

**Nuvoton Technology Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2024 and 2023
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Nuvoton Technology Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Nuvoton Technology Corporation and its subsidiaries (collectively, the “Group”) as of March 31, 2024 and 2023, the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the three months then ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

April 30, 2024

Notice to Readers

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

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

| ASSETS | March 31, 2024 | | December 31, 2023 | | March 31, 2023 | |
|---|----------------------|------------|----------------------|------------|----------------------|------------|
| | Amount | % | Amount | % | Amount | % |
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents (Note 6) | \$ 6,432,890 | 20 | \$ 6,325,394 | 20 | \$ 9,299,365 | 25 |
| Financial assets at fair value through profit or loss - current (Note 7) | 70 | - | 22,422 | - | 5,063 | - |
| Accounts receivable, net (Note 8) | 4,668,608 | 15 | 4,092,482 | 13 | 4,684,057 | 13 |
| Accounts receivable from related parties, net (Notes 8 and 31) | 28,975 | - | 29,523 | - | 45,854 | - |
| Financial lease receivables - current (Notes 9 and 31) | 90,086 | - | 92,088 | - | 95,673 | - |
| Other receivables (Notes 10 and 31) | 464,627 | 2 | 412,575 | 1 | 625,189 | 2 |
| Inventories (Note 11) | 7,059,618 | 22 | 7,756,366 | 24 | 8,796,601 | 24 |
| Other current assets | 514,262 | 2 | 468,615 | 2 | 438,039 | 1 |
| Total current assets | <u>19,259,136</u> | <u>61</u> | <u>19,199,465</u> | <u>60</u> | <u>23,989,841</u> | <u>65</u> |
| NON-CURRENT ASSETS | | | | | | |
| Financial assets at fair value through profit or loss - non-current (Note 7) | 80,000 | - | 76,763 | - | 121,125 | - |
| Financial assets at fair value through other comprehensive income - non-current (Note 12) | 1,420,041 | 4 | 1,348,557 | 4 | 1,258,271 | 3 |
| Investments accounted for using equity method (Note 13) | 1,710,373 | 5 | 1,824,673 | 6 | 2,090,146 | 6 |
| Property, plant and equipment (Notes 14, 31 and 32) | 5,912,296 | 18 | 5,785,697 | 18 | 5,744,598 | 15 |
| Right-of-use assets (Notes 15 and 31) | 576,954 | 2 | 520,912 | 2 | 585,667 | 2 |
| Investment properties (Notes 16 and 32) | 1,476,797 | 5 | 1,549,000 | 5 | 1,736,082 | 5 |
| Intangible assets (Note 17) | 520,148 | 2 | 550,894 | 2 | 664,084 | 2 |
| Deferred tax assets (Note 4) | 215,008 | 1 | 226,001 | 1 | 219,443 | 1 |
| Refundable deposits (Notes 6, 31 and 32) | 284,895 | 1 | 275,294 | 1 | 336,941 | 1 |
| Finance lease receivables - non-current (Notes 9 and 31) | - | - | 23,289 | - | 97,455 | - |
| Other non-current assets | 329,240 | 1 | 359,649 | 1 | 98,758 | - |
| Total non-current assets | <u>12,525,752</u> | <u>39</u> | <u>12,540,729</u> | <u>40</u> | <u>12,952,570</u> | <u>35</u> |
| TOTAL | <u>\$ 31,784,888</u> | <u>100</u> | <u>\$ 31,740,194</u> | <u>100</u> | <u>\$ 36,942,411</u> | <u>100</u> |
| LIABILITIES AND EQUITY | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Short-term borrowings (Notes 18 and 32) | \$ 423,000 | 1 | \$ 1,064,280 | 3 | \$ 1,006,720 | 3 |
| Financial liabilities at fair value through profit or loss - current (Note 7) | 13,400 | - | 786 | - | 8,909 | - |
| Accounts payable | 1,354,751 | 4 | 1,304,407 | 4 | 1,643,057 | 5 |
| Accounts payable to related parties (Note 31) | 805,901 | 3 | 778,160 | 3 | 1,795,685 | 5 |
| Other payables (Notes 19 and 31) | 4,421,682 | 14 | 3,969,136 | 13 | 4,421,535 | 12 |
| Dividends payables (Note 23) | 1,259,296 | 4 | - | - | 2,938,357 | 8 |
| Current tax liabilities (Note 4) | 343,242 | 1 | 305,031 | 1 | 829,687 | 2 |
| Provisions - current (Note 20) | - | - | - | - | 119,639 | - |
| Lease liabilities - current (Notes 15 and 31) | 166,658 | 1 | 156,298 | 1 | 167,238 | 1 |
| Long-term borrowings, current portion (Notes 18 and 32) | 285,714 | 1 | 142,857 | - | 142,857 | - |
| Other current liabilities | 406,021 | 1 | 459,853 | 1 | 379,827 | 1 |
| Total current liabilities | <u>9,479,665</u> | <u>30</u> | <u>8,180,808</u> | <u>26</u> | <u>13,453,511</u> | <u>37</u> |
| NON-CURRENT LIABILITIES | | | | | | |
| Long-term borrowings (Notes 18 and 32) | 714,286 | 2 | 857,143 | 3 | 1,357,143 | 4 |
| Provisions - non-current (Note 20) | 2,103,671 | 7 | 2,235,033 | 7 | 2,454,274 | 7 |
| Deferred tax liabilities (Note 4) | 78,037 | - | 77,953 | - | 13,097 | - |
| Lease liabilities - non-current (Notes 15 and 31) | 427,196 | 1 | 384,600 | 1 | 450,217 | 1 |
| Net defined benefit liabilities - non-current (Note 4) | 1,338,766 | 4 | 1,370,333 | 4 | 1,471,643 | 4 |
| Guarantee deposits (Notes 22 and 31) | 1,716,685 | 6 | 1,845,998 | 6 | 2,384,723 | 6 |
| Other non-current liabilities | 69,601 | - | 57,282 | - | 68,914 | - |
| Total non-current liabilities | <u>6,448,242</u> | <u>20</u> | <u>6,828,342</u> | <u>21</u> | <u>8,200,011</u> | <u>22</u> |
| Total liabilities | <u>15,927,907</u> | <u>50</u> | <u>15,009,150</u> | <u>47</u> | <u>21,653,522</u> | <u>59</u> |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23) | | | | | | |
| Share capital | 4,197,653 | 13 | 4,197,653 | 14 | 4,197,653 | 11 |
| Capital surplus | 6,995,650 | 22 | 6,995,630 | 22 | 6,992,250 | 19 |
| Retained earnings | | | | | | |
| Legal reserve | 1,447,316 | 5 | 1,447,316 | 5 | 958,560 | 2 |
| Special reserve | 710,979 | 2 | 710,979 | 2 | - | - |
| Unappropriated earnings | 3,720,046 | 12 | 4,570,285 | 14 | 3,982,121 | 11 |
| Exchange differences on translation of financial statements of foreign operations | (1,651,588) | (5) | (1,556,260) | (5) | (1,159,850) | (3) |
| Unrealized gains on financial assets at fair value through other comprehensive income | 436,925 | 1 | 365,441 | 1 | 318,155 | 1 |
| Total equity | <u>15,856,981</u> | <u>50</u> | <u>16,731,044</u> | <u>53</u> | <u>15,288,889</u> | <u>41</u> |
| TOTAL | <u>\$ 31,784,888</u> | <u>100</u> | <u>\$ 31,740,194</u> | <u>100</u> | <u>\$ 36,942,411</u> | <u>100</u> |

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

| | For the Three Months Ended March 31 | | | |
|--|-------------------------------------|------------|------------------|------------|
| | 2024 | | 2023 | |
| | Amount | % | Amount | % |
| OPERATING REVENUE (Notes 24 and 31) | \$ 8,468,255 | 100 | \$ 8,955,812 | 100 |
| OPERATING COST (Notes 11, 26 and 31) | <u>4,934,392</u> | <u>58</u> | <u>5,344,892</u> | <u>60</u> |
| GROSS PROFIT | <u>3,533,863</u> | <u>42</u> | <u>3,610,920</u> | <u>40</u> |
| OPERATING EXPENSES (Notes 26 and 31) | | | | |
| Selling expenses | 222,733 | 3 | 274,782 | 3 |
| General and administrative expenses | 593,869 | 7 | 643,172 | 7 |
| Research and development expenses | 2,257,183 | 27 | 2,312,005 | 26 |
| Expected credit loss | <u>4,275</u> | <u>-</u> | <u>12,604</u> | <u>-</u> |
| Total operating expenses | <u>3,078,060</u> | <u>37</u> | <u>3,242,563</u> | <u>36</u> |
| PROFIT FROM OPERATIONS | <u>455,803</u> | <u>5</u> | <u>368,357</u> | <u>4</u> |
| NON-OPERATING INCOME AND EXPENSES (Note 31) | | | | |
| Finance costs | (10,121) | - | (9,190) | - |
| Share of (loss) profit of associates | (71,388) | (1) | 340,442 | 4 |
| Interest income | 44,543 | 1 | 42,559 | - |
| Other gains and losses | (28,950) | - | (10,397) | - |
| Gains (losses) on disposal of property, plant and equipment | 16,735 | - | 10,192 | - |
| Foreign exchange gains (losses) | 63,305 | 1 | (5,953) | - |
| Losses on financial assets at fair value through profit or loss | <u>(64,659)</u> | <u>(1)</u> | <u>(2,948)</u> | <u>-</u> |
| Total non-operating income and expenses | <u>(50,535)</u> | <u>-</u> | <u>364,705</u> | <u>4</u> |
| PROFIT BEFORE INCOME TAX | 405,268 | 5 | 733,062 | 8 |
| INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 25) | <u>3,789</u> | <u>-</u> | <u>(61,461)</u> | <u>(1)</u> |
| NET PROFIT FOR THE PERIOD | <u>409,057</u> | <u>5</u> | <u>671,601</u> | <u>7</u> |

(Continued)

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

| | For the Three Months Ended March 31 | | | |
|---|-------------------------------------|------------|-------------------|------------|
| | 2024 | | 2023 | |
| | Amount | % | Amount | % |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | |
| (Note 23) | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income | \$ 71,484 | 1 | \$ 23,523 | - |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translation of the financial statements of foreign operations | <u>(95,328)</u> | <u>(1)</u> | <u>(154,239)</u> | <u>(1)</u> |
| Other comprehensive income (loss) for the period, net of income tax | <u>(23,844)</u> | <u>-</u> | <u>(130,716)</u> | <u>(1)</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | <u>\$ 385,213</u> | <u>5</u> | <u>\$ 540,885</u> | <u>6</u> |
| EARNINGS PER SHARE (Note 27) | | | | |
| From continuing operations | | | | |
| Basic | <u>\$ 0.97</u> | | <u>\$ 1.60</u> | |
| Diluted | <u>\$ 0.97</u> | | <u>\$ 1.59</u> | |

