheng Chiao, Chi-Lin Wea, Royce Yu-Chun Hong, David Shu-Chyuan Tu, Allen Hsu
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	16 persons	16 persons	16 persons	16 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, 2022; 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													
Deputy CEO	Yoshitaka Kinoshita													
President	Hsin-Lung Yang (Note 7)													
CTO	Wei-Chan Hsu													
Vice President	Zen-Lie Lin (Note 8)													
Vice President	Patrick Wang (Note 8)													
Vice President	Meng-Chi Wu (Note 7)	31,367	43,221	836	1,219	75,451	79,876	36,442	-	36,442	-	144,096 3.41%	160,758 3.81%	-
Vice President	Jian-Liang Su (Note 7)													
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													

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)		
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)		
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	Patrick Wang, Jian-Liang Su, Yoshitaka Kinoshita, Wei-Chan Hsu	Patrick Wang, Jian-Liang Su
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	Jen-Lieh Lin, Meng-Chi Wu	Jen-Lieh Lin, Meng-Chi Wu, Yoshitaka Kinoshita
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	Hsin-Lung Yang, Hsu-Fen Lai, Yu-Sung Cheng, Guang-Lun Lin	Hsin-Lung Yang, Hsu-Fen Lai, Yu-Sung Cheng, Guang-Lun Lin, Wei-Chan Hsu
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	11 persons	11 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 2022 remuneration of directors and employees on March 7, 2023.

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 2021.

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: Mr. Hsin-Lung Yang is appointed President of the Company on July 1, 2022; Mr. Meng-Chi Wu began serving as the Company's Deputy CEO on July 5, 2022; and Mr. Jian-Liang Su. began serving as the Company's Vice President on July 5, 2022.

Note 8: Mr. Zen-Lie Lin was relieved of his duties as Vice President on July 1, 2022; Mr. Patrick Wang was also relieved of his duties as Vice President on June 30, 2022 .

3.4 Remunerations to managerial officers

December 31, 2022; 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	-	2,442	36,442	0.86%
	Deputy CEO	Yoshitaka Kinoshita				
	President	Hsin-Lung Yang (Note)				
	CTO	Wei-Chan Hsu				
	Vice President	Meng-Chi Wu (Note)				
	Vice President	Jian-Liang Su (Note)				
	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: Mr. Hsin-Lung Yang began to serve the company's president on June 1, 2021; Mr. Zen-Lie Lin was relieved of his duties as Vice President on July 1, 2022; Mr. Patrick Wang was relieved of his duties as Vice President on June 30, 2022; Mr. Meng-Chi Wu began to serve the Vice President of the Microcontroller Application Business Group of the Company one July 1, 2022; Mr. Jian-Liang Su began to serve the Vice President of the Cloud Computing Business Group of the Company on July 1, 2022.

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	2021		2022	
	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	4.29%	4.66%	5.56%	5.96%
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

Article 25 of the Company's Regulations: No more than 1% of the Company's annual pre-tax net profit before deducting employee remuneration and directors' remuneration shall be allocated as directors' remuneration.

The Company's remuneration committee recommends directors' remuneration after deducting accumulated losses in accordance with the Company's Regulations, the Company's "Evaluation Measure for Directors' Remuneration and Board Performance", the annual self-assessment results of Board members and the annual profit status, and reports to the shareholders meeting after passing the resolution of the Board of Directors.

(B) President and Vice President

The company's managers' remuneration is handled in accordance with the Company's Regulation and the "Management Measures for Managers' Remuneration and Performance Evaluation", including the system and standards of salary, bonus and employee remuneration, which is based on the positions held, responsibilities and commitment to the Company. The contribution rate of the Company shall be proposed in consideration of the industry standard, and shall be submitted to the Remuneration Committee for review in accordance with the related regulations, and then submitted to the Board of Directors for approval.

B. Correlation with the business performance and future risks

In order to reduce operational risks, the Company has established a Remuneration Committee since 2011. After considering the current year's operating conditions, future operating risks and related laws and regulations, the Committee regularly reviews the annual performance goals of directors and managers and the policies, system, standards and structures of remuneration to seek a balance between the Company's sustainable operations and risk control. As a summary, the remuneration of directors and managers of the Company is positively correlated with the operating performance.

(III) Implementation of corporate governance

1. Board of Directors

On June 2, 2022, the Company has re-elected the 7th term of directors at the Shareholders' Conference; the new directors took office upon the election was done. A total of 8 meetings of the Board of Directors were held in 2022; 4 times were held before the re-election of Board of Directors and 4 times were held after that. The attendance of Directors was as follows:

Before the re-election of the regular Shareholders' Meeting on June 2, 2022, the Board of Directors has held 4 times of meeting in 2022 (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	4	0	100%	Re-serve duty
Director	Yu-Cheng Chiao	4	0	100%	Re-serve duty
Director	C Representative of Chin Xin Investment Co., Ltd.: Yung Chin	3	1	75%	Duty released
Director	Ken-Shew Lu	3	1	75%	Duty released
Director	Chi-Lin Wea	4	0	100%	Re-serve duty
Independent Director	Allen Hsu	4	0	100%	Re-serve duty
Independent Director	Royce Yu-Chun Hong	4	0	100%	Re-serve duty
Independent Director	David Shu-Chyuan Tu	4	0	100%	Re-serve duty
Independent Director	Jerry Hsu	4	0	100%	Duty released

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	6 th -term meeting date			
		2022/2/10	2022/3/15	2022/4/15	2022/5/3
Independent Director	Allen Hsu	O	O	O	O
Independent Director	Royce Yu-Chun Hong	O	O	O	O
Independent Director	David Shu-Chyuan Tu	O	O	O	O
Independent Director	Jerry Hsu	O	O	O	O

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

After the re-election of the regular Shareholders' Meeting on June 2, 2022, the Board of Directors has held 4 times of meeting in 2022 (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	4	0	100%	Re-serve duty
Vice Chairman	Karen K Chiao	3	1	75%	New duty-serve
Director	Yu-Cheng Chiao	4	0	100%	Re-serve duty
Director	Representative of Chin Xin Investment Co., Ltd. : Jen-Lieh Lin (Note 2)	4	0	100%	Note 2
Director	Chi-Lin Wea	4	0	100%	Re-serve duty
Director	Royce Yu-Chun Hong (Note 3)	3	1	75%	Re-serve duty
Director	Liang-Ji Chen	4	0	100%	New duty-serve
Independent Director	Bao-Sheng Wea	4	0	100%	New duty-serve
Independent Director	David Shu-Chyuan Tu	4	0	100%	Re-serve duty
Independent Director	Allen Hsu	4	0	100%	Re-serve duty
Independent Director	Guang-Zhong Chen	4	0	100%	Re-serve duty

Note 1: Attendance in person is calculated by attendance in person of the Director during the period of service.

Note 2: On June 2, 2022, the 7th term of directors were fully re-elected, and the institutional director representative were changed.

Note 3: On June 2, 2022, the 7th term of directors were fully re-elected, changing from independent director to director.

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

Title	Name	7 th -term meeting date			
		2022/6/2	2022/7/5	2022/8/2	2022/11/1
Independent Director	Bao-Sheng Wea	O	O	O	O
Independent Director	David Shu-Chyuan Tu	O	O	O	O
Independent Director	Allen Hsu	O	O	O	O
Independent Director	Guang-Zhong Chen	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
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	25 th meeting of 6 th -term Board
Allen Hsu Jerry Hsu	Release the non-compete restrictions on Company Directors	The Director has an interest in the matter	Did not participate in voting	26 th meeting of 6 th -term Board
Allen Hsu David Shu-Chyuan Tu Guang-Zhong Chen Bao-Sheng Wea	Appoin Mr. Allen Hsu, Mr. David Shu-Chyuan Tu, Mr. Guang-Zhong Chen and Mr. Bao-Sheng Wea as the 5 th Remuneration Committee of the Company	The Director has an interest in the matter	Did not participate in voting	1 st meeting of 7 th -term Board
Yuan-Mou Su	Passed 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	3 rd meeting of 7 th -term Board
Yuan-Mou Su Karen K Chiao Yu-Cheng Chiao Allen Hsu	Disposal of major assets by Nuvoton Technology Corporation Japan, a subsidiary of the Company	The Director has an interest in the matter	Did not participate in voting	4 th meeting of 7 th -term Board

(5) Performance evaluation of Board of Directors

The Board's performance in 2022 receives an average score of 97.5 points following evaluation, which has been reported to the Board meeting on March 7, 2023.

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Contents
Once every year	2022/01/01 ~2022/12/31	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.

The results of the 2022 performance evaluation of individual board members average 99.6 points, which have been reported to the Board of Directors on March 7, 2023.

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Contents
Once every year	2022/01/01 ~2022/12/31	All members of the Board	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. 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.

The results of the 2022 performance evaluation of functional committees average 95 points, which have been reported to the Board of Directors on March 7, 2023.

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Contents
Once every year	2022/01/01 ~2022/12/31	Audit Committee and Remuneration Committee	Self-evaluation of the Board, self-evaluation by Board members and peer review	The self-evaluation of the overall performance of the Board of Directors covers the following five aspects: 1. Degree of participation in Company operations. 2. Understanding the responsibilities of functional committees. 3. Quality of functional committee's decision making. 4. Composition and selection (election) of members of functional committees. 5. Internal controls.

(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 Company evaluates the Directors' performance in terms of participation in the Company's operations, improvement of the quality of decisions made by the board, composition and structure of the board, election of Directors, continuing education, and internal controls in December each year in accordance with the "Rules for Remuneration and Performance Evaluation of Directors". The results are compiled by the procedural unit in charge of Board Meetings and submitted to the Remuneration Committee and the Board to measure the Board's operations in guiding the strategic direction of the Company and overseeing the Company's operations and management, which should help increase long-term shareholder value. The results of overall evaluation in 2021 was good and the results have been reported to the Remuneration Committee and Board of Directors on March 7, 2023.

D. The Company attaches great importance to corporate governance. Re-election of the Company's 5th-term directors and establishment of the Audit Committee was completed on June 15, 2016. The Audit Committee, together with the Remuneration Committee, assist the Board of Directors in performing its supervisory role.

E. Liability insurance for Directors, Supervisors and key officers:

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 verify 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 Auditing Department convened a total of 7 meetings (A) in the most recent year. The attendance of Independent Directors was as follows:

The Company re-elected the 7th term of directors at the Shareholders Meeting on June 2, 2022, and the 3rd term of the Audit Committee took office on the same day. In 2022, the Audit Committee meetings were held 7 times, 4 times before the re-election and 3 times after it.

Before the re-election of the regular shareholders' meeting on June 2, 2022, the Audit Committee has held 4 times of meeting in 2022 (A)

Title	Name	Attendance (voting and non-voting) in person (B)	By proxy	Attendance in person rate (%) [B/A] (Note)	Note
Independent Director	Allen Hsu	4	0	100%	Re-serve duty
Independent Director	Royce Yu-Chun Hong	4	0	100%	Re-serve duty
Independent Director	David Shu-Chyuan Tu	4	0	100%	Re-serve duty
Independent Director	Jerry Hsu	4	0	100%	New duty-serve

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

After the re-election of the regular shareholders' meeting on June 2, 2022, the Audit Committee has held 4 times of meeting in 2022 (A)

Title	Name	Attendance (voting and non-voting) in person (B)	By proxy	Attendance in person rate (%) [B/A] (Note)	Note
Independent Director	Bao-Sheng Wea	3	0	100%	New duty-serve
Independent Director	David Shu-Chyuan Tu	3	0	100%	New duty-serve
Independent Director	Allen Hsu	3	0	100%	New duty-serve
Independent Director	Guang-Zhong Chen	3	0	100%	New duty-serve

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) The date of the Board meeting, the term, contents of the proposals, resolutions of the Audit Committee, and the Company's handling of the resolutions of the Audit Committee shall be recorded under the following circumstances in the operations of the Audit Committee meeting:

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

Term/Date	Agenda and follow-up	
22 nd meeting of 2 nd - term Audit Committee 2022/02/10	1	Passed the Company's 2021 financial statements and business report. Opinions of the Audit Committee members: N/A. The Company's response to the opinions of Audit Committee: N/A. Resolution: Passed as proposed.
	2	Passed the 2021 Statement on Internal Control Opinions of the Audit Committee members: N/A. The Company's response to the opinions of Audit Committee: N/A. Resolution: Passed as proposed.
	3	Approved the 2021 annual increase in capital expenditure budget. Opinions of the Audit Committee members: N/A. The Company's response to the opinions of Audit Committee: N/A. Resolution: Passed as proposed.
	4	Approve the annual remuneration of Deloitte & Touche Accounting Firm appointed by the Company. Opinions of the Audit Committee members: N/A. The Company's response to the opinions of Audit Committee: N/A. Resolution: Passed as proposed.
	5	Passed the proposal to discontinue the private placement of securities passed in the 2021 general shareholders' meeting. Opinions of the Audit Committee members: N/A. The Company's response to the opinions of Audit Committee: N/A. Resolution: Passed as proposed.

Term/Date	Agenda and follow-up	
23 rd meeting of 2 nd - term Audit Committee 2022/03/15	1	Passed the 2021 earnings appropriation. Opinions of the Audit Committee members: N/A. The Company's response to the opinions of Audit Committee: N/A. Resolution: Passed as proposed.
	2	Passed the proposed removal of non-compete clause for directors. Opinions of the Audit Committee members: N/A. The Company's response to the opinions of Audit Committee: N/A. Resolution: Passed as proposed.
24 th meeting of 2 nd - term Audit Committee 2022/4/15	1	Approved the revision of some provisions of the Company's "Procedures for Acquisition or Disposal of Assets". Opinions of the Audit Committee members: N/A. The Company's response to the opinions of Audit Committee: N/A. Resolution: Passed as proposed.
25 th meeting of 2 nd - term Audit Committee 2022/05/03	1	Passed the consolidated financial report of the company for Q1, 2022. Opinions of the Audit Committee members: N/A. The Company's response to the opinions of Audit Committee: N/A. Resolution: Passed as proposed.
2 nd meeting of 3 rd term Audit Committee 2022/08/02	1	Passed the consolidated financial report of the company for Q2, 2022. Opinions of the Audit Committee members: N/A. The Company's response to the opinions of Audit Committee: N/A. Resolution: Passed as proposed.
	2	Approved the endorsement and guarantee for business transactions between Nuvoton Technology Corporation Japan and financial institutions and signature of related documents. Opinions of the Audit Committee members: N/A. The Company's response to the opinions of Audit Committee: N/A. Resolution: Passed as proposed.
	3	Approved the endorsement and guarantee for business transactions between Nuvoton Technology Corporation Japan and Taiwan Semiconductor Manufacturing Company Limited, and signature of related documents. Opinions of the Audit Committee members: N/A. The Company's response to the opinions of Audit Committee: N/A. Resolution: Passed as proposed.
3 rd meeting of 3 rd term Audit Committee 2022/11/01	1	Passed the consolidated financial report of the company for Q3, 2022. Opinions of the Audit Committee members: N/A. The Company's response to the opinions of Audit Committee: N/A. Resolution: Passed as proposed.
	2	Approved the Company's 2023 audit plan. Opinions of the Audit Committee members: N/A. The Company's response to the opinions of Audit Committee: N/A. Resolution: Passed as proposed.
	3	Approved the sale of major assets by Nuvoton Technology Corporation Japan, a subsidiary of the Company. Opinions of the Audit Committee members: N/A. The Company's response to the opinions of Audit Committee: N/A. Resolution: Passed as proposed.
	4	Approved the 2022 annual increase in capital expenditure budget. Opinions of the Audit Committee members: N/A. The Company's response to the opinions of Audit Committee: N/A. Resolution: Passed as proposed.
	5	Approved and amended some provisions of the Company's "Internal Control System", " Self-Assessment Measures of Internal Control System ", and " Implementation Rules of Internal Audit ". Opinions of the Audit Committee members: N/A. The Company's response to the opinions of Audit Committee: N/A. Resolution: Passed 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
Allen Hsu Jerry Hsu	Removal of non-compete clause for the Directors of the Company	The Director has an interest in the matter	Did not participate in voting	23 rd meeting of 2 nd -term Audit Committee
Allen Hsu	Proposed sale of major assets of subsidiary Nuvoton Technology Corporation Japan	The Director has an interest in the matter	Did not participate in voting	3 rd 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
22 nd meeting of 2 nd - term 2022/02/10	<ul style="list-style-type: none"> The Company's audit work report for Q4_2021 <ul style="list-style-type: none"> - Q4_2021 tracking of defects improvements in lasr period. - Audit plan and audit findings for Q4_2021. The Company's 2021 self-assessment situation of internal control system in 2021. The company's 2021 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 2021 internal control system statement is submitted to the Board of Directors for resolution after review and approval.
25 th meeting of 2 nd - term 2022/05/03	<ul style="list-style-type: none"> The Company's audit work report for Q1_2022 <ul style="list-style-type: none"> - Q1_2022 tracking of defects improvements in last period. - Audit plan and audit findings for Q1_2022 	<ul style="list-style-type: none"> All independent directors have no objection.
2 nd meeting of 3 rd term 2022/08/02	<ul style="list-style-type: none"> The Company's audit work report for Q2_2022 <ul style="list-style-type: none"> - Q2_2022 tracking of defects improvements in last period. - Audit plan and audit findings for Q2_2022 	<ul style="list-style-type: none"> All independent directors have no objection.
3 rd meeting of 3 rd term 2022/11/01	<ul style="list-style-type: none"> The Company's audit work report for Q3_2022 	<ul style="list-style-type: none"> All independent directors have no objection.

	<ul style="list-style-type: none"> - Q3_2022 tracking of defects improvements in last period. - Audit plan and audit findings for Q3_2022 • The Company's audit plan of 2023. 	<ul style="list-style-type: none"> • The Company's 2023 internal control system statement is submitted to the Board of Directors for resolution after review and approval.
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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
22 nd meeting of 2 nd - term 2022/02/10	<ul style="list-style-type: none"> • Accountant communicates with the Independent Directors on the auditing result of KAM in 2021. • Accountants and independent directors communicate revenue recognition and discuss the significant risk (SR) of management overriding control. 	<ul style="list-style-type: none"> • All independent directors have no objection.
2 nd meeting of 3 rd term 2022/08/02	<ul style="list-style-type: none"> • Accountant communicates with the independent directors about the announcements on transactions with related parties and the impact of Japanese currency exchange rate fluctuations on net worth. • Accountant communicates with the independent directors about the Controlled Foreign Corporation (CFC) system for profit-seeking enterprises that will be implemented in 2023. 	<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, complaints and lawsuits 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 in accordance with regulations. Business and financial dealings between the Company and an affiliate are treated as dealings with an independent third party, which are handled by the principles of fairness and reasonableness with documented rules established, and pricing and payment terms clearly defined to 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. 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 devised and implemented a plan for a more diverse composition of the Board?	V	(1) The Company's corporate governance principles specify that the structure of Board of Directors should take into account Company operations, development and business scale, shareholding of major shareholders and diversity of Board Members, for example, different professional backgrounds, gender or fields of work. The members of the Board of Directors should include female Directors and four Independent Directors who are financial or industrial professionals. The educational background and experience of Directors should provide considerable assistance to the operation of the Company. Please refer to Director Information (3).	In line with the Corporate Governance Best-Practice Principles
(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	(2) The Company has established functional committees including the Employees' Welfare Committee, Supervisory Committees of Labor Retirement Reserve, Occupational Health and Safety Committee, Patent Committee, Sustainable Development Committee, and the Risk Management Committee.	
(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	(3) The Company has established the "Rules for Remuneration and Performance Evaluation of Directors" and it has been passed by the Board of Directors which performs periodic self-evaluations once every year. After the evaluation results are summarized by the business unit of the board of directors, report it to the Remuneration Committee and the Board of Directors, which will be used as one of the references for nominating directors for re-election. <ul style="list-style-type: none"> • The self-evaluation of the overall performance of the Board of Directors covers the following five aspects: <ul style="list-style-type: none"> A. Degree of participation in Company operations; B. Improving the quality of the Board of Directors' decision making; C. Composition and structure of the Board of Directors; D. Election and continuing education of the Directors; E. Internal controls. 	

<p>(4) Does the company periodically evaluate the level of independence of the CPA?</p>	<p>V</p>	<ul style="list-style-type: none"> • The measures for evaluating the performance of Board members cover the following six aspects: <ul style="list-style-type: none"> A. Familiarity with the goals and missions of the Company; B. Recognition of duties as directors. C. Degree of participation in Company operations. D. Management of internal relations and communication. E. Directors' professionalism and continuing education. F. Internal controls. • The self-evaluation of the overall performance of Company's functional committees cover the following five aspects: <ul style="list-style-type: none"> A. Degree of participation in the operation of the company. B. Knowledge of the duties of the functional committee; C. Improvement of quality of functional committee's decision making. D. Functional committee composition and election of members; E. Internal controls. <p>The Company's shareholders affairs unit collects the questionnaires, compiles the results, and has submitted evaluation outcomes to the Remuneration Committee and the Board of Directors on March 7, 2023.</p> <p>The results of evaluations in 2022 showed normal results in the self-evaluation conducted by members of the board. In the future, external evaluations will be arranged to improve operational efficiency, and multi-faceted training courses will be provided to enhance the decision-making abilities of board members.</p> <p>(4) The company formulates the "Accountant Evaluation and Performance Appraisal Measures" in accordance with the "Accountant Act" and the "Code of Professional Ethics for Accountants". The Audit Committee evaluates the independence of certified accountant based on this method every year and checks whether the accountant is a director, shareholder, or accountant of the Company or the Company pays him/her salary, confirming whether it is an interested party or not; the Company evaluates the result and submits it to the Audit Committee and the Board of Directors. In addition, certified accountant shall avoid the one who has direct or interest in the entrusted matters and himself/herself, and the regular transfer of accountants shall also follow the regulations.</p>	
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<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 status of business developments in 2022 is as follows:</p> <p>(1) Summarize the content of the Board of Directors meetings proposed by each proposal unit and provide sufficient meeting materials, which will be sent together with the convening notice, and notify related personnel to attend the meeting according to the content of the proposal. (Convened 8 times in 2022 years)</p> <p>(2) Invite accountant to report to the Board of Directors to review the content or related issues in the accounting field once per every half of a fiscal year.</p> <p>(3) Handle the pre-registration of the date of the Shareholders' Meeting, make the meeting notice, meeting manual, and the meeting minutes, and disclose the information before the prescribed time limit; simultaneously provide the English translation version for global investors to read thereof. (Held once in 2022 years)</p> <p>(4) According to the characteristics of the Company's industry and the needs of directors, organize research courses. (14.5 hours of study in 2022)</p> <p>(5) Conduct directors' self-evaluation in December in accordance with the "Evaluation Measure for Directors' Remuneration and Board Performance".</p> <p>Corporate Governance Executive Training</p> <table border="1" data-bbox="869 868 1861 1439"> <thead> <tr> <th>Training date</th> <th>Hosting unit</th> <th>Course name</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td>2022/06/21</td> <td>Taiwan Corporate Governance Association</td> <td>How to prevent internal worry_Analysis of enterprise internal investigation</td> <td>3</td> </tr> <tr> <td>2022/07/27</td> <td>Taiper Exchange</td> <td>Key Points of advanced training for directors and supervisors of listed OTC companies</td> <td>2</td> </tr> <tr> <td>2022/08/26</td> <td>Taiwan Corporate Governance Association</td> <td>How does the Audit Committee supervise the effectiveness of internal control</td> <td>3</td> </tr> <tr> <td>2022/09/16</td> <td>Taiwan Corporate Governance Association</td> <td>Trend of climate change shocks and global carbon risk management</td> <td>2</td> </tr> <tr> <td>2022/10/27</td> <td>Taiwan Corporate Governance Association</td> <td>Looking at AI development opportunities from the integration of software and hardware; trend of digital marketing Web3+ESG</td> <td>3</td> </tr> <tr> <td>2022/12/27</td> <td>Taiwan Corporate Governance Association</td> <td>Analysis of the global political and economic situation in 2023; the solution for enterprises to move towards net zero carbon emission: natural carbon sink and carbon rights trading</td> <td>4</td> </tr> </tbody> </table>	Training date	Hosting unit	Course name	Hours	2022/06/21	Taiwan Corporate Governance Association	How to prevent internal worry_Analysis of enterprise internal investigation	3	2022/07/27	Taiper Exchange	Key Points of advanced training for directors and supervisors of listed OTC companies	2	2022/08/26	Taiwan Corporate Governance Association	How does the Audit Committee supervise the effectiveness of internal control	3	2022/09/16	Taiwan Corporate Governance Association	Trend of climate change shocks and global carbon risk management	2	2022/10/27	Taiwan Corporate Governance Association	Looking at AI development opportunities from the integration of software and hardware; trend of digital marketing Web3+ESG	3	2022/12/27	Taiwan Corporate Governance Association	Analysis of the global political and economic situation in 2023; the solution for enterprises to move towards net zero carbon emission: natural carbon sink and carbon rights trading	4	<p>In line with the Corporate Governance Best-Practice Principles</p>
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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 attaches great importance to communication with stakeholders, we have established multiple communication channels, and built a special zone for stakeholders on the Company website to properly respond to important sustainable development issues that stakeholders are concerned about.	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

<p>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 relations policies, and purchasing insurance for directors and supervisors)?</p>	<p>V</p>	<p>(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.</p> <p>(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 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.</p>	<p>In line with the Corporate Governance Best-Practice Principles</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

Name	Criteria Professional qualifications and experience	Independence status	Number of other public companies concurrently serving as an independent director
Bao-Sheng Wea	Mr. Bao-Sheng Wea has more than 5 years of work experience in fields relating to Company business. He used to serve as the Chairman of KGI Commercial Bank and the Financial Director of the Commissioner of Insurance, and KGI Securities; also served as the Executive Yuan, ROC. He now serves as the Vice Chairman of Capital Gateway Investments Co., Ltd. and Independent Director of AIMD-Ainos Inc., Director Bao-Sheng Wea is free of situations stipulated in Article 30 of the Company Act.	(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.	1
David Shu-Chyuan Tu	Mr. David Shu- Chyuan Tu has more than 5 years of work experience in fields relating to Company business. he now serves as the Vice President of Product Specifications Business Unit, Synnex Technology International Corporation. Mr. David Shu- Chyuan Tu is free of situations stipulated in Article 30 of the Company Act.	(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.	-
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. Mr. Allen Hsu is free of situations stipulated in Article 30 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 institution that has the same chairman, president, or the equivalent or a spouse in one of the roles as the Company.	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, now he serves as the Independent Director of Diodes Incorporated. Mr. Guang-Zhong Chen is free of situations stipulated in Article 30 of the Company Act.	(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. (7) 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

(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 2022, the Remuneration Committee totally held 4 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	4	0	100%	Re-serve duty, expected to attend meetings for 4 times
Committee member	Bao-Sheng Wea	2	0	100%	New duty-serve, expected to attend meetings for 2 times
Committee member	Allen Hsu	4	0	100%	Re-serve duty, expected to attend meetings for 4 times
Committee member	Guang-Zhong Chen	2	0	100%	New duty-serve, expected to attend meetings for 2 times
Committee member	Royce Yu-Chun Hong	2	0	100%	Duty-removal, expected to attend meetings for 2 times
Committee member	Jerry Hsu	2	0	100%	Duty-removal, expected to attend meetings for 2 times

Other matters that require reporting:

- 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.
- 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
10 th meeting of 4 th -term 2022/02/10	1 Passed the total amount and individual amount of remuneration to Directors in 2021. Opinions of the Remuneration Committee members: N/A. The Company's response to Remuneration Committee opinions: N/A. Resolution: Passed as proposed.
	2 Revise part of the Company's Rules for Remuneration and Performance Evaluation of Directors. 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 remunerations of the Company's 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 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.
11 th meeting of 4 th -term 2022/05/03	1 Appoint Mr. Hsin-Lung Yang as the Company's President. Opinions of the Remuneration Committee members: N/A. The Company's response to Remuneration Committee opinions: N/A. Resolution: Passed as proposed.

Term/Date	Agenda and follow-up	
	2	Appoint Mr. Meng-Chi Wu as the Company's Vice President. Opinions of the Remuneration Committee members: N/A. The Company's response to Remuneration Committee opinions: N/A. Resolution: Passed as proposed.
1 st meeting of 5 th -term 2022/07/05	1	The issue of remuneration for the 7 th –term Directors of 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	Appoint Mr. Jian-Liang Su as the Company's Vice President. Opinions of the Remuneration Committee members: N/A. The Company's response to Remuneration Committee opinions: N/A. Resolution: Passed as proposed.
2 nd meeting of 5 th -term 2022/08/02	1	Formulate the Company's 2022 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 2022 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 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	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.