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

(Concluded)

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars)

| | Equity Attributable to Owners of the Company | | | | | Other Equity | | Total Equity |
|--|--|-----------------|-------------------|-----------------|-------------------------|---|--|---------------|
| | Ordinary Share | Capital Surplus | Retained Earnings | | | Exchange Differences on Translating of Financial Statements of Foreign Operations | Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income | |
| | | | Legal Reserve | Special Reserve | Unappropriated Earnings | | | |
| BALANCE AT JANUARY 1, 2023 | \$ 4,197,653 | \$ 6,871,827 | \$ 958,560 | \$ - | \$ 6,248,877 | \$ (1,005,611) | \$ 294,632 | \$ 17,565,938 |
| Appropriation of 2022 earnings (Note 23) | | | | | | | | |
| Cash dividends | - | - | - | - | (2,938,357) | - | - | (2,938,357) |
| Net profit for the three months ended March 31, 2023 | - | - | - | - | 671,601 | - | - | 671,601 |
| Other comprehensive (loss) income for the three months ended March 31, 2023, net of income tax | - | - | - | - | - | (154,239) | 23,523 | (130,716) |
| Total comprehensive income (loss) for the three months ended March 31, 2023 | - | - | - | - | 671,601 | (154,239) | 23,523 | 540,885 |
| Unclaimed dividends from claims extinguished by prescriptions | - | 22 | - | - | - | - | - | 22 |
| Disposal of subsidiaries (Note 28) | - | 120,401 | - | - | - | - | - | 120,401 |
| BALANCE AT MARCH 31, 2023 | \$ 4,197,653 | \$ 6,992,250 | \$ 958,560 | \$ - | \$ 3,982,121 | \$ (1,159,850) | \$ 318,155 | \$ 15,288,889 |
| BALANCE AT JANUARY 1, 2024 | \$ 4,197,653 | \$ 6,995,630 | \$ 1,447,316 | \$ 710,979 | \$ 4,570,285 | \$ (1,556,260) | \$ 365,441 | \$ 16,731,044 |
| Appropriation of 2023 earnings (Note 23) | | | | | | | | |
| Cash dividends | - | - | - | - | (1,259,296) | - | - | (1,259,296) |
| Net profit for the three months ended March 31, 2024 | - | - | - | - | 409,057 | - | - | 409,057 |
| Other comprehensive (loss) income for the three months ended March 31, 2024, net of income tax | - | - | - | - | - | (95,328) | 71,484 | (23,844) |
| Total comprehensive income (loss) for the three months ended March 31, 2024 | - | - | - | - | 409,057 | (95,328) | 71,484 | 385,213 |
| Unclaimed dividends from claims extinguished by prescriptions | - | 20 | - | - | - | - | - | 20 |
| BALANCE AT MARCH 31, 2024 | \$ 4,197,653 | \$ 6,995,650 | \$ 1,447,316 | \$ 710,979 | \$ 3,720,046 | \$ (1,651,588) | \$ 436,925 | \$ 15,856,981 |

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

| | For the Three Months Ended March 31 | |
|--|--|------------------|
| | 2024 | 2023 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before income tax | \$ 405,268 | \$ 733,062 |
| Adjustments for: | | |
| Depreciation expense | 302,793 | 285,127 |
| Amortization expense | 87,627 | 84,222 |
| Expected credit loss recognized on accounts receivable | 4,275 | 12,604 |
| Finance costs | 10,121 | 9,190 |
| Interest income | (44,543) | (42,559) |
| Share of loss (profit) of associates | 71,388 | (340,442) |
| Gains on disposal of property, plant and equipment | (16,735) | (10,192) |
| Gains on lease modification | (4,951) | (6,885) |
| Changes in operating assets and liabilities | | |
| Decrease (increase) in financial assets at fair value through profit or loss | 31,729 | (22) |
| (Increase) decrease in accounts receivable | (676,070) | (1,177,972) |
| (Increase) decrease in accounts receivable from related parties | 548 | 722,857 |
| (Increase) decrease in other receivables | 13,282 | (311,394) |
| (Increase) decrease in inventories | 696,748 | (759,908) |
| (Increase) decrease in other current assets | (45,647) | 11,109 |
| (Increase) decrease in other non-current assets | 30,409 | 1,554 |
| Increase (decrease) in accounts payable | 50,344 | (757,963) |
| Increase (decrease) in accounts payable to related parties | 27,741 | 1,047,968 |
| Increase (decrease) in other payables | 304,265 | 86,739 |
| Increase (decrease) in provisions | (75,467) | (10,838) |
| Increase (decrease) in other current liabilities | (128,673) | (391,585) |
| Increase (decrease) in net defined benefit liabilities | (1,862) | (921) |
| Increase (decrease) in other non-current liabilities | 12,319 | 18,829 |
| Cash flows generated from (used in) operations | 1,054,909 | (797,420) |
| Interest received | 44,476 | 42,492 |
| Interest paid | (8,746) | (8,166) |
| Income tax paid | (12,420) | (11,702) |
| Net cash flows generated from (used in) operating activities | <u>1,078,219</u> | <u>(774,796)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of investments accounted for using equity method | - | (59,586) |
| Proceeds from disposal of subsidiaries (Note 28) | - | 196,798 |
| Decrease in finance lease receivables | 22,783 | 24,646 |
| Acquisition of property, plant and equipment | (314,511) | (214,096) |
| Proceeds from disposal of property, plant and equipment | 17,541 | 11,498 |
| Acquisition of intangible assets | (67,517) | (129,912) |

(Continued)

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

| | For the Three Months Ended March 31 | |
|--|--|---------------------|
| | 2024 | 2023 |
| Increase in refundable deposits | \$ (3,855) | \$ (1,129) |
| Increase in other receivables - time deposits | <u>(290)</u> | <u>(233)</u> |
| Net cash flows used in investing activities | <u>(345,849)</u> | <u>(172,014)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from short-term borrowings | 1,544,350 | 114,400 |
| Repayments of short-term borrowings | (2,158,770) | (158,270) |
| Repayments of the principal portion of lease liabilities | (47,968) | (47,187) |
| Proceeds from guarantee deposits received | <u>-</u> | <u>74,408</u> |
| Net cash flows used in financing activities | <u>(662,388)</u> | <u>(16,649)</u> |
| EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES | <u>37,514</u> | <u>(135,361)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 107,496 | (1,098,820) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD | <u>6,325,394</u> | <u>10,398,185</u> |
| CASH AND CASH EQUIVALENTS, END OF THE PERIOD | <u>\$ 6,432,890</u> | <u>\$ 9,299,365</u> |

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

(Concluded)

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (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 approximately 51% of the ownership interest in the Company as of March 31, 2024, December 31, 2023 and March 31, 2023.

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 April 30, 2024.

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

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

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

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

| New, Amended and Revised Standards and Interpretations | Effective Date Announced by IASB (Note 1) |
|--|--|
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” | To be determined by IASB |
| IFRS 17 “Insurance Contracts” | January 1, 2023 |
| Amendments to IFRS 17 | January 1, 2023 |
| Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information” | January 1, 2023 |
| IFRS 18 “Presentation and Disclosures in Financial Statements” | January 1, 2027 |
| Amendments to IAS 21 “Lack of Exchangeability” | January 1, 2025 (Note 2) |

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

IFRS 18 “Presentation and Disclosures in Financial Statements”

IFRS 18 will supersede IAS 1” Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as ‘other’ only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2023.

Statement of Compliance

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

Basis of Preparation

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

Basis of Consolidation

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

Subsidiary included in the consolidated financial statements:

| Investor | Investee | Main Business | Percentage of Ownership (%) | | |
|-------------|---|--|-----------------------------|-------------------|----------------|
| | | | March 31, 2024 | December 31, 2023 | March 31, 2023 |
| The Company | Nuvoton Electronics Technology (H.K.) Limited (“NTHK”) | Sales of semiconductor | 100 | 100 | 100 |
| | Marketplace Management Limited (“MML”) | Investment holding | 100 | 100 | 100 |
| | Nuvoton Investment Holding Ltd. (“NIH”) | Investment holding | 100 | 100 | 100 |
| | Song Yong Investment Corporation (“SYI”) | Investment holding | 100 | 100 | 100 |
| | Nuvoton Technology India Private Limited (“NTIPL”) | Design, sales and after-sales service of semiconductor | 100 | 100 | 100 |
| | Nuvoton Technology Corporation America (“NTCA”) | Design, sales and after-sales service of semiconductor | 100 | 100 | 100 |
| | Nuvoton Technology Holdings Japan (“NTHJ”) | Investment holding | 100 | 100 | 100 |
| | Nuvoton Technology Singapore Pte. Ltd.(“NTSG”) | Design, sales and after-sales service of semiconductor | 100 | 100 | 100 |
| | Nuvoton Technology Korea Limited (“NTKL”) | Design, sales and after-sales service of semiconductor | 100 | 100 | 100 |
| NTHK | Nuvoton Technology Germany GmbH (“NTG”) (Note 1) | Customer service and technical support of semiconductor | 100 | 100 | - |
| | Nuvoton Electronics Technology (Shenzhen) Limited (“NTSZ”) | Computer software service (except I.C. design), wholesale business for computer, supplement and software | 100 | 100 | 100 |
| MML GLLC | Nuvoton Electronics Technology (Nanjing)(“NTNJ”) (Note 2) | Provides development of semiconductor and technology, consult service and sales | 100 | - | - |
| | Goldbond LLC (“GLLC”) | Investment holding | 100 | 100 | 100 |
| NTSH | Nuvoton Electronics Technology (Shanghai) Limited (“NTSH”) | Provides projects for sale in China and repairing, testing and consulting of software and leasing business | 100 | 100 | 100 |
| | Winbond Electronics (Nanjing) Ltd. (“WENJ”) (Note 3) | Computer software service (except I.C. design) | - | - | 100 |
| NIH NTHJ | Song Zhi Electronics Technology (Suzhou) (“Song Zhi Suzhou”) | Provide development of semiconductor and technology, consult service and equipment leasing business | 100 | 100 | 100 |
| | Nuvoton Technology Israel Ltd. (“NTIL”) | Design and service of semiconductor | 100 | 100 | 100 |
| NTCJ | Nuvoton Technology Corporation Japan (“NTCJ”) | Design, sales and after-sales service of semiconductor | 100 | 100 | 100 |
| | Atfields Manufacturing Technology Corporation (“AMTC”) (Note 4) | Design and service of semiconductor | - | - | - |

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

Note 2: NTHK established NTNJ in China in January 2024 and acquired 100% of ownership.