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

Evaluation items	Implementation status			Deviations from Corporate Social Responsibility Best 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 committees. It holds the management review meeting of the Sustainable Development Committee once per every six months 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_2022 was on November 1. 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 2022 to December 2022. 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) Our company follows the GRI Universal Standards 2021 Version GRI 3 to assess the actual and potential impacts on the economy, environment, and people (including their human rights) throughout our operations and business relationships, and conducts the risk assessments on important issues based on the principle of materiality, and formulates the risk management policies or strategies based on the assessed risks as follows:</p> <table border="1" data-bbox="884 1289 1841 1353"> <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> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Type	Material Issues	Risk Assessment Items	Risk Management Policy or Strategy					In line with the Sustainable Development Practice Principles
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	Management of Innovative Research and Development	Regularly disclose the amount of R&D expenditures and the number of newly acquired patents.	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.																
Environment	Energy and Resource Utilization and Consumption	Establishing an energy management policy	Promote and analyze the importance of energy consumption management for the company, and strengthen the business resilience in the face of climate change risks.																
	Greenhouse Gas Emissions	To effectively comply with climate change mitigation measures, establish carbon reduction targets in accordance with international standards, and comprehensively implement climate change mitigation actions.	Adhering to the company's environmental, health and safety policy, and through process optimization, installation of energy-saving and carbon-reducing equipment, and the participation of all employees, continuously reduce the use and emissions of greenhouse gases.																
<p>3. Environmental issues</p> <p>(1) Has the Company established a proper environmental management system based on the characteristics of the industry?</p>	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</p>	In line with the Sustainable Development Practice Principle															

Evaluation items	Implementation status			Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX listed companies and reasons
	Yes	No	Summary	
			personnel in accordance with related environmental protection regulations.	
(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?	V		(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 that are prescribed each year and followed-up each quarter. The results of these reductions have attained approval from the "Green Factory Label in Clean Production Evaluation System" of the Industrial Development Bureau of the Ministry of Economic Affairs in 2015. The Company was also awarded Outstanding Achievement in Water Conservation by the Water Resources Agency of the Ministry of Economic Affairs in 2016, and the Excellent Waste Reduction and Circular Economy Awards from the Hsinchu Science Park Administration, Ministry of Science and Technology in 2020.	
(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?	V		(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 40 million, expected to be completed by the end of 2023.	
(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		(4) The Company's greenhouse gas emissions in 2021 are 75,016 tons of CO ₂ e (equivalent to carbon dioxide gas) verified by Leonway Certification Company, which was revised to 75,535, after recalculating the greenhouse gas emissions from purchased electricity using the electricity factor of 0.509 kg CO ₂ e/kWh announced by the Bureau of Energy, Ministry of Economic Affairs in 2021. Water consumption is 389,000 metric tons, and the total weight of waste is 871 metric tons (general waste is about 305 metric tons, hazardous waste about 565 metric tons), all of which were published in the Company's 2021 Sustainability report, which was certified by the third-party impartial unit "Taiwan Inspection Technology Co., Ltd."	

Evaluation items	Implementation status			Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX listed companies and reasons						
	Yes	No	Summary							
			<p>The greenhouse gas emissions in 2022 are calculated to be 73,120 tons (the greenhouse gas emissions from purchased electricity are calculated based on electricity coefficient of 0.509 kg CO₂e/kWh announced by the Bureau of Energy, Ministry of Economic Affairs in 2021), the water consumption is 408,000 tons, and the total waste is 813 tons (about 284 tons of general waste and about 529 tons of hazardous waste).</p> <p>In 2022, in order to improve the efficiency of sewage treatment, we have renewed a complete set of fluorine-containing sewage treatment equipment with an investment of 8.45 million; the water consumption is based on the Company's internal water meter records, and the recovery rate will be calculated according to the water balance chart submitted to the Hsinchu Science Park Administration. In 2022, the water consumption for a product unit is about 40 liters/layer-wafer mask; the water recovery rate of the entire plant is about 67.5%.</p> <p>The waste management strategy is "minimizing waste disposal and maximizing resource recycling", The Company implements the source classification and reduction management, reducing the amount of waste generated per unit of product and increasing the recycling of waste; the output is the declared value stipulated in the Waste Disposal Act. In 2022, the waste output per unit product is 0.080 kg/layer-wafer mask, which is 3.1% lower than the waste output per unit product in 2021 (0.082 kg/layer-wafer mask).</p> <p>Faced with the impacts of climate change on the environment and water shortages in Taiwan, the Company set 2010 as the baseline year and started improving consumption of electricity, nitrogen, greenhouse gas emissions, and water. We implement measures to increase electricity usage efficiency, use alternative gases, increase water resource recycling rate, and adjust the production process. In 2022, compared with 2021, the actual electricity consumption will be reduced by 2.5% and the nitrogen use will be reduced by 0.4%, and greenhouse gas emissions by 3.1%. We shall continue the reduction achievements and have set phase 2 reduction targets for reducing fluorinated greenhouse gas emissions by 60% (total greenhouse gas emissions can be reduced by approximately 40%) in 2030 as compared to the baseline year of 2010. In 2022, we were able to achieve reduction in electricity usage by 14.8%, water consumption by 39.4% and greenhouse gas emissions by 13.7% as compared to the baseline year, and will continue to work towards the established targets.</p> <table border="1" data-bbox="909 1315 1776 1414"> <thead> <tr> <th>Continuous improvement items</th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Greenhouse gas emissions - CO₂e (carbon dioxide equivalent)</td> <td>75,535</td> <td>73,120</td> </tr> </tbody> </table>	Continuous improvement items	2020	2021	Greenhouse gas emissions - CO ₂ e (carbon dioxide equivalent)	75,535	73,120	
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Evaluation items	Implementation status			Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX listed companies and reasons									
	Yes	No	Summary										
			<table border="1"> <tr> <td>Electricity usage (kWh)</td> <td>74,146</td> <td>72,294</td> </tr> <tr> <td>Water usage (1,000 tons)</td> <td>389</td> <td>408</td> </tr> <tr> <td>Nitrogen use (km³)</td> <td>6,046</td> <td>6,007</td> </tr> </table>	Electricity usage (kWh)	74,146	72,294	Water usage (1,000 tons)	389	408	Nitrogen use (km ³)	6,046	6,007	
Electricity usage (kWh)	74,146	72,294											
Water usage (1,000 tons)	389	408											
Nitrogen use (km ³)	6,046	6,007											
<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> <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		SS	In line with the Corporate Social Responsibility Best Practice Principle									

Evaluation items	Implementation status			Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX listed companies and reasons
	Yes	No	Summary	
(4) Has the Company established an effective career development and capability training program for employees?	V			
(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?	V			
(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?	V			
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		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. Company Website : https://www.nuvoton.com/	In line with the Corporate Social Responsibility Best Practice Principle

Evaluation items	Implementation status			Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX listed companies and reasons
	Yes	No	Summary	
			ESG Report download : https://www.nuvoton.com/about-nuvoton/corporate-social-responsibility/esg-report/	
<p>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.</p>				
<p>7. Other key information useful for understanding the company's implementation of corporate social responsibility practices:</p> <ol style="list-style-type: none"> (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. (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 health and safety, the 2021 ESG report Nuvoton Technology was awarded the "Sustainability Report Disclosure of Occupational Health and Safety Indicators Outstanding Enterprise" issued by the Ministry of Labors. The Company promises to provide employees with a safe, healthy working environment; <ol style="list-style-type: none"> 1. Occupational disease incidence rate of employees is 0% 2. Regularly arrange employee health checks and carry out health promotion activities. Healthy employees can bring high creativity, high efficiency and high productivity to the Company. The blueprint of Nuvoton Technology's health management and promotion plan continues to create the LOHAS purpose of "happy work, healthy life", and is committed to taking care of the physical and mental health of colleagues. In 2022, three online health lectures related to high blood pressure, cardiovascular health care, and diet were held, and a total of 200 colleagues participated. 3. Nurses provide 24-hour health services and emergency first aid, showing our dedication and care; 4. Employees enjoy a health checkup every year. The health center distinguishes ethnic groups based on health management needs, plans customized checkup items, and introduces the concept of three stages and five levels of preventive medicine to achieve early diagnosis and early treatment. 5. Arrange monthly visits by occupational disease physicians in the medical center to provide health education, medical consultation, care and assistance, and regular on-site visits, to directly understand the potential health risks of employees and improve them. 6. Cooperate with the external EAPC to provide psychological counseling channels for colleagues, in 2022 there were for 21 hours (14 people consultation). Provide maternal protection measures and care for pregnant and breastfeeding colleagues, and 100% complete the assessment of employee operating environment risks and hazard variables. For middle- and high-risk subjects, 39 colleagues have completed one-on-one personal health consultation with doctors, without further assignment and referral of cases, middle-aged and elderly workers have completed 100% work safety and health management for middle- and high-risk groups, and for those with severe pain symptoms, 41 persons were arranged for outpatient consultations, against colleagues with cardiovascular risk. The Company has promoted the prevention of workplace bullying, and 100% of employees have completed education and training task. 7. Cancer prevention plan: According to the statistics of the Department of Health, cancer has ranked first among the top ten causes of death among Taiwanese for nearly 40 				

Evaluation items	Implementation status			Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX listed companies and reasons
	Yes	No	Summary	
<p>consecutive years. Nuvoton Technology has been promoting cancer prevention plans for many years, it screens high-risk groups such as family history, middle-aged and elderly people, personal disease history, smoking and eating betel nut habits, etc., and provides free or subsidized peer examinations to achieve the purpose of early diagnosis and early treatment. In 2022, a total of about 1,300 person-times were checked for the prevention of colorectal cancer, lung cancer, cervical cancer, breast cancer, liver cancer, nasopharyngeal cancer, thyroid cancer, oral cancer, and prostate cancer.</p> <p>8. Encourage employees to built associations, so that colleagues can strike a balance between work and leisure, and cultivate regular exercise habits. The Company has set a massage area for the visually impaired to provide services for employees to relieve stress. Due to the pandemic situation, encourage associations to hold outdoor activities, which can exercise also takes into account the pandemic prevention and infection avoiding. Nunoton hopes that employees will cultivate good exercise habits and leisure interests, and it also provides a channel for colleagues to socialize and gather after work. The clubs currently established and the special classes held include basketball clubs, cycling clubs, badminton clubs, yoga clubs, etc.</p> <p>9. Nuvoton Technology adheres to the concept of taking from the society and using it for the society, continuing to care for the disadvantaged, promote social welfare activities, hoping to create a common prosperity and a win-win situation. In addition to donating Home of Humanity and second-hand bookstores, Nuvoton has also helped Yuandong Junior High School in Chudong Township, Hsinchu Family Support Center, Yawen Tingyu Foundation, Xinlu Foundation, Genesis Foundation, Shiguang Nursing Home, Haosheng Kindergarten, National Taiwan University_Hsinchu Branch, and MacKay Hospital, etc.; colleagues are very caring, donating is very enthusiastically, hoping to let children or patients in need of help feel the warmth of society. In 2022, Nuvoton donated NTD 325,000 to help the Home of Humanity; we also donated 25,200 medical masks to the Hsinchu Branch of National Taiwan University Hospital to protect medical staff and patients; we encourage employees to participate in public welfare, shape Nuvoton's corporate culture that values sustainable contribution, and cooperate with the outside partners to work together to promote social welfare activities and look forward to creating a common prosperity and win-win society.</p> <p>(5) In environmental protection, Nuvoton is committed to establishing advanced international safety, health management, and environmental protection standards. We have passed the certification for the new version of the ISO 45001 Occupational Safety and Health Management System in 2019. We also actively participate in environmental training programs and was recognized again as the "Environmental Education Partner" of Hsinchu Science Park. The Company also periodically implements effective education and training activities and organized 77 classes/197 hours of training courses in 2022 with 1,924 participants as part of the effort to continue improvement on eradicating any foreseeable risks to employees' health, environmental pollutions and damages to properties. Potential disasters and losses can be prevented beforehand through sound management and active participation of all employees.</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. 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>	V		(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.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
<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>	V		(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>(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		(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.	

Evaluation items	Implementation status			Departure from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
<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		(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 unethical conduct. In addition, the Company's purchase orders will include a clause requiring compliance with the Company's ethical corporate management policy.	In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
<p>(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?</p>	V		<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. 	
	V			

Evaluation items	Implementation status			Departure from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	No	Summary	
(3) Has the Company established policies to prevent conflicts of interests, implemented such policies, and provided adequate channels of communications?			(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 education on the prevention of insider trading for directors and managerial officers.	
(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?	V		(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.	
(5) Did the Company periodically provide internal and external training programs on integrity management?	V		(5) The Company periodically holds corporate ethics education on sustainable development and ethical corporate management each year. In 2022, 1,526 employees participated in the training. The employees' training completion rate for "Ethical Management" and "Sustainable Development Policy" courses was 100%.	
3. Implementation of the Company's whistleblowing System				In line with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
(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?	V		(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.	
(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?	V		(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	

Evaluation items	Implementation status			Departure from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and reasons
	Yes	No	Summary	
(3) Has the Company adopted measures for protecting the whistle-blower against improper treatment or retaliation?	V		<p>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) 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>	
<p>4. Enhancing information disclosure</p> <p>(1) Has the Company disclosed its integrity principles and progress onto its website and M.O.P.S.?</p>	V		<p>(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.</p>	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.				

7. 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.

8. 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.

9. Status of implementation of internal control system

(1) Statement on Internal Control

Nuvoton Technology Corp. Statement on Internal Control System

Date: February 14, 2023

This Statement of Internal Control System is issued based on the self-evaluation results of the Company for year 2022:

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, 2022, 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 14, 2023, where 0 of the 9 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.

10. 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.

11. 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 2022 general shareholders' meeting and their implementation:

Date	Important resolutions and implementation	
2022/06/02	1	Ratify 2021 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 2021 earnings distribution plan Resolution: Passed as proposed. (For details of the resolution, please visit Market Observation Post System) Implementation status: The Chairman decided on July 14, 2022 that the ex-dividend base date is August 7, 2022, and the distribution date is August 26, 2022. (NT\$5 per share)
	3	Approved the amended Articles of Incorporation. Resolution: Passed as proposed. (For details of the resolution, please visit Market Observation Post System) Implementation status: Related matters are handled in accordance with procedures after the amendment is effective.
	4	Approved the amended rules of Incorporation. Resolution: Passed as proposed. (For details of the resolution, please visit Market Observation Post System) Implementation status: Related matters are handled in accordance with procedures after the amendment is effective.
	5	Elect the 7 th -termdirectors (including independent directors). Resolution: Directors: Winbond Electronics Corp., representative: Yuan-Mou Su 、 Karen K Chiao, Yu-Cheng Chiao, Chin Xin Investment Co., Ltd., representative: Zen-Lie Lin, Chi-Lin Wea, Royce Yu-Chun Hong, Royce Yu-Chun Hong, and Liang-Ji Chen Independent Directors: Bao-Sheng Wea, David Shu-Chyuan Tu, Royce Yu-Chun Hong, and Guang-Zhong Chen Implementation status: The election results will be announced on the day of the shareholder meeting, and the director change registration will be completed on June 22, 2022.
	6	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 2022 and up to the date of this report (March 15, 2023)

Date	Important resolutions	
2022/02/10	1	Passed the Company's 2021 financial statements and business report.
	2	Passed the 2021 Statement on Internal Control System.
	3	Passed the Company's 2022 business plan and budget.
	4	Approved the annual remuneration paid to accounting firm Deloitte & Touche
	5	Approved to buy Liability Insurance for Directors, Supervisors and Key Officers.
	6	Passed the proposal to discontinue the private placement of securities passed in the 2021 general shareholders' meeting.
	7	Approved the setting of record date for the conversion of the Company's first domestic unsecured convertible bonds to common shares, and the record date for the issuance of new shares.
	8	Passed the total amount and individual amount of remuneration to directors in 2021.
	9	Passed the total amount of remuneration appropriated for employees in 2021.
	10	Revised the Company's Rules for Remuneration and Performance Evaluation of Directors .
	11	Passed the variable pay for individual managerial officers
	12	Approved the variable pay for Company officer Mr. Yuan-Mou Su.
2022/03/15	1	Passed the 2021 earnings appropriation.
	2	Passed the amended clauses of the Company's Articles of Incorporation.
	3	Passed the proposed removal of non-compete clause for directors.
	4	Approved the election of directors (including independent directors) in accordance with Article 15 of the Company's Articles.
	5	Passed the proposal to convene the Company's general shareholders' meeting at 9AM on June 2, 2022.
2022/04/15	1	Approved the amended articles of the Company's "Procedures for Acquisition or Disposal of Assets".
	2	Passed the amended clauses of the Company's Articles of Incorporation.
	3	Approved to amend the rules of Procedure of the Company's Shareholders' Meeting.
	4	Approved the list of 7 th -term directors (including independent directors) candidates for Board of Directors.
	5	Passed the proposed removal of non-compete clause for new directors.
	6	Approved to add the reason for convening the Company's 2022 Shareholders' Meeting.
2022/05/03	1	Approved the Q1_2022 consolidated financial report.
	2	Approved the Company's greenhouse gas inventory and verification schedule.
	3	Approved to appoint Mr. Hsin-Lung Yang as the Company President.
	4	Approved to appoint Mr. Meng-Chi Wu as the Company Vice President.
2022/06/02	1	Approved to appoint Mr. Allen Hsu, Mr. David Shu-Chyuan Tu, Mr. Guang-Zhong Chen and Mr. Bao-Sheng Wea as the 5 th -term Remuneration Committee members.
2022/07/05	1	Approved the disposal of right-of-use assets by Nuvoton Technology Corporation Japan, a subsidiary of the Company, to Tower Partners Semiconductor Co., Ltd.
	2	Approved the Company's subsidiary, Nuvoton Technology Corporation Japan, to invest in its 49%-owned reinvestment company, Tower Partners Semiconductor Co., Ltd., to expand production capacity.
	3	Approved the remuneration of the 7 th -term directors.
	4	Approved to appoint Mr. Jian-Liang Su as the Company Vice President.
2022/08/02	1	Approved the Q2_2022 consolidated financial report.
	2	Approve the Company's proposed establishment of a Risk Management Committee and formulate organizational rules for the Risk Management Committee.
	3	Approved the Company's endorsement guarantee for the financing between Nuvoton Technology Corporation Japan, a subsidiary of the Company, and financial institutions, and sign the respective documents.

Date	Important resolutions	
	4	Approved the Company's endorsement guarantee for the business relationship between its subsidiary Nuvoton Technology Corporation Japan and Taiwan Semiconductor Manufacturing Co., Ltd., and signed respective documents.
	5	Approved the Company's short-term comprehensive credit line/derivative financial product line from financial institutions and sign respective documents.
	6	Passed the appropriation ratio of remuneration for directors in 2022.
	7	Passed the appropriation ratio of remuneration for employees in 2022.
	8	Passed the pay of individual managerial officers.
	9	Approved the individual amount of the salary of Mr. Yuan-Mou Su, the managerial officer of the Company.
2022/11/01	1	Approved the Q3_2022 consolidated financial report.
	2	Approved the Company's 2023 Audit Plan.
	3	Approved to adjust the subsidiary's reinvestment structure.
	4	Approved the proposed sale of major assets by Nuvoton Technology Corporation Japan, a subsidiary of the Company.
	5	Approved the 2022 increase in capital expenditure budget.
	6	Approved to amend some articles of the Company's "Internal Control System", " Self-Assessment Measure for Internal Control System ", and " Rules for Internal Audit Implementation ".
	7	Approved the Company's short-term comprehensive credit line/derivative financial product line from financial institutions and sign respective documents.
2023/2/14	1	Approved the Company's 2022 financial report and business report.
	2	Approved the Company's 2022 internal control system statement.
	3	Approved the Company's 2023 business plan and operating budget.
	4	Approved the annual remuneration paid to accounting firm Deloitte & Touche
	5	Approved to build the Company's "Examination Measure for the Pre-approval of Non-confirmation Services Provided by Certified Accounting Firm ".
	6	Approved the Company's plan to pre-approve the non-confirmation service list provided by the certified accounting firm in 2023.
	7	Approved to buy the Liability Insurance for Directors, Supervisors and Key Officers.
	8	Approved the Company's short-term comprehensive credit line/derivative financial product line from financial institutions and sign respective documents.
	9	Approved the change of the head of corporate governance in the Company.
	10	Approved the change of the head of audit in the Company.
2023/3/7	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 the Company's directors' remuneration for 2022.
	5	Passed the total amount of remuneration appropriated for employees in 2022.
	6	Approved the individual amounts of variable remuneration for the Company's managerial officers.
	7	Approved the amount of variable remuneration for Mr. Yuan-Mou Su, the managerial officer of the Company.

12. 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.

13. 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

14. 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	2022	15,940	1,570	17,510	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 20221 audit fee did not decrease by more than 10% than the amount paid in 2021. This is therefore not applicable.

(V) The changes to the accountants before and after the two most recent years:

The Company's original CPAs Shu-Lin Liu and Hung-Bin Yu have been changed to CPAs Kuo-Tien Hung and Shu-Lin Liu starting Q2 2021 to internal adjustment of the certifying accounting firm.

1. Regarding previous CPA

Date of change	May 6, 2021		
Reasons for change and explanation	Internal adjustment of the certifying accounting firm		
Reasons for change and explanation	Parties concerned		
	Scenario	CPA	Client
	Termination initiated by client CPA declined to accept (continue) the appointment	Not applicable	
Audit opinions other than unqualified opinions issued in the past two years and reasons	Not applicable		
Opinions different from those of issuer	Not applicable		
Other disclosures	Not applicable		

2. Regarding succeeding CPA

Name of accounting firm	Deloitte & Touche
Name of Accountants:	Kuo-Tien Hung and Shu-Lin Liu
Date of appointment	May 6, 2021
Consultation given on accounting treatment or accounting principle adopted for any specific transactions and on possible opinion issued on financial report prior to appointment and results	Not applicable
Succeeding CPAs' written opinions that are different from those of the previous CPAs	Not applicable

3. The former CPA's reply to Article 10, Subparagraph 6, Item 1 and Item 2, Point 3 of the Regulations Governing Information to be Published in Annual Reports of Public Companies: Not applicable.

(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	2022		2023 up to March.15	
		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	5,000	-	-	-
Vice Chairperson	Karen K Chiao (Note 2)	-	-	-	-
Director	Yu-Cheng Chiao	-	-	-	-
Director	Chin Xin Investment Co., Ltd.	-	-	-	-
	Representative: Yung Chin (Note 3)				
	Representative: Jen-Lieh Lin (Note 4)	(7,000)	-	-	-
Director	Chi-Lin Wea	-	-	-	-
Director	Royce Yu-Chun Hong (Note 5)	-	-	-	-
Director	Liang-Ji Chen (Note 6)	-	-	-	-
Independent director	Bao-Sheng Wea (Note 7)	-	-	-	-
Independent director	David Shu-Chyuan Tu	-	-	-	-
Independent director	Allen Hsu	-	-	-	-
Independent director	Guang-Zhong Chen (Note 8)	-	-	-	-
CEO	Yuan-Mou Su	5,000	-	-	-
Deputy CEO	Yoshitaka Kinoshita	-	-	-	-
President	Hsin-Lung Yang (Note 9)	-	-	-	-
Vice President	Yu-Sung Cheng	-	-	-	-
Vice President	Guang-Lun Lin	-	-	-	-
Vice President	Meng-Chi Wu (Note 10)	-	-	-	-
Vice President	Jian-Liang Su (Note 11)	-	-	-	-
Vice President, Chief Financial Officer, Chief Accounting Officer and spokesperson, and Corporate Governance Officer	Hsu-Fen Lai (Note 12)	-	-	-	-
CTO	Wei-Chan Hsu	-	-	-	-
Director	Ken-Shew Lu (Note 13)	-	-	-	-
Independent director	Jerry Hsu (Note 14)	-	-	-	-
Vice President	Patrick Wang (Note 15)	-	-	-	-
Corporate Governance Officer	Kun-Long Chen (Note 16)	-	-	-	-

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

Note 2: Ms. Karen K Chiao served the new vice chairman since June 2, 2022.

- Note 3: Ms. Yung Chin was removed from her position as the representative of institutional director on June 2nd, 2022. The information provided above only discloses up to the date of termination of her service as a director of the company.
- Note 4: Mr. Jen-Lieh Lin has been appointed as the representative of the new institutional director since June 2, 2022.
- Note 5: Mr. Royce Yu-Chun Hong changed from an independent director to a director on June 2, 2022.
- Note 6: Mr. Liang-Ji Chen has become a new director since June 2, 2022.
- Note 7: Mr. Bao-Sheng Wea has been appointed as a new independent director since June 2, 2022.
- Note 8: Mr. Guang-Zhong Chen has become a new independent director from June 2, 2022.
- Note 9: Mr. Hsin-Lung Yang changed from Vice President to President on May 3, 2022.
- Note 10: Mr. Meng-Chi Wu has been appointed as the new Vice President since June 2, 2022. The information in the above table only discloses from the date when he became the Vice President of the Company.
- Note 11: Mr. Jian-Liang Su will be appointed as the new Vice President on June 2, 2022. The information in the above table only discloses from the date when he became the Vice President of the Company.
- Note 12: Ms. Hsu-Fen Lai also served as Corporate Governance Officer from February 14, 2023.
- Note 13: Mr. Ken-Shew Lu was dismissed as a director from June 2, 2022. The information in the above table only discloses up to the date of termination of his tenure as a director of the Company.
- Note 14: Mr. Jerry Hsu was dismissed as an independent director from June 2, 2022. The information in the above table only discloses up to the date of termination of his duty as an independent director of the Company.
- Note 15: Mr. Patrick Wang was dismissed as the Vice President from July 1, 2022. The information in the above table only discloses up to the date of termination of his duty as the managerial officer of the company.
- Note 16: 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 15, 2023; 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, 2022; Unit: Shares

Invested entity (Note 1)	Investment by the Company (A)		Investments by directors, supervisors, managers and directly or indirectly controlled enterprises (B)		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.	17,960,000	100	-	-	17,960,000	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

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
9704	10	300,000,000	3,000,000	100,000	1,000	Founding cash capital NT\$1,000,000	N/A	Yuan-Shang No. 0970009659
9707	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
9809	-	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
9809	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
9906	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
10811	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
10912	10	500,000,000	5,000,000	375,961,556	3,759,616	Cash capital increase of NT\$800,000,000 Conversion of the	N/A	Zhu-Shang No. 1090036975

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
						first issuance of unsecured convertible bonds to common shares totaling NT\$84,072,000		
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
11006	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
11009	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
11012	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
11103	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 15, 2023; 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 15, 2023

Shareholders	Government agencies	Financial institutions	Other corporations	Foreign institutions and foreigners	Individual investors	Total
Number of people	0	15	198	199	36,659	37,071
Shares held	0	8,170,732	282,760,355	33,647,533	95,186,648	419,765,268
Percentage (%)	0.00%	1.95%	67.35%	8.02%	22.68%	100.00%

(III) Ownership dispersion status

1. Common stock:

March 15, 2023

Shareholding range	Number of shareholders	Shares held	Percentage (%)
1-999	7,722	1,366,376	0.33%
1,000-5,000	26,280	43,683,776	10.41%
5,001-10,000	1,753	13,719,308	3.27%
10,001-15,000	388	4,915,052	1.17%
15,001-20,000	259	4,753,944	1.13%
20,001-30,000	201	5,147,407	1.23%
30,001-40,000	95	3,392,910	0.81%
40,001-50,000	73	3,408,461	0.81%
50,001-100,000	119	8,760,763	2.09%
100,001-200,000	60	8,461,128	2.02%
200,001-400,000	52	15,373,304	3.66%
400,001-600,000	25	12,625,554	3.01%
600,001-800,000	11	7,443,916	1.77%
800,001-1,000,000	11	10,033,400	2.39%
More than 1,000,001 shares	22	276,679,969	65.90%
Total	37,071	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 15, 2023 Unit: Shares

Name of major shareholders	Shares held	Percentage (%)
Winbond Electronics Corp.	214,954,635	51.21%
New System Labor Pension Fund	8,518,102	2.03%
Nomura Premium Fund Special Account	5,844,000	1.39%
Chin Xin Investment Co., Ltd.	5,440,219	1.30%
Fubon Life Insurance Co., Ltd.	4,946,000	1.18%
Allianz Taiwan Technology Fund Special Account	4,937,000	1.18%
Public Service Pension Fund Management Committee	3,869,000	0.92%
Old System Labor Pension Fund	3,538,400	0.84%
Yong-ShenXie	2,910,000	0.69%
Nomura SME Fund Special Account	2,580,000	0.61%

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

Unit: Share; NT\$

Item	Year	2021	2022	2023 Up to March 15	
Price per share (Note 1)	Highest	175	205	158.5	
	Lowest	41.7	94.1	115	
	Average	99.47	144.14	141.54	
Net worth per share (Note 2)	Before distribution	37.06	41.85	-	
	After distribution	32.06	34.85	-	
Earnings per share	Weighted average shares	404,370,366	419,765,268	419,765,268	
	Earnings per share	7.27	10.06	-	
Dividends per share	Cash dividend	5.00	7.00	-	
	Stock dividend	Earnings	-	-	-
		Capital surplus	-	-	-
	Accuulated unpaid dividend	-	-	-	
Return analysis	Price-earnings ratio (Note 3)	13.68	14.33	-	
	Price-dividend ratio (Note 4)	19.89	20.59	-	
	Cash dividend yield (Note 5)	5.03%	4.86%	-	

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 2022 earnings distribution plan was determined in the March 7, 2023 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 26, 2023.

Earning Distribution Plan

2022

Unit: NT\$

Item	Amount
Undistributed earnings from previous years	\$ 1,361,319,867
Plus: Disposal of financial assets in other comprehensive income measured at fair value through profit and loss accumulated in retained earnings	563,084,063
Plus: Re-measurement of defined benefit plan converted into retained earnings	103,698,969
Plus: Net profit of 2022	4,220,772,874
Minus: 10% legal reserve appropriated	(488,755,591)
Minus: Set aside special reserve	(710,979,455)
Distributable earnings as of year-end 2022	5,049,140,727
Distribution items:	
Cash dividends to common shares (NT\$7 per share)	(2,938,356,876)
Undistributed earnings at end of year	\$ 2,110,783,851

(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 2022 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\$51,036,000 in remuneration for directors and remuneration of NT\$306,214,000 for employees in the meeting of the Board of Directors on March 7, 2023. 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 2021:

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	35,373,677	-	-	35,373,677	N/A
Cash bonus for employees	212,242,063	-	-	212,242,063	N/A

Note: The remuneration of directors, supervisors and employees above have been passed in Board of Directors' meeting on February 10, 2022. There is no difference between the actual amount distributed and the amount recognized in the 2021 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	2022	
	Operating revenue	Percentage (%)
IC income	36,745,221	88%
Foundry service income	3,368,080	8%
Others	1,759,125	4%
Total	41,872,426	100%

3. Current products and services

The Company's primary business consists of IC design and sales and wafer foundry services. Main IC products are general-purpose ICs with a wide range of applications. Products include ICs for applications in microcontrollers, audio products, cloud computing, visual sensing, battery monitoring and IOT with security as well as components that can be used in Industrial, Automotive, Communications, Consumer and Computer markets. The Company also owns a 6-inch wafer plant equipped with diversified processing technologies to provide professional wafer foundry 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 and 4/8-bit MCU and Class D Speaker Amp, Smart Audio, and 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 conductor components is CSP (Chip Scale Package) MOSFET for lithium battery protection. In addition to being used in various wearable devices and fast charging of smart phones, 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 IC card security control, and HDMI 2.1 high-speed transmission interface ICs.

(2) Wafer foundry

The Company owns an 6-inch foundry plant and has accumulated over 25 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 Emd-Flash 8-bit uC 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 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 USB 4.0 high-speed transmission interface ICs for power control or IC card security control.

(2) Foundry service

The Company's foundry service focuses on the development of special production processes to provide customers with more competitive next-generation power technology platforms and service value. We have completed the development of 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 completed the development of 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 volume 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 and electric vehicle electronics.

Applications that enable hands free natural language audio interaction interfaces and the Internet continue to increase. The Company's audio products are also heading into innovation in this diversified sector and has completed several projects with end users. Applications include smart conference systems, smart audio, smart home appliances, smart cars, IoT, and wearable devices.

Accessing to the post-pandemic era, the demand for computer computing systems in the terminal market will be higher than before the pandemic and stabilize again after adjusting the inventory level. The way of working and the type of education have been greatly changed. Through cloud computing and storage, collaborative works in different places, the proportion of open source technology development continues to grow. Meanwhile, consumers have paid more attention to the security functions from servers to personal computer systems.

As global environmental protection laws tighten and as world governments actively promote electric vehicles, the demand for automotive lithium batteries is expected to grow continuously. In addition, with the increasing popularity of automotive electronic equipment and advanced driver assistance system (ADAS), the sharp increase in data to be displayed or processed by the on-board system should drive the growth of HMI products or even 3D sensing products. With the increasing prevalence of 5G, the fan motor market for 5G base stations is expected to grow. Also as more consumers switch to 5G phones, the MOSFET market is expected to grow continuously.

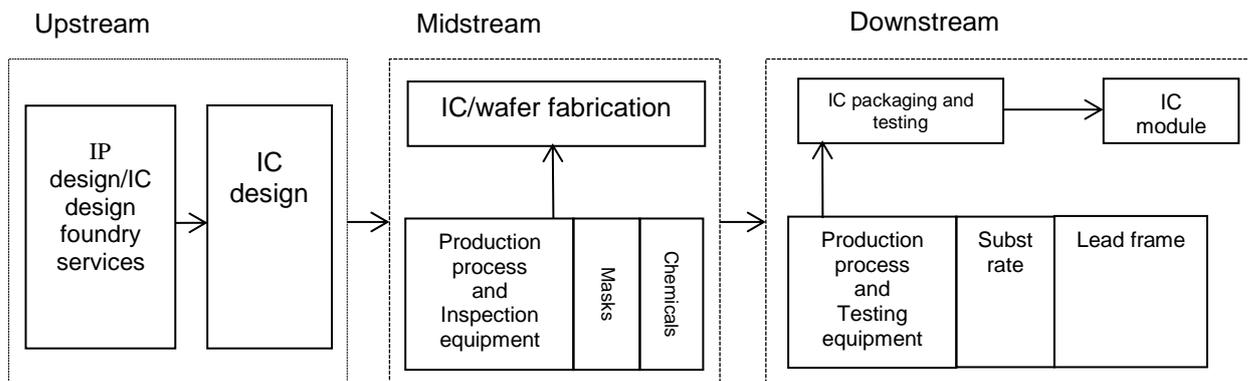
(2) Foundry service

According to the report published by the market research institute WSTS, In 2022, due to global inflation and lower demanding on terminal market, the annual growth rate is revised down from 16.7% estimated in the first half of the year to 4.4%. In 2023, WSTS predicts that the semiconductor market will turn into a recession, with an annual decline of 4.1%. Although the

short-term economic environment is not good and the short-term demand is declining, various electronic products have been merged into human life and are constantly being introduced. The long-term demand is expected to continue to increase, and the foundry industry still has great potential. The Company's foundry service focuses on power management applications to stay close to market and customer needs and respond rapidly to market changes. In terms of regions, Asia Pacific remains a key market and the Company also actively develops wafer foundry services in other regions.

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 (Smart Amp), 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 Emd-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

5G, AIoT and recent electric automobile market applications will continue to increase the power requirements of end products. The Company's foundry service focuses on developing power technologies. We continue to develop high-efficiency and low power consumption manufacturing processes for power supply management and strive to become the best provider of total power supply management solutions. In addition, the demand of third- generation semiconductor GaN power components and smart sensors is expected to grow and it will also 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 8-bit uC 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 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	2022	2023 up to Feb. 28
R&D expenditures (A)	9,104,501	1,401,574
Net operating revenues (B)	41,872,426	5,315,771
(A)/(B)	22%	26%

2. Technologies and products successfully developed in the past year

Year	R&D achievements
2022	Launched the NOP912/NOP914 series of precision operational amplifiers for detecting precise, small signals and high-speed signal applications.
2022	Launched 8051 microcontrollers_MUG51 series, with low power consumption and small package for low power consumption applications.
2022	Launched the M0 microcontrollers_M0A23 series, with operating temperature up to 125°C and automotive AEC-Q100 Grade 1 certification.
2022	For the new generation of IoT applications, launched the M258 high-capacity memory microcontroller with low power consumption, security, touch buttons and display functions anwith M23 core.
2022	Launched the M4 core high-performance 200 MHz microcontrollers_M463 series, for area backlight applications and e-sports applications.
2022	For gateway and HMI applications, launched the high-performance M467 series with M4 core, Ethernet, 1M Bytes Flash memory 200 MHz microcontrollers -.
2022	For Industrial Internet of Things (Edge IIoT) applications, launched the NuMicro MA35D1 microprocessor series, which is equipped with a high-performance dual-core 64-bit Cortex-A35 core and a single-core Cortex-M4 real-time core, plus an independent secure hardware unit (TSI Trusted Security Island) to protect sensitive data.

Year	R&D achievements
2022	Announcing a solution called Hydra with Microsoft at the global Open Computing Summit OCP summit, BMC (Arbel) borrowed the built-in security engine TIP to realize the root of trust of Microsoft's Cerberus open source firmware project.
2022	NCT6693 is an independent Root of Trust product. With its own SIO, it detects, protects and restores damaged or maliciously modified firmware components on the motherboard, effectively protecting the security of the entire system.
2022	Introduced the motor drive IC NM1530 into the electric vehicle market in Taiwan, which is a successful case of Nuvoton Technology in supporting the sustainable development goals (SDGs) of the environment.
2022	Launched the world's first USB 4 re-timer with built-in e-Marker, complying with the latest USB4®, USB3.2, Thunderbolt™ 3, DisplayPort™ 2.0, and DisplayPort™ Alt Mode standards
2022	Developed the most efficient high-power UV and indigo laser diodes with enhanced industrial equipment
2022	Passed the ISO/SAE 21434 Automotive Cybersecurity Management System Assessment (CSMS) audit by SGS Japan
2022	Launched CSP MOSFETs with the industry's smallest on-resistance (0.9mΩ).

3. Short and long term business development plans

(1) IC business

A. Short-term business development plans:

In MCU and MPU, the Company provides a wide variety of product portfolios, development platforms, and tools, enhances the advantages in cost- performance ratio and localized support, actively builds an ecosphere in which we work with third-party partners by providing free emWin graphic user interface software to provide customers with the best development experience. Meanwhile, Nuvoton provides software and hardware application platforms for IoT development such as Arm® mbed™, Linux, Amazon FreeRTOS, and Microsoft Azure to offer an IoT development platform that provides IoT equipment through Mbed with a consistent operating system, cloud services, tools and developer system that enables rapidly building and deploying standard large-scale commercial IoT solutions for customers to meet the diverse needs of customers.

With respect to audio products, we endeavor to provide customers with comprehensive and high-performance audio and voice solutions. We have just launched the first Emd-Flash 8-bit uC audio control chip in the industry. It effectively shortens the development cycle and resolves storage issues for audio products.

In cloud computing, we use leading security technologies to integrate local advantages and expand the development of hardware and software solutions that are suitable for the world's leading brand names. In addition to business models with stabilized investment resources, we are also making continuous efforts to expand consumer models. Meanwhile, Nuvoton actively participates in projects of international security standards establishment organization and open-source software projects to maintain technological advantages. As demand for remote learning increases sharply during the pandemic, we develop with our partners chips suitable for Chromebook and ensure sufficient supply to fulfill our corporate social responsibility.

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 terms of the Company's long-term business development plan for embedded computing, we will continue to advance MCU and MPU products and platform R&D, continue to focus on low power consumption, analog IC and security. We hope to enrich the Company's 64-bit microprocessors and 32-bit and 8-bit MCU product platform through innovation and advancement in process technology. We will also focus on providing customers with comprehensive product portfolios, establishing our own patented, proprietary technologies, and providing products with long lifecycle while developing our unique advantages in embedded computing.

For our audio products, we will continue to improve product performance and develop high-integration and low power consumption audio processing controllers. We will also continue to enhance the development of audio amplifiers. We work hard on our audio product lines to provide the industry with the best choices and service options with the aim of moving away from low-end and low-price market and focus on making headway into high-profit-margin smart toy market.

With regard to cloud computing products, in view of the increasing popularity of cloud computing and applications related to artificial intelligence, cyber security and enhancing the security of terminal equipment have become a critical issue that must be addressed in the future. Through long-term and in-depth cooperation with customers, we actively study the integration of peripheral components, actively research peripheral components and integration related to AI and seek opportunities to introduce innovative new product and related applications to 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, transducer production processes 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 and smart sensors.

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 5G, AIoT, medical 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 special and customized

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	2022	
	Amount	Percentage (%)
Asia	40,737,361	97%
America	624,117	2%
Europe	499,837	1%
Others	11,111	0%
Total	41,872,426	100%

2. Market Share

The Company's 32-bit Cortex® -M0/M4 MCU, ARM® 7/9, and 8-bit MCUs are cost effective and well received with market share on the rise every year. Our major customers include well-known manufacturers of consumer, industrial control, power supply, computer equipment and communications products. Output of audio products in toys, connected vehicles, IoT and consumer appliances have acquired a significant market share.

With regard to computer/cloud applications, our market shares in motherboard security controller I/O, notebook EC and TPM in 2022 are still rank in the top three worldwide. Our major customers include well-known brand names in computers as well as OEMs.

Our battery management ICs and image sensing products have made headway into the supply chain of many automobile manufacturers around the world and received extremely high ratings from customers. The MOSFET used for protecting lithium batteries, inverter MCU used for household appliances, and high-speed transmission interface HDMI ICs have achieved very high market shares in consumer markets.

3. Future market supply and demand and future growth

The development of MCUs is moving toward energy-efficiency, smart devices, security, small and light devices and multiple functions. The growth of the market for IoT energy-saving and environmental protection devices, security management, healthcare management, smart AI products, 5G infrastructure, and smart phone applications in the future will help facilitate growth in the MCU market. We will maintain our lead in the market by deepening relations with major computer brands and penetrating into more industrial control applications.

The high-performance audio/frequency microcontroller Cortex M4 Audio MCU can be used in combination with Nuvoton's audio code and different audio processing algorithms (e.g., dual microphone noise-cancellation/audio identification) in consumer electronics, smart home, conferencing system, AIoT, and vehicle-mounted applications. As such demands increase, they offer cost-effective total solutions. The Company has also launched a high-performance and low base-level noise digital input 3W Class D amplifier that requires only power and no driver, and is suitable for consumer electronics.

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.

With regard to cloud computing products, the Company and customers collaborated on developing customized IC for usage in non-computer product lines to lower cost for customers and enhance their competitive edge.

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

The Company's MCUs retain advantages in the high compatibility, consistent development platform, upward and downward compatibility, ease of development by users, and environmental protection certifications. This core competitive edge raises the barrier to competition for rivals. The release of high-performance voice/audio MCUs and the world's first smart amplifier based on non-linear speaker control algorithm provide unparalleled sound quality to customers' devices and support thin speakers for a simpler and trendier exterior design in end customers' application and industrial design.

The Company's cloud computing products retains a leading position in the market. The Company also leads the industry as a TPM (Trusted Platform Module) IC provider with Federal Information Processing Standards (FIPS), Common Criteria EAL4+ and Trusted Computing Group (TCG) certification, which enhances our core competitiveness and increases our penetration in the PC market.

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

Competition in consumer electronics has intensified in recent years. The short life-cycles of the products and the quick replacement of tradition products by new product applications in the market mean relatively higher investment costs. We must continue the research and development of products with high integration capabilities to lower cost and enhance R&D capabilities to maintain our leading position in the market.

The Company will continue to strengthen optimization of our products and invest in global technical support teams in order to provide localized customer support services. We will also provide reference designs to reduce R&D costs and time required for customers to adopt our products. In addition, the Company plans to establish applications sales teams for key customers, introduce vertically integrated application solutions and replicate our successful solutions in other emerging cities and markets.

As global PC brands continue to integrate their PC business development, the Company builds on the successful foundation of partnerships with PC ODM/OEM customers and continues to provide new products with innovative integration and low power consumption to obtain more cooperation opportunities with international brands

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.

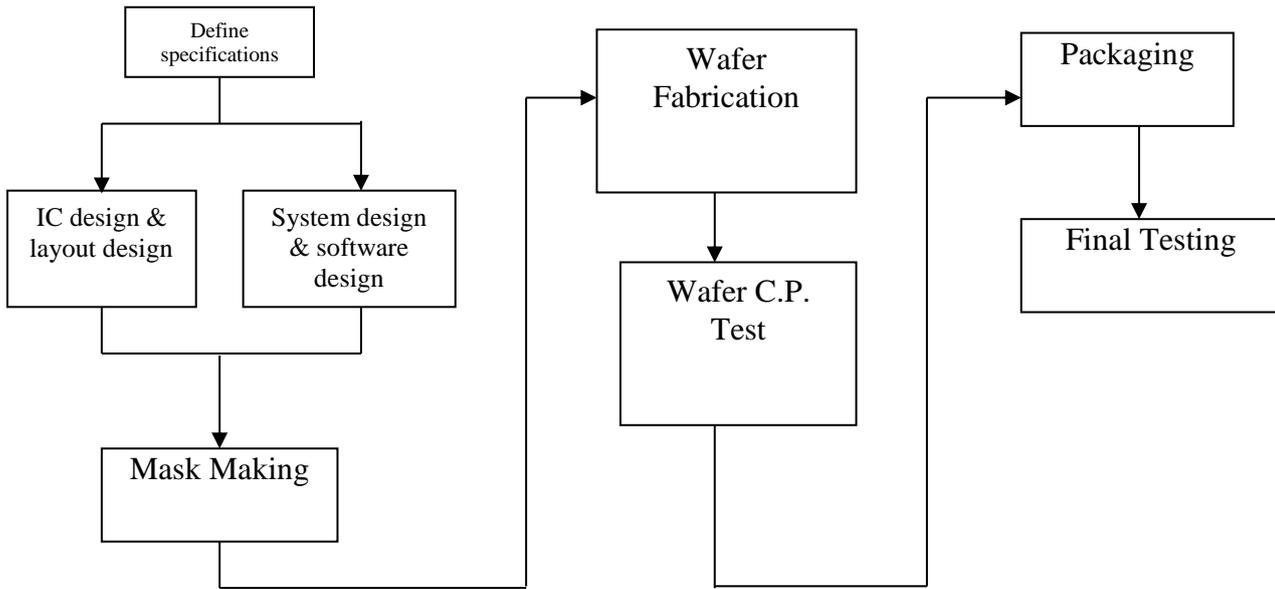
The Company continues the recruitment of teams to strengthen local sales services in order to build customer recognition in local markets, build long-term business partnerships and provide growth in the Company's revenue.

(II) Important applications and manufacturing processes of major products

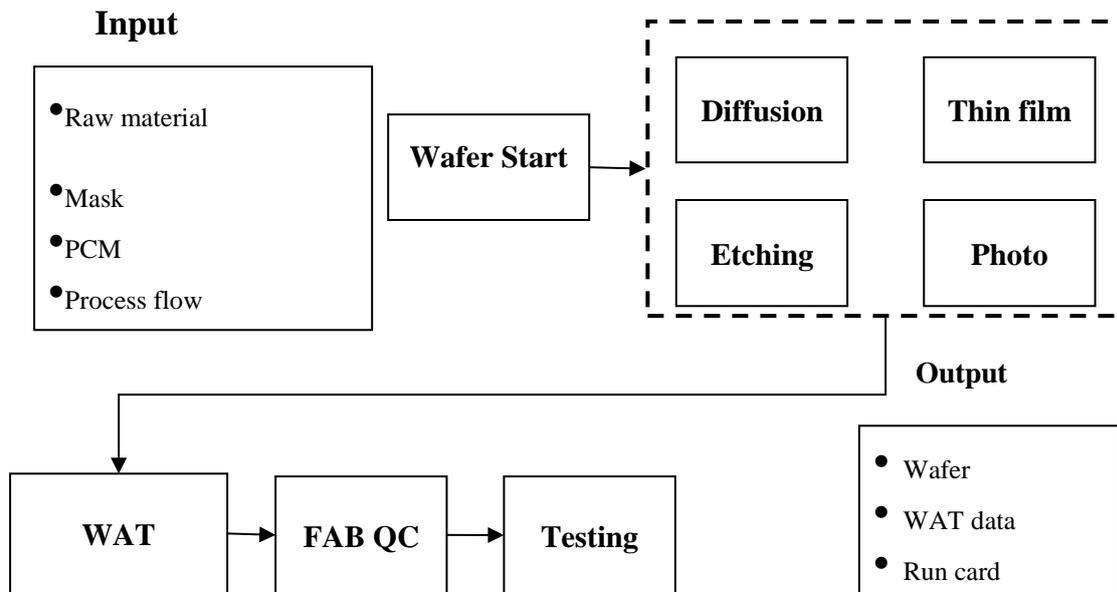
1. Important applications of major products:

Product	Important applications
IC business	Provide customers with industrial controls, consumer electronics, smart home appliances, computer equipment, 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	2021				2022			
	Name	Amount	Percentage of total purchase %	Relationship with issuer	Name	Amount	Percentage of total purchase %	Relationship with issuer
1	Supplier K	6,319,062	42%	Other related parties	Supplier K	4,597,807	32%	Other related parties
2	Supplier A	1,876,100	13%	N/A	Supplier A	3,163,187	22%	N/A
	-	-	-	-				
	Others	6,775,425	45%	-	Others	6,643,212	46%	
	Net purchase	14,970,407	100%	-	Net purchase	14,404,206	100%	

Reasons for changes: There was no change in the ranking of suppliers that account for more than 10% of the total purchases in 2021 and 2022.

(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	2021				2022			
	Name	Amount	Percentage of net sales %	Relationship with issuer	Name	Amount	Percentage of net sales %	Relationship with issuer
1	Client S	13,524,520	33%	N/A	Client S	13,740,477	33%	N/A
2	Client V	5,045,639	12%	N/A	Client V	5,684,588	13%	N/A
3	Others	22,885,798	55%	N/A	others	22,447,361	54%	N/A
	Net sales	41,455,957	100%		Net sales	41,872,426	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	2021				2022			
	Capacity (Note)	Output volume		Output value	Capacity (Note)	Output volume		Output value
		Wafer	Die			Wafer	Die	
IC business	692	2	6,852,788	27,993,250	752	-	6,337,138	26,707,024
Foundry service		491	-	1,267,096		471	-	1,421,271
Others		-	-	12,465		-	-	14,617
Total		493	6,852,788	29,272,811		471	6,337,138	28,142,912

Note: Production capacity is indicated by self-manufactured 6-inch wafers.

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

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

Year Main Product	2021						2022					
	Domestic sales			Exports			Domestic sales			Exports		
	Volume		Value	Volume		Value	Volume		Value	Volume		Value
	Wafer	Die		Wafer	Die		Wafer	Die		Wafer	Die	
IC business	-	396,482	5,071,067	-	7,054,971	30,539,743	-	319,394	5,313,295	-	6,216,262	31,431,926
Foundry service	199	-	949,660	287	-	1,565,824	154	-	935,005	312	-	2,433,075
Others	-	-	6,044	-	-	3,323,619	-	-	5,854	-	-	1,753,271
Total	199	396,482	6,026,771	287	7,054,971	35,429,186	154	319,394	6,254,154	312	6,216,262	35,618,272

III. Employees

Year		2021	2022	2023 Up to March 15
Number of employees	Technical personnel (engineers)	2327	2458	2337
	Administration and sales staff	899	926	884
	Technicians	381	391	387
	Total	3607	3775	3608
Average age (years)		44.04	45.19	45.45
Average years of service		17.05	15.86	15.81
Education background (%)	PhD	1.28	1.22	1.47
	Master	35.21	35.68	36.36
	University/College	48.16	49.43	48.86
	High school	14.10	12.85	12.44
	Below high school	1.25	0.82	0.86
	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 2022.

(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 OHSAS 18001 Occupational Health and Safety and ISO 14001 Environmental Management certifications for more systematical and more comprehensive protection in safety and sanitary protection management and environmental protection. The Company also passed certification in 2008 and passed the updated ISO 45001 Occupational Safety and Health Management System certification in 2019.
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 77 courses in 2022 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 2022, we completed 53 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 26 improvement programs in 2022.

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

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: 3 employees from Auditing Department and 2 employees from Finance/Accounting Department.

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

International Certified Internal Auditor (CIA): 2 employees from Auditing Department.

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

Proficiency test for shareholders service personnel arranged by Securities and Futures Institute: 2 employees from Finance/Accounting Department.

Proficiency test for associated persons of securities firms arranged by Securities and Futures Institute: 1 employee from Finance/Accounting Department.

Proficiency test for internal control professionals arranged by Securities and Futures Institute: 1 employee from Finance/Accounting Department.

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

Proficiency test for bonds professionals arranged by Securities and Futures Institute: 1 employee from Finance/Accounting 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.

The Company did not have any labor-management dispute that resulted in losses in the most recent year and up to the date of this report. We shall continue to enhance communication between the labor and management and organize regular "labor-management meetings" to achieve company prosperity and safeguard employees' benefits in hopes of reducing the occurrence of labor-management disputes with through peaceful and reasonable means. The Company shall continue to strengthen communication and increase awareness of compliance with regulations to implement attendance management.

(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:

1. Information Security Policy

Nuvoton has established the "Nuvoton Security Policy" and "Information Security Management Rules", continuing to maintain a safe information environment to protect the company information and computer systems, ensuring that customer privacy is fully protected. the Company signs the confidentiality contracts with suppliers and customers to jointly protect confidential information and avoid improper disclosure of sensitive information. moreover, the Company conducts internal audits every year according to the internal control system for information security business. In 2022, a dedicated information security unit was established to coordinate information security tasks, and a chief information security officer (CISO) was established to supervise the effectiveness of the Company's information security operations and information security risk management mechanism.

2. Information security management

The Company's information security management system (ISMS) is established in reference to ISO 27001 and the Cybersecurity Framework proposed by the National Institute of Standards and Technology (NIST) and the security control measures established by the Center for Internet Security (CIS). We periodically analyze and assess information security risks and establish management plans for potential risks and conduct regular follow-up.

Information security management covers physical access control and monitoring, information system access authority management and access record safekeeping and review, and personnel entry and egress and data access in sensitive areas. We construct network and computer security protection systems to ensure normal operations of the information system, including firewall/intrusion detection/intrusion prevention system, and the Security Information and Event Management system to strengthen defenses against information security incidents.

In 2022, we strengthened the access control and monitoring, and upgraded the access control management system, including: replacement of access control clocks, replacement of access control proximity cards, and enhancement of card encryption and anti-theft recording functions.

Besides. in order to continuously maintain the Company's product safety, a third-party international verification agency SERMA was entrusted to conduct an on-site inspection of the production site in December 2022, which was rated as "passed" after the audit. We obtained the Common Criteria EAL 4+ high-level certification of the international security organization again, which means that the Company's various management and control of product information security can meet the Common Criteria requirements of the international security organization, and can produce reliable security products that comply with international standards and protect customer information and assets.

3. Risk management structure and specific management programs

Due to the ongoing COVID-19 pandemic in 2022, we implemented separation of personnel groups and areas and established a work-from-home model. The Company reduces the information security risks brought by remote connections through mechanisms such as device management, identity verification, multi-factor identification, and source address, etc. It also strengthens the monitoring and reporting of cloud services to minimize the probability of abnormal intrusions.

In order to enhance employees' awareness of information security, information security theme publicity is carried out every month, and social engineering training are carried out quarterly. anyone who has not completed it are forbidden to connect to the external network. Information security awareness training is carried out every year and trainees must pass the test. The system that provides external services is scanned in real time with cloud monitoring tools; whenever major risks are found, it is immediately arranged to be updated in the shortest time. The internal system uses the vulnerability scanning tool to cooperate with the major risk notification provided by Microsoft, and the Company installs updates on a regular schedule every month to fix bugs.

4. 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. Besides, a cloud-based information security risk monitoring system was introduced in 2022 to perform real-time vulnerability detection for all external services, and improve major risk items to continuously maintain the information security protection capabilities of external services.

Nevertheless, IT technologies are evolving constantly, and despite our efforts in reinforcing our cyber defense, we may still be exposed to risks and effects of new technologies. It would be impossible to guarantee complete safety from non-compliant attack and stealing of company secrets, intellectual properties and confidential information. There may also be attempts to steal our trade secrets, intellectual properties and sensitive information, and cause data breach. Because of these attacks, the Company may need to compensate customers for their losses or implement costly remedies or improvement actions. The Company may also be exposed to significant legal liabilities arising from or related to legal proceedings or regulatory investigations associated with leakage of customer or third party information.

In addition, the Company needs to share Company information with certain third- party service providers to enable them to provide services. While we require all third-party service providers to sign and comply with the confidentiality requirements in the service agreements with them, there is no assurance that every service provider will fulfill or observe such obligations. When those systems, equipment or services are under attack, if the Company or the service providers are not able to timely resolve the problems caused by such cyber attack, or ensure the accuracy and availability of the Company data, the Company's commitments to its customers and other stakeholders may be materially impaired and the Company's operations, financial condition and reputation may also be materially and adversely affected as a result.

5. Impact of material information security incidents and response measures

In 2022 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.
Share purchase agreement	Autotalks Ltd. and other investors	2019.07.31 indefinite	~ Equity investment	Payment for purchase of shares in accordance with the contract.
Lease agreement	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.
Procurement service 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 purchase and sales	The Company has the obligation of confidentiality.
Asset purchase 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 the Republic of China	2020.05.22 2027.08.25	~ Loan	Payment of interest and repayment of loan in accordance with the contract.