Note 3: WENJ has completed the cancellation and liquidation process in May 2023.

Note4: NTCJ has sold all of its shares of AMTC to WEC Company in January 2023, refer to Note 28 to the consolidated financial statements.

Retirement Benefits

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

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

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

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

Taxation

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Write-down of Inventories

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

6. CASH AND CASH EQUIVALENTS

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---|---------------------|----------------------|---------------------|
| Cash and deposits in banks | \$ 5,997,890 | \$ 6,161,894 | \$ 9,291,365 |
| Repurchase agreements collateralized by bonds | <u>435,000</u> | <u>163,500</u> | <u>8,000</u> |
| | <u>\$ 6,432,890</u> | <u>\$ 6,325,394</u> | <u>\$ 9,299,365</u> |

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

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---------------|-------------------|----------------------|-------------------|
| Time deposits | <u>\$ 7,674</u> | <u>\$ 7,384</u> | <u>\$ 56,447</u> |

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|--|-------------------|----------------------|-------------------|
| <u>Financial assets - current</u> | | | |
| Held for trading | | | |
| Foreign exchange forward contracts | <u>\$ 70</u> | <u>\$ 22,422</u> | <u>\$ 5,063</u> |
| <u>Financial assets - non-current</u> | | | |
| Mandatorily measured at FVTPL | | | |
| Domestic and oversea warrants | <u>\$ 80,000</u> | <u>\$ 76,763</u> | <u>\$ 121,125</u> |
| <u>Financial liabilities - current</u> | | | |
| Held for trading | | | |
| Foreign exchange forward contracts | <u>\$ 13,400</u> | <u>\$ 786</u> | <u>\$ 8,909</u> |

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

| | Currency | Maturity Date | Contract Amount (In Thousands) |
|---------------------------------|----------|-----------------------|-----------------------------------|
| <u>March 31, 2024</u> | | | |
| Sell forward exchange contracts | USD/NTD | 2024.04.23 | USD10,000/NTD317,377 |
| | USD/JPY | 2024.04.15-2024.05.14 | USD28,300/JPY4,209,533 |

(Continued)

| | Currency | Maturity Date | Contract Amount (In Thousands) |
|---------------------------------|-----------------|-----------------------|---|
| <u>December 31, 2023</u> | | | |
| Sell forward exchange contracts | USD/NTD | 2024.01.03-2024.01.23 | USD21,000/NTD653,226 |
| | USD/JPY | 2024.01.12-2024.02.14 | USD28,200/JPY4,041,691 |
| <u>March 31, 2023</u> | | | |
| Sell forward exchange contracts | USD/NTD | 2023.04.14-2023.04.21 | USD8,000/NTD242,831 |
| | USD/JPY | 2023.04.14-2023.05.15 | USD31,700/JPY4,199,792 (Concluded) |

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

8. ACCOUNTS RECEIVABLE, NET

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|--|---------------------------|------------------------------|---------------------------|
| <u>Accounts receivable (including related parties)</u> | | | |
| At amortized cost | | | |
| Gross carrying amount | \$ 4,746,362 | \$ 4,165,734 | \$ 4,776,492 |
| Less: Allowance for impairment loss | <u>(48,779)</u> | <u>(43,729)</u> | <u>(46,581)</u> |
| | <u>\$ 4,697,583</u> | <u>\$ 4,122,005</u> | <u>\$ 4,729,911</u> |

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

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

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

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

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

March 31, 2024

| | Not Overdue | Overdue under 30 Days | Overdue 31-90 Days | Overdue 91-180 Days | Over 180 Days | Total |
|-------------------------------|---------------------|----------------------------------|-------------------------------|--------------------------------|----------------------|---------------------|
| Expected credit loss rate | 0.1-2% | 2% | 10% | 20% | 50% | |
| Gross carrying amount | \$ 4,725,591 | \$ 18,991 | \$ 896 | \$ 884 | \$ - | \$ 4,746,362 |
| Loss allowance (lifetime ECL) | <u>(48,132)</u> | <u>(380)</u> | <u>(90)</u> | <u>(177)</u> | <u>-</u> | <u>(48,779)</u> |
| Amortized cost | <u>\$ 4,677,459</u> | <u>\$ 18,611</u> | <u>\$ 806</u> | <u>\$ 707</u> | <u>\$ -</u> | <u>\$ 4,697,583</u> |

December 31, 2023

| | Not Overdue | Overdue under 30 Days | Overdue 31-90 Days | Overdue 91-180 Days | Over 180 Days | Total |
|-------------------------------|---------------------|----------------------------------|-------------------------------|--------------------------------|----------------------|---------------------|
| Expected credit loss rate | 0.1-2% | 2% | 10% | 20% | 50% | |
| Gross carrying amount | \$ 4,138,023 | \$ 24,878 | \$ 860 | \$ 1,973 | \$ - | \$ 4,165,734 |
| Loss allowance (lifetime ECL) | <u>(42,750)</u> | <u>(498)</u> | <u>(86)</u> | <u>(395)</u> | <u>-</u> | <u>(43,729)</u> |
| Amortized cost | <u>\$ 4,095,273</u> | <u>\$ 24,380</u> | <u>\$ 774</u> | <u>\$ 1,578</u> | <u>\$ -</u> | <u>\$ 4,122,005</u> |

March 31, 2023

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

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

| | For the Three Months Ended March 31 | |
|--|--|------------------|
| | 2024 | 2023 |
| Balance at January 1 | \$ 43,729 | \$ 34,115 |
| Add: Net remeasurement of loss allowance | 4,275 | 12,604 |
| Foreign currency exchange gains and losses | <u>775</u> | <u>(138)</u> |
| Balance at March 31 | <u>\$ 48,779</u> | <u>\$ 46,581</u> |

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

9. FINANCE LEASE RECEIVABLES

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|------------------------------------|---------------------------|------------------------------|---------------------------|
| <u>Undiscounted lease payments</u> | | | |
| Year 1 | \$ 91,130 | \$ 93,586 | \$ 98,584 |
| Year 2 | <u>-</u> | <u>23,397</u> | <u>98,584</u> |
| | 91,130 | 116,983 | 197,168 |
| Less: Unearned finance income | <u>(1,044)</u> | <u>(1,606)</u> | <u>(4,040)</u> |
| Finance lease receivables | <u>\$ 90,086</u> | <u>\$ 115,377</u> | <u>\$ 193,128</u> |
| Current | \$ 90,086 | \$ 92,088 | \$ 95,673 |
| Non-current | <u>-</u> | <u>23,289</u> | <u>97,455</u> |
| | <u>\$ 90,086</u> | <u>\$ 115,377</u> | <u>\$ 193,128</u> |

The average lease term of finance lease receivables recognized by the Group from TPSCo. for the lease of property, plant and equipment and intangible assets is three years. The contract has an average implied interest rate of approximately 1.85% per annum in 2024 and 2023. Refer to Note 31 to the consolidated financial statements for details of finance lease contracts.

10. OTHER RECEIVABLES

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|--------------------------------|---------------------------|------------------------------|---------------------------|
| Business tax refund receivable | \$ 279,449 | \$ 293,243 | \$ 282,809 |
| Tax refund receivables | 66,759 | 1,262 | 2,641 |
| Time deposits (Note 6) | 7,674 | 7,384 | 56,447 |
| Others | <u>110,745</u> | <u>110,686</u> | <u>283,292</u> |
| | <u>\$ 464,627</u> | <u>\$ 412,575</u> | <u>\$ 625,189</u> |

11. INVENTORIES

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|----------------------------|---------------------|----------------------|---------------------|
| Raw materials and supplies | \$ 507,189 | \$ 521,147 | \$ 541,273 |
| Work in process | 4,475,877 | 4,944,496 | 6,117,892 |
| Finished goods | 2,050,831 | 2,288,440 | 2,110,324 |
| Inventories in transit | <u>25,721</u> | <u>2,283</u> | <u>27,112</u> |
| | <u>\$ 7,059,618</u> | <u>\$ 7,756,366</u> | <u>\$ 8,796,601</u> |

The operating cost for the three months ended March 31, 2024 and 2023 was NT\$4,934,392 thousand and NT\$5,344,892 thousand, respectively. The net gains (losses) of inventory write-downs, obsolescence and abandonment of inventories for the three months ended March 31, 2024 and 2023 were NT\$317,496 thousand and NT\$(116,267) thousand, respectively.

Inventory write-downs were reversed as a result of the elimination of inventories that were recognized in inventory write-downs.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments at FVTOCI:

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---|---------------------|----------------------|---------------------|
| Listed shares and emerging market shares | | | |
| Nyquest Technology Co., Ltd. | \$ 116,160 | \$ 132,660 | \$ 128,205 |
| Brightek Optoelectronic Co., Ltd. | 1,626 | 1,423 | 1,110 |
| Unlisted shares | | | |
| United Industrial Gases Co., Ltd. | 598,400 | 536,800 | 510,400 |
| Yu-Ji Venture Capital Co., Ltd. | 7,605 | 7,324 | 9,556 |
| Autotalks Ltd. - Preferred E. Share | 640,000 | 614,100 | 609,000 |
| Allxon Inc. | 56,250 | 56,250 | - |
| Symetrix Corporation - Preferred A. Share | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 1,420,041</u> | <u>\$ 1,348,557</u> | <u>\$ 1,258,271</u> |

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

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Associates

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|--|---------------------|----------------------|---------------------|
| Tower Partners Semiconductor Co., Ltd. ("TPSCo.") | <u>\$ 1,710,373</u> | <u>\$ 1,824,673</u> | <u>\$ 2,090,146</u> |

As of March 31, 2024, December 31, 2023 and March 31, 2023, NTCJ has held TPSCo.'s 49,539 shares with a direct shareholding of 49%.

14. PROPERTY, PLANT AND EQUIPMENT

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---|---------------------|----------------------|---------------------|
| Land | \$ 1,754,991 | \$ 1,801,369 | \$ 1,861,633 |
| Buildings | 1,777,123 | 1,740,796 | 1,869,824 |
| Machinery and equipment | 1,585,507 | 1,595,440 | 1,651,592 |
| Other equipment | 358,790 | 309,192 | 290,250 |
| Construction in progress and prepayments for purchase of equipment | <u>435,885</u> | <u>338,900</u> | <u>71,299</u> |
| | <u>\$ 5,912,296</u> | <u>\$ 5,785,697</u> | <u>\$ 5,744,598</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, 2024 | \$ 1,801,369 | \$ 19,481,913 | \$ 44,016,907 | \$ 3,072,159 | \$ 338,900 | \$ 68,711,248 |
| Additions | - | 31,019 | 29,882 | 3,795 | 405,905 | 470,601 |
| Disposals | - | (7,457) | (1,374,939) | (20,746) | - | (1,403,142) |
| Reclassified | - | 86,200 | 119,767 | 98,005 | (303,920) | 52 |
| Effects of foreign currency exchange differences | <u>(46,378)</u> | <u>(411,784)</u> | <u>(820,993)</u> | <u>(59,366)</u> | <u>(5,000)</u> | <u>(1,343,521)</u> |
| Balance at March 31, 2024 | <u>1,754,991</u> | <u>19,179,891</u> | <u>41,970,624</u> | <u>3,093,847</u> | <u>435,885</u> | <u>66,435,238</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | |
| Balance at January 1, 2024 | - | 17,741,117 | 42,421,467 | 2,762,967 | - | 62,925,551 |
| Disposals | - | (7,346) | (1,374,244) | (20,746) | - | (1,402,336) |
| Depreciation expense | - | 40,962 | 135,168 | 49,347 | - | 225,477 |
| Effects of foreign currency exchange differences | <u>-</u> | <u>(371,965)</u> | <u>(797,274)</u> | <u>(56,511)</u> | <u>-</u> | <u>(1,225,750)</u> |
| Balance at March 31, 2024 | <u>-</u> | <u>17,402,768</u> | <u>40,385,117</u> | <u>2,735,057</u> | <u>-</u> | <u>60,522,942</u> |
| Carrying amounts at March 31, 2024 | <u>\$ 1,754,991</u> | <u>\$ 1,777,123</u> | <u>\$ 1,585,507</u> | <u>\$ 358,790</u> | <u>\$ 435,885</u> | <u>\$ 5,912,296</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, 2023 | \$ 1,890,924 | \$ 20,490,249 | \$ 54,320,817 | \$ 3,341,453 | \$ 216,733 | \$ 80,260,176 |
| Additions | - | 10,390 | 48,376 | 7,281 | 205,624 | 271,671 |
| Disposals | - | (11,872) | (401,319) | (12,646) | - | (425,837) |
| Disposal of subsidiaries | - | - | - | (6,813) | - | (6,813) |
| Reclassified | - | 20,524 | 278,106 | 52,012 | (350,642) | - |
| Effects of foreign currency exchange differences | (29,291) | (259,511) | (667,396) | (49,492) | (416) | (1,006,106) |
| Balance at March 31, 2023 | <u>1,861,633</u> | <u>20,249,780</u> | <u>53,578,584</u> | <u>3,331,795</u> | <u>71,299</u> | <u>79,093,091</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | |
| Balance at January 1, 2023 | - | 18,581,344 | 52,849,852 | 3,064,895 | - | 74,496,091 |
| Disposals | - | (10,905) | (401,041) | (12,585) | - | (424,531) |
| Depreciation expense | - | 42,637 | 126,284 | 38,985 | - | 207,906 |
| Disposal of subsidiaries | - | - | - | (4,837) | - | (4,837) |
| Effects of foreign currency exchange differences | - | (233,120) | (648,103) | (44,913) | - | (926,136) |
| Balance at March 31, 2023 | - | <u>18,379,956</u> | <u>51,926,992</u> | <u>3,041,545</u> | - | <u>73,348,493</u> |
| Carrying amounts at March 31, 2023 | <u>\$ 1,861,633</u> | <u>\$ 1,869,824</u> | <u>\$ 1,651,592</u> | <u>\$ 290,250</u> | <u>\$ 71,299</u> | <u>\$ 5,744,598</u> |

(Concluded)

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

15. LEASE ARRANGEMENTS

a. Right-of-use assets

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|-------------------------|-------------------|-------------------|-------------------|
| <u>Carrying amounts</u> | | | |
| Land | \$ 121,343 | \$ 127,725 | \$ 143,894 |
| Buildings | 316,463 | 247,567 | 284,747 |
| Machinery and equipment | 112,435 | 118,495 | 134,400 |
| Other equipment | <u>26,713</u> | <u>27,125</u> | <u>22,626</u> |
| | <u>\$ 576,954</u> | <u>\$ 520,912</u> | <u>\$ 585,667</u> |

| | For the Three Months Ended March 31 | |
|---|--|------------------|
| | 2024 | 2023 |
| Additions to right-of-use assets | <u>\$ 97,284</u> | <u>\$ 13,788</u> |
| Depreciation for right-of-use assets | | |
| Land | \$ 6,382 | \$ 6,317 |
| Buildings | 30,289 | 29,030 |
| Machinery and equipment | 2,957 | 3,209 |
| Other equipment | <u>4,881</u> | <u>3,611</u> |
| | <u>\$ 44,509</u> | <u>\$ 42,167</u> |
| Income from the subleasing of right-of-use assets (presented in other income) | <u>\$ 2,211</u> | <u>\$ 1,201</u> |

b. Lease liabilities

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|-------------------------|---------------------------|------------------------------|---------------------------|
| <u>Carrying amounts</u> | | | |
| Current | <u>\$ 166,658</u> | <u>\$ 156,298</u> | <u>\$ 167,238</u> |
| Non-current | <u>\$ 427,196</u> | <u>\$ 384,600</u> | <u>\$ 450,217</u> |

Range of discount rate for lease liabilities was as follows:

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|-------------------------|---------------------------|------------------------------|---------------------------|
| Land | 1.76%-2.06% | 1.76%-2.06% | 1.76%-2.06% |
| Buildings | 0.14%-5.24% | 0.14%-5.24% | 0.14%-3.03% |
| Machinery and equipment | 0.48%-0.80% | 0.48%-0.80% | 0.48%-0.80% |
| Other equipment | 0.14%-5.10% | 0.14%-5.10% | 0.14%-3.62% |

For the three months ended March 31, 2024 and 2023, the interest expense under lease liabilities amounted to NT\$2,708 thousand and NT\$2,498 thousand, respectively.

c. Material lease-in activities and terms

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

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

The Group leased some of the offices spaces in the United States, China, Israel, India, Korea and Taiwan, and the lease terms will expire between 2024 and 2032 which can be extended after the expiration of the lease periods.

d. Subleases

The Group subleases its right-of-use assets for buildings under operating leases.

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

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|----------------|---------------------------|------------------------------|---------------------------|
| Year 1 | \$ 7,089 | \$ 6,816 | \$ 6,176 |
| Year 2 | 5,244 | 2,105 | 113 |
| Year 3 | 3,238 | - | - |
| Year 4 | - | - | - |
| Year 5 | - | - | - |
| Year 5 onwards | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 15,571</u> | <u>\$ 8,921</u> | <u>\$ 6,289</u> |

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

e. Other lease information

| | For the Three Months Ended March 31 | |
|--|--|---------------------|
| | 2024 | 2023 |
| Expenses relating to short-term leases | <u>\$ 22,562</u> | <u>\$ 56,017</u> |
| Total cash outflow for leases | <u>\$ (71,864)</u> | <u>\$ (104,890)</u> |

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

16. INVESTMENT PROPERTIES

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|----------------------------|---------------------------|------------------------------|---------------------------|
| Investment properties, net | <u>\$ 1,476,797</u> | <u>\$ 1,549,000</u> | <u>\$ 1,736,082</u> |

The fair value of investment properties held by the company was NT\$2,443,494 thousand as of December 31, 2022 of which were assessed by independent qualified professional appraisers was NT\$2,243,494 thousand. The Group's management evaluated the fair value of the remaining investment properties with valuation model commonly used by market participants, and the fair value was measured using Level 3 inputs. The Group's management evaluated and determined that the fair value of the investment properties had not changed significantly, compared to the fair value of the investment properties as of March 31, 2024, December 31, 2023 and March 31, 2023.

| | For the Three Months Ended March 31 | |
|--|--|---------------------|
| | 2024 | 2023 |
| <u>Cost</u> | | |
| Balance at January 1 | \$ 7,165,730 | \$ 7,662,122 |
| Effects of foreign currency exchange differences | <u>(183,600)</u> | <u>(116,600)</u> |
| Balance at March 31 | <u>6,982,130</u> | <u>7,545,522</u> |
| <u>Accumulated depreciation and impairment</u> | | |
| Balance at January 1 | 5,616,730 | 5,863,962 |
| Depreciation expense | 32,807 | 35,054 |
| Effects of foreign currency exchange differences | <u>(144,204)</u> | <u>(89,576)</u> |
| Balance at March 31 | <u>5,505,333</u> | <u>5,809,440</u> |
| Carrying amount at March 31 | <u>\$ 1,476,797</u> | <u>\$ 1,736,082</u> |

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

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

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|----------------|---------------------------|------------------------------|---------------------------|
| Year 1 | \$ 140,837 | \$ 146,532 | \$ 168,577 |
| Year 2 | 140,182 | 143,790 | 149,181 |
| Year 3 | 140,266 | 143,872 | 147,576 |
| Year 4 | 140,288 | 143,894 | 147,576 |
| Year 5 | 137,224 | 140,886 | 147,576 |
| Year 5 onwards | <u>409,253</u> | <u>455,304</u> | <u>590,304</u> |
| | <u>\$ 1,108,050</u> | <u>\$ 1,174,278</u> | <u>\$ 1,350,790</u> |