Nature of contract	Contracting parties	Commencement date/expiration date	Content	Restriction clauses
Loan contract	Export-Import Bank of the Republic of China	2019.09.12 ~ 2026.09.21	Loan	Payment of interest and repayment of loan in accordance with the contract.
Asset purchase 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 indefinite	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.
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 G	2021.12.31 ~ 2025.12.31	Engaged to develop and design IC	Develop and design IC according to the contract
Sales contract	Company H	2022.02.28 indefinite	Sales of equipment	The Company has the obligation of confidentiality.
Syndicated loan agreement	7 banks	2021.05.17 ~ 2026.05.16	Loans	The Company has the obligation of confidentiality.
Wafer capacity purchase contract	Company I	2022.1.1~2025.12.31	Wafer purchase	The Company has the obligation of confidentiality.
Wafer capacity purchase contract	Company J	2022.2.1~2026.1.31	Wafer purchase	The Company has the obligation of confidentiality.
Price adjustment contract	Company K	2022.6.20~indefinite	Price adjustment	The Company has the obligation of confidentiality.
Share purchase agreement	Winbond Electronics Corp.	2022.11.3~indefinite	Share transaction	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)				
			2018	2019	2020	2021	2022
Current assets			4,457,859	8,187,357	18,360,546	22,000,452	24,115,127
Property, plant and equipment			697,917	760,321	6,547,107	5,248,513	5,764,085
Intangible assets			144,754	261,230	802,691	983,329	722,757
Other assets			817,138	1,947,321	6,612,357	6,176,096	6,249,771
Total assets			6,117,668	11,156,229	32,322,701	34,408,390	36,851,740
Current liabilities	Before distribution		1,915,178	2,341,884	11,550,328	9,818,988	10,967,686
	After distribution		2,434,064	2,686,949	11,862,061	11,917,814	13,906,043
Non-current liabilities			468,124	1,422,314	9,251,005	9,034,712	8,318,116
Total liabilities	Before distribution		2,383,302	3,764,198	20,801,333	18,853,700	19,285,802
	After distribution		2,902,188	4,109,263	21,113,066	20,952,526	22,224,159
Equity attributable to owners of parent			3,734,366	7,392,031	11,521,368	15,554,690	17,565,938
Capital Stock			2,075,544	2,875,544	3,883,936	4,197,653	4,197,653
Capital surplus			63,498	2,906,976	5,796,731	6,871,811	6,871,827
Retained earnings	Before distribution		1,426,005	1,458,951	1,699,988	4,418,707	7,207,437
	After distribution		907,119	1,113,886	1,388,255	2,319,881	4,269,080
Other interests			169,319	150,560	140,713	66,519	(710,979)
Treasury stock			-	-	-	-	-
Non-controlling interests			-	-	-	-	-
Total equity	Before distribution		3,734,366	7,392,031	11,521,368	15,554,690	17,565,938
	After distribution		3,215,480	7,046,966	11,209,635	13,455,864	14,627,581

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)				
		2018	2019	2020	2021	2022
Operating revenue		10,040,221	10,367,269	20,668,056	41,455,957	41,872,426
Gross profit		3,913,167	4,127,889	7,706,912	16,856,117	17,494,329
Operating income/loss		754,659	584,321	322,282	3,327,143	4,477,909
Non-operating income and expenses		84,261	83,248	421,143	218,353	629,111
Net income before tax		838,920	667,569	743,425	3,545,496	5,107,020
Net income from continuing operations		710,633	558,459	532,785	2,940,752	4,220,773
Loss from discontinued operations		-	-	-	-	-
Net profit of the term (loss)		710,633	558,459	532,785	2,940,752	4,220,773
Other comprehensive income of the term (net value after tax)		(273,853)	(25,386)	43,470	15,506	(110,715)
Total comprehensive income of the term		436,780	533,073	576,255	2,956,258	4,110,058
Net income attributable to owners of the parent		710,633	558,459	532,785	2,940,752	4,220,773
Net Income (Loss) Attributable to Non-controlling Interests		-	-	-	-	-
Total Comprehensive income attributable to owners of the Parent		436,780	533,073	576,255	2,956,258	4,110,058
Total Comprehensive income attributable to Non-controlling Interests		-	-	-	-	-
Earnings per share (EPS)		3.42	2.53	1.81	7.27	10.06

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)				
		2018	2019	2020	2021	2022
Current assets		3,642,943	7,342,113	7,140,333	11,638,813	12,000,898
Property, plant and equipment		612,248	673,029	669,361	637,113	634,009
Intangible assets		122,967	192,005	561,859	645,692	575,887
Other assets		1,693,876	2,664,973	10,000,750	11,258,236	13,054,434
Total assets		6,072,034	10,872,120	18,372,303	24,179,854	26,265,228
Current liabilities	Before distribution	1,941,342	2,334,337	3,522,367	4,627,458	4,492,035
	After distribution	2,460,228	2,679,402	3,834,100	6,726,284	7,430,392
Non-current liabilities		396,326	1,145,752	3,328,568	3,997,706	4,207,255
Total liabilities	Before distribution	2,337,668	3,480,089	6,850,935	8,625,164	8,699,290
	After distribution	2,856,554	3,825,154	7,162,668	10,723,990	11,637,647
Equity attributable to owners of parent		3,734,366	7,392,031	11,521,368	15,554,690	17,565,938
Capital Stock		2,075,544	2,875,544	3,883,936	4,197,653	4,197,653
Capital surplus		63,498	2,906,976	5,796,731	6,871,811	6,871,827
Retained earnings	Before distribution	1,426,005	1,458,951	1,699,988	4,418,707	7,207,437
	After distribution	907,119	1,113,886	1,388,255	2,319,881	4,269,080
Other interests		169,319	150,560	140,713	66,519	(710,979)
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	3,734,366	7,392,031	11,521,368	15,554,690	17,565,938
	After distribution	3,215,480	7,046,966	11,209,635	13,455,864	14,627,581

Note: Financial report inspected and certified by a CPA.

Condensed individual statement of comprehensive income

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

Item	Year	Financial information for the last five years (Note)				
		2018	2019	2020	2021	2022
Operating revenue		9,798,594	10,123,801	11,433,163	14,601,031	19,520,219
Gross profit		3,682,050	3,891,680	4,465,591	6,808,240	8,002,112
Operating income/loss		705,358	494,017	647,574	2,590,437	2,967,595
Non-operating income and expenses		76,279	139,442	9,966	699,315	1,778,716
Net income before tax		781,637	633,459	657,540	3,289,752	4,746,311
Net income from continuing operations		710,633	558,459	532,785	2,940,752	4,220,773
Loss from discontinued operations		-	-	-	-	-
Net profit of the term (loss)		710,633	558,459	532,785	2,940,752	4,220,773
Other comprehensive income of the term (net value after tax)		(273,853)	(25,386)	43,470	15,506	(110,715)
Total comprehensive income of the term		436,780	533,073	576,255	2,956,258	4,110,058
Earnings per share (EPS)		3.42	2.53	1.81	7.27	10.06

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
2018	Deloitte & Touche	Hung-Bin Yu, Accountant K. T. Hong, Accountant	Unqualified 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

II. Financial Analysis of the Last Five Years

Consolidated financial analysis

Item		Year	Financial analysis for the last five years				
		2018	2019	2020	2021	2022	
Capital Structure Analysis	Debt to total assets ratio (%)	38.95	33.74	64.35	54.79	52.33	
	Long-term fund to property, plant and equipment (%)	602.14	1,159.29	317.27	468.50	449.05	
Liquidity Analysis	Current ratio (%)	232.76	349.60	158.96	224.06	219.87	
	Quick ratio (%)	142.36	275.20	102.66	150.80	138.70	
	Interest protection multiples (%)	-	4,775.18	1,158.58	5,244.73	14,596.22	
Operating ability	Receivables turnover ratio (times)	10.98	9.78	7.69	9.78	9.71	
	Average collection period	33	37	47	37	37	
	Inventory turnover rate (times)	3.20	3.23	3.02	3.54	2.99	
	Payables turnover ratio (times)	6.71	6.18	5.20	7.04	7.75	
	Average inventory turnover days	114	113	120	103	122	
	Property, plant and equipment turnover ratio (times)	14.97	14.21	5.65	7.02	7.60	
	Total assets turnover ratio (times)	1.63	1.20	0.95	1.24	1.17	
Profitability	Return on assets (%)	11.58	6.59	2.70	8.97	11.92	
	ROE (%)	19.21	10.03	5.63	21.72	25.48	
	Pre-tax income to paid-in capital ratio (%)	40.41	23.21	19.14	84.46	121.66	
	Net Margin (%)	7.07	5.38	2.57	7.09	10.08	
	Earnings per share (NT\$)	3.42	2.53	1.81	7.27	10.06	
Cash flows	Cash flow ratio (%)	45.59	45.99	12.08	41.86	31.19	
	Cash flow adequacy ratio (%)	86.67	86.62	106.83	158.04	124.15	
	Cash flow reinvestment ratio (%)	1.87	2.35	0.98	3.74	1.31	
Leverage	Operating leverage	5.07	6.92	23.38	4.88	3.73	
	Financial leverage	1.00	1.02	1.27	1.02	1.00	

Reasons for changes in financial ratios in recent two years:

Bigger changes in financial ratios are mainly due to increase in profits in 2022.

Standalone financial analysis

Item		Year	Financial analysis for the last five years				
		2018	2019	2020	2021	2022	
Capital Structure Analysis	Debt to total assets ratio (%)	38.49	32.00	37.28	35.67	33.12	
	Long-term fund to property, plant and equipment (%)	674.67	1,268.56	2,218.52	3,068.90	3,434.20	
Liquidity Analysis	Current ratio (%)	187.65	314.52	202.71	251.51	267.15	
	Quick ratio (%)	99.12	240.35	146.13	190.52	190.14	
	Interest protection multiples (%)	-	8,745.54	1,967.74	13,327.79	25,757.12	
Operating ability	Receivables turnover ratio (times)	11.31	11.08	12.68	13.53	16.37	
	Average collection period	32	32	28	26	22.00	
	Inventory turnover rate (times)	3.21	3.24	3.27	2.93	3.45	
	Payables turnover ratio (times)	6.71	6.18	5.56	5.24	7.24	
	Average inventory turnover days	113	112	111	124	105	
	Property, plant and equipment turnover ratio (times)	16.57	15.75	17.03	22.35	30.71	
	Total assets turnover ratio (times)	1.61	1.19	0.78	0.68	0.77	
Profitability	Return on assets (%)	11.68	6.66	3.83	13.91	16.79	
	ROE (%)	19.21	10.03	5.63	21.72	25.48	
	Pre-tax income to paid-in capital ratio (%)	37.65	22.02	16.92	78.37	113.07	
	Net Margin (%)	7.25	5.51	4.65	20.14	21.62	
	Earnings per share (NT\$)	3.42	2.53	1.81	7.27	10.06	
Cash flows	Cash flow ratio (%)	50.14	46.07	39.45	49.30	51.99	
	Cash flow adequacy ratio (%)	80.94	83.04	96.75	120.89	129.31	
	Cash flow reinvestment ratio (%)	2.43	2.40	3.53	5.73	0.64	
Leverage	Operating leverage	5.22	7.87	6.92	2.61	2.66	
	Financial leverage	1.00	1.01	1.05	1.00	1.00	
Reasons for changes in financial ratios in recent two years: Bigger changes in financial ratios are mainly due to increase in profits in 2022.							

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. 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 2022 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. 2023 General Shareholders' Meeting

Chairman of the Audit Committee: Bao-Sheng Wea

March 7, 2023

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, 2022, 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

Date: February 14, 2023

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, 2022 and 2021, 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, 2022 and 2021, 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 Auditing and Attestation of Financial Statements by 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, 2022. This matter were 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

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 2022, and some kind of products have relatively high gross margins and certain percentage of annual sales, which has an 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, 2022. 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 included understanding the design and the implementation of internal control of sales revenue and selecting samples of revenue items 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, 2022 and 2021 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, 2022 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 14, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to 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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 10,398,185	28	\$ 9,699,031	28
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	2,894	-	1,631	-
Accounts receivable, net (Notes 4 and 8)	3,610,131	10	3,514,424	10
Accounts receivable from related parties, net (Notes 4, 8 and 32)	768,711	2	656,738	2
Financial lease receivable - current (Notes 4, 9 and 32)	96,731	-	-	-
Other receivables (Notes 10 and 32)	327,265	1	930,548	3
Inventories (Notes 4 and 11)	8,458,827	23	6,859,466	20
Other current assets	452,383	1	338,614	1
Total current assets	<u>24,115,127</u>	<u>65</u>	<u>22,000,452</u>	<u>64</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	121,775	-	69,200	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 12)	1,234,748	3	2,676,174	8
Investments accounted for using equity method (Notes 4 and 13)	1,710,869	5	-	-
Property, plant and equipment (Notes 4, 14, 32 and 33)	5,764,085	16	5,248,513	15
Right-of-use assets (Notes 4, 15 and 32)	623,867	2	1,197,613	4
Investment properties (Notes 4, 16 and 33)	1,798,160	5	2,005,598	6
Intangible assets (Notes 4 and 17)	722,757	2	983,329	3
Deferred tax assets (Notes 4 and 26)	198,727	1	89,019	-
Refundable deposits (Notes 6, 32 and 33)	337,862	1	134,187	-
Finance lease receivables - non-current (Notes 4, 9 and 32)	123,451	-	-	-
Other non-current assets	100,312	-	4,305	-
Total non-current assets	<u>12,736,613</u>	<u>35</u>	<u>12,407,938</u>	<u>36</u>
TOTAL	<u>\$ 36,851,740</u>	<u>100</u>	<u>\$ 34,408,390</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 33)	\$ 1,069,040	3	\$ -	-
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	7,412	-	-	-
Notes payable	-	-	38,753	-
Accounts payable	2,401,020	7	2,634,376	8
Accounts payable to related parties (Note 32)	747,717	2	466,673	1
Other payables (Notes 20 and 32)	4,464,260	12	4,795,770	14
Current tax liabilities (Notes 4 and 26)	712,005	2	402,369	1
Provisions - current (Note 21)	132,473	-	532,948	2
Lease liabilities - current (Notes 4, 15 and 32)	169,896	1	247,308	1
Long-term borrowings, current portion (Notes 18 and 33)	71,429	-	-	-
Other current liabilities	1,192,434	3	700,791	2
Total current liabilities	<u>10,967,686</u>	<u>30</u>	<u>9,818,988</u>	<u>29</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 18 and 33)	1,428,571	4	1,500,000	4
Provisions - non-current (Note 21)	2,491,287	7	2,729,353	8
Deferred tax liabilities (Notes 4 and 26)	13,209	-	36,583	-
Lease liabilities - non-current (Notes 4, 15 and 32)	491,363	1	1,118,284	3
Net defined benefit liabilities - non-current (Notes 4 and 22)	1,492,573	4	1,641,861	5
Guarantee deposits (Notes 4, 23 and 32)	2,351,028	6	1,962,242	6
Other non-current liabilities	50,085	-	46,389	-
Total non-current liabilities	<u>8,318,116</u>	<u>22</u>	<u>9,034,712</u>	<u>26</u>
Total liabilities	<u>19,285,802</u>	<u>52</u>	<u>18,853,700</u>	<u>55</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital (Note 24)	4,197,653	11	4,172,101	12
Certificates of bond-to-stock conversion (Note 24)	-	-	25,552	-
Capital surplus (Note 24)	6,871,827	19	6,871,811	20
Retained earnings (Note 24)				
Legal reserve	958,560	3	655,515	2
Unappropriated earnings	6,248,877	17	3,763,192	11
Exchange differences on translation of financial statements of foreign operations (Notes 4 and 24)	(1,005,611)	(3)	(1,044,941)	(3)
Unrealized gains (losses) on financial assets at fair value through other comprehensive income (Notes 4 and 24)	294,632	1	1,111,460	3
Total equity	<u>17,565,938</u>	<u>48</u>	<u>15,554,690</u>	<u>45</u>
TOTAL	<u>\$ 36,851,740</u>	<u>100</u>	<u>\$ 34,408,390</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, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 25 and 32)	\$ 41,872,426	100	\$ 41,455,957	100
OPERATING COST (Notes 11, 27 and 32)	<u>24,378,097</u>	<u>58</u>	<u>24,599,840</u>	<u>59</u>
GROSS PROFIT	<u>17,494,329</u>	<u>42</u>	<u>16,856,117</u>	<u>41</u>
OPERATING EXPENSES (Notes 27 and 32)				
Selling expenses	1,162,124	3	1,185,131	3
General and administrative expenses	2,749,443	6	2,884,137	7
Research and development expenses	9,104,501	22	9,451,500	23
Expected credit loss	<u>352</u>	<u>-</u>	<u>8,206</u>	<u>-</u>
Total operating expenses	<u>13,016,420</u>	<u>31</u>	<u>13,528,974</u>	<u>33</u>
PROFIT FROM OPERATIONS	<u>4,477,909</u>	<u>11</u>	<u>3,327,143</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 32)				
Finance costs	(35,230)	-	(68,915)	-
Share of profit (loss) of associates	126,861	-	-	-
Interest income	89,583	-	30,007	-
Dividend income	80,422	-	67,845	-
Other gains and losses	50,404	-	62,617	-
Gains (losses) on disposal of property, plant and equipment	304,132	1	134,893	1
Foreign exchange gains (losses)	143,614	-	(24,204)	-
Gains (losses) on financial assets at fair value through profit or loss	<u>(130,675)</u>	<u>-</u>	<u>16,110</u>	<u>-</u>
Total non-operating income and expenses	<u>629,111</u>	<u>1</u>	<u>218,353</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	5,107,020	12	3,545,496	9
INCOME TAX EXPENSE (Notes 4 and 26)	<u>(886,247)</u>	<u>(2)</u>	<u>(604,744)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>4,220,773</u>	<u>10</u>	<u>2,940,752</u>	<u>7</u>

(Continued)

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Note 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 22)	\$ 109,511	-	\$ (48,395)	-
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	(253,744)	-	980,490	2
Income tax related to items that will not be reclassified subsequently to profit or loss	(5,812)	-	-	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>39,330</u>	-	<u>(916,589)</u>	<u>(2)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(110,715)</u>	-	<u>15,506</u>	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 4,110,058</u>	<u>10</u>	<u>\$ 2,956,258</u>	<u>7</u>
EARNINGS PER SHARE (Notes 4 and 28)				
From continuing operations				
Basic	<u>\$ 10.06</u>		<u>\$ 7.27</u>	
Diluted	<u>\$ 9.99</u>		<u>\$ 6.99</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, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company					Other Equity		Total Equity
	Ordinary Share	Certificates of Bond-to-stock Conversion	Capital Surplus	Retained Earnings		Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	
				Legal Reserve	Unappropriated Earnings			
BALANCE AT JANUARY 1, 2021	\$ 3,759,616	\$ 124,320	\$ 5,796,731	\$ 596,905	\$ 1,103,083	\$ (128,352)	\$ 269,065	\$ 11,521,368
Appropriation of 2020 earnings (Note 24)								
Legal reserve	-	-	-	58,610	(58,610)	-	-	-
Cash dividends	-	-	-	-	(311,733)	-	-	(311,733)
Total appropriation earnings	-	-	-	58,610	(370,343)	-	-	(311,733)
Net profit for the year ended December 31, 2021	-	-	-	-	2,940,752	-	-	2,940,752
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(48,395)	(916,589)	980,490	15,506
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	2,892,357	(916,589)	980,490	2,956,258
Convertible bonds converted to ordinary shares (Note 19)	412,485	(98,768)	884,833	-	-	-	-	1,198,550
Dividends from claims extinguished by prescriptions	-	-	10	-	-	-	-	10
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Notes 12 and 24)	-	-	-	-	138,095	-	(138,095)	-
Disposal of subsidiaries (Note 29)	-	-	190,237	-	-	-	-	190,237
BALANCE AT DECEMBER 31, 2021	<u>4,172,101</u>	<u>25,552</u>	<u>6,871,811</u>	<u>655,515</u>	<u>3,763,192</u>	<u>(1,044,941)</u>	<u>1,111,460</u>	<u>15,554,690</u>
Appropriation of 2021 earnings (Note 24)								
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)	-	-	-	-	-	-
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 24)	-	-	-	-	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>\$ 6,248,877</u>	<u>\$ (1,005,611)</u>	<u>\$ 294,632</u>	<u>\$ 17,565,938</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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 5,107,020	\$ 3,545,496
Adjustments for:		
Depreciation expense	1,039,876	1,089,508
Amortization expense	291,785	240,739
Expected credit loss recognized on accounts receivable	352	8,206
Finance costs	35,230	68,915
Interest income	(89,583)	(30,007)
Dividend income	(80,422)	(67,845)
Share of (profit) loss of associates	(126,861)	-
Gains on disposal of property, plant and equipment	(304,132)	(134,893)
Gain on lease modification	(110,866)	-
Other gains and losses	(90)	4,803
Changes in operating assets and liabilities		
(Increase) decrease in financial assets at fair value through profit or loss	(1,426)	(7,627)
(Increase) decrease in accounts receivable	(180,029)	577,125
(Increase) decrease in accounts receivable from related parties	(111,973)	(566,161)
(Increase) decrease in other receivables	480,595	265,280
(Increase) decrease in inventories	(1,599,361)	(649,170)
(Increase) decrease in other current assets	(113,769)	(95,441)
(Increase) decrease in other non-current assets	(96,007)	(3,977)
(Increase) decrease in notes payable	(38,753)	(327,117)
Increase (decrease) in accounts payable	(233,356)	(21,059)
Increase (decrease) in accounts payable to related parties	281,044	(358,443)
Increase (decrease) in other payables	(52,249)	916,119
Increase (decrease) in provisions	(407,467)	(316,438)
Increase (decrease) in other current liabilities	313,262	334,810
Increase (decrease) in net defined benefit liabilities	(2,193)	2,013
Increase (decrease) in other non-current liabilities	3,696	(572)
Cash flows generated from operations	4,004,323	4,474,264
Interest received	86,735	26,321
Interest paid	(33,826)	(64,963)
Income tax paid	(715,976)	(393,035)
Dividend received	80,422	67,845
	<u>3,421,678</u>	<u>4,110,432</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	235,166
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	1,000	4,500
Acquisition of financial assets at fair value through profit or loss	(45,000)	(69,763)
Acquisition of investments accounted for using equity method	(358,772)	-

(Continued)

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Acquisition of subsidiaries	\$ -	\$ (77,934)
Proceeds from disposal of subsidiaries	-	59,593
Decrease in payable for investment	(362,643)	-
(Increase) decrease in finance lease receivables	71,848	-
Decrease in other receivables - time deposits	128,267	13,008
Acquisition of property, plant and equipment	(1,351,626)	(514,503)
Proceeds from disposal of property, plant and equipment	314,662	898,872
Acquisition of intangible assets	(374,144)	(308,239)
Proceeds from intangible assets	356	-
(Increase) decrease in refundable deposits paid	<u>(188,382)</u>	<u>517,310</u>
Net cash flows generated from (used in) investing activities	<u>(2,164,434)</u>	<u>758,010</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,069,040	452,550
Repayment of short-term borrowings	-	(2,242,449)
Proceeds from guarantee deposits received	433,932	1,892,669
Repayments of the principal portion of lease liabilities	(225,233)	(285,811)
Dividends paid to owners of the Company	<u>(2,098,826)</u>	<u>(311,733)</u>
Net cash flows generated from (used in) financing activities	<u>(821,087)</u>	<u>(494,774)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>262,997</u>	<u>(556,370)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	699,154	3,817,298
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>9,699,031</u>	<u>5,881,733</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 10,398,185</u>	<u>\$ 9,699,031</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, 2022 AND 2021 (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, 2022 and 2021.

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 14, 2023.

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

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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	
			2022	2021
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
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”)	Computer software service (except I.C. design)	100	100
NTSH	Song Zhi Electronics Technology (Suzhou) (“Song Zhi Suzhou”)	Provide development of semiconductor and technology, consult service and equipment 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”)	Design and service of semiconductor	100	100
	Miraxia Edge Technology Corporation (“METC”) (Note)	Design and service of semiconductor	-	-

Note: NTCJ has sold all of its shares of METC to Winbond Company on November 1, 2021, refer to Note 29 to the consolidated financial statements.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- 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:

- Liabilities held primarily for the purpose of trading;
- 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
- 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 measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was determined. Exchange differences arising from the retranslation of non-monetary items measured at fair value are included in profit or loss for the period at the rates prevailing at the end of reporting 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 case, 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 using 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 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.

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.

d. Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

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. 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 and joint ventures.

Under the equity method, investments in an associate is 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 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 Law, an additional tax on unappropriated earnings is provided for as income tax 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. CRITICAL 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	
	2022	2021
Cash and deposits in banks	\$ 10,348,185	\$ 9,224,031
Repurchase agreements collateralized by bonds	<u>50,000</u>	<u>475,000</u>
	<u>\$ 10,398,185</u>	<u>\$ 9,699,031</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	
	2022	2021
Time deposits	<u>\$ 56,214</u>	<u>\$ 184,481</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2022	2021
<u>Financial assets - current</u>		
Held for trading		
Foreign exchange forward contracts	\$ <u>2,894</u>	\$ <u>1,631</u>
<u>Financial assets - non-current</u>		
Mandatorily measured at FVTPL		
Domestic and oversea warrants	\$ <u>121,775</u>	\$ <u>69,200</u>
<u>Financial liabilities - current</u>		
Held for trading		
Foreign exchange forward contracts	\$ <u>7,412</u>	\$ <u>-</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, 2022</u>			
Sell forward exchange contracts	USD/NTD	2023.01.06-2023.03.03	USD30,000/NTD915,452
	USD/JPY	2023.01.23-2023.02.21	USD17,400/JPY2,300,582
<u>December 31, 2021</u>			
Sell forward exchange contracts	USD/NTD	2022.01.06-2022.01.27	USD18,000/NTD499,871 (Concluded)

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>	
	2022	2021
<u>Accounts receivable (including related parties)</u>		
At amortized cost		
Gross carrying amount	\$ 4,412,957	\$ 4,204,016
Less: Allowance for impairment loss	<u>(34,115)</u>	<u>(32,854)</u>
	<u>\$ 4,378,842</u>	<u>\$ 4,171,162</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, 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>

December 31, 2021

	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	\$ 4,180,759	\$ 23,257	\$ -	\$ -	\$ -	\$ 4,204,016
Loss allowance (lifetime ECL)	<u>(32,389)</u>	<u>(465)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,854)</u>
Amortized cost	<u>\$ 4,148,370</u>	<u>\$ 22,792</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,171,162</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 32,854	\$ 25,097
Add: Net remeasurement of loss allowance	352	8,206
Foreign currency exchange gains and losses	<u>909</u>	<u>(449)</u>
Balance at December 31	<u>\$ 34,115</u>	<u>\$ 32,854</u>

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

Refer to Note 31 to the consolidated financial statements for details of the factoring agreements for accounts receivable.

9. FINANCE LEASE RECEIVABLES

	<u>December 31</u>	
	2022	2021
<u>Undiscounted lease payments</u>		
Year 1	\$ 100,135	\$ -
Year 2	100,135	-
Year 3	<u>25,034</u>	<u>-</u>
	225,304	-
Less: Unearned finance income	<u>(5,122)</u>	<u>-</u>
Finance lease receivables	<u>\$ 220,182</u>	<u>\$ -</u>
Current	\$ 96,731	\$ -
Non-current	<u>123,451</u>	<u>-</u>
	<u>\$ 220,182</u>	<u>\$ -</u>

(Concluded)

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

	<u>December 31</u>	
	2022	2021
Time deposits (Note 6)	\$ 56,214	\$ 184,481
Business tax refund receivable	28,436	51,468
Royalty receivable	-	370,327
Technical service receivable	-	136,345
Others	<u>242,615</u>	<u>187,927</u>
	<u>\$ 327,265</u>	<u>\$ 930,548</u>

11. INVENTORIES

	<u>December 31</u>	
	2022	2021
Raw materials and supplies	\$ 574,856	\$ 308,639
Work-in-process	6,025,839	4,582,132
Finished goods	1,857,865	1,953,941
Inventories in transit	<u>267</u>	<u>14,754</u>
	<u>\$ 8,458,827</u>	<u>\$ 6,859,466</u>

The operating cost for the years ended December 31, 2022 and 2021 was NT\$24,378,097 thousand and NT\$24,599,840 thousand, respectively. The inventory write-downs, obsolescence and abandonment of inventories for the years ended December 31, 2022 and 2021 were NT\$201,712 thousand and NT\$7,302 thousand, respectively.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments at FVTOCI:

	December 31	
	2022	2021
Listed shares and emerging market shares		
Nyquest Technology Co., Ltd.	\$ 116,985	\$ 255,750
Brightek Optoelectronic Co., Ltd.	919	1,933
Unlisted shares		
United Industrial Gases Co., Ltd.	492,800	598,400
Yu-Ji Venture Capital Co., Ltd.	9,844	10,840
Autotalks Ltd. - Preferred E. Share	614,200	553,600
Tower Partners Semiconductor Co., Ltd. ("TPSCo.")	-	1,255,651
Symetrix Corporation - Preferred A. Share	-	-
	<u>\$ 1,234,748</u>	<u>\$ 2,676,174</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.

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 24 to the consolidated financial statements for related information.

In January 2021, the Group sold remaining of its shares in Tower Semiconductor Ltd. in order to manage credit concentration risk. The shares sold had a fair value of NT\$235,166 thousand. Their related unrealized valuation gain of NT\$138,095 thousand was transferred from other equity to retained earnings. Refer to Note 24 to the consolidated financial statements for related information.

The Group recognized dividends of NT\$80,422 thousand and NT\$67,845 thousand during 2022 and 2021, respectively.

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Associates

	December 31	
	2022	2021
Tower Partners Semiconductor Co., LTD. ("TPSCo.")	<u>\$ 1,710,869</u>	<u>\$ -</u>

Under the business acquisition agreement, if TPSCo. turns net profit during the period of the effective date of the acquisition (September 1, 2020) to March 31, 2022, the Group is required to pay Panasonic Corporation the net profit based on its ownership share. Thus, the Group has no significant influence over TPSCo. during the period aforementioned. TPSCo. was recognized as non-current financial assets at fair value through other comprehensive income. Starting from April 2022, the Group has been released the restriction and has significant influence over TPSCo., accordingly, TPSCo. has been accounted for under equity method. NTCJ subscribed for 30,919 shares issued in the cash capital increase by TPSCo. in a amount of NT\$358,772. As of December 31, 2022, NTCJ has held TPSCo.'s 45,619 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, 2022 were based on the associates' financial statements audited by independent auditors.

14. PROPERTY, PLANT AND EQUIPMENT

	<u>December 31</u>	
	2022	2021
Land	\$ 1,890,924	\$ 1,918,115
Buildings	1,908,905	1,942,495
Machinery and equipment	1,470,965	1,057,514
Other equipment	276,558	229,092
Construction in progress and prepayments for purchase of equipment	<u>216,733</u>	<u>101,297</u>
	<u>\$ 5,764,085</u>	<u>\$ 5,248,513</u>

	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments for Purchase of Equipment	Total
<u>Cost</u>						
Balance at January 1, 2022	\$ 1,918,115	\$ 20,895,264	\$ 55,766,204	\$ 3,323,174	\$ 101,297	\$ 82,004,054
Additions	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	<u>(64,106)</u>	<u>(574,588)</u>	<u>(1,471,454)</u>	<u>(93,972)</u>	<u>(3,160)</u>	<u>(2,207,280)</u>
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	<u>-</u>	<u>(517,453)</u>	<u>(1,471,924)</u>	<u>(88,574)</u>	<u>-</u>	<u>(2,077,951)</u>
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>

(Continued)

	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments for Purchase of Equipment	Total
<u>Cost</u>						
Balance at January 1, 2021	\$ 2,203,639	\$ 23,437,689	\$ 63,250,171	\$ 3,831,256	\$ 172,820	\$ 92,895,575
Additions	-	35,417	159,336	178,529	78,895	452,177
Business combinations - subsequent adjustment of fair value	-	-	437,628	-	-	437,628
Disposals	-	(13,697)	(1,569,426)	(214,383)	-	(1,797,506)
Disposals of subsidiaries (Reorganization)	-	(9,456)	-	(34,701)	-	(44,157)
Reclassified	-	3,095	116,918	10,830	(130,843)	-
Effects of foreign currency exchange differences	(285,524)	(2,557,784)	(6,628,423)	(448,357)	(19,575)	(9,939,663)
Balance at December 31, 2021	<u>1,918,115</u>	<u>20,895,264</u>	<u>55,766,204</u>	<u>3,323,174</u>	<u>101,297</u>	<u>82,004,054</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2021	-	21,063,657	61,675,684	3,574,656	34,471	86,348,468
Disposals	-	(13,650)	(822,206)	(197,671)	-	(1,033,527)
Depreciation expense	-	195,267	354,700	169,364	-	719,331
Disposals of subsidiaries (Reorganization)	-	(7,029)	-	(30,981)	-	(38,010)
Reclassified	-	79	31,168	428	(31,675)	-
Effects of foreign currency exchange differences	-	(2,285,555)	(6,530,656)	(421,714)	(2,796)	(9,240,721)
Balance at December 31, 2021	<u>-</u>	<u>18,952,769</u>	<u>54,708,690</u>	<u>3,094,082</u>	<u>-</u>	<u>76,755,541</u>
Carrying amounts at December 31, 2021	<u>\$ 1,918,115</u>	<u>\$ 1,942,495</u>	<u>\$ 1,057,514</u>	<u>\$ 229,092</u>	<u>\$ 101,297</u>	<u>\$ 5,248,513</u>

(Concluded)

- Refer to Note 33 to the consolidated financial statements for the amount of property, plant and equipment pledged as collateral for bank borrowings.
- 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

- Right-of-use assets

<u>Carrying amounts</u>	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Land	\$ 150,211	\$ 173,211
Buildings	313,972	246,377
Machinery and equipment	139,758	754,180
Other equipment	<u>19,926</u>	<u>23,845</u>
	<u>\$ 623,867</u>	<u>\$ 1,197,613</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	
	2022	2021
Additions to right-of-use assets	<u>\$ 214,534</u>	<u>\$ 36,274</u>
Depreciation for right-of-use assets		
Land	\$ 25,170	\$ 25,055
Buildings	118,682	102,506
Machinery and equipment	32,999	68,557
Other equipment	<u>17,560</u>	<u>18,869</u>
	<u>\$ 194,411</u>	<u>\$ 214,987</u>
Income from the subleasing of right-of-use assets (presented in other income)	<u>\$ 7,329</u>	<u>\$ 7,433</u>

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amounts</u>		
Current	<u>\$ 169,896</u>	<u>\$ 247,308</u>
Non-current	<u>\$ 491,363</u>	<u>\$ 1,118,284</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2022	2021
Land	1.76%-2.06%	1.76%-2.06%
Buildings	0.14%-3.03%	0.33%-3.75%
Machinery and Equipment	0.48%-0.80%	0.26%-0.80%
Other equipment	0.14%-2.44%	0.44%-3.61%

For the years ended December 31, 2022 and 2021, the interest expense under lease liabilities amounted to \$11,857 thousand and \$16,769 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 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:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Year 1	\$ 7,429	\$ 7,373
Year 2	5,824	2,080
Year 3	4,041	-
Year 4	-	-
Year 5	-	-
Year 6 onwards	<u>-</u>	<u>-</u>
	<u>\$ 17,294</u>	<u>\$ 9,453</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

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Expenses relating to short-term leases	<u>\$ 161,211</u>	<u>\$ 230,634</u>
Total cash outflow for leases	<u>\$ (397,940)</u>	<u>\$ (533,568)</u>

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

16. INVESTMENT PROPERTIES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Investment properties, net	<u>\$ 1,798,160</u>	<u>\$ 2,005,598</u>

The Group acquired investment properties through business combinations in Niigata and Toyama, Japan on September 1, 2020. The fair value of investment properties was NT\$2,503,591 thousand on the purchase price allocation report. The Group's management team evaluated the fair value of investment properties 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, 2022 and 2021.

The remaining investment properties are located in Shenzhen, China. As of December 31, 2022 and 2021, the fair value of such investment properties was both approximately NT\$200,000 thousand, which used as reference the neighboring area transactions.

	December 31	
	2022	2021
<u>Cost</u>		
Balance at January 1	\$ 7,924,196	\$ 9,090,968
Disposals	-	(1,176)
Effects of foreign currency exchange differences	<u>(262,074)</u>	<u>(1,165,596)</u>
Balance at December 31	<u>7,662,122</u>	<u>7,924,196</u>
<u>Accumulated depreciation and impairment</u>		
Balance at January 1	5,918,598	6,624,301
Depreciation expense	138,763	155,190
Disposals	-	(1,176)
Effects of foreign currency exchange differences	<u>(193,399)</u>	<u>(859,717)</u>
Balance at December 31	<u>5,863,962</u>	<u>5,918,598</u>
Carrying amount at December 31	<u>\$ 1,798,160</u>	<u>\$ 2,005,598</u>

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

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

	December 31	
	2022	2021
Year 1	\$ 171,129	\$ 178,142
Year 2	152,691	155,123
Year 3	149,898	155,123
Year 4	149,898	155,123
Year 5	149,898	155,123
Year 6 on wards	<u>637,067</u>	<u>814,391</u>
	<u>\$ 1,410,581</u>	<u>\$ 1,613,025</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		
	2022	2021	
Deferred technical assets	\$ 550,613	\$ 600,612	
Other intangible assets	<u>172,144</u>	<u>382,717</u>	
	<u>\$ 722,757</u>	<u>\$ 983,329</u>	
	Deferred Technical Assets	Other Intangible Assets	Total
<u>Cost</u>			
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>
<u>Accumulated amortization and impairment</u>			
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>
<u>Cost</u>			
Balance at January 1, 2021	\$ 1,640,243	\$ 1,360,969	\$ 3,001,212
Additions	259,590	210,226	469,816
Disposals	(5,591)	-	(5,591)
Disposals of subsidiaries (reorganization)	-	(98,539)	(98,539)
Effects of foreign currency exchange differences	<u>(1,437)</u>	<u>(167,458)</u>	<u>(168,895)</u>
Balance at December 31, 2021	<u>1,892,805</u>	<u>1,305,198</u>	<u>3,198,003</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2021	1,102,746	1,095,775	2,198,521
Amortization expense	190,174	50,565	240,739
Disposals	(788)	-	(788)
Disposals of subsidiaries (reorganization)	-	(83,811)	(83,811)
Effects of foreign currency exchange differences	<u>61</u>	<u>(140,048)</u>	<u>(139,987)</u>
Balance at December 31, 2021	<u>1,292,193</u>	<u>922,481</u>	<u>2,214,674</u>
Carrying amounts at December 31, 2021	<u>\$ 600,612</u>	<u>\$ 382,717</u>	<u>\$ 983,329</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			
	2022		2021	
	Interest Rate	Amount	Interest Rate	Amount
<u>Secured borrowings</u>				
Chinatrust Commercial Bank Co., Ltd.	1.15%	\$ 952,840	-	\$ -
<u>Unsecured borrowings</u>				
Chinatrust Commercial Bank Co., Ltd.	1.02%	<u>116,200</u>	-	<u>-</u>
		<u>\$ 1,069,040</u>		<u>\$ -</u>

The short-term borrowings of Chinatrust Commercial Bank Co., Ltd are secured and guaranteed by the parent company (refer to Note 32 to the consolidated financial statements).

b. Long-term borrowings

	Period	Interest Rate	December 31	
			2022	2021
<u>Unsecured borrowings</u>				
The Export-Import Bank of ROC	2019.09.20- 2026.09.21	0.92%-1.34%	\$ 500,000	\$ 500,000
The Export-Import Bank of ROC	2020.08.25- 2027.08.25	0.92%-1.34%	<u>1,000,000</u>	<u>1,000,000</u>
			1,500,000	<u>\$ 1,500,000</u>
Less: current portion			<u>(71,429)</u>	
			<u>\$ 1,428,571</u>	

The proceeds of the Group's unsecured loan was use to invest in Autotalks Ltd. and acquire Panasonic's semiconductor business in Japan.

To repay outstanding debt and enhance mid-term working capital, NTCJ entered into a JPY30 billion syndicated loan agreement with banks on May 17, 2021, which include Chinatrust Commercial Bank Co., Ltd. and other banks. Pursuant to the loan contract, the Company should directly or indirectly hold at least 100% of the issued shares or capital and maintain control over the operation of NTCJ, and NTCJ and Winbond Company must maintain the financial debt ratio not to be lower than certain ratio 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. BONDS PAYABLE

	December 31	
	2022	2021
Unsecured domestic convertible bonds	\$ <u> -</u>	\$ <u> -</u>

In May 2020, the Company issued 20 thousand units, NT\$100,000 per unit, maturity after 7 years, 0% NTD-denominated unsecured convertible bonds, with an aggregate principal amount of NT\$2,000,000 thousand. The terms of issuance, amounts and interest rate as follows:

- a. The conversion price was set at NT\$39.9 per share at the time of issuance. When meeting certain criteria, adjustments on the conversion price are made in accordance with the terms and conditions. Since the Company distributed cash dividends in August 2021, the conversion price should be adjusted according to issuance and conversion measures, the conversion price was adjusted to NT\$38 since August 22, 2021. All convertible bonds were converted into ordinary shares as of December 31, 2021.
- b. After the first three months of the issuance and forty days before the maturity date, if the closing price of the Company's common shares listed on the Taiwan Stock Exchange exceeds or equals 30% of the conversion price or the outstanding balance of the bonds is less than 10% in principal amount of the bonds originally outstanding for thirty consecutive business days, the Company may redeem the bonds in cash at the principal amount.
- c. After the bonds has been issued for over five years, the bondholders may request the Company to redeem the bonds at 106.41% of the principal amount (annual rate of return 1.25%).
- d. Except for the bonds that have been redeemed, sold back, converted or bought back by the Company in the market, the principal will be repaid in cash upon maturity at a rate of 109.09% (annual rate of return 1.25% upon maturity).

20. OTHER PAYABLES

	December 31	
	2022	2021
Payable for salaries or employee benefits	\$ 1,632,490	\$ 1,510,233
Payable for royalties	510,272	538,268
Payable for maintenance	257,092	313,857
Payable for purchase of equipment	151,618	68,578
Payable for software	104,241	61,983
Payable for service	99,345	36,952
Payable for utilities	73,009	207,440
Payable for professional service	52,126	96,124
Payable for investment	-	285,923
Others	<u>1,584,067</u>	<u>1,676,412</u>
	<u>\$ 4,464,260</u>	<u>\$ 4,795,770</u>

21. PROVISIONS

	December 31	
	2022	2021
<u>Current</u>		
Decommissioning costs	\$ <u>132,473</u>	\$ <u>532,948</u>
<u>Non-current</u>		
Employee benefits	\$ 1,485,268	\$ 1,537,035
Decommissioning costs	510,815	653,679
Warranties	<u>495,204</u>	<u>538,639</u>
	<u>\$ 2,491,287</u>	<u>\$ 2,729,353</u>

	De- commissioning Costs	Employee Benefits	Warranties	Total
Balance at January 1, 2022	\$ 1,186,627	\$ 1,537,035	\$ 538,639	\$ 3,262,301
Decreased	(475,526)	-	(28,120)	(503,646)
Effects of foreign currency exchange differences	<u>(67,813)</u>	<u>(51,767)</u>	<u>(15,315)</u>	<u>(134,895)</u>
Balance at December 31, 2022	<u>\$ 643,288</u>	<u>\$ 1,485,268</u>	<u>\$ 495,204</u>	<u>\$ 2,623,760</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.

22. 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 2022 and 2021, 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	
	2022	2021
Present value of defined benefit obligation	\$ 2,744,500	\$ 2,851,529
Fair value of plan assets	<u>(1,251,927)</u>	<u>(1,209,668)</u>
Net defined benefit liabilities, non-current	<u>\$ 1,492,573</u>	<u>\$ 1,641,861</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, 2021	\$ 2,968,227	\$ (1,188,219)	\$ 1,780,008
Service cost			
Current service cost	42,231	-	42,231
Net interest expense (income)	16,971	(10,973)	5,998
Recognized in profit or loss	<u>59,202</u>	<u>(10,973)</u>	<u>48,229</u>
Remeasurement			
Actuarial (gain) loss - the discount rate greater (less) than the realized rate of return	-	(9,903)	(9,903)
Actuarial (gain) loss - changes in demographic assumptions	16,877	-	16,877
Actuarial (gain) loss - changes in financial assumptions	44,987	(9,249)	35,738
Actuarial (gain) loss - experience adjustments	26,105	(20,422)	5,683
Recognized in other comprehensive income	<u>87,969</u>	<u>(39,574)</u>	<u>48,395</u>
Contributions from the employer	-	(44,875)	(44,875)
Benefits paid	(76,307)	75,397	(910)
Effect of foreign currency exchange differences	<u>(187,562)</u>	<u>(1,424)</u>	<u>(188,986)</u>
Balance at December 31, 2021	<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)	25,350	(19,333)	6,017
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)
Effect 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> (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	
	2022	2021
Analysis by function		
Operating cost	\$ 4,339	\$ 4,621
Selling expenses	122	101
General and administrative expenses	13,147	3,266
Research and development expenses	<u>40,391</u>	<u>40,241</u>
	<u>\$ 57,999</u>	<u>\$ 48,229</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	
	2022	2021
Discount rate(s)	1.25%-2.62%	0.7%-1.48%
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:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Discount rate(s)		
0.25% increase	<u>\$ (26,774)</u>	<u>\$ (34,009)</u>
0.25% decrease	<u>\$ 30,956</u>	<u>\$ 38,370</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 27,497</u>	<u>\$ 35,010</u>
0.25% decrease	<u>\$ (24,950)</u>	<u>\$ (29,137)</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.

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Expected contributions to the plans for the next year	<u>\$ 100,501</u>	<u>\$ 80,551</u>
The average duration of the defined benefit obligation	7.5-11.84 years	8.2-12.15 years

23. GUARANTEE DEPOSITS

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Capacity guarantee	\$ 2,294,914	\$ 1,879,725
Others	<u>56,114</u>	<u>82,517</u>
	<u>\$ 2,351,028</u>	<u>\$ 1,962,242</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.

24. EQUITY

a. Share capital

Ordinary shares

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
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>417,210</u>
Shares issued and fully paid	<u>\$ 4,197,653</u>	<u>\$ 4,172,101</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, all ordinary shares issuance has been registered.

As of December 31, 2022 and 2021, the balance of the Company's capital account amounted to NT\$4,197,653 thousand and NT\$4,172,101 thousand, divided into 419,765 thousand ordinary shares and 417,210 thousand ordinary shares with a par value of NT\$10.

b. Capital surplus

	<u>December 31</u>	
	2022	2021
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*</u>		
Additional paid-in capital	\$ 5,088,159	\$ 5,088,159
Conversion of bonds	1,481,180	1,481,180
Employee share options	13	13
Cash capital increase reserved for employee share options	112,160	112,160
<u>May only be used to offset a deficit</u>		
Overdue dividends unclaimed	78	62
Share of changes in capital surplus of associates or joint ventures (disposals of subsidiaries)	<u>190,237</u>	<u>190,237</u>
	<u>\$ 6,871,827</u>	<u>\$ 6,871,811</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 27 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 2021 and 2020 were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For Year 2021	For Year 2020	For Year 2021	For Year 2020
Legal reserve	\$ 303,045	\$ 58,610		
Cash dividends	<u>2,098,826</u>	<u>311,733</u>	\$5.00	\$0.76
	<u>\$ 2,401,871</u>	<u>\$ 370,343</u>		

Except for the cash dividends were distributed by the Company's board meeting on and March 15, 2022 and March 16, 2021, 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 June 2, 2022 and August 20, 2021, respectively.

The appropriation of earnings for 2022 was not initiated in the Company's board meeting as of February 14, 2023.

d. Other equity items

- 1) The exchange differences arising on translation of foreign operations' net assets from its functional currency to the Group's presentation currency (New Taiwan dollar) are recognized directly in other comprehensive income. For the years ended December 31, 2022 and 2021, other comprehensive gain (loss) was NT\$39,330 thousand and NT\$(916,589) thousand, respectively.
- 2) Unrealized valuation gains (losses) on financial assets at FVTOCI

	For the Year End December 31	
	2022	2021
Balance at January 1	\$ 1,111,460	\$ 269,065
Recognized for the period	(253,744)	980,490
Cumulative unrealized gains (losses) of equity instruments transferred to retained earnings due to disposal	<u>(563,084)</u>	<u>(138,095)</u>
Balance at December 31	<u>\$ 294,632</u>	<u>\$ 1,111,460</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.

25. REVENUE

Refer to Note 37 to the consolidated financial statements for the Group's revenue.

26. 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	
	2022	2021
Current tax		
In respect of the current year	\$ 998,789	\$ 585,262
Adjustment for prior years' tax	20,540	(440)
Deferred tax		
In respect of the current year	<u>(133,082)</u>	<u>19,922</u>
Income tax expense recognized in profit or loss	<u>\$ 886,247</u>	<u>\$ 604,744</u>

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

	For the Year Ended December 31	
	2022	2021
Income tax expense from continuing operations at the statutory rate	\$ 1,262,449	\$ 1,016,166
Tax effect of adjustment item		
Permanent differences	68,879	(90,911)
Tax-exempt income	(15,900)	(12,000)
Others	<u>(341,721)</u>	<u>(180,071)</u>
Current income tax	973,707	733,184
Unused investment credits	(108,000)	(128,000)
Adjustment for prior year's income tax	<u>20,540</u>	<u>(440)</u>
Income tax expense recognized in profit or loss	<u>\$ 886,247</u>	<u>\$ 604,744</u>

c. Current tax assets and liabilities

	December 31	
	2022	2021
Tax refund receivables	<u>\$ 14,263</u>	<u>\$ 51,491</u>
Income tax payables	<u>\$ 712,005</u>	<u>\$ 402,369</u>

d. Deferred tax assets

	December 31	
	2022	2021
Deferred tax assets		
Allowance for inventory valuation and obsolescence loss and others	<u>\$ 198,727</u>	<u>\$ 89,019</u>

e. Deferred tax liabilities

	December 31	
	2022	2021
Deferred tax liabilities		
Unrealized valuation gains or losses	<u>\$ 13,209</u>	<u>\$ 36,583</u>

f. Income tax assessments

The Company's tax returns through 2020 have been examined by the tax authorities.

g. Information about investment credits

The Company applies the Statute for Industrial Innovation Article 10, and up to 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.

27. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION

	For the Year Ended December 31							
	2022			Total	2021			Total
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses		Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	
Employee benefits expense								
Short-term employment benefits	\$ 1,229,737	\$ 7,371,356	\$ -	\$ 8,601,093	\$ 1,142,560	\$ 6,272,281	\$ -	\$ 7,414,841
Post-employment benefits	44,155	464,481	-	508,636	31,910	411,963	-	443,873
Depreciation	529,043	371,585	139,248	1,039,876	543,284	391,034	155,190	1,089,508
Amortization	5,362	286,423	-	291,785	23,131	217,608	-	240,739

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 years ended December 31, 2022 and 2021 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

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, 2021 and 2020, which were approved by the Company's board of directors on February 10, 2022 and February 18, 2021, respectively, were as follows:

	For the Year Ended December 31			
	2021		2020	
	Amount	%	Amount	%
Employees' cash compensation	\$ 212,242	6	\$ 42,422	6
Remuneration of directors	35,374	1	7,070	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, 2021 and 2020.

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.

28. 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					
	2022			2021		
	Amounts (Numerator)	Shares (Denominator)	Earnings Per Share (NT\$)	Amounts (Numerator)	Shares (Denominator)	Earnings Per Share (NT\$)
	After Income Tax (Attributable to Owners of the Company)	(In Thousands)	After Income Tax (Attributable to Owners of the Company)	After Income Tax (Attributable to Owners of the Company)	(In Thousands)	After Income Tax (Attributable to Owners of the Company)
Basic earnings per share						
Net profit attributed to owners of the Company	\$ 4,220,773	419,765	<u>\$ 10.06</u>	\$ 2,940,752	404,370	<u>\$ 7.27</u>
Effect of potentially dilutive ordinary shares						
Employees’ compensation	-	2,829		-	1,629	
Convertible bonds	-	-		5,856	15,395	
Diluted earnings per share						
Net profit attributed to owners of the Company	<u>\$ 4,220,773</u>	<u>422,594</u>	<u>\$ 9.99</u>	<u>\$ 2,946,608</u>	<u>421,394</u>	<u>\$ 6.99</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.

29. DISPOSAL OF SUBSIDIARIES

The Group sold 100% shares of METC to the parent company (Winbond Electronics Corporation) at the consideration JPY1,462,000 thousand (NT\$357,897 thousand) on November 1, 2021. Since this equity transaction is deemed as a reorganization, the difference between consideration received and the carrying amount of the net assets of METC during actual disposal was adjusted to the capital surplus.

a. Consideration received from disposals

	METC
Cash and cash equivalents	<u>\$ 357,897</u>

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

	METC
Current assets	
Cash and cash equivalents	\$ 298,304
Accounts receivable and other receivables	101,201
Inventories	39,835
Prepayments	6,147
Non-current assets	
Property, plant and equipment	6,146
Intangible assets	14,728
Deferred tax assets	<u>65,349</u>
Total assets	<u>\$ 531,710</u>
Current liabilities	
Accounts payable and other payables	\$ 291,280
Current tax liabilities	17,717
Other current liabilities	<u>55,053</u>
Total liabilities	<u>\$ 364,050</u>
Net assets disposed of	<u>\$ 167,660</u>

c. Net cash inflow on disposals of subsidiaries

	METC
Consideration received in cash and cash equivalents	\$ 357,897
Less: Cash and cash equivalent balances disposed of	<u>(298,304)</u>
	<u>\$ 59,593</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			
	2022		2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial assets</u>				
Financial assets at amortized cost (Note 1)	\$ 15,662,336	\$ 15,662,336	\$ 14,934,928	\$ 14,934,928
Financial assets at FVTPL				
Derivative financial assets	124,669	124,669	70,831	70,831
Financial assets at FVTOCI				
Investment in equity instruments	1,234,748	1,234,748	2,676,174	2,676,174
<u>Financial liabilities</u>				
Financial liabilities at amortized cost (Note 2)	12,533,065	12,533,065	11,397,814	11,397,814
Financial liabilities at FVTPL				
Derivative financial liabilities	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 notes and accounts payable (including related parties), other payables, short-term loans, 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 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 market shares).

- b) The fair value of the financial instruments at fair value through profit or loss is based on Level 2 inputs, either directly or indirectly. The fair value of foreign-currency derivative financial instrument could be determined by reference to the price and discount rate of currency swap quoted by financial institutions. Foreign exchange forward contracts are measured using individual maturity rate to calculate the fair value of each contract.
- c) Domestic unlisted equity instruments at FVTOCI were all measured based on Level 3 fair value. Fair values of such equity instruments were determined using discounted cash flow of income approach and comparable listed company approach, by referring to strike price of similar business in active market, implied value multiple of the price and relevant information. Significant unobservable inputs included P/E ratio, value multiple and market liquidity discount. As the discounted cash flow method was used, the discount rate used for the lack of marketability was 29%; which increase by 1% while all the other variables are held constant, the fair value of investments will decrease by \$8,651 thousand and \$7,797 thousand for the years ended December 31, 2022 and 2021, respectively.

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

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ <u> -</u>	\$ <u> 2,894</u>	\$ <u>121,775</u>	\$ <u>124,669</u>
<u>Financial assets at FVTOCI</u>				
Domestic and overseas listed shares and emerging market shares	\$ <u>117,904</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u>117,904</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> 7,412</u>	\$ <u> -</u>	\$ <u> 7,412</u>
December 31, 2021				
	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ <u> -</u>	\$ <u> 1,631</u>	\$ <u> 69,200</u>	\$ <u> 70,831</u>
<u>Financial assets at FVTOCI</u>				
Domestic and overseas listed shares and emerging market shares	\$ <u>257,683</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u>257,683</u>
Domestic and overseas unlisted shares	\$ <u> -</u>	\$ <u> -</u>	\$ <u>2,418,491</u>	\$ <u>2,418,491</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, 2022 and 2021 were as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 2,487,691	\$ 1,492,891
Additions	45,000	69,763
Proceeds from capital reduction of investments	(1,000)	(4,500)
Recognized in other comprehensive income	(10,968)	930,100
Recognized in profit or loss	7,575	(563)
Transferred to investments accounted for using the equity method	<u>(1,289,679)</u>	<u>-</u>
Balance at December 31	<u>\$ 1,238,619</u>	<u>\$ 2,487,691</u>

c. Financial risk management objectives and policies

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

1) Market risk

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the 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\$13,042 thousand decrease and NT\$9,044 thousand decrease for the years ended December 31, 2022 and 2021, 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	
	2022	2021
Cash flow interest rate risk		
Financial assets	\$ 8,413	\$ 8,413
Financial liabilities	2,569,040	1,500,000

The sensitivity analysis of cash flows based on the Group's exposure to interest rates for fair value of variable-rate non-derivative instruments at the end of the reporting period. If interest rates increased by 1%, the Group's cash outflows for the years ended December 31, 2022 and 2021 would have increased by NT\$25,606 thousand and NT\$14,916 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, 2022			
	Within 1 Year	1-2 Years	Over 2 Years	Total
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 7,612,997	\$ -	\$ -	\$ 7,612,997
Lease liabilities	180,503	140,228	381,071	701,802
Variable interest rate liabilities	<u>1,140,469</u>	<u>285,714</u>	<u>1,142,857</u>	<u>2,569,040</u>
	<u>\$ 8,933,969</u>	<u>\$ 425,942</u>	<u>\$ 1,523,928</u>	<u>\$ 10,883,839</u>

Additional information about the maturity analysis of lease liabilities:

	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>

	December 31, 2021			
	Within 1 Year	1-2 Years	Over 2 Years	Total
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 7,935,572	\$ -	\$ -	\$ 7,935,572
Lease liabilities	252,436	214,985	953,845	1,421,266
Variable interest rate liabilities	<u>-</u>	<u>71,429</u>	<u>1,428,571</u>	<u>1,500,000</u>
	<u>\$ 8,188,008</u>	<u>\$ 286,414</u>	<u>\$ 2,382,416</u>	<u>\$ 10,856,838</u>

Additional information about the maturity analysis of lease liabilities:

	Less than 2			Total
	Years	2-5 Years	Over 5 Years	
<u>Non-derivative financial liabilities</u>				
Lease liabilities	<u>\$ 467,421</u>	<u>\$ 391,026</u>	<u>\$ 562,819</u>	<u>\$ 1,421,266</u>

d. Transfers of financial assets

Factored accounts receivable that are not yet overdue at December 31, 2022, and 2021 was as follows:

December 31, 2022: None

December 31, 2021

Counterparty	Receivables Factoring Proceeds	Advances Received - Unused	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
Sumitomo Mitsui Banking Corporation	<u>\$ 98,885</u>	<u>\$ -</u>	<u>\$ 98,885</u>	<u>0.9</u>

Pursuant to the Group's factoring agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Group, while losses from credit risk are borne by the banks.