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

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

17. INTANGIBLE ASSETS

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---------------------------|---------------------------|------------------------------|---------------------------|
| Deferred technical assets | \$ 317,849 | \$ 357,994 | \$ 506,136 |
| Other intangible assets | <u>202,299</u> | <u>192,900</u> | <u>157,948</u> |
| | <u>\$ 520,148</u> | <u>\$ 550,894</u> | <u>\$ 664,084</u> |

| | Deferred Technical Assets | Other Intangible Assets | Total |
|--|--|--|-------------------|
| <u>Cost</u> | | | |
| Balance at January 1, 2024 | \$ 2,125,404 | \$ 1,102,150 | \$ 3,227,554 |
| Additions | 7,369 | 52,358 | 59,727 |
| Reclassification | 17,918 | (17,970) | (52) |
| Effects of foreign currency exchange differences | <u>3,929</u> | <u>(23,024)</u> | <u>(19,095)</u> |
| Balance at March 31, 2024 | <u>2,154,620</u> | <u>1,113,514</u> | <u>3,268,134</u> |
| <u>Accumulated amortization and impairment</u> | | | |
| Balance at January 1, 2024 | 1,767,410 | 909,250 | 2,676,660 |
| Amortization expense | 65,422 | 22,205 | 87,627 |
| Effects of foreign currency exchange differences | <u>3,939</u> | <u>(20,240)</u> | <u>(16,301)</u> |
| Balance at March 31, 2024 | <u>1,836,771</u> | <u>911,215</u> | <u>2,747,986</u> |
| Carrying amounts at March 31, 2024 | <u>\$ 317,849</u> | <u>\$ 202,299</u> | <u>\$ 520,148</u> |
| <u>Cost</u> | | | |
| Balance at January 1, 2023 | \$ 2,062,573 | \$ 1,136,379 | \$ 3,198,952 |
| Additions | - | 28,981 | 28,981 |
| Disposal of subsidiaries | - | (7,243) | (7,243) |
| Reclassification | 22,693 | (22,693) | - |
| Effects of foreign currency exchange differences | <u>(6,784)</u> | <u>(14,349)</u> | <u>(21,133)</u> |
| Balance at March 31, 2023 | <u>2,078,482</u> | <u>1,121,075</u> | <u>3,199,557</u> |
| <u>Accumulated amortization and impairment</u> | | | |
| Balance at January 1, 2023 | 1,511,960 | 964,235 | 2,476,195 |
| Amortization expense | 65,162 | 19,060 | 84,222 |
| Disposal of subsidiaries | - | (6,703) | (6,703) |
| Effects of foreign currency exchange differences | <u>(4,776)</u> | <u>(13,465)</u> | <u>(18,241)</u> |
| Balance at March 31, 2023 | <u>1,572,346</u> | <u>963,127</u> | <u>2,535,473</u> |
| Carrying amounts at March 31, 2023 | <u>\$ 506,136</u> | <u>\$ 157,948</u> | <u>\$ 664,084</u> |

18. BORROWINGS

a. Short-term borrowings

| | <u>March 31, 2024</u> | | <u>December 31, 2023</u> | | <u>March 31, 2023</u> | |
|--------------------------------------|-----------------------|-------------------|--------------------------|---------------------|-----------------------|---------------------|
| | Interest Rate | Amount | Interest Rate | Amount | Interest Rate | Amount |
| <u>Secured borrowings</u> | | | | | | |
| Chinatrust Commercial Bank Co., Ltd. | 1.20%-1.30% | \$ 211,500 | 1.17%-1.18% | \$ 847,080 | 1.17% | \$ 1,006,720 |
| <u>Unsecured borrowings</u> | | | | | | |
| Chinatrust Commercial Bank Co., Ltd. | 1.05% | <u>211,500</u> | 1.00%-1.11% | <u>217,200</u> | - | <u>-</u> |
| | | <u>\$ 423,000</u> | | <u>\$ 1,064,280</u> | | <u>\$ 1,006,720</u> |

b. Long-term borrowings

| | Period | Interest Rate | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|-------------------------------|-----------------------|----------------------|-----------------------|--------------------------|-----------------------|
| <u>Unsecured borrowings</u> | | | | | |
| The Export-Import Bank of ROC | 2019.09.20-2026.09.21 | 1.81% | \$ - | \$ - | \$ 500,000 |
| The Export-Import Bank of ROC | 2020.08.25-2027.08.25 | 1.94% | <u>1,000,000</u> | <u>1,000,000</u> | <u>1,000,000</u> |
| | | | 1,000,000 | 1,000,000 | 1,500,000 |
| Less: Current portion | | | <u>(285,714)</u> | <u>(142,857)</u> | <u>(142,857)</u> |
| | | | <u>\$ 714,286</u> | <u>\$ 857,143</u> | <u>\$ 1,357,143</u> |

The proceeds of the Group's unsecured loan was invested in Autotalks Ltd. and acquired Panasonic's semiconductor business in Japan. Partial loans have been completed early repayment in the third quarter of 2023.

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

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

19. OTHER PAYABLES

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---|---------------------|----------------------|---------------------|
| Payable for salaries or employee benefits | \$ 1,321,140 | \$ 1,115,611 | \$ 1,384,135 |
| Payable for purchase of equipment | 505,386 | 349,296 | 209,193 |
| Payable for royalties | 384,001 | 372,295 | 409,676 |
| Payable for maintenance | 127,316 | 239,369 | 148,445 |
| Payable for service | 121,871 | 130,706 | 107,899 |
| Payable for professional service | 72,105 | 26,892 | 47,184 |
| Payable for utilities | 49,764 | 70,005 | 62,119 |
| Payable for software | 48,570 | 74,190 | 51,091 |
| Others | <u>1,791,529</u> | <u>1,590,772</u> | <u>2,001,793</u> |
| | <u>\$ 4,421,682</u> | <u>\$ 3,969,136</u> | <u>\$ 4,421,535</u> |

20. PROVISIONS

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|-----------------------|---------------------|----------------------|---------------------|
| <u>Current</u> | | | |
| Decommissioning costs | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 119,639</u> |
| <u>Non-current</u> | | | |
| Employee benefits | \$ 1,285,680 | \$ 1,360,661 | \$ 1,462,261 |
| Decommissioning costs | 464,877 | 477,406 | 502,902 |
| Warranties | <u>353,114</u> | <u>396,966</u> | <u>489,111</u> |
| | <u>\$ 2,103,671</u> | <u>\$ 2,235,033</u> | <u>\$ 2,454,274</u> |

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

21. RETIREMENT BENEFIT PLANS

Employee benefit expense in respect of the Company's defined benefit retirement plans was calculated using the actuarially determined pension cost discount rate as of December 31, 2023 and 2022, and recognized NT\$13,875 thousand and NT\$12,664 thousand, for the three months ended March 31, 2024 and 2023, respectively.

22. GUARANTEE DEPOSITS

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|--------------------|---------------------|----------------------|---------------------|
| Capacity guarantee | \$ 1,651,291 | \$ 1,783,150 | \$ 2,327,626 |
| Others | <u>65,394</u> | <u>62,848</u> | <u>57,097</u> |
| | <u>\$ 1,716,685</u> | <u>\$ 1,845,998</u> | <u>\$ 2,384,723</u> |

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

23. EQUITY

a. Share capital

Ordinary shares

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---|---------------------|----------------------|---------------------|
| Shares authorized (in thousands of shares) | <u>500,000</u> | <u>500,000</u> | <u>500,000</u> |
| Shares authorized | <u>\$ 5,000,000</u> | <u>\$ 5,000,000</u> | <u>\$ 5,000,000</u> |
| Shares issued and fully paid (in thousands of shares) | <u>419,765</u> | <u>419,765</u> | <u>419,765</u> |
| Shares issued and fully paid | <u>\$ 4,197,653</u> | <u>\$ 4,197,653</u> | <u>\$ 4,197,653</u> |
| Par value (in New Taiwan dollars) | <u>\$ 10</u> | <u>\$ 10</u> | <u>\$ 10</u> |

As of March 31, 2024, December 31, 2023 and March 31, 2023, the balance of the Company's capital account amounted to NT\$4,197,653 thousand, divided into 419,765 thousand ordinary shares with a par value of NT\$10.

b. Capital surplus

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|--|---------------------|----------------------|---------------------|
| May be used to offset a deficit, distributed as cash dividends, or transferred to share capital* | | | |
| Additional paid-in capital | \$ 5,203,712 | \$ 5,203,712 | \$ 5,200,332 |
| Conversion of bonds | 1,481,180 | 1,481,180 | 1,481,180 |
| <u>May only be used to offset a deficit</u> | | | |
| Overdue dividends unclaimed | 120 | 100 | 100 |
| Share of changes in capital surplus of associates or joint ventures (disposals of subsidiaries) | <u>310,638</u> | <u>310,638</u> | <u>310,638</u> |
| | <u>\$ 6,995,650</u> | <u>\$ 6,995,630</u> | <u>\$ 6,992,250</u> |

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

c. Retained earnings and dividends policy

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

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

The appropriations of earnings and dividends per share for 2023 and 2022 were as follows:

| | Appropriation of Earnings | | Dividends Per Share (NT\$) | |
|-----------------|----------------------------------|--------------------------|---------------------------------------|--------------------------|
| | For Year 2023 | For Year 2022 | For Year 2023 | For Year 2022 |
| Legal reserve | \$ 245,950 | \$ 488,756 | | |
| Special reserve | 479,840 | 710,979 | | |
| Cash dividends | <u>1,259,296</u> | <u>2,938,357</u> | \$ 3.00 | \$ 7.00 |
| | <u>\$ 1,985,086</u> | <u>\$ 4,138,092</u> | | |

Except for the cash dividends were distributed by the Company’s board meeting on March 5, 2024, the 2022 appropriation of earnings were resolved by the shareholders regular meeting on May 26, 2023. The rest of the 2023 appropriation of earnings were proposed by the Company’s board meeting and will be resolved by the shareholders regular meeting on May 28, 2024.

d. Other equity items

1) The exchange differences arising on translation of foreign operations’ net assets from its functional currency to the Group’s presentation currency (New Taiwan dollar) are recognized directly in other comprehensive income. For the three months ended March 31, 2024 and 2023, other comprehensive loss was NT\$95,328 thousand and NT\$154,239 thousand, respectively.

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

| | For the Three Months Ended March 31 | |
|---------------------------|--|-------------------|
| | 2024 | 2023 |
| Balance at January 1 | \$ 365,441 | \$ 294,632 |
| Recognized for the period | <u>71,484</u> | <u>23,523</u> |
| Balance at March 31 | <u>\$ 436,925</u> | <u>\$ 318,155</u> |

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

24. REVENUE

Refer to Note 36 to the consolidated financial statements for the Group's revenue.

25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

| | For the Three Months Ended March 31 | |
|---|--|------------------|
| | 2024 | 2023 |
| Current tax | | |
| In respect of the current year | \$ (14,660) | \$ 82,289 |
| Adjustment for prior years' tax | (206) | - |
| Deferred tax | | |
| In respect of the current year | <u>11,077</u> | <u>(20,828)</u> |
| Income tax (benefit) expense recognized in profit or loss | <u>\$ (3,789)</u> | <u>\$ 61,461</u> |

b. Income tax assessments

The Company's income tax returns through 2022 have been examined by the tax authorities.

c. Pillar Two Income Tax Act

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

Under the Act, NTCJ is required to pay supplementary tax in Japan on profits taxed below the effective tax rate of 15%. As of March 31, 2024, no country has yet entered into force its Pillar Two income tax act, so there is no major jurisdiction that may be exposed to this income tax risk. However, the Group also continues to review the impact of the Pillar Two Income Tax Act on its future financial performance.

26. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION

| | For the Three Months Ended March 31 | | | | For the Three Months Ended March 31 | | | |
|----------------------------------|--|----------------------------------|--|--------------|--|--------------|--|--------------|
| | 2024 | | Classified as Non-operating Income and Losses | Total | 2023 | | Classified as Non-operating Income and Losses | Total |
| Classified as Operating Costs | Classified as Operating Expenses | Classified as Operating Costs | | | Classified as Operating Expenses | | | |
| Employee benefits expense | | | | | | | | |
| Short-term employment benefits | \$ 243,132 | \$ 1,635,725 | \$ - | \$ 1,878,857 | \$ 222,325 | \$ 1,692,770 | \$ - | \$ 1,915,095 |
| Post-employment benefits | 10,520 | 102,396 | - | 112,916 | 9,938 | 128,093 | - | 138,031 |
| Depreciation | 153,240 | 116,514 | 33,039 | 302,793 | 145,195 | 104,629 | 35,303 | 285,127 |
| Amortization | 1,297 | 86,330 | - | 87,627 | 1,933 | 82,289 | - | 84,222 |

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

For the three months ended March 31, 2024 and 2023, the employees' compensation and remuneration of directors were as follows:

| | For the Three Months Ended March 31 | | | |
|---------------------------|-------------------------------------|---|-----------|---|
| | 2024 | | 2023 | |
| | Amount | % | Amount | % |
| Employees' compensation | \$ 28,455 | 6 | \$ 47,394 | 6 |
| Remuneration of directors | 4,743 | 1 | 7,899 | 1 |

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

The employees' compensation and remuneration to the directors of 2023 and 2022, which were approved by the Company's board of directors on March 5, 2024 and March 7, 2023, respectively, were as below:

| | 2023 | | 2022 | |
|------------------------------|------------|---|------------|---|
| | Amount | % | Amount | % |
| Employees' cash compensation | \$ 167,459 | 6 | \$ 306,214 | 6 |
| Remuneration of directors | 27,910 | 1 | 51,036 | 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, 2023 and 2022.

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

27. EARNINGS PER SHARE

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

| | For the Three Months Ended March 31 | | | | | |
|--|--|---|--|--|---|--|
| | 2024 | | | 2023 | | |
| | Amounts (Numerator) After Income Tax (Attributable to Owners of the Company) | Shares (Denominator) (In Thousands) | Earnings Per Share (NT\$) After Income Tax (Attributable to Owners of the Company) | Amounts (Numerator) After Income Tax (Attributable to Owners of the Company) | Shares (Denominator) (In Thousands) | Earnings Per Share (NT\$) After Income Tax (Attributable to Owners of the Company) |
| Basic earnings per share | | | | | | |
| Net profit attributed to owners of the Company | \$ 409,057 | 419,765 | \$ 0.97 | \$ 671,601 | 419,765 | \$ 1.60 |
| Effect of potentially dilutive ordinary shares | | | | | | |
| Employees’ compensation | - | 1,156 | | - | 1,799 | |
| Diluted earnings per share | | | | | | |
| Net profit attributed to owners of the Company | <u>\$ 409,057</u> | <u>420,921</u> | 0.97 | <u>\$ 671,601</u> | <u>421,564</u> | 1.59 |

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

28. DISPOSAL OF SUBSIDIARIES

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

- a. Consideration received from disposals

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

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

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

c. Net cash inflow on disposals of subsidiaries

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

29. CAPITAL MANAGEMENT

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

30. FINANCIAL INSTRUMENT

a. Categories of financial instruments

| | March 31, 2024 | | December 31, 2023 | | March 31, 2023 | |
|--|--------------------|---------------|--------------------|---------------|--------------------|---------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| <u>Financial assets</u> | | | | | | |
| Financial assets at amortized cost (Note 1) | \$ 11,970,081 | \$ 11,970,081 | \$ 11,250,645 | \$ 11,250,645 | \$ 15,184,534 | \$ 15,184,534 |
| Financial assets at FVTPL | | | | | | |
| Derivative financial assets | 80,070 | 80,070 | 99,185 | 99,185 | 126,188 | 126,188 |

(Continued)

| | March 31, 2024 | | December 31, 2023 | | March 31, 2023 | |
|--|-----------------|--------------|-------------------|--------------|-----------------|--------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Financial assets at FVTOCI | | | | | | |
| Investment in equity instruments | \$ 1,420,041 | \$ 1,420,041 | \$ 1,348,557 | \$ 1,348,557 | \$ 1,258,271 | \$ 1,258,271 |
| <u>Financial liabilities</u> | | | | | | |
| Financial liabilities at amortized cost (Note 2) | 10,981,315 | 10,981,315 | 9,961,981 | 9,961,981 | 15,690,077 | 15,690,077 |
| Financial liabilities at FVTPL | | | | | | |
| Derivative financial liabilities | 13,400 | 13,400 | 786 | 786 | 8,909 | 8,909 |
| | | | | | | (Concluded) |

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

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

b. Fair value information

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

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

2) Fair value measurements recognized in the consolidated balance sheets

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

c) Domestic unlisted equity instruments at FVTOCI were all measured based on Level 3 fair value. Fair values of such equity instruments were determined using discounted cash flow of income approach and comparable listed company approach, by referring to strike price of similar business in active market, implied value multiple of the price and relevant information. Significant unobservable inputs included P/E ratio, value multiple and market liquidity discount. As the discounted cash flow method was used, the discount rate used for the lack of marketability was 29%; which increase by 1% while all the other variables are held constant, the fair value of investments will decrease by \$9,014 thousand and \$8,577 thousand for the three months ended March 31, 2024 and 2023, respectively.

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

| | March 31, 2024 | | | |
|---|--------------------------|----------------|----------------|--------------|
| | Level 1 | Level 2 | Level 3 | Total |
| <u>Financial assets at FVTPL</u> | | | | |
| Derivative financial assets | \$ - | \$ 70 | \$ 80,000 | \$ 80,070 |
| <u>Financial assets at FVTOCI</u> | | | | |
| Domestic listed shares and emerging market shares | \$ 117,786 | \$ - | \$ - | \$ 117,786 |
| Domestic and overseas unlisted shares | \$ - | \$ - | \$ 1,302,255 | \$ 1,302,255 |
| <u>Financial liabilities at FVTPL</u> | | | | |
| Derivative financial liabilities | \$ - | \$ 13,400 | \$ - | \$ 13,400 |
| | December 31, 2023 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| <u>Financial assets at FVTPL</u> | | | | |
| Derivative financial assets | \$ - | \$ 22,422 | \$ 76,763 | \$ 99,185 |
| <u>Financial assets at FVTOCI</u> | | | | |
| Domestic listed shares and emerging market shares | \$ 134,083 | \$ - | \$ - | \$ 134,083 |
| Domestic and overseas unlisted shares | \$ - | \$ - | \$ 1,214,474 | \$ 1,214,474 |
| <u>Financial liabilities at FVTPL</u> | | | | |
| Derivative financial liabilities | \$ - | \$ 786 | \$ - | \$ 786 |

| | March 31, 2023 | | | |
|---|-----------------------|-----------------|---------------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| <u>Financial assets at FVTPL</u> | | | | |
| Derivative financial assets | \$ <u>-</u> | \$ <u>5,063</u> | \$ <u>121,125</u> | \$ <u>126,188</u> |
| <u>Financial assets at FVTOCI</u> | | | | |
| Domestic listed shares and emerging market shares | \$ <u>129,315</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>129,315</u> |
| Domestic and overseas unlisted shares | \$ <u>-</u> | \$ <u>-</u> | \$ <u>1,128,956</u> | \$ <u>1,128,956</u> |
| <u>Financial liabilities at FVTPL</u> | | | | |
| Derivative financial liabilities | \$ <u>-</u> | \$ <u>8,909</u> | \$ <u>-</u> | \$ <u>8,909</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 three months ended March 31, 2024 and 2023 were as follows:

| | For the Three Months Ended March 31 | |
|--|--|---------------------|
| | 2024 | 2023 |
| Balance at January 1 | \$ 1,291,237 | \$ 1,238,619 |
| Recognized in other comprehensive income | 87,781 | 12,112 |
| Recognized in profit or loss | <u>3,237</u> | <u>(650)</u> |
| Balance at March 31 | <u>\$ 1,382,255</u> | <u>\$ 1,250,081</u> |

c. Financial risk management objectives and policies

The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign currency risk, and the use of financial derivatives. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis.

1) Market risk

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 35 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\$11,630 thousand increase and NT\$9,826 thousand increase for the three months ended March 31, 2024 and 2023, respectively. The amounts used in the 1% weakening of New Taiwan dollars against the relevant currency did not consider the impact of hedge contracts and hedged item.

b) Interest rate risk

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

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

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|------------------------------|---------------------------|------------------------------|---------------------------|
| Cash flow interest rate risk | | | |
| Financial assets | \$ 8,413 | \$ 8,413 | \$ 8,413 |
| Financial liabilities | 1,423,000 | 2,064,280 | 2,506,720 |

The sensitivity analysis of cash flows based on the Group's exposure to interest rates for fair value of variable-rate non-derivative instruments at the end of the reporting period. If interest rates increased by 1%, the Group's cash outflows for the three months ended March 31, 2024 and 2023 would have increased by NT\$3,536 thousand and increased by NT\$6,246 thousand, respectively.