32. RELATED PARTY 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

(Continued)

<u>Related Party Name</u>	<u>Related Party Categories</u>
Callisto Holding Limited	Associate
Miraxia Edge Technology Corporation (“METC”)	Associate
TPSCo.	Related party in substance
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
Glorystones Corporation	Related party in substance
Waltech Advanced Engineering (Suzhou), Inc. (“Waltech”)	Related party in substance

(Concluded)

Note: 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

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
1) Operating revenue		
Related party in substance	\$ 3,506,494	\$ 4,040,228
Associate	<u>401,706</u>	<u>81,846</u>
	<u>\$ 3,908,200</u>	<u>\$ 4,122,074</u>
2) Purchases of goods		
Associate		
TPSCo.	\$ 3,099,787	\$ -
Others	9,884	-
Related party in substance		
TPSCo.	1,498,020	6,319,062
Others	-	111,089
Parent company	<u>189,136</u>	<u>372,726</u>
	<u>\$ 4,796,827</u>	<u>\$ 6,802,877</u>
3) Manufacturing expenses		
Associate		
TPSCo.	\$ 1,408,002	\$ -
Related party in substance		
TPSCo.	475,284	2,037,130
Waltech	1,076,208	362,342
Others	-	12,194
Parent company	<u>1,088</u>	<u>671</u>
	<u>\$ 2,960,582</u>	<u>\$ 2,412,337</u>

For the Year Ended December 31

	2022	2021
4) Operating expenses		
Associate	\$ 578,351	\$ 96,922
Related party in substance	124,134	407,498
Parent company	<u>75,958</u>	<u>39,065</u>
	<u>\$ 778,443</u>	<u>\$ 543,485</u>
5) Dividend income		
Related party in substance		
United Industrial Gases Co., Ltd.	\$ 67,118	\$ 62,000
Nyquest	<u>13,200</u>	<u>5,775</u>
	<u>\$ 80,318</u>	<u>\$ 67,775</u>
6) Other income (loss)		
Associate	\$ 12,119	\$ -
Related party in substance	<u>649</u>	<u>126</u>
	<u>\$ 12,768</u>	<u>\$ 126</u>
	December 31	
	2022	2021
7) Accounts receivable from related parties		
Related party in substance		
Waltech	\$ 684,713	\$ 564,244
Others	15,724	75,019
Associate	<u>68,274</u>	<u>17,475</u>
	<u>\$ 768,711</u>	<u>\$ 656,738</u>
8) Other receivables		
Associate		
TPSCo.	\$ 54,318	\$ -
Others	7,202	14,359
Related party in substance		
TPSCo.	-	262,957
Others	340	4,241
Parent company	<u>597</u>	<u>-</u>
	<u>\$ 62,457</u>	<u>\$ 281,557</u>

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

	December 31	
	2022	2021
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.	\$ 252,642	\$ -
Related party in substance		
Waltech	474,247	33,640
TPSCo.	-	396,973
Parent company	<u>20,828</u>	<u>36,060</u>
	<u>\$ 747,717</u>	<u>\$ 466,673</u>
11) Other payables		
Associate	\$ 241,319	\$ 53,075
Parent company	48,200	20,466
Related party in substance	<u>137,410</u>	<u>185,529</u>
	<u>\$ 426,929</u>	<u>\$ 259,070</u>
12) Guarantee deposits		
Parent company	\$ 545	\$ 545
Related party in substance		
Nyquest	<u>250,594</u>	<u>225,869</u>
	<u>\$ 251,139</u>	<u>\$ 226,414</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	
	2022	2021
Related party in substance		
Waltech	\$ 31,725	\$ -
Associate		
TPSCo.	<u>112,128</u>	<u>-</u>
	<u>\$ 143,853</u>	<u>\$ -</u>

d. Lease arrangements - Group is lessor/sublease arrangements

Sublease arrangements under operating leases

For the years ended December 31, 2022 and 2021, 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:

Related Party Category	December 31	
	2022	2021
Associate		
TPSCo.	\$ 19,770	\$ -
Others	230	237
Related party in substance		
TPSCo.	-	20,459
Parent company	<u>340</u>	<u>67</u>
	<u>\$ 20,340</u>	<u>\$ 20,763</u>

2) Future lease payment receivables are as follows:

Related Party Category	December 31	
	2022	2021
Associate		
TPSCo.	\$ 1,402,999	\$ -
Others	1,830	1,296
Related party in substance		
TPSCo.	-	1,607,021
Parent company	<u>12,151</u>	<u>4,369</u>
	<u>\$ 1,416,980</u>	<u>\$ 1,612,686</u>

3) Lease income were as follows:

Related Party Category	For the Year Ended December 31	
	2022	2021
Associate		
TPSCo.	\$ 155,271	\$ -
Others	1,395	3,133
Related party in substance		
TPSCo.	55,912	237,011
Parent company	<u>4,041</u>	<u>4,198</u>
	<u>\$ 216,619</u>	<u>\$ 244,342</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, 2022, the balance of finance lease receivables was NT\$220,182 thousand and no impairment loss was recognized for the year ended December 31, 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, 2022 was NT\$3,552 thousand.

e. Disposal of right-of-use assets

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

f. Acquisition of financial assets

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	
	2022	2021
Parent company		
Amount endorsed	<u>\$ 6,972,000</u>	<u>\$ 11,080,076</u>
Amount utilized (reported as secured bank loans)	<u>\$ 952,840</u>	<u>\$ -</u>

h. Compensation of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 308,890	\$ 198,754
Post-employment benefits	<u>3,623</u>	<u>3,479</u>
	<u>\$ 312,513</u>	<u>\$ 202,233</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

On November 1, 2021, the Group sold 100% shares of METC to the parent company at the price JPY1,462,000 thousand (NT\$357,897 thousand). Since the equity transfer is a reorganization under the jointly controlled entities, the difference between consideration received and the carrying amount of the net assets of METC during actual disposal was adjusted to increase the capital surplus by NT\$190,237 thousand.

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	
	2022	2021
Land	\$ 1,104,321	\$ 1,142,811
Buildings	612,959	702,062
Investment properties	381,219	425,606
Time deposits (accounted as refundable deposits)	<u>107,227</u>	<u>107,168</u>
	<u>\$ 2,205,726</u>	<u>\$ 2,377,647</u>

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingent liabilities and unrecognized commitments of the Group as of the end of the reporting period, excluding those disclosed in other notes, were as follows:

N Company filed a complaint in the U.S. District Court for the District of Delaware on November 24, 2021. The plaintiff alleged that NTCA (not including NTC) infringes one of its patents. N Company applied to withdraw the complaint in February 2022, accordingly, the case was closed.

35. OTHER ITEMS

The novel coronavirus (Covid-19) spreads all over the world, causing subsidiaries, customers and suppliers in some regions to implement quarantine and travel restrictions. The Group evaluated that there is no significant impact on the overall business operation and financial position of the Group. There are no concerns about the capability of the Group to be going concern, and the risk of assets impairment and fund raising.

36. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

In January 2023, the Group sold 100% shares of AMTC to the parent company at the price JPY 1,673,000 thousand (NT\$394,661 thousand). Since this equity transaction is deemed as a structure reorganization, the difference between consideration received and the carrying amount of the net assets of AMTC during actual disposal was adjusted to increase the capital surplus.

37. 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

	2022			2021		
	Foreign Currencies (Thousand)	Exchange Rate (Note)	New Taiwan Dollars (Thousand)	Foreign Currencies (Thousand)	Exchange Rate (Note)	New Taiwan Dollars (Thousand)
<u>Financial assets</u>						
Monetary items						
USD	\$ 182,038	30.71	\$ 5,590,375	\$ 99,078	27.68	\$ 2,742,470
ILS	9,720	8.7301	84,860	9,584	8.8912	85,210
RMB	5,675	4.4080	25,014	4,100	4.344	17,810
JPY	267,375	0.2324	62,138	561,081	0.2405	134,940
<u>Financial liabilities</u>						
Monetary items						
USD	142,250	30.71	4,368,483	121,847	27.68	3,372,723
ILS	10,532	8.7301	91,949	20,700	8.8912	184,048
RMB	6,602	4.4080	29,102	4,212	4.344	18,296
JPY	56,304	0.2324	13,085	1,516,111	0.2405	278,045

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

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gains (losses) were NT\$143,614 thousand and NT\$(24,204) 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.

38. 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 December 31		For the Year Ended December 31	
	2022	2021	2022	2021
General IC products	\$ 36,745,221	\$ 35,610,810	\$ 5,722,355	\$ 4,953,725
Foundry service	<u>3,368,080</u>	<u>2,515,484</u>	<u>1,863,466</u>	<u>1,140,994</u>
Total of segment revenue	40,113,301	38,126,294	7,585,821	6,094,719
Other revenue	<u>1,759,125</u>	<u>3,329,663</u>	<u>1,103,362</u>	<u>1,552,407</u>
Operating revenue	<u>\$ 41,872,426</u>	<u>\$ 41,455,957</u>	8,689,183	7,647,126
Unallocated expenditure				
Administrative and supporting expenses			(2,749,443)	(2,884,137)
Sales and other common expenses			<u>(1,461,831)</u>	<u>(1,435,846)</u>
Total operating profit			4,477,909	3,327,143
Finance costs			(35,230)	(68,915)
Interest income			89,583	30,007
Dividend income			80,422	67,845
Other gains and losses			50,404	62,617
Gains (losses) on disposal of property, plant and equipment			304,132	134,893
Foreign exchange gains (losses)			143,614	(24,204)
Gains (losses) on financial instruments at fair value through profit or loss			(130,675)	16,110
Share of profit (loss) of associates			<u>126,861</u>	<u>-</u>
Profit before income tax			<u>\$ 5,107,020</u>	<u>\$ 3,545,496</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		December 31	
	2022	2021	2022	2021
Asia	\$ 40,737,361	\$ 40,841,489	\$ 9,059,215	\$ 9,415,636
United States	624,117	388,106	73,417	23,722
Europe	499,827	225,502	-	-
Others	<u>11,111</u>	<u>860</u>	<u>-</u>	<u>-</u>
	<u>\$ 41,872,426</u>	<u>\$ 41,455,957</u>	<u>\$ 9,132,632</u>	<u>\$ 9,439,358</u>

d. Information about major customer

Single customers contributing 10% or more to the Group's operating revenue for the years ended December 31, 2022 and 2021 were as follows:

	For the Year Ended December 31			
	2022		2021	
	Amount	%	Amount	%
Customer S	\$ 13,740,477	33	\$ 13,524,520	33
Customer V	<u>5,684,588</u>	<u>14</u>	<u>5,045,639</u>	<u>12</u>
	<u>\$ 19,425,065</u>	<u>47</u>	<u>\$ 18,570,159</u>	<u>45</u>

39. ADDITIONAL DISCLOSURE

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

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

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

b. Information on investment in mainland China

1)	The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits (losses) of investee, ending balance, amount received as dividends from the investee, and the limitation on investee.	Table 7
2)	Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports.	Table 7
a)	The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.	

	<ul style="list-style-type: none"> b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. c) The amount of property transactions and the amount of the resultant gains or losses. d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes. e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds. f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services. 	
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c. Information of major shareholders: Refer to Table 9 attached.

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED FOR THE YEAR ENDED DECEMBER 31, 2022

(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										
1	The Company	NTCJ	Subsidiary	\$ 17,565,938	\$ 2,080,810 (JPY 5,650,000) and (US\$ 25,000)	\$ 2,080,810 (JPY 5,650,000) and (US\$ 25,000)	\$ 659,040 (JPY 287,980) and (US\$ 19,281)	\$ -	11.85	\$ 17,565,938	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, 2022

(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				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	575,000	\$ 9,844	5	\$ 9,844	
	Brightek Optoelectronic Co., Ltd.	None	"	34,680	919	-	919	
	United Industrial Gases Co., Ltd.	The held company as the investee's director	"	8,800,000	492,800	4	492,800	
	Autotalks Ltd. - Preferred E. Share	None	"	3,932,816	614,200	9	614,200	
	<u>Warrants</u> Autotalks Ltd.	None	Financial assets at fair value through other comprehensive income	-	76,775	-	76,775	
	Allxon Inc.	None	"	-	45,000	-	45,000	
	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	116,985	5	116,985
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, 2022
(In Thousands of New Taiwan Dollars)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Relationship	April 1, 2022 (Note)		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
NTCJ	TPSCo.	Investments accounted for using equity method	TPSCo.	The Company's parent	14,700	\$ 1,289,679	30,919	\$ 358,772	-	\$ -	\$ -	Share of profit (loss) \$ 126,861 Cumulative transition differences 3,326 Unrealized profits and losses on transactions with associates (67,769)	45,619	\$ 1,710,869

Note: 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.

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, 2022

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

THE FOLLOWING DISCLOSURE INFORMATION IS ONLY FOR REFERENCE.)

(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	NTHK	Subsidiary	Sales	\$ 8,079,378	41	Net 90 days from invoice date	N/A	N/A	\$ 141,110	12	
	NTCA	Subsidiary	Sales	262,269	1	Net 90 days from invoice date	N/A	N/A	108,679	9	
	WEC	Parent company	Purchases	173,354	2	Net 30 days from invoice date	N/A	N/A	(20,828)	1	
	WECJ	Associate	Sales	149,214	1	Net 90 days from invoice date	N/A	N/A	33,052	3	
	Nyquest	Related party in substance	Sales	229,401	1	Net 45 days from invoice date	N/A	N/A	15,704	1	
	NTSG	Subsidiary	Purchases	335,654	4	Net 15 days end of the month	N/A	N/A	(84,359)	5	
	NTCJ	Subsidiary	Purchases	1,961,416	24	Net 15 days end of the month	N/A	N/A	(158,632)	10	
	Waltech	Related party in substance	Purchases	1,045,764	13	Net 15 days end of the month	N/A	N/A	(448,177)	28	
	NTCA	The Company	Parent company	Purchases	US\$ 8,744	100	Net 90 days from invoice date	N/A	N/A	US\$ (3,539)	100
NTCJ	The Company	Parent company	Sales	US\$ 65,019	8	Net 15 days end of the month	N/A	N/A	US\$ 5,165	5	
NTHK	The Company	Parent company	Purchases	US\$ 271,014	100	Net 90 days from invoice date	N/A	N/A	US\$ (4,595)	100	
NTSG	The Company	Parent company	Sales	US\$ 10,791	3	Net 15 days end of the month	N/A	N/A	US\$ 2,741	9	
	NTCJ	Fellow subsidiary	Sales	US\$ 141,550	45	Net 10 days end of the month	N/A	N/A	US\$ 16,902	56	
NTCJ	NTSG	Fellow subsidiary	Purchases	JPY 19,356,022	37	Net 10 days end of the month	N/A	N/A	JPY (2,233,479)	25	
	NTSG	Fellow subsidiary	Sales	JPY 26,308,826	26	Net 10 days end of the month	N/A	N/A	JPY 1,871,831	14	
NTSG	NTCJ	Fellow subsidiary	Purchases	US\$ 202,508	69	Net 10 days end of the month	N/A	N/A	US\$ (14,165)	71	
NTCJ	TPSCo	Associate	Purchases	JPY 20,139,308	39	Net 10 days end of the month	N/A	N/A	JPY (1,087,101)	12	
	Waltech	Related party in substance	Sales	JPY 13,025,750	13	Net 10 days end of the month	N/A	N/A	JPY 2,864,430	21	
NTSG	Waltech	Related party in substance	Sales	US\$ 7,786	3	Net 10 days end of the month	N/A	N/A	US\$ 619	2	
AMTC	TPSCo	Associate	Sales	JPY 1,305,035	50	Net 10 days end of the month	N/A	N/A	JPY 138,201	62	

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, 2022
(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	\$ 141,110 (Note)	91.16	\$ -	-	\$ 141,110	\$ -
	NTCA	Subsidiary	108,679 (Note)	3.49	-	-	108,679	-
NTSG	NTCJ	Fellow subsidiary	US\$ 16,902 (Note)	9.69	-	-	US\$ 16,902	-
NTCJ	NTSG	Fellow subsidiary	JPY 1,871,831 (Note)	14.11	-	-	JPY 1,871,831	-
	The Company	Parent company	US\$ 5,165 (Note)	17.08	-	-	JPY 5,165	-
	Waltech.	Related party in substance	JPY 2,864,430	4.91	-	-	JPY 2,864,430	-

Note: All receivables balances are eliminated.

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)

FOR THE YEAR ENDED DECEMBER 31, 2022

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

THE FOLLOWING DISCLOSURE INFORMATION IS ONLY FOR REFERENCE.)

(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
The Company	NTHK	Hong Kong	Sales of semiconductor	\$ 427,092	\$ 427,092	107,400,000	100	\$ 611,146	\$ 66,834	\$ 66,834	
	MML	British Virgin Islands	Investment holding	274,987	274,987	8,897,789	100	285,197	(17,224)	(17,224)	
	NIH	British Virgin Islands	Investment holding	590,953	590,953	17,960,000	100	368,652	(17,278)	(17,278)	
	SYI	Taiwan	Investment holding	38,500	38,500	3,850,000	100	147,758	14,445	14,445	
	NTIPL	India	Design, sales and service of semiconductor	30,211	30,211	600,000	100	21,647	1,186	1,186	
	NTCA	United States of America	Design, sales and service of semiconductor	190,862	190,862	60,500	100	210,632	10,280	10,280	
	NTSG	Singapore	Design, sales and service of semiconductor	1,319,054	1,319,054	45,100,000	100	1,959,771	168,131	168,131	
	NTKL	Korea	Design, sales and service of semiconductor	30,828	30,828	125,000	100	12,708	907	907	
	NTHJ	Japan	Investment holding	5,927,849	5,927,849	100	100	7,567,843	1,352,222	1,352,222	
	MML	GLLC	United States of America	Investment holding	1,473,559	1,473,559	-	100	285,197	(16,951)	(16,951)
NIH	NTIL	Israel	Design and service of semiconductor	46,905	46,905	1,000	100	294,012	(3,737)	(3,737)	
NTHJ	NTCJ	Japan	Design, sales and service of semiconductor	111,520	111,520	9,480	100	11,402,133	1,352,086	1,352,086	
NTCJ	AMTC.	Japan	Design and service of semiconductor	55,760	55,760	4,000	100	233,534	91,737	91,737	
	TPSCo.	Japan	Foundry and sales of semiconductor	1,648,451	-	45,619	49	1,710,869	493,050	126,861	(Notes 1 and 2)

Note 1: Share of profit (loss) includes downstream and upstream transactions and the amortization cost of the difference between the original investment amount and equity.

Note 2: 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. Share of profit (loss) was recognized as from April 2022 for the period.

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA FOR THE YEAR ENDED DECEMBER 31, 2022 (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, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	% Ownership of Direct or Indirect Investment	Net Income of the Investee	Investment Gain (Note 1)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					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	\$ (16,630)	\$ (16,630)	\$ 287,961	\$ -
WENJ	Computer software service (except I.C. design)	16,429 (US\$ 500)	Through investing in MML in the third area in British Virgin Islands, which then invested in the investee in mainland China indirectly	16,429 (US\$ 500)	-	-	16,429 (US\$ 500)	100	-	-	(3,038) (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	4,749	4,749	228,552	-
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	(16)	(16)	8,207	-

Note 1: Investment profit or loss for the year ended December 31, 2022 was recognized under the basis of the financial statements audited by the Company's auditor.

Note 2: WENJ has a negative net book value as of December 31, 2022, which is reclassified to other non-current liabilities.

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

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

Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	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\$10,539,562

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

- Refer to Table 8 for significant transactions with the investee in mainland China directly and indirectly through investing in companies in the third area.
- Handling endorsement, guarantee and collateral to the investee in Mainland China directly and indirectly through investing in companies in the third area: None.
- Financing of funds to investee in mainland China directly and indirectly through investing in companies in the third area: None.
- 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, 2022
(In Thousands of New Taiwan Dollars and Foreign Currencies)**

No.	Company Name	Related Party	Nature of Relationship	Transaction Details			Percentage of Consolidated Total Gross Sales or Total Assets (%)
				Financial Statement Account	Amount	Terms (Note)	
0	2022 The Company	NTHK	Transactions between parent company and subsidiaries	Operating revenue	\$ 8,079,378	-	19
		NTHK	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	141,110	-	-
		NTIL	Transactions between parent company and subsidiaries	Operating expense	1,136,241	-	3
		NTCA	Transactions between parent company and subsidiaries	Operating expense	417,532	-	1
		NTCA	Transactions between parent company and subsidiaries	Operating revenue	262,269	-	1
		NTCA	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	108,679	-	-
		NTCJ	Transactions between parent company and subsidiaries	Accounts payable to related parties	158,632	-	-
		NTCJ	Transactions between parent company and subsidiaries	Operating cost	1,961,416	-	5
		NTSG	Transactions between parent company and subsidiaries	Operating cost	335,654	-	1
1	NTCJ	NTSG	Transactions between subsidiaries	Operating revenue	JPY 26,308,826	-	14
		NTSG	Transactions between subsidiaries	Accounts receivable due from related parties	JPY 1,871,831	-	1
2	NTSG	NTCJ	Transactions between subsidiaries	Operating revenue	US\$ 141,550	-	10
		NTCJ	Transactions between subsidiaries	Accounts receivable due from related parties	US\$ 16,902	-	1
4	AMTC	NTCJ	Transactions between subsidiaries	Other operating revenue	JPY 1,489,444	-	1

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

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES**INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2022**

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 financial statements of Nuvoton Technology Corporation (the Company), which comprise the balance sheets as of December 31, 2022 and 2021, 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, 2022 and 2021, 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 Auditing and Attestation of Financial Statements by 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, 2022. This matter were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Occurrence of Sales Revenues

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 2022, and some kind of products have relatively high gross margins and hold certain percentage of annual sales, which has an 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, 2022. 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 included understanding the design and the implementation of internal control of sales revenue and selecting samples of revenue items 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, 2022 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 14, 2023

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, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 7,352,657	28	\$ 7,519,937	31
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	169	-	1,631	-
Accounts receivable, net (Notes 4 and 8)	833,452	3	1,055,505	4
Accounts receivable from related parties, net (Notes 4, 8 and 26)	298,581	1	152,839	1
Other receivables (Note 26)	55,659	-	85,846	-
Inventories (Notes 4 and 9)	3,132,051	12	2,616,503	11
Other current assets	<u>328,329</u>	<u>2</u>	<u>206,552</u>	<u>1</u>
Total current assets	<u>12,000,898</u>	<u>46</u>	<u>11,638,813</u>	<u>48</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	121,775	-	69,200	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 10)	1,117,763	4	1,164,773	5
Investments accounted for using equity method (Notes 4 and 11)	11,185,353	43	9,633,744	40
Property, plant and equipment (Notes 4 and 12)	634,009	2	637,113	3
Right-of-use assets (Notes 4 and 13)	177,648	1	233,357	1
Intangible assets (Notes 4 and 14)	575,887	2	645,692	3
Deferred tax assets (Notes 4 and 21)	137,000	1	45,000	-
Refundable deposits (Notes 26 and 27)	<u>314,895</u>	<u>1</u>	<u>112,162</u>	<u>-</u>
Total non-current assets	<u>14,264,330</u>	<u>54</u>	<u>12,541,041</u>	<u>52</u>
TOTAL	<u>\$ 26,265,228</u>	<u>100</u>	<u>\$ 24,179,854</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	\$ 6,017	-	\$ -	-
Accounts payable	872,141	3	1,469,214	6
Accounts payable to related parties (Note 26)	711,978	3	126,695	1
Other payables (Notes 17 and 26)	2,086,602	8	2,432,704	10
Current tax liabilities (Notes 4 and 21)	456,801	2	354,332	1
Lease liabilities - current (Notes 4 and 13)	38,766	-	53,407	-
Current portion of long-term borrowings (Note 16)	71,429	-	-	-
Other current liabilities	<u>248,301</u>	<u>1</u>	<u>191,106</u>	<u>1</u>
Total current liabilities	<u>4,492,035</u>	<u>17</u>	<u>4,627,458</u>	<u>19</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 16)	1,428,571	5	1,500,000	6
Products guarantee based on commitment (Note 4)	101,891	-	101,891	1
Lease liabilities - non-current (Notes 4 and 13)	115,528	1	151,966	1
Net defined benefit liabilities - non-current (Notes 4 and 18)	236,488	1	313,018	1
Guarantee deposits (Notes 4, 19 and 26)	2,311,351	9	1,917,405	8
Other non-current liabilities	<u>13,426</u>	<u>-</u>	<u>13,426</u>	<u>-</u>
Total non-current liabilities	<u>4,207,255</u>	<u>16</u>	<u>3,997,706</u>	<u>17</u>
Total liabilities	<u>8,699,290</u>	<u>33</u>	<u>8,625,164</u>	<u>36</u>
EQUITY				
Share capital (Note 20)	4,197,653	16	4,172,101	17
Certificates of bond-to-stock conversion (Note 20)	-	-	25,552	-
Capital surplus (Note 20)	6,871,827	26	6,871,811	28
Retained earnings (Note 20)				
Legal reserve	958,560	4	655,515	3
Unappropriated earnings	6,248,877	24	3,763,192	15
Exchange differences on translation of financial statements of foreign operations (Notes 4 and 20)	(1,005,611)	(4)	(1,044,941)	(4)
Unrealized gains (losses) on financial assets at fair value through other comprehensive income (Notes 4 and 20)	<u>294,632</u>	<u>1</u>	<u>1,111,460</u>	<u>5</u>
Total equity	<u>17,565,938</u>	<u>67</u>	<u>15,554,690</u>	<u>64</u>
TOTAL	<u>\$ 26,265,228</u>	<u>100</u>	<u>\$ 24,179,854</u>	<u>100</u>

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

TECHNOLOGY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 26)	\$ 19,520,219	100	\$ 14,601,031	100
OPERATING COST (Notes 9 and 26)	<u>11,518,107</u>	<u>59</u>	<u>7,792,791</u>	<u>54</u>
GROSS PROFIT	<u>8,002,112</u>	<u>41</u>	<u>6,808,240</u>	<u>46</u>
OPERATING EXPENSES (Notes 22 and 26)				
Selling expenses	243,187	1	201,433	1
General and administrative expenses	847,873	4	663,902	5
Research and development expenses	3,948,546	20	3,346,321	23
Expected credit loss (gains)	<u>(5,089)</u>	<u>-</u>	<u>6,147</u>	<u>-</u>
Total operating expenses	<u>5,034,517</u>	<u>25</u>	<u>4,217,803</u>	<u>29</u>
PROFIT FROM OPERATIONS	<u>2,967,595</u>	<u>16</u>	<u>2,590,437</u>	<u>17</u>
NON-OPERATING INCOME AND EXPENSES (Note 26)				
Finance costs	(18,499)	-	(24,870)	-
Share of (loss) profit of subsidiaries and associates accounted for using equity method	1,579,503	8	691,264	5
Interest income	74,629	1	10,748	-
Dividend income	67,222	-	62,070	-
Other gains and losses	18,679	-	(47,456)	-
Gains (losses) on disposal of property, plant and equipment	6,906	-	95	-
Foreign exchange gains (losses)	183,340	1	(8,646)	-
Gains (losses) on financial assets at fair value through profit or loss	<u>(133,064)</u>	<u>(1)</u>	<u>16,110</u>	<u>-</u>
Total non-operating income and expenses	<u>1,778,716</u>	<u>9</u>	<u>699,315</u>	<u>5</u>
PROFIT BEFORE INCOME TAX	4,746,311	25	3,289,752	22
INCOME TAX EXPENSE (Notes 4 and 21)	<u>(525,538)</u>	<u>(3)</u>	<u>(349,000)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>4,220,773</u>	<u>22</u>	<u>2,940,752</u>	<u>20</u>

(Continued)

NUVOTON TECHNOLOGY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	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 18)	\$ 73,185	-	\$ (30,313)	-
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	(46,010)	-	188,301	1
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	(177,220)	(1)	774,107	5
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>39,330</u>	<u>-</u>	<u>(916,589)</u>	<u>(6)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(110,715)</u>	<u>(1)</u>	<u>15,506</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 4,110,058</u>	<u>21</u>	<u>\$ 2,956,258</u>	<u>20</u>
EARNINGS PER SHARE (Notes 4 and 23)				
From continuing operations				
Basic	<u>\$ 10.06</u>		<u>\$ 7.27</u>	
Diluted	<u>\$ 9.99</u>		<u>\$ 6.99</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, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

	Ordinary Share	Certificates of Bond-to-Stock Conversion	Capital Surplus	Retained Earnings		Other Equity		Total Equity
				Legal 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, 2021	\$ 3,759,616	\$ 124,320	\$ 5,796,731	\$ 596,905	\$ 1,103,083	\$ (128,352)	\$ 269,065	\$ 11,521,368
Appropriation of 2020 earnings (Note 20)								
Legal reserve	-	-	-	58,610	(58,610)	-	-	-
Cash dividends	-	-	-	-	(311,733)	-	-	(311,733)
Total appropriation earnings	-	-	-	58,610	(370,343)	-	-	(311,733)
Net profit for the year ended December 31, 2021	-	-	-	-	2,940,752	-	-	2,940,752
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(48,395)	(916,589)	980,490	15,506
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	2,892,357	(916,589)	980,490	2,956,258
Adjustments to share of changes in equities of associates	-	-	190,237	-	-	-	-	190,237
Convertible bonds converted to ordinary shares (Note 20)	412,485	(98,768)	884,833	-	-	-	-	1,198,550
Dividends from claims extinguished by prescriptions	-	-	10	-	-	-	-	10
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 20)	-	-	-	-	138,095	-	(138,095)	-
BALANCE AT DECEMBER 31, 2021	<u>4,172,101</u>	<u>25,552</u>	<u>6,871,811</u>	<u>655,515</u>	<u>3,763,192</u>	<u>(1,044,941)</u>	<u>1,111,460</u>	<u>15,554,690</u>
Appropriation of 2021 earnings (Note 20)								
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 20)	25,552	(25,552)	-	-	-	-	-	-
Dividends from claims extinguished by prescriptions	-	-	16	-	-	-	-	16
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 20)	-	-	-	-	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>\$ 6,248,877</u>	<u>\$ (1,005,611)</u>	<u>\$ 294,632</u>	<u>\$ 17,565,938</u>

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

NUVOTON TECHNOLOGY CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 4,746,311	\$ 3,289,752
Adjustments for:		
Depreciation expense	228,173	236,575
Amortization expense	236,293	192,134
Expected credit loss (gain) recognized on accounts receivable	(5,089)	6,147
Finance costs	18,499	24,870
Interest income	(74,629)	(10,748)
Dividend income	(67,222)	(62,070)
Share of profit (loss) of subsidiaries and associates accounted for using equity method	(1,579,503)	(691,264)
Unrealized gain (loss)	(3,753)	9,133
(Gains) losses on disposal of property, plant and equipment	(6,906)	(95)
Gain on lease modification	(9)	-
Changes in operating assets and liabilities		
(Increase) decrease in financial assets at fair value through profit or loss	(96)	(7,627)
(Increase) decrease in accounts receivable	144,081	(261,621)
(Increase) decrease in accounts receivable from related parties	(145,742)	(46,522)
(Increase) decrease in other receivables	(19,013)	(45,945)
(Increase) decrease in inventories	(515,548)	(723,828)
(Increase) decrease in other current assets	(121,777)	(112,948)
Increase (decrease) in accounts payable	(597,073)	132,989
Increase (decrease) in accounts payable to related parties	585,283	87,195
Increase (decrease) in other payables	(19,554)	676,823
Increase (decrease) in provisions	-	(316,438)
Increase (decrease) in other current liabilities	(121,186)	(9,252)
Increase (decrease) in net defined benefit liabilities	(3,345)	(2,280)
Cash flows generated by (used in) operations	2,678,195	2,364,980
Income tax paid	(463,578)	(136,018)
Interest paid	(18,344)	(17,666)
Interest received	72,338	7,999
Dividend received	67,222	62,070
Net cash flows generated from (used in) operating activities	<u>2,335,833</u>	<u>2,281,365</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	1,000	4,500
Acquisition of financial assets at fair value through profit or loss	(45,000)	(69,763)
Acquisition of investments accounted for using equity method	-	(144,389)
Dividends received from investments accounted for using equity method	5,262	2,918
Decrease in payable for investment	(362,643)	-
Acquisition of property, plant and equipment	(161,571)	(141,298)

(Continued)

NUVOTON TECHNOLOGY CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
Proceeds from disposal of property, plant and equipment	\$ 13,866	\$ 95
Acquisition of intangible assets	(254,708)	(155,147)
(Increase) decrease in refundable deposits paid	<u>(202,733)</u>	<u>528,989</u>
Net cash flows generated from (used in) investing activities	<u>(1,006,527)</u>	<u>25,905</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from guarantee deposits received	655,388	1,902,861
Repayments of the principal portion of lease liabilities	(53,148)	(56,063)
Dividends paid to owners of the Company	<u>(2,098,826)</u>	<u>(311,733)</u>
Net cash flows generated from (used in) financing activities	<u>(1,496,586)</u>	<u>1,535,065</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(167,280)	3,842,335
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>7,519,937</u>	<u>3,677,602</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 7,352,657</u>	<u>\$ 7,519,937</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, 2022 AND 2021

(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, 2022 and 2021.

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 14, 2023.

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

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

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

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

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

As of the date the 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 measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was determined. Exchange differences arising from the retranslation of non-monetary items measured at fair value are included in profit or loss for the period at the rates prevailing at the end of reporting 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 case, 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 using 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 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 25 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.

d. Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

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. 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.

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.

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

Net defined benefit liabilities represent the actual deficit in the 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.

Share-based Payment Arrangements

Cash-settled share-based payment is a liability in which the entity receives goods or services and the fair value of the amount payable is initially measured at cost. The amount is rereasured at each reporting date and at settlement based on the fair value. Any changes in the liabilities are recognized in profit or loss, with a corresponding adjustment to capital surplus - employee share options.

Taxation

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

a. Current tax

According to the Income Tax Law, an additional tax on unappropriated earnings is provided for as income tax 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 financial statements and the corresponding tax bases used in the computation of taxable profit and it is rereasured 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

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Cash and cash in bank	\$ 7,302,657	\$ 7,044,937
Repurchase agreements collateralized by bonds	<u>50,000</u>	<u>475,000</u>
	<u>\$ 7,352,657</u>	<u>\$ 7,519,937</u>

Please refer to Note 27 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

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Financial assets - current</u>		
Held for trading		
Foreign exchange forward contracts	<u>\$ 169</u>	<u>\$ 1,631</u>
<u>Financial assets - non-current</u>		
Mandatorily measures at FVTPL		
Foreign warrants	<u>\$ 121,775</u>	<u>\$ 69,200</u>
<u>Financial liabilities - current</u>		
Held for trading		
Foreign exchange forward contracts	<u>\$ 6,017</u>	<u>\$ -</u>

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, 2022</u>			
Sell forward exchange contracts	USD/NTD	2023.01.06-2023.03.03	USD30,000/NTD915,452
<u>December 31, 2021</u>			
Sell forward exchange contracts	USD/NTD	2022.01.06-2022.01.27	USD18,000/NTD499,871

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	
	2022	2021
<u>Accounts receivable (including related parties)</u>		
At amortized cost		
Gross carrying amount	\$ 1,151,119	\$ 1,232,519
Less: Allowance for impairment loss	<u>(19,086)</u>	<u>(24,175)</u>
	<u>\$ 1,132,033</u>	<u>\$ 1,208,344</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, 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>

December 31, 2021

	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	\$ 1,210,149	\$ 22,370	\$ -	\$ -	\$ -	\$ 1,232,519
Loss allowance (lifetime ECL)	<u>(23,728)</u>	<u>(447)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,175)</u>
Amortized cost	<u>\$ 1,186,421</u>	<u>\$ 21,923</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,208,344</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 24,175	\$ 18,028
Expected credit loss recognized (reversed)	<u>(5,089)</u>	<u>6,147</u>
Balance at December 31	<u>\$ 19,086</u>	<u>\$ 24,175</u>

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

9. INVENTORIES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Raw materials and supplies	\$ 231,211	\$ 169,848
Work-in-process	2,151,861	1,529,944
Finished goods	748,712	903,303
Inventories in transit	<u>267</u>	<u>13,408</u>
	<u>\$ 3,132,051</u>	<u>\$ 2,616,503</u>

The operating cost for the years ended December 31, 2022 and 2021 was NT\$11,518,107 thousand and NT\$7,792,791 thousand, respectively. The inventory write-downs, obsolescence and disposal of inventories for the years ended December 31, 2022 and 2021 were NT\$196,152 thousand and NT\$5,656 thousand, respectively.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments at FVTOCI:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Listed shares and emerging market shares		
Brightek Optoelectronic Co., Ltd.	\$ 919	\$ 1,933
Unlisted shares		
United Industrial Gases Co., Ltd.	492,800	598,400
Yu-Ji Venture Capital Co., Ltd.	9,844	10,840
Autotalks Ltd. - Preferred E. Share	<u>614,200</u>	<u>553,600</u>
	<u>\$ 1,117,763</u>	<u>\$ 1,164,773</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 Company's strategy of holding these investments for long-term purposes.

The Company recognized dividends of NT\$67,222 thousand and NT\$62,070 thousand during 2022 and 2021, respectively.

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2022	2021
Investments in subsidiaries	<u>\$ 11,185,353</u>	<u>\$ 9,633,744</u>

	December 31			
	2022		2021	
	Carrying Value	Percentage of Ownership	Carrying Value	Percentage of Ownership
<u>Non-listed companies</u>				
Marketplace Management Ltd. ("MML")	\$ 285,197	100	\$ 298,146	100
Nuvoton Technology Corporation America ("NTCA")	210,631	100	180,225	100
Nuvoton Investment Holding Ltd. ("NIH")	368,652	100	360,342	100
Nuvoton Electronics Technology (H.K.) Limited ("NTHK")	611,146	100	508,077	100
Song Yong Investment Corporation ("SYI")	147,758	100	277,340	100
Nuvoton Technology India Private Ltd. ("NTIPL")	21,647	100	20,532	100
Nuvoton Technology Holdings Japan ("NTHJ")	7,567,843	100	6,370,802	100
Nuvoton Technology Singapore Pte. Ltd. ("NTSG")	1,959,771	100	1,607,079	100
Nuvoton Technology Korea Limited ("NTKL")	<u>12,708</u>	100	<u>11,201</u>	100
	<u>\$ 11,185,353</u>		<u>\$ 9,633,744</u>	

12. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2022	2021
Buildings	\$ 195,504	\$ 194,776
Machinery and equipment	398,675	408,606
Other equipment	27,370	28,601
Construction in progress and prepayments for purchase of equipment	<u>12,460</u>	<u>5,130</u>
	<u>\$ 634,009</u>	<u>\$ 637,113</u>

	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments for Purchase of Equipment	Total
<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>-</u>	<u>14,873,286</u>
Carrying amount at December 31, 2022	<u>\$ 195,504</u>	<u>\$ 398,675</u>	<u>\$ 27,370</u>	<u>\$ 12,460</u>	<u>\$ 634,009</u>
<u>Cost</u>					
Balance at January 1, 2021	\$ 3,698,880	\$ 11,444,709	\$ 202,659	\$ 527	\$ 15,346,775
Additions	15,439	114,987	8,690	6,058	145,174
Disposals	(1,160)	(36,960)	-	-	(38,120)
Reclassified	3,095	(1,640)	-	(1,455)	-
Balance at December 31, 2021	<u>3,716,254</u>	<u>11,521,096</u>	<u>211,349</u>	<u>5,130</u>	<u>15,453,829</u>
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2021	3,495,335	11,012,013	170,066	-	14,677,414
Disposals	(1,160)	(36,960)	-	-	(38,120)
Depreciation expense	27,224	137,516	12,682	-	177,422
Reclassified	79	(79)	-	-	-
Balance at December 31, 2021	<u>3,521,478</u>	<u>11,112,490</u>	<u>182,748</u>	<u>-</u>	<u>14,816,716</u>
Carrying amount at December 31, 2021	<u>\$ 194,776</u>	<u>\$ 408,606</u>	<u>\$ 28,601</u>	<u>\$ 5,130</u>	<u>\$ 637,113</u>

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Carrying amounts</u>		
Land	\$ 150,211	\$ 173,211
Buildings	23,372	51,862
Other equipment	<u>4,065</u>	<u>8,284</u>
	<u>\$ 177,648</u>	<u>\$ 233,357</u>
For the Year Ended December		
	31	
	<u>2022</u>	<u>2021</u>
Additions to right-of-use assets	<u>\$ 3,672</u>	<u>\$ -</u>
Depreciation for right-of-use assets		
Land	\$ 25,170	\$ 25,055
Buildings	27,815	28,612
Other equipment	<u>4,875</u>	<u>5,486</u>
	<u>\$ 57,860</u>	<u>\$ 59,153</u>
Income from the subleasing of right-of-use assets (presented in other income)	<u>\$ 5,994</u>	<u>\$ 6,056</u>

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amounts</u>		
Current	<u>\$ 38,766</u>	<u>\$ 53,407</u>
Non-current	<u>\$ 115,528</u>	<u>\$ 151,966</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2022	2021
Land	1.76%-2.06%	1.76%-2.06%
Buildings	0.96%-1.61%	0.79%-1.61%
Other equipment	0.88%-1.09%	1.07%-1.09%

For the years ended December 31, 2022 and 2021, the interest expense under lease liabilities amounted to NT\$2,912 thousand and NT\$3,751 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 26 to the financial statements).

The Company leased some of the offices part in Taiwan, and the lease terms will expire between 2022 and 2024 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	
	2022	2021
Year 1	\$ 6,116	\$ 6,509
Year 2	5,427	2,140
Year 3	4,101	60
Year 4	-	-
Year 5	-	-
Year 6 onwards	-	-
	<u>\$ 15,644</u>	<u>\$ 8,709</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	
	2022	2021
Expenses relating to short-term leases	\$ 2,681	\$ 14,618
Total cash outflow for leases	<u>\$ (58,814)</u>	<u>\$ (74,548)</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		
	2022	2021	
Deferred technical assets	\$ 475,993	\$ 515,407	
Other intangible assets	<u>99,894</u>	<u>130,285</u>	
	<u>\$ 575,887</u>	<u>\$ 645,692</u>	
	Deferred Technical Assets	Other Intangible Assets	Total
<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 amount at December 31, 2022	<u>\$ 475,993</u>	<u>\$ 99,894</u>	<u>\$ 575,887</u>
<u>Cost</u>			
Balance at January 1, 2021	\$ 1,476,718	\$ 96,272	\$ 1,572,990
Additions	<u>204,467</u>	<u>71,500</u>	<u>275,967</u>
Balance at December 31, 2021	<u>1,681,185</u>	<u>167,772</u>	<u>1,848,957</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2021	999,966	11,165	1,011,131
Amortization expense	<u>165,812</u>	<u>26,322</u>	<u>192,134</u>
Balance at December 31, 2021	<u>1,165,778</u>	<u>37,487</u>	<u>1,203,265</u>
Carrying amount at December 31, 2021	<u>\$ 515,407</u>	<u>\$ 130,285</u>	<u>\$ 645,692</u>

15. BONDS PAYABLE

	<u>December 31</u>	
	2022	2021
Unsecured domestic convertible bonds	\$ _____-	\$ _____-

In May 2020, the Company issued 20 thousand units, \$100,000 per unit, maturity after 7 years, 0% NTD-denominated unsecured convertible bonds, with an aggregate principal amount of NT\$2,000,000 thousand. The terms of issuance, amounts and interest rate as follows:

- a. The conversion price was set at NT\$39.9 per share at the time of issuance. When meeting certain criteria, adjustments on the conversion price are made in accordance with the terms and conditions. Since the Company distributed cash dividends in August 2021, the conversion price should be adjusted according to issuance and conversion measures, the conversion price was adjusted to NT\$38 since August 22, 2021. All convertible bonds were converted into ordinary shares as of December 31, 2021.
- b. After the first three months of the issuance and forty days before the maturity date, if the closing price of the Company's common shares listed on the Taiwan Stock Exchange exceeds or equals 30% of the conversion price or the outstanding balance of the bonds is less than 10% in principal amount of the bonds originally outstanding for thirty consecutive business days, the Company may redeem the bonds in cash at the principal amount.
- c. After the bonds has been issued for over five years, the bondholders may request the Company to redeem the bonds at 106.41% of the principal amount (annual rate of return 1.25%).
- d. Except for the bonds that have been redeemed, sold back, converted or bought back by the Company in the market, the principal will be repaid in cash upon maturity at a rate of 109.09% (annual rate of return 1.25% upon maturity).

16. BORROWINGS

Long-term Borrowings

	Period	Interest Rate	<u>December 31</u>	
			2022	2021
<u>Unsecured borrowings</u>				
The Export-Import Bank of ROC	2019.09.20-2026.09.21	0.92%-1.34%	\$ 500,000	\$ 500,000
The Export-Import Bank of ROC	2020.08.25-2027.08.25	0.92%-1.34%	<u>1,000,000</u>	<u>1,000,000</u>
			1,500,000	<u>\$ 1,500,000</u>
Less: Current portion			<u>(71,429)</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.

17. OTHER PAYABLES

	December 31	
	2022	2021
Payable for salaries or employee benefits	\$ 1,040,620	\$ 1,019,626
Payable for royalties	416,519	473,483
Payable for subsidiaries service fees (Note 26)	118,145	195,387
Payable for software	103,817	61,983
Payable for purchase of equipment	72,731	60,133
Payable for investment	-	285,923
Others	<u>334,770</u>	<u>336,169</u>
	<u>\$ 2,086,602</u>	<u>\$ 2,432,704</u>

18. 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 2022 and 2021, 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	
	2022	2021
Present value of defined benefit obligation	\$ 937,625	\$ 990,835
Fair value of plan assets	<u>(701,137)</u>	<u>(677,817)</u>
Net defined benefit liabilities	<u>\$ 236,488</u>	<u>\$ 313,018</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, 2021	<u>\$ 985,752</u>	<u>\$ (700,767)</u>	<u>\$ 284,985</u>
Service cost			
Current service cost	7,679	-	7,679
Net interest expense (income)	<u>3,833</u>	<u>(2,716)</u>	<u>1,117</u>
Recognized in profit or loss	<u>11,512</u>	<u>(2,716)</u>	<u>8,796</u>
Remeasurement			
Actuarial (gain) loss - the discount rate greater (less) than the realized rate of return	-	(9,903)	(9,903)
Actuarial (gain) loss - changes in demographic assumptions	16,877	-	16,877
Actuarial (gain) loss - changes in financial assumptions	15,538	-	15,538
Actuarial (gain) loss - experience adjustments	<u>7,801</u>	<u>-</u>	<u>7,801</u>
Recognized in other comprehensive income	<u>40,216</u>	<u>(9,903)</u>	<u>30,313</u>
Contributions from the employer	-	(11,076)	(11,076)
Benefits paid	<u>(46,645)</u>	<u>46,645</u>	<u>-</u>
Balance at December 31, 2021	<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>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Asset)
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>

(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	
	2022	2021
Analysis by function		
Operating cost	\$ 4,339	\$ 4,621
Selling expenses	122	101
General and administrative expenses	641	729
Research and development expenses	<u>3,245</u>	<u>3,345</u>
	<u>\$ 8,347</u>	<u>\$ 8,796</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	
	2022	2021
Discount rate(s)	1.8%	0.7%
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	
	2022	2021
Discount rate(s)		
0.25% increase	<u>\$ (16,996)</u>	<u>\$ (19,979)</u>
0.25% decrease	<u>\$ 17,486</u>	<u>\$ 20,603</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 17,380</u>	<u>\$ 20,253</u>
0.25% decrease	<u>\$ (16,976)</u>	<u>\$ (19,744)</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	
	2022	2021
Expected contributions to the plans for the next year	<u>\$ 12,807</u>	<u>\$ 11,298</u>
Average duration of the defined benefit obligation	7.5 years	8.2 years

19. GUARANTEE DEPOSITS

	December 31	
	2022	2021
Capacity guarantee	\$ 2,294,914	\$ 1,879,725
Others	<u>16,437</u>	<u>37,680</u>
	<u>\$ 2,311,351</u>	<u>\$ 1,917,405</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.

20. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2022	2021
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>417,210</u>
Shares issued and fully paid	<u>\$ 4,197,653</u>	<u>\$ 4,172,101</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, all ordinary shares issuance has been registered.

As of December 31, 2022 and 2021, the balance of the Company's capital account amounted to NT\$4,197,653 thousand and NT\$4,172,101 thousand, divided into 419,765 thousand ordinary shares and 417,210 thousand ordinary shares with a par value of NT\$10.

b. Capital surplus

	December 31	
	2022	2021
May be used to offset a deficit, distributed as cash dividends, or <u>transferred to share capital*</u>		
Additional paid-in capital	\$ 5,088,159	\$ 5,088,159
Conversion of bonds	1,481,180	1,481,180
Employee share options	13	13
Cash capital increase reserved for employee share options	112,160	112,160
<u>May only be used to offset a deficit</u>		
Overdue dividends unclaimed	78	62
Share of changes in capital surplus of associates or joint ventures (disposals of subsidiaries)	<u>190,237</u>	<u>190,237</u>
	<u>\$ 6,871,827</u>	<u>\$ 6,871,811</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 22 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 2021 and 2020 were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For Year	For Year	For Year	For Year
	2021	2020	2021	2020
Legal reserve	\$ 303,045	\$ 58,610		
Cash dividends	<u>2,098,826</u>	<u>311,733</u>	\$ 5.00	\$ 0.76
	<u>\$ 2,401,871</u>	<u>\$ 370,343</u>		

Except for the cash dividends were distributed by the Company's board meeting on and March 15, 2022 and March 16, 2021, 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 June 2, 2022 and August 20, 2021, respectively.

The appropriation of earnings for 2022 was not initiated in the Company's board meeting on February 14, 2023,

d. Other equity items

- 1) The exchange differences arising on translation of foreign operations' net assets from its functional currency to the Group's presentation currency (New Taiwan dollar) are recognized directly in other comprehensive income. For the years ended December 31, 2022 and 2021, other comprehensive gains (losses) was NT\$39,330 thousand and NT\$(916,589) thousand, respectively.

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 1,111,460	\$ 269,065
Recognized for the year	(253,744)	980,490
Cumulative unrealized gains (losses) of equity instruments transferred to retained earnings due to disposal	<u>(563,084)</u>	<u>(138,095)</u>
Balance at December 31	<u>\$ 294,632</u>	<u>\$ 1,111,460</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.

21. 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	
	2022	2021
Current tax		
In respect of the current year	\$ 615,000	\$ 321,000
Adjustment for prior years' tax and effects of estimated difference	2,538	-
Deferred tax		
In respect of the current year	<u>(92,000)</u>	<u>28,000</u>
Income tax expense recognized in profit or loss	<u>\$ 525,538</u>	<u>\$ 349,000</u>

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

	For the Year Ended December 31	
	2022	2021
Income tax expense from continuing operations at the statutory rate	\$ 949,000	\$ 658,000
Tax effect of adjustment item		
Permanent differences	(13,000)	(12,000)
Others	<u>(305,000)</u>	<u>(169,000)</u>
Current income tax	631,000	477,000
Unused investment credits	(108,000)	(128,000)
Adjustment for prior year's income tax	<u>2,538</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 525,538</u>	<u>\$ 349,000</u>

c. Current tax liabilities

	December 31	
	2022	2021
Income tax payable	<u>\$ 456,801</u>	<u>\$ 354,332</u>

d. Deferred tax assets

	December 31	
	2022	2021
Deferred tax assets		
Allowance for inventory valuation and obsolescence loss and others	<u>\$ 137,000</u>	<u>\$ 45,000</u>

e. Income tax assessments

The Company's tax returns through 2020 have been examined 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.

22. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION

	For the Year Ended December 31					
	2022			2021		
	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	\$ 1,052,760	\$ 2,017,543	\$ 3,070,303	\$ 917,626	\$ 1,782,812	\$ 2,700,438
Post-employment benefits	32,673	58,344	91,017	30,715	55,286	86,001
Remuneration to directors	-	58,958	58,958	-	37,984	37,984
Depreciation	134,398	93,775	228,173	138,453	98,122	236,575
Amortization	-	236,293	236,293	19,242	172,892	192,134

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 years ended December 31, 2022 and 2021, 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

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, 2021 and 2020,

which were approved by the Company's board of directors on February 10, 2022 and February 18, 2021, respectively, were as below:

	For the Year Ended December 31			
	2021		2020	
	Amount	%	Amount	%
Employees' cash compensation	\$ 212,242	6	\$ 42,422	6
Remuneration of directors	35,374	1	7,070	1

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.

23. 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					
	2022			2021		
	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	\$ 4,220,773			\$ 2,940,752		
Basic earnings per share						
Net profit attributed to owners of the Company	4,220,773	419,765	\$ 10.06	2,940,752	404,370	\$ 7.27
Effect of potentially dilutive ordinary shares						
Employees' compensation	-	2,829		-	1,629	
Convertible bonds	-	-		5,856	15,395	
Diluted earnings per share						
Net profit attributed to owners of the Company	<u>\$ 4,220,773</u>	<u>422,594</u>	<u>\$ 9.99</u>	<u>\$ 2,946,608</u>	<u>421,394</u>	<u>\$ 6.99</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.

24. 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.

25. FINANCIAL INSTRUMENT

a. Categories of financial instruments

	December 31			
	2022		2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial assets</u>				
Financial assets at amortized cost (Note 1)	\$ 8,855,244	\$ 8,855,244	\$ 8,926,289	\$ 8,926,289
Financial assets at FVTPL				
Derivative financial assets	121,944	121,944	70,831	70,831
Financial assets at FVTOCI				
Investment in equity instruments	1,117,763	1,117,763	1,164,773	1,164,773
<u>Financial liabilities</u>				
Financial liabilities at amortized cost (Note 2)	7,482,072	7,482,072	7,446,018	7,446,018
Financial liabilities at FVTPL				
Derivative financial liabilities	6,017	6,017	-	-

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, short-term loans, 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\$8,651 thousand and NT\$7,797 thousand for the years ended December 31, 2022 and 2021, respectively.

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

Fair value hierarchy

	December 31, 2022			Total
	Level 1	Level 2	Level 3	
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 169	\$ 121,775	\$ 121,944
<u>Financial assets at FVTOCI</u>				
Domestic listed shares and emerging market shares	\$ 919	\$ -	\$ -	\$ 919
Domestic and overseas unlisted shares	\$ -	\$ -	\$ 1,116,844	\$ 1,116,844
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	\$ -	\$ 6,017	\$ -	\$ 6,017
	December 31, 2021			Total
	Level 1	Level 2	Level 3	
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 1,631	\$ 69,200	\$ 70,831
<u>Financial assets at FVTOCI</u>				
Domestic listed shares and emerging market shares	\$ 1,933	\$ -	\$ -	\$ 1,933
Domestic and overseas unlisted shares	\$ -	\$ -	\$ 1,162,840	\$ 1,162,840

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, 2022 and 2021 were as follows:

	For the Year Ended December	
	31	
	2022	2021
Balance at January 1	\$ 1,232,040	\$ 980,079
Additions	45,000	69,763
Proceeds from capital reduction of investments	(1,000)	(4,500)
Recognized in other comprehensive income	(44,996)	187,261
Recognized in profit or loss	<u>7,575</u>	<u>(563)</u>
Balance at December 31	<u>\$ 1,238,619</u>	<u>\$ 1,232,040</u>

c. Financial risk management objectives and policies

The Company seeks to minimize the effects of financial risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the 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\$5,609 thousand decrease and NT\$9,590 thousand decrease for the years ended December 31, 2022 and 2021, 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	
	2022	2021
Cash flow interest rate risk		
Financial assets	\$ 5,713	\$ 5,713
Financial liabilities	1,500,000	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, 2022 and 2021 would have both increased by NT\$14,943 thousand.

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, 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
<u>Non-derivative financial liabilities</u>				
Lease liabilities	<u>\$ 77,187</u>	<u>\$ 74,658</u>	<u>\$ 7,949</u>	<u>\$ 159,794</u>

	December 31, 2021			Total
	Within 1 Year	1-2 Years	Over 2 Years	
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 4,028,613	\$ -	\$ -	\$ 4,028,613
Lease liabilities	56,303	41,086	117,515	214,904
Variable interest rate liabilities	-	-	1,500,000	1,500,000
	<u>\$ 4,084,916</u>	<u>\$ 41,086</u>	<u>\$ 1,617,515</u>	<u>\$ 5,743,517</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>\$ 97,389</u>	<u>\$ 85,895</u>	<u>\$ 31,620</u>	<u>\$ 214,904</u>

26. 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
Atfields Manufacturing Technology Corp. (AMTC)	Subsidiary
Winbond Electronics Corporation Japan (“WECJ”)	Associate
Miraxia Edge Technology Corporation (METC)	Associate
Callisto Holding Limited	Associate
Glorystone Inc.	Related party in substance
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

b. Operating activities

	For the Year Ended December 31	
	2022	2021
1) Operating revenue		
Subsidiary		
NTHK	\$ 8,079,378	\$ 5,223,300
Others	280,080	181,243
Related party in substance	229,477	264,475
Associate	<u>149,014</u>	<u>81,343</u>
	<u>\$ 8,738,149</u>	<u>\$ 5,750,361</u>
2) Purchases of goods		
Subsidiary		
NTCJ	\$ 1,961,416	\$ 292,813
Others	335,654	165
Parent company	173,354	368,505
Related party in substance		
Waltech	<u>1,045,764</u>	<u>20,287</u>
	<u>\$ 3,516,188</u>	<u>\$ 681,770</u>
3) Manufacturing expenses		
Parent company	\$ 1,088	\$ 671
Related party in substance	<u>-</u>	<u>12,193</u>
	<u>\$ 1,088</u>	<u>\$ 12,864</u>
4) Operating expenses		
Subsidiary		
NTIL	\$ 1,136,241	\$ 989,897
Others	457,673	293,676
Parent company	75,958	39,065
Related party in substance	10,780	10,880
Associate	<u>4,854</u>	<u>2,752</u>
	<u>\$ 1,685,506</u>	<u>\$ 1,336,270</u>
5) Dividend income		
Related party in substance		
United Industrial Gases Co., Ltd.	<u>\$ 67,118</u>	<u>\$ 62,000</u>

	December 31	
	2022	2021
6) Accounts receivable from related parties		
Subsidiary		
NTHK	\$ 141,110	\$ 36,138
NTCA	108,679	41,732
Others	17	5,077
Related party in substance	15,723	52,417
Associate		
WECJ	<u>33,052</u>	<u>17,475</u>
	<u>\$ 298,581</u>	<u>\$ 152,839</u>
7) Other receivables		
Subsidiary		
NTCJ	\$ 7,575	\$ 14,009
NTSG	2,701	-
Others	78	78
Parent company	597	-
Associate	<u>353</u>	<u>5,223</u>
	<u>\$ 11,304</u>	<u>\$ 19,310</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		
Related party in substance		
Waltech	\$ 448,177	\$ 18,764
Subsidiary		
NTCJ	158,614	71,813
NTSG	84,359	-
Others	-	58
Parent company	<u>20,828</u>	<u>36,060</u>
	<u>\$ 711,978</u>	<u>\$ 126,695</u>

	December 31	
	2022	2021
10) Other payables		
Subsidiary	\$ 123,263	\$ 195,387
Parent company	48,200	20,466
Related party in substance	<u>1,042</u>	<u>-</u>
	<u>\$ 172,505</u>	<u>\$ 215,853</u>
11) Guarantee deposits		
Related party in substance		
Nyquest	\$ 250,594	\$ 225,869
Parent company	<u>545</u>	<u>545</u>
	<u>\$ 251,139</u>	<u>\$ 226,414</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	
	2022	2021
1) Lease liabilities		
Parent company	\$ 24,245	\$ 36,172
Related party in substance	<u>-</u>	<u>11,316</u>
	<u>\$ 24,245</u>	<u>\$ 47,488</u>
	For the Year Ended December 31	
	2022	2021
2) Finance costs		
Parent company	\$ 312	\$ 441
Related party in substance	<u>84</u>	<u>264</u>
	<u>\$ 396</u>	<u>\$ 705</u>

d. Lease arrangements - Company is lessor/sublease arrangements

Sublease arrangements under operating leases

For the year ended December 31, 2021, the Company subleases its assets under operating leases to WEC and SYI with lease terms 3 years.