2) Credit risk

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

3) Liquidity risk

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

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

| | March 31, 2024 | | | |
|---|-----------------------|-------------------|---------------------|---------------------|
| | Within 1 Year | 1-2 Years | Over 2 Years | Total |
| <u>Non-derivative financial liabilities</u> | | | | |
| Non-interest bearing Lease liabilities | \$ 7,841,630 | \$ - | \$ - | \$ 7,841,630 |
| Variable interest rate liabilities | 176,260 | 152,513 | 290,236 | 619,009 |
| | <u>708,714</u> | <u>285,714</u> | <u>428,572</u> | <u>1,423,000</u> |
| | <u>\$ 8,726,604</u> | <u>\$ 438,227</u> | <u>\$ 718,808</u> | <u>\$ 9,883,639</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>\$ 328,773</u> | <u>\$ 181,643</u> | <u>\$ 108,593</u> | <u>\$ 619,009</u> |

| | December 31, 2023 | | | |
|---|--------------------------|-------------------|---------------------|---------------------|
| | Within 1 Year | 1-2 Years | Over 2 Years | Total |
| <u>Non-derivative financial liabilities</u> | | | | |
| Non-interest bearing Lease liabilities | \$ 6,051,703 | \$ - | \$ - | \$ 6,051,703 |
| Variable interest rate liabilities | 165,301 | 127,188 | 269,323 | 561,812 |
| | <u>1,207,137</u> | <u>285,714</u> | <u>571,429</u> | <u>2,064,280</u> |
| | <u>\$ 7,424,141</u> | <u>\$ 412,902</u> | <u>\$ 840,752</u> | <u>\$ 8,677,795</u> |

Additional information about the maturity analysis of lease liabilities:

| | Less than 2 Years | 2-5 Years | Over 5 Years | Total |
|-------------------|---|-------------------|---------------------|-------------------|
| | <u>Non-derivative financial liabilities</u> | | | |
| Lease liabilities | <u>\$ 292,489</u> | <u>\$ 153,869</u> | <u>\$ 115,454</u> | <u>\$ 561,812</u> |

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

Additional information about the maturity analysis of lease liabilities:

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

31. TRANSACTIONS WITH RELATED PARTIES

a. Related party name and categories

| <u>Related Party Name</u> | <u>Related Party Categories</u> |
|---|---------------------------------|
| Winbond Electronics Corporation (“WEC”) | The Company’s parent |
| Winbond Electronics (HK) Limited (“WEHK”) | Associate |
| Winbond Electronics Corporation America (“WECA”) | Associate |
| Winbond Electronics Corporation Japan (“WECJ”) | Associate |
| Callisto Holding Limited | Associate |
| AMTC | Associate (Note) |
| Miraxia Edge Technology Corporation (“METC”) | Associate |
| TPSCo. | Associate |
| 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 |
| Walsin (Nanjing) Development Co., Ltd. | Related party in substance |
| Waltech Advanced Engineering (Suzhou), Inc. (“Waltech”) | Related party in substance |

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

b. Operating activities

| | For the Three Months Ended March 31 | |
|-----------------------------------|--|---------------------|
| | 2024 | 2023 |
| 1) Operating revenue | | |
| Related party in substance | \$ 28,384 | \$ 29,670 |
| Associate | <u>678</u> | <u>32,569</u> |
| | <u>\$ 29,062</u> | <u>\$ 62,239</u> |
| 2) Purchases of goods | | |
| Associate | | |
| TPSCo. | \$ 724,337 | 863,819 |
| Parent company | <u>32,601</u> | <u>22,938</u> |
| | <u>\$ 756,938</u> | <u>\$ 886,757</u> |
| 3) Manufacturing expenses | | |
| Related party in substance | | |
| Waltech | \$ 450,663 | \$ 568,744 |
| Associate | | |
| TPSCo. | 410,397 | 496,692 |
| Others | 17,769 | 14,352 |
| Parent company | <u>246</u> | <u>514</u> |
| | <u>\$ 879,075</u> | <u>\$ 1,080,302</u> |
| 4) Operating expenses | | |
| Associate | \$ 94,422 | \$ 113,740 |
| Parent company | 53,325 | 74,261 |
| Related party in substance | <u>18,587</u> | <u>6,370</u> |
| | <u>\$ 166,334</u> | <u>\$ 194,371</u> |
| 5) Non-operating income (expense) | | |
| Associate | <u>\$ 72</u> | <u>\$ (2,569)</u> |

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|---|---------------------------|------------------------------|---------------------------|
| 6) Accounts receivable from related parties | | | |
| Related party in substance | | | |
| Nyquest | \$ 20,594 | \$ 18,433 | \$ - |
| Waltech | 8,151 | 2,165 | 1,593 |
| Others | 26 | 27 | 23,191 |
| Associate | <u>204</u> | <u>8,898</u> | <u>21,070</u> |
| | <u>\$ 28,975</u> | <u>\$ 29,523</u> | <u>\$ 45,854</u> |

7) Other receivables

| | | | |
|----------------------------|------------------|------------------|-------------------|
| Associate | | | |
| TPSCo. | \$ 36,728 | \$ 36,518 | \$ 133,102 |
| Others | 8,217 | 9,713 | 10,403 |
| Related party in substance | 709 | 555 | 1,285 |
| Parent company | <u>-</u> | <u>1,598</u> | <u>166</u> |
| | <u>\$ 45,654</u> | <u>\$ 48,384</u> | <u>\$ 144,956</u> |

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

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|----------------------------|---------------------------|------------------------------|---------------------------|
| 8) Refundable deposits | | | |
| Parent company | \$ 1,780 | \$ 1,780 | \$ 1,780 |
| Related party in substance | <u>1,722</u> | <u>1,722</u> | <u>1,722</u> |
| | <u>\$ 3,502</u> | <u>\$ 3,502</u> | <u>\$ 3,502</u> |

9) Accounts payable to related parties

| | | | |
|----------------------------|-------------------|-------------------|---------------------|
| Related party in substance | | | |
| Waltech | \$ 484,232 | \$ 373,818 | \$ 1,214,247 |
| Associate | | | |
| TPSCo. | 297,943 | 385,860 | 565,468 |
| Parent company | <u>23,726</u> | <u>18,482</u> | <u>15,970</u> |
| | <u>\$ 805,901</u> | <u>\$ 778,160</u> | <u>\$ 1,795,685</u> |

10) Other payables

| | | | |
|----------------------------|-------------------|-------------------|-------------------|
| Associate | \$ 379,302 | \$ 216,715 | \$ 263,920 |
| Related party in substance | 246,489 | 248,339 | 312,735 |
| Parent company | <u>95,952</u> | <u>94,651</u> | <u>70,876</u> |
| | <u>\$ 721,743</u> | <u>\$ 559,705</u> | <u>\$ 647,531</u> |

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|----------------------------|---------------------------|------------------------------|---------------------------|
| 11) Guarantee deposits | | | |
| Related party in substance | | | |
| Nyquest | \$ 244,800 | \$ 244,800 | \$ 244,800 |
| Parent company | <u>545</u> | <u>545</u> | <u>545</u> |
| | <u>\$ 245,345</u> | <u>\$ 245,345</u> | <u>\$ 245,345</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.

12) Acquisition of property, plant and equipment

| | <u>Acquisition Price</u> | |
|-----------|-----------------------------------|-----------------|
| | <u>For the Three Months Ended</u> | |
| | <u>March 31</u> | |
| | <u>2024</u> | <u>2023</u> |
| Associate | <u>\$ 19,240</u> | <u>\$ 3,556</u> |

13) Disposal of property, plant and equipment

| | <u>Proceeds</u> | | <u>Gain (Loss) on Disposal</u> | |
|-----------|-----------------------------------|-------------|-----------------------------------|-------------|
| | <u>For the Three Months Ended</u> | | <u>For the Three Months Ended</u> | |
| | <u>March 31</u> | | <u>March 31</u> | |
| | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> |
| Associate | <u>\$ 489</u> | <u>\$ -</u> | <u>\$ 489</u> | <u>\$ -</u> |

c. Lease arrangements - Group is lessee

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|----------------------------|---------------------------|------------------------------|---------------------------|
| 1) Lease liabilities | | | |
| Related party in substance | \$ 29,743 | \$ - | \$ - |
| Associate | 23,251 | 24,290 | 29,928 |
| Parent company | <u>9,153</u> | <u>12,188</u> | <u>21,243</u> |
| | <u>\$ 62,147</u> | <u>\$ 36,478</u> | <u>\$ 51,171</u> |

| | For the Three Months Ended March 31 | |
|---|--|---------------|
| | 2024 | 2023 |
| 2) Finance costs | | |
| Related party in substance | \$ 223 | \$ - |
| Associate | 96 | 124 |
| Parent company | <u>25</u> | <u>58</u> |
| | <u>\$ 344</u> | <u>\$ 182</u> |
| 3) Acquisition of right-of-use assets | | |
| Related party in substance | <u>\$ 30,315</u> | <u>\$ -</u> |
| d. Lease arrangements - Group is lessor/Sublease arrangements | | |

Sublease arrangements under operating leases

For the three months ended March 31, 2024 and 2023, the Group subleases its right-of-use assets to its associate companies WEC, WEHK and TPSCo. under operating leases with lease terms between 1 and 12 years, and the rental is based on similar asset's market rental rates and fixed lease payments are received monthly.

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

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|----------------|---------------------------|------------------------------|---------------------------|
| Associate | | | |
| TPSCo. | \$ 12,505 | \$ 12,842 | \$ 19,463 |
| Others | 508 | 230 | 227 |
| Parent company | <u>423</u> | <u>401</u> | <u>510</u> |
| | <u>\$ 13,436</u> | <u>\$ 13,473</u> | <u>\$ 20,200</u> |

2) Future lease payment receivables were as follows:

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|----------------|---------------------------|------------------------------|---------------------------|
| Associate | | | |
| TPSCo. | \$ 1,091,340 | \$ 1,155,776 | \$ 1,344,372 |
| Others | 9,024 | 458 | 1,475 |
| Parent company | <u>3,036</u> | <u>4,254</u> | <u>3,322</u> |
| | <u>\$ 1,103,400</u> | <u>\$ 1,160,488</u> | <u>\$ 1,349,169</u> |

3) Lease income were as follows:

| | For the Three Months Ended March 31 | |
|----------------|--|------------------|
| | 2024 | 2023 |
| Associate | | |
| TPSCo. | \$ 34,183 | \$ 53,352 |
| Others | 654 | 2,836 |
| Parent company | <u>1,050</u> | <u>397</u> |
| | <u>\$ 35,887</u> | <u>\$ 56,585</u> |

Lease arrangements under finance leases

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

As of March 31, 2024, December 31, 2023 and March 31, 2023, the balance of finance lease receivables were NT\$90,086 thousand, NT\$115,377 thousand and NT\$193,128 thousand, respectively. For the three months ended March 31, 2024 and 2023, there was no impairment loss. The amount of interest income under finance leases for the three months ended March 31, 2024 and 2023 were NT\$520 thousand and NT\$1,003 thousand, respectively.