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

	December 31	
	2022	2021
Parent company	\$ 340	\$ 67
Subsidiary	<u>6</u>	<u>-</u>
	<u>\$ 346</u>	<u>\$ 67</u>

2) Future lease payment receivables was as follows:

	December 31	
	2022	2021
Parent company	\$ 4,076	\$ 4,369
Subsidiary	<u>150</u>	<u>180</u>
	<u>\$ 4,226</u>	<u>\$ 4,549</u>

3) Lease income was as follows:

	For the Year Ended December 31	
	2022	2021
Parent company	\$ 4,041	\$ 4,198
Subsidiary	<u>60</u>	<u>60</u>
	<u>\$ 4,101</u>	<u>\$ 4,258</u>

e. 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, 2022, the Company will provide endorsement guarantees and property guarantees for NTCJ, for their financing to financial institutions.

f. Compensation of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 153,883	\$ 93,617
Post-employment benefits	<u>944</u>	<u>933</u>
	<u>\$ 154,827</u>	<u>\$ 94,550</u>

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

27. 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	
	2022	2021
Time deposits (accounted as refundable deposits)	\$ <u>107,227</u>	\$ <u>107,168</u>

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of the end of the reporting day, the Company had no significant contingent liabilities and unrecognized commitments.

29. OTHER ITEMS

The novel coronavirus (Covid-19) spreads all over the world, causing subsidiaries, customers and suppliers in some regions to implement quarantine and travel restrictions. The Company evaluated that there is no significant impact on the overall business operation and financial position of the Company. There are no concerns about the capability of the Company to be going concern, and the risk of assets impairment and fund raising.

30. 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					
	2022			2021		
	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	\$ 145,545	30.71	\$ 4,469,702	\$ 92,850	27.68	\$ 2,570,076
ILS	1,243	8.7301	10,855	9,513	8.8912	84,586
JPY	179,662	0.2324	41,753	315,372	0.2405	75,847
EUR	63	32.72	2,077	188	31.32	5,882
RMB	2,752	4.4080	12,133	1,202	4.344	5,221
Investments accounted for using equity method						
USD	90,843	30.71	2,789,786	83,359	27.68	2,307,371
INR	58,317	0.3712	21,647	55,193	0.3720	20,532
KRW	520,808	0.0244	12,708	480,736	0.0233	11,201
JPY	32,563,868	0.2324	7,567,843	26,489,821	0.2405	6,370,802
<u>Financial liabilities</u>						
Monetary items						
USD	125,858	30.71	3,865,095	116,770	27.68	3,232,183
ILS	10,532	8.7301	91,949	20,700	8.8912	184,048
JPY	56,304	0.2324	13,085	1,140,035	0.2405	274,179
EUR	164	32.72	5,397	325	31.32	10,186

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gains (losses) were NT\$183,430 thousand and NT\$(8,646) 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.

31. 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.

32. 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. f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.	Table 7

c. Information of major shareholders: Refer to Table 8 attached.

NUVOTON TECHNOLOGY CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED FOR THE YEAR ENDED DECEMBER 31, 2022

(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										
1	The Company	NTCJ	Subsidiary	\$ 17,565,938	\$ 2,080,810 (JPY 5,650,000) and (US\$ 25,000)	\$ 2,080,810 (JPY 5,650,000) and (US\$ 25,000)	\$ 659,040 (JPY 287,980) and (US\$ 19,281)	\$ -	11.85	\$ 17,565,938	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, 2022

(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				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	575,000	\$ 9,844	5	\$ 9,844	
	Brightek Optoelectronic Co., Ltd.	None	"	34,680	919	-	919	
	United Industrial Gases Co., Ltd.	The held company as the investee's director	"	8,800,000	492,800	4	492,800	
	Autotalks Ltd. - Preferred E. Share	None	"	3,932,816	614,200	9	614,200	
	<u>Warrants</u>							
	Autotalks Ltd.	None	Financial assets at fair value through profit and loss	-	76,775	-	76,775	
Allxon Inc.	None	"	-	45,000	-	45,000		
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	116,985	5	116,985	
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, 2022
(In Thousands of New Taiwan Dollars)**

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Relationship	April 1, 2022 (Note)		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
NTCJ	TPSCo.	Investments accounted for using equity method	TPSCo.	The Company's parent	14,700	\$ 1,289,679	30,919	\$ 358,772	-	\$ -	\$ -	Share of profit (loss) \$ 126,861 Cumulative translation differences 3,326 Unrealized profits and losses on transactions with associates (67,769)	45,619	\$ 1,710,869

Note: 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.

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, 2022

(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	\$ 8,079,378	41	Net 90 days from invoice date	N/A	N/A	\$141,110	12	
	NTCA	Subsidiary	Sales	262,269	1	Net 90 days from invoice date	N/A	N/A	108,679	9	
	WEC	Parent company	Purchases	173,354	2	Net 30 days from invoice date	N/A	N/A	(20,828)	1	
	WECJ	Associate	Sales	149,214	1	Net 90 days from invoice date	N/A	N/A	33,052	3	
	Nyquest	Related party in substance	Sales	229,401	1	Net 45 days from invoice date	N/A	N/A	15,704	1	
	NTSG	Subsidiary	Purchases	335,654	4	Net 15 days end of the month	N/A	N/A	(84,359)	5	
	NTCJ	Subsidiary	Purchases	1,961,416	24	Net 15 days end of the month	N/A	N/A	(158,632)	10	
	Waltech	Related party in substance	Purchases	1,045,764	13	Net 15 days end of the month	N/A	N/A	(448,177)	28	
	NTCA	The Company	Parent company	Purchases	US\$ 8,744	100	Net 90 days from invoice date	N/A	N/A	US\$ (3,539)	100
NTCJ	The Company	Parent company	Sales	US\$ 65,019	8	Net 15 days end of the month	N/A	N/A	US\$ 5,165	5	
NTHK	The Company	Parent company	Purchases	US\$ 271,014	100	Net 90 days from invoice date	N/A	N/A	US\$ (4,595)	100	
NTSG	The Company	Parent company	Sales	US\$ 10,791	3	Net 15 days end of the month	N/A	N/A	US\$ 2,741	9	
	NTCJ	Fellow subsidiary	Sales	US\$ 141,550	45	Net 10 days end of the month	N/A	N/A	US\$ 16,902	56	
NTCJ	NTSG	Fellow subsidiary	Purchases	JPY 19,356,022	37	Net 10 days end of the month	N/A	N/A	JPY (2,233,479)	25	
	NTSG	Fellow subsidiary	Sales	JPY 26,308,826	26	Net 10 days end of the month	N/A	N/A	JPY 1,871,831	14	
NTSG	NTCJ	Fellow subsidiary	Purchases	US\$ 202,508	69	Net 10 days end of the month	N/A	N/A	US\$ (14,165)	71	
NTCJ	TPSCo.	Associate	Purchases	JPY 20,139,308	39	Net 10 days end of the month	N/A	N/A	JPY (1,087,101)	12	
	Waltech	Related party in substance	Sales	JPY 13,025,750	13	Net 10 days end of the month	N/A	N/A	JPY 2,864,430	21	
NTSG	Waltech	Related party in substance	Sales	US\$ 7,786	3	Net 10 days end of the month	N/A	N/A	US\$ 619	2	
AMTC	TPSCo.	Associate	Sales	JPY 1,305,035	50	Net 10 days end of the month	N/A	N/A	JPY 138,201	62	

NUVOTON TECHNOLOGY CORPORATION

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022**

(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	\$ 141,110	91.16	\$ -	-	\$ 141,110	\$ -
	NTCA	Subsidiary	108,679	3.49	-	-	108,679	-
NTSG	NTCJ	Fellow subsidiary	US\$ 16,902	9.69	-	-	US\$ 16,902	-
NTCJ	NTSG	Fellow subsidiary	JPY1,871,831	14.11	-	-	JPY 1,871,831	-
	The Company	Parent company	US\$ 5,165	17.08	-	-	US\$ 5,165	-
	Waltech	Related party in substance	JPY2,864,430	4.91	-	-	JPY 2,864,430	-

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, 2022

(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
The Company	NTHK	Hong Kong	Sales of semiconductor	\$ 427,092	\$ 427,092	107,400,000	100	\$ 611,146	\$ 66,834	\$ 66,834	
	MML	British Virgin Islands	Investment holding	274,987	274,987	8,897,789	100	285,197	(17,224)	(17,224)	
	NIH	British Virgin Islands	Investment holding	590,953	590,953	17,960,000	100	368,652	(17,278)	(17,278)	
	SYI	Taiwan	Investment holding	38,500	38,500	3,850,000	100	147,758	14,445	14,445	
	NTIPL	India	Design, sales and service of semiconductor	30,211	30,211	600,000	100	21,647	1,186	1,186	
	NTCA	United States of America	Design, sales and service of semiconductor	190,862	190,862	60,500	100	210,631	10,280	10,280	
	NTSG	Singapore	Design, sales and service of semiconductor	1,319,054	1,319,054	45,100,000	100	1,959,771	168,131	168,131	
	NTKL	Korea	Design, sales and service of semiconductor	30,828	30,828	125,000	100	12,708	907	907	
	NTHJ	Japan	Investment holding	5,927,849	5,927,849	100	100	7,567,843	1,352,222	1,352,222	
	MML	GLLC	United States of America	Investment holding	1,473,559	1,473,559	-	100	285,197	(16,951)	(16,951)
NIH	NTIL	Israel	Design and service of semiconductor	46,905	46,905	1,000	100	294,012	(3,737)	(3,737)	
NTHJ	NTCJ	Japan	Design, sales and service of semiconductor	111,520	111,520	9,480	100	11,402,133	1,352,086	1,352,086	
NTCJ	AMTC	Japan	Design and service of semiconductor	55,760	55,760	4,000	100	233,534	91,737	91,737	
	TPSCo.	Japan	Foundry and sales of semiconductor	1,648,451	-	45,619	49	1,710,869	493,050	126,861	(Notes 1 and 2)

Note 1: Share of profit (loss) includes downstream and upstream transactions and the amortization cost of the difference between the original investment amount and equity.

Note 2: 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. Share of profit (loss) was recognized as from April 2022 for the period.

Note 3: 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, 2022 (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, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	% Ownership of Direct or Indirect Investment	Net Income of the Investee	Investment Gain (Note 1)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					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	\$ (16,630)	\$ (16,630)	\$ 287,961	\$ -
WENJ	Computer software service (except I.C. design)	16,429 (US\$ 500)	Through investing in MML in the third area in British Virgin Islands, which then invested in the investee in mainland China indirectly	16,429 (US\$ 500)	-	-	16,429 (US\$ 500)	100	-	-	(3,038) (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	4,749	4,749	228,552	-
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	(16)	(16)	8,207	-

Note 1: Investment profit or loss for the year ended December 31, 2022 was recognized under the basis of the financial statements audited by the Company's auditor.

Note 2: WENJ has a negative net book value as of December 31, 2022, which is reclassified to other non-current liabilities.

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

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

Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	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\$10,539,562

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

- 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.
- Handling endorsement, guarantee and collateral to the investee in Mainland China directly and indirectly through investing in companies in the third area: None.
- Financing of funds to investee in mainland China directly and indirectly through investing in companies in the third area: None.
- 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, 2022**

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.

VI. Financial difficulties and corporate events encountered by the Company and affiliates for the most recent year and up to the date of report that have material impact on the financial status of the Company: N/A

Chapter 5 Financial Position, Financial Performance and Risk Analysis

I. Analysis of financial status (consolidated)

Unit: NT\$1,000

Item\Year	2022	2021	Difference	
			Change (amount)	Change (%)
Current assets	24,115,127	22,000,452	2,114,675	10%
Property, plant and equipment	5,764,085	5,248,513	515,572	10%
Intangible assets	722,757	983,329	(260,572)	(26%)
Other assets	6,249,771	6,176,096	73,675	1%
Total assets	36,851,740	34,408,390	2,443,350	7%
Current liabilities	10,967,686	9,818,988	1,148,698	12%
Non-current liabilities	8,318,116	9,034,712	(716,596)	(8%)
Total liabilities	19,285,802	18,853,700	432,102	2%
Capital Stock	4,197,653	4,197,653	-	-
Capital surplus	6,871,827	6,871,811	16	-
Retained earnings	7,207,437	4,418,707	2,788,730	63%
Other interests	(710,979)	66,519	(777,498)	(1,169%)
Total equity	17,565,938	15,554,690	2,011,248	13%

Reasons for changes exceeding 20%:

1. Intangible assets: Mainly due to the disposal of intangible assets in 2022.
2. Retained earnings: Mainly due to increase in retained earnings was mainly due to increase in profits in 2022.
3. Other interests: Mainly due to the increase in unrealized losses of financial assets measured at fair value through other comprehensive gains and losses in 2022 and the disposal of financial assets measured at fair value through other comprehensive gains and losses.

II. Analysis of financial performance (consolidated)

Unit: NT\$1,000

Item\Year	2022	2021	Change (amount)	Percentage of change (%)
Operating revenue	41,872,426	41,455,957	416,469	1
Operating cost	<u>24,378,097</u>	<u>24,599,840</u>	(221,743)	(1)
Gross profit	17,494,329	16,856,117	638,212	4
Operating expenses	<u>13,016,420</u>	<u>13,528,974</u>	(512,554)	(4)
Operating profits	4,477,909	3,327,143	1,150,766	35
Non-operating income and expenses	<u>629,111</u>	<u>218,353</u>	<u>410,758</u>	188
Pre-tax profit	5,107,020	3,545,496	1,561,524	44
Income tax expense	<u>886,247</u>	<u>604,744</u>	<u>281,503</u>	47
Net profit of the term	4,220,773	2,940,752	1,280,021	44
Other comprehensive income of the term	(<u>110,715</u>)	<u>15,506</u>	(<u>126,221</u>)	(814)
Total comprehensive income of the term	<u>4,110,058</u>	<u>2,956,258</u>	<u>1,153,800</u>	39

Reasons for changes exceeding 20%:

1. Increase in operating profit, income tax expenses, and net profit for the current period: Mainly due to the strong demand for semiconductors in 2022.
2. Increase in non-operating income and expenses: Mainly due to the increase in interests in disposal of real estate, plant and equipment and interest in foreign currency exchange.
3. Decrease in other comprehensive income: Mainly due to the increase in unrealized appraisal losses on financial assets.

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
9,699,031	3,421,678	(2,722,524)	10,398,185	-	-

1. Analysis on the cash flow changes of the current year:
 - (1) Operating activities: Mainly due to operating profits in 2022.
 - (2) Investing activities: Mainly due to the increase in the amount of real estate, plant and equipment acquired in 2022.
 - (3) Financing activities: Mainly due to the increase in cash dividends issued in 2022 and short-term borrowings.
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\$ 3.194 billion, and net cash outflow due to investing and financing activities is estimated at NT\$ 4.945 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 2022, 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 provided endorsement and guarantee for financing and loans from financial institutions for its wholly-owned subsidiary due to the subsidiary's financing

needs for its operating activities in 2021. 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 2023 R&D expenditure for the preceding application products is estimated at NT\$10.2 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 or performing private placement of securities.

(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:

(1) Company N filed a patent infringement suit in the United States District Court for the District of Delaware against NTCA (excluding Nuvoton Technology) on November 24, 2021. Company N has applied to withdraw this suit in February 2022. The case is concluded.

With the exception of the aforementioned legal cases, there were no other major legal cases that involved the Company's Directors, Supervisors, President, de facto responsible person, or major shareholders holding more than 10% interest as of the date of this report.

(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

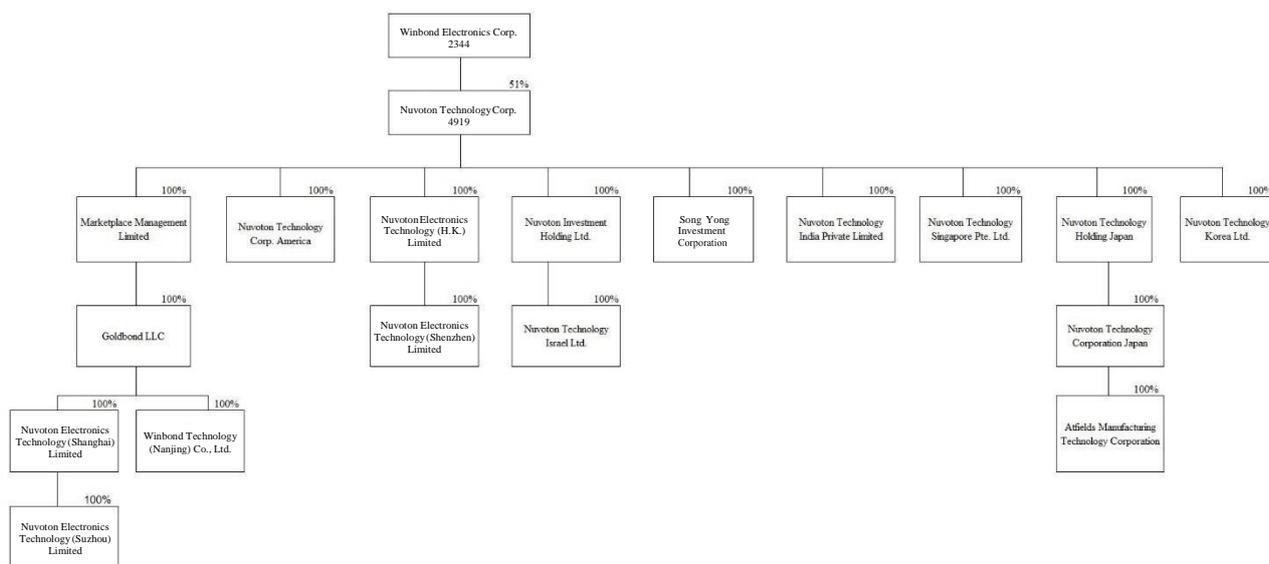
I. Profiles on affiliates and subsidiaries

(I) Consolidated Operation Report of Affiliates

1. Affiliate organization chart

Dec. 31, 2022

Affiliates organization chart



2. Profiles of affiliates

December 31, 2022; 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	39,800,002	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 and 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	USD8,898	Investment business
Goldbond LLC	2000.09.22	1912 Capitol Ave, Cheyenne, WY 82001	USD44,775	Investment business

Enterprise name	Date of establishment	Address	Paid-in capital	Main businesses/products
Nuvoton Electronics Technology (Shanghai) Limited	2001.03.30	Room 2701, 27F, 2299 Yan An Road (West), Shanghai, P.R. China	RMB16,555	Provide maintenance, test and related technical consulting services for products and solutions sold in Mainland China, and semiconductor equipment leases
Winbond Technology (Nanjing) Co., Ltd.	2005.09.21	Suite 413-40, Gao Xing Technology Industrial Development Zone Office Building, Nanjing, P.R. China	RMB4,046	Provides computer software services (excluding IC design)
Nuvoton Technology Corporation America	2008.05.01	251 Little Falls Drive, Wilmington, DE 19808, Delaware	USD6,050	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	HKD107,400	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	RMB46,434	Provides computer software services (excluding IC design), computer and peripheral equipment and software wholesales
Nuvoton Investment Holding Ltd.	2005.03.21	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD17,960	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
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
Atfields Manufacturing Technology Corporation	2000.03.01	800 Higashiyama, Uozu City, Toyama 937-8585, Japan	JPY200,000	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, 2022; Unit: shares

Enterprise name	Title	Name or representative	Shares held	
			No. of shares	Shareholding ratio
Winbond Electronics Corp.	Chairman	Yu-Cheng Chiao	63,472,995	2%
	Vice Chairman	Tung-Yi Chan	551,000	0%
	Director	Yung Chin	11,778,797	0%
	Independent Director	Francis Tsai	-	-
	Independent Director	Allen Hsu	-	-
	Independent Director	Jerry Hsu	-	-
	Independent Director	Ta-Chuan Cho	-	-
	Director	Wei-Hsin Ma	-	-
	Director	Chih-Chen Lin	-	-
	Director	Walsin Lihwa Corporation institutional representative - Wen-Hu Pan	883,848,423	22%
	Director	Chin Xin Investment Co., Ltd., institutional representative: Yuan-Mou Su	240,003,072	6%
President	Pei-Ming Chen	407,525	0%	
Nuvoton Technology Corp.	Chairman	Winbond Electronics Corp., institutional representative: Yuan-Mou Su	214,954,635	51%
	Vice Chairperson	Karen K Chiao	-	-
	Director	Yu-Cheng Chiao	-	-
	Director	Chin Xin Investment Co., Ltd., institutional representative: Jen-Lieh Lin	5,440,219	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	100%
	Director	Nuvoton Technology Corp., institutional representative: Hung-Wen Huang		
	Director	Nuvoton Technology Corp., institutional representative: Tung-Yi Chan		
Goldbond LLC	Managerial officer (Note 1)	Marketplace Management Limited, institutional representative: Yu-Cheng Chiao	Note 2	100%
	Managerial officer (Note 1)	Marketplace Management Limited, institutional representative -Jessica C. Huang		
	Managerial officer (Note 1)	Marketplace Management Limited, institutional representative -Hung-Wen Huang		
Nuvoton Electronics Technology (Shanghai) Limited	Chairman	Goldbond LLC, institutional representative: Hsi-Jung Tsai	Note 2	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		
President	Jou-Wei Fu	Note 2	-	
Winbond Technology (Nanjing) Co., Ltd.	Chairman	Goldbond LLC, institutional representative: Jen-Lieh Lin	Note 2	100%
	Director	Goldbond LLC, institutional representative: Hsu-Fen Lai		
	Director	Goldbond LLC, institutional representative: Hui-Jun Lai		
	President	Bosco Law		
Nuvoton Technology Corporation America	Chairman	Nuvoton Technology Corp., institutional representative -Yuan-Mou Su	60,500	100%
	Director	Nuvoton Technology Corp., institutional representative -Vivian Yeh		
	Director	Nuvoton Technology Corp., institutional representative -Aditya Raina		
	Director	Nuvoton Technology Corp., institutional representative -Hsu-Fen Lai		
	Director	Nuvoton Technology Corp., institutional representative -Meng-Chi Wu		
	Director	Nuvoton Technology Corp., institutional representative -Hirofumi Taguchi		
	Director	Nuvoton Technology Corp., institutional representative -Keiji Ito		
President	Aditya Raina	-	-	

Enterprise name	Title	Name or representative	Shares held	
			No. of shares	Shareholding ratio
Nuvoton Electronics Technology (H.K.) Limited	Chairman	Nuvoton Technology Corp., institutional representative -Karen K Chiao	107,400,000	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 2	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		
Nuvoton Investment Holding Ltd.	Director	Nuvoton Technology Corp., institutional representative-Yu-Cheng Chiao	17,960,000	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	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	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	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., institutional representative- Yu-Sung Cheng	45,100,000	100%
	Director	Nuvoton Technology Corp., institutional representative -Yue-Fang Zhong		
	Director	Nuvoton Technology Corp., institutional representative -Yi-Tsia Hsu		
	Director	Nuvoton Technology Corp., institutional representative -Meng-Chi Wu		
	Director	Nuvoton Technology Corp., institutional representative -Yoshitaka Kinoshita		
	President	Yi-Tsia Hsu		
Nuvoton Technology Korea Ltd.	Representative-Director	Nuvoton Technology Corp., institutional representative -Hsin-Lung Yang	125,000	100%
	Director	Nuvoton Technology Corp., institutional representative -Hsu-Fen Lai		
	Director	Nuvoton Technology Corp., institutional representative -Jen-Lieh Lin		
	Director	Nuvoton Technology Corp., institutional representative - Susumu Sawai		
	President	Ahn Jung Mo		
Nuvoton Technology Holdings Japan	Representative-Director	Nuvoton Technology Corp., institutional representative -Yu-Cheng Chiao	100	100%
	Director	Nuvoton Technology Corp., institutional representative -Yuan-Mou Su		
	Director	Nuvoton Technology Corp., institutional representative -Hsu-Fen Lai		
	President	Yoshitaka Kinoshita		

Enterprise name	Title	Name or representative	Shares held	
			No. of shares	Shareholding ratio
Nuvoton Technology Corporation Japan	Chairman	Nuvoton Technology Holdings Japan, legal person designee-Yuan-Mou Su	9,480	100%
	Director	Nuvoton Technology Holdings Japan, institutional representative-Kazuhiro Koyama		
	Director	Nuvoton Technology Holdings Japan, institutional representative-Susumu Sawai		
	Director	Nuvoton Technology Holdings Japan, institutional representative-Karen K Chiao		
	Director	Nuvoton Technology Holdings Japan, institutional representative-Hsu-Fen Lai		
	Director	Nuvoton Technology Holdings Japan, institutional representative-Yoshitaka Kinoshita		
	Director	Nuvoton Technology Holdings Japan, institutional representative-Mamoru Yoshida		
	Director	Nuvoton Technology Holdings Japan, institutional representative-Hsin-Lung Yang		
	Director	Nuvoton Technology Holdings Japan, institutional representative-Sakae Suzuki		
	Supervisor	Nuvoton Technology Holdings Japan, institutional representative-Akihiko Nishida		
	Supervisor	Nuvoton Technology Holdings Japan, institutional representative-Hiroshi Yasuda		
	President	Kazuhiro Koyama		
Atfields Manufacturing Technology Corporation	Director	Nuvoton Technology Corporation Japan, institutional representative-Daihei Kajiwara	4,000	100%
	Director	Nuvoton Technology Corporation Japan, institutional representative-Kazuhiro Koyama		
	Director	Nuvoton Technology Corporation Japan, institutional representative-Yu-Cheng Chiao		
	Director	Nuvoton Technology Corporation Japan, institutional representative-Min-Yi Tsai		
	Director	Nuvoton Technology Corporation Japan, institutional representative-Mao-Xiang Yan		
	Director	Nuvoton Technology Corporation Japan, institutional representative-Hiroshi Matsushima		
	Director	Nuvoton Technology Corporation Japan, institutional representative-Hiromasa Kurokawa		
	Supervisor	Nuvoton Technology Corporation Japan, institutional representative-Akio Nakagawa		
	President	Hiroshi Matsushima		
Songzhi Electronic Technology (Suzhou) Co., Ltd.	Chairman	Nuvoton Electronics Technology (Shanghai) Limited, institutional representative: Jessica C. Huang	Note 2	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 1: Goldbond LLC is a company with a manager system.

Note 2: Goldbond LLC, Nuvoton Electronics Technology (Shanghai) Limited, Winbond Technology (Nanjing) Co., Ltd. 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, 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, 2022; 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.	39,800,002	156,006,594	61,843,598	94,162,996	51,139,171	11,484,680	12,927,165	3.25
Nuvoton Technology Corp.	4,197,653	26,265,228	8,699,290	17,565,938	19,520,219	2,967,595	4,220,773	10.06
Marketplace Management Limited	273,251	285,681	484	285,197	88	(273)	(17,224)	(1.94)
Goldbond LLC	1,375,035	288,449	3,526	284,923	90	(305)	(16,951)	Note 1
Nuvoton Electronics Technology (Shanghai) Limited	72,973	102,778	19,582	83,196	103,966	179	(16,630)	Note 1
Winbond Technology (Nanjing) Co., Ltd.	17,833	48	3,086	(3,038)	0	0	0	Note 1
Nuvoton Technology Corporation America	185,796	422,143	211,511	210,632	765,943	24,756	10,280	169.92
Nuvoton Electronics Technology (H.K.) Limited	422,941	825,564	206,181	619,383	8,494,364	75,324	66,834	0.62
Nuvoton Electronics Technology (Shenzhen) Limited	204,681	267,123	30,332	236,791	201,575	2,937	4,749	Note 1
Nuvoton Investment Holding Ltd.	551,552	368,692	40	368,652	151	(1,917)	(17,278)	(0.96)
Nuvoton Technology Israel Ltd.	9	651,596	357,584	294,012	1,138,930	28,142	(3,737)	(3.737)
Song Yong Investment Corporation	38,500	148,284	526	147,758	15,017	14,803	14,445	3.75
Nuvoton Technology India Private Limited	22,272	21,837	190	21,647	4,536	216	1,186	1.98
Nuvoton Technology Singapore Pte. Ltd.	1,385,021	2,876,647	916,876	1,959,771	9,301,590	215,055	168,131	3.73
Nuvoton Technology Korea Ltd.	30,500	13,185	477	12,708	35,397	1,686	907	7.26
Nuvoton Technology Holdings Japan	1,162	7,941,361	649	7,940,712	1,352,086	1,352,127	1,352,222	13,522,222.43
Nuvoton Technology Corporation Japan	92,960	18,514,207	7,112,074	11,402,133	24,560,316	1,040,111	1,352,086	142,625.09
Atfields Manufacturing Technology Corporation	46,480	315,976	82,442	233,534	843,847	122,943	91,737	22,934.18
Nuvoton Electronics Technology (Suzhou) Limited	8,816	8,207	0	8,207	0	(36)	(16)	Note 1

Note 1: Goldbond LLC, Nuvoton Electronics Technology (Shanghai) Limited, Winbond Technology (Nanjing) Co., Ltd., 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.105~p.173

(III) Affiliation Report:

1. Statement of Affiliation Report

Statement of Affiliation Report

The Company's 2022 (January 1 ~ December 31, 2022) 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 14, 2023

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	173,354	2%	-	-	30 days on a monthly basis	-	30 to 120 days on a monthly basis	-	(20,828)	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

III. Holding or disposal of stocks of the Company by subsidiaries in the past year and up to the date of report: N/A

IV. Other supplemental information: N/A

V. 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