e. Acquisition of financial assets

For the three months ended March 31, 2024: None

For the three months ended March 31, 2023

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

f. Endorsements and guarantees

Endorsements and guarantees provided by the Group

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

Endorsements and guarantees given by related parties

| Related Party Category | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|--|---------------------------|------------------------------|---------------------------|
| Parent company | | | |
| Amount endorsed | <u>\$ 6,345,000</u> | <u>\$ 6,516,000</u> | <u>\$ 6,864,000</u> |
| Amount utilized (reported as secured bank loans) | <u>\$ 211,500</u> | <u>\$ 847,080</u> | <u>\$ 1,006,720</u> |

g. Compensation of key management personnel

| | For the Three Months Ended March 31 | |
|------------------------------|--|-------------------|
| | 2024 | 2023 |
| Short-term employee benefits | \$ 57,671 | \$ 135,790 |
| Post-employment benefits | <u>957</u> | <u>879</u> |
| | <u>\$ 58,628</u> | <u>\$ 136,669</u> |

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

h. Other transactions with related parties

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

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

| | March 31, 2024 | December 31, 2023 | March 31, 2023 |
|--|---------------------------|------------------------------|---------------------------|
| Land | \$ 1,005,008 | \$ 1,021,639 | \$ 1,087,214 |
| Buildings | 499,667 | 519,543 | 590,332 |
| Investment properties | 312,747 | 324,873 | 367,917 |
| Time deposits (accounted as refundable deposits) | <u>109,321</u> | <u>109,268</u> | <u>107,227</u> |
| | <u>\$ 1,926,743</u> | <u>\$ 1,975,323</u> | <u>\$ 2,152,690</u> |

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The board of directors of the Company agreed to sell all preferred shares of Autotalks Ltd. of 4,500,553 (including shares which converted from SAFE warrants), the transaction price is estimated to be US\$23,925 thousand, which will vary by the adjustment mechanism contained in the contract on the date of trade. Settlement of this transaction will be effective within 5 working days or on a date to be mutually agreed upon by the parties, subject to the success of the conditions precedent set forth in the contract. As the conditions precedent set forth were not achieved, the transaction was terminated on March 31, 2024.

34. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

On 3 April 2024, an earthquake of magnitude 7.2 centered in eastern Taiwan. The Company's six-inch wafer fab and plants located in Hsinchu Science Park have not been significantly damaged. The self-protection mechanism is activated to restart the equipment. Overall, the event has no significant influence to the company's operation and finance.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

| | March 31, 2024 | | |
|------------------------------|--|---------------------------------|--|
| | Foreign Currencies (Thousand) | Exchange Rate (Note) | New Taiwan Dollars (Thousand) |
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 157,564 | 32.0000 | \$ 5,042,051 |
| ILS | 9,474 | 8.6973 | 82,394 |
| RMB | 9,196 | 4.4080 | 40,536 |
| JPY | 353,664 | 0.2115 | 74,800 |
| EUR | 486 | 34.4600 | 16,762 |
| HKD | 2,463 | 4.0890 | 10,070 |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | 123,361 | 32.0000 | 3,947,568 |
| ILS | 11,472 | 8.6973 | 99,773 |
| RMB | 5,160 | 4.4080 | 22,744 |
| JPY | 96,379 | 0.2115 | 20,384 |
| | December 31, 2023 | | |
| | Foreign Currencies (Thousand) | Exchange Rate (Note) | New Taiwan Dollars (Thousand) |
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 178,715 | 30.7050 | \$ 5,487,438 |
| ILS | 10,874 | 8.4694 | 92,097 |
| RMB | 5,906 | 4.3270 | 25,555 |
| JPY | 217,862 | 0.2172 | 47,320 |
| EUR | 604 | 33.98 | 20,536 |
| HKD | 1,353 | 3.9290 | 5,318 |

(Continued)

| | December 31, 2023 | | |
|------------------------------|--|---------------------------------|--|
| | Foreign Currencies (Thousand) | Exchange Rate (Note) | New Taiwan Dollars (Thousand) |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | \$ 131,320 | 30.7050 | \$ 4,032,168 |
| ILS | 13,070 | 8.4694 | 110,694 |
| RMB | 4,495 | 4.3270 | 19,452 |
| JPY | 3,283 | 0.2172 | 713 |
| | | | (Concluded) |

| | March 31, 2023 | | |
|-------------------------|--|---------------------------------|--|
| | Foreign Currencies (Thousand) | Exchange Rate (Note) | New Taiwan Dollars (Thousand) |
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 236,969 | 30.45 | \$ 7,215,693 |
| ILS | 10,145 | 8.4221 | 85,443 |
| RMB | 5,757 | 4.4310 | 25,510 |
| JPY | 64,011 | 0.2288 | 14,646 |
| EUR | 57 | 33.1488 | 1,890 |
| HKD | 769 | 3.8790 | 2,982 |

| | | | |
|------------------------------|---------|--------|-----------|
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | 204,410 | 30.45 | 6,224,293 |
| ILS | 10,500 | 8.4221 | 88,429 |
| RMB | 6,700 | 4.4310 | 29,690 |
| JPY | 6,128 | 0.2288 | 1,402 |

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

For the three months ended March 31, 2024 and 2023, realized and unrealized net foreign exchange gains (losses) were NT\$63,305 thousand and NT\$(5,953) 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.

36. SEGMENT INFORMATION

a. Basic information about operating segment

1) Classification of operating segments

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

a) General IC product segment

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

b) Foundry service segment

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

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

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

b. Segment revenues and operating results

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

| | Segment Revenue | | Segment Profit and Loss | |
|---|----------------------------|--------------|----------------------------|--------------|
| | For the Three Months Ended | | For the Three Months Ended | |
| | March 31 | | March 31 | |
| | 2024 | 2023 | 2024 | 2023 |
| General IC products | \$ 7,659,834 | \$ 8,201,192 | \$ 1,028,739 | \$ 1,028,009 |
| Foundry service | 503,725 | 563,077 | 142,279 | 215,299 |
| Total of segment revenue | 8,163,559 | 8,764,269 | 1,171,018 | 1,243,308 |
| Other revenue | 304,696 | 191,543 | 181,026 | 116,051 |
| Operating revenue | \$ 8,468,255 | \$ 8,955,812 | 1,352,044 | 1,359,359 |
| Unallocated expenditure | | | | |
| Administrative and supporting expenses | | | (593,869) | (643,172) |
| Sales and other common expenses | | | (302,372) | (347,830) |
| Income from operations | | | 455,803 | 368,357 |
| Finance costs | | | (10,121) | (9,190) |
| Interest income | | | 44,543 | 42,559 |
| Other gains and losses | | | (28,950) | (10,397) |
| Gains (losses) on disposal of property, plant and equipment | | | 16,735 | 10,192 |
| Foreign exchange gains (losses) | | | 63,305 | (5,953) |

(Continued)

| | <u>Segment Revenue</u> | | <u>Segment Profit and Loss</u> | |
|--|-----------------------------------|------|-----------------------------------|-------------------|
| | <u>For the Three Months Ended</u> | | <u>For the Three Months Ended</u> | |
| | <u>March 31</u> | | <u>March 31</u> | |
| | 2024 | 2023 | 2024 | 2023 |
| Losses on financial instruments at fair value through profit or loss | | | \$ (64,659) | \$ (2,948) |
| Share of profit (loss) of associates | | | <u>(71,388)</u> | <u>340,442</u> |
| Profit before income tax | | | <u>\$ 405,268</u> | <u>\$ 733,062</u> |

(Concluded)

37. 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 | None |
| 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 3 |
| 8) | Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital | Table 4 |
| 9) | Information about the derivative financial instruments transaction | Note 7 |
| 10) | Intercompany relationships and Significant intercompany transactions | Table 7 |
| 11) | Information on investments | Table 5 |

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 6 |
| 2) | <p>Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports.</p> <p>a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.</p> <p>b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.</p> <p>c) The amount of property transactions and the amount of the resultant gains or losses.</p> <p>d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.</p> <p>e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.</p> <p>f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.</p> | Table 6 |

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

| No. | Endorser/Guarantor | Endorsee/Guarantee | | Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1) | Maximum Amount Endorsed/ Guaranteed During the Period (Note 2) | Outstanding Endorsement/ Guarantee at the End of the Period (Note 2) | Actual Borrowing Amount (In Thousands of Foreign Currencies) | Amount Endorsed/ Guaranteed by Collateral | Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) | Aggregate Endorsement/ Guarantee Limit (Note 3) | Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries | Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent | Endorsement/ Guarantee Given on Behalf of Companies in Mainland China |
|-----|--------------------|--------------------|--------------|--|--|--|---|--|---|--|--|--|---|
| | | Name | Relationship | | | | | | | | | | |
| 0 | The Company | NTCJ | Subsidiary | \$ 15,856,981 | \$ 2,222,550 | \$ 2,222,550 | \$ 211,357 | \$ - | 14.02 | \$ 15,856,981 | Y | N | N |

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

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

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2024
(In Thousands of New Taiwan Dollars)

| Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | March 31, 2024 | | | | Note |
|--------------|--|---|---|----------------|-----------------|-----------------------------|------------|------|
| | | | | Shares/Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| The Company | <u>Shares</u> Yu-Ji Venture Capital Co., Ltd. | The held company as the investee's director | Non-current financial assets at fair value through other comprehensive income | 375,000 | \$ 7,605 | 5 | \$ 7,605 | |
| | Brightek Optoelectronic Co., Ltd. | None | " | 34,680 | 1,626 | - | 1,626 | |
| | United Industrial Gases Co., Ltd. | The held company as the investee's director | " | 8,800,000 | 598,400 | 4 | 598,400 | |
| | Autotalks Ltd. - Preferred E. Share | None | " | 3,932,816 | 640,000 | 9 | 640,000 | |
| | Allxon Inc. | None | " | 5,625,000 | 56,250 | 15 | 56,250 | |
| | <u>Warrants</u> Autotalks Ltd. | None | Non-current financial assets at fair value through profit or loss | - | 80,000 | - | 80,000 | |
| SYI | <u>Shares</u> Nyquest Technology Co., Ltd. | The held company as the investee's director | Non-current financial assets at fair value through other comprehensive income | 1,650,000 | 116,160 | 5 | 116,160 | |
| NTCJ | <u>Shares</u> Symetrix Corporation | None | " | 50,268 | - | 1 | - | |

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE THREE MONTHS ENDED MARCH 31, 2024

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

(In Thousands of New Taiwan Dollars and Foreign Currencies)

| Company Name | Related Party | Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/Accounts Payable or Receivable | | Note |
|--------------|---------------|-------------------|---------------------|---------------|------------|-------------------------------|----------------------|---------------|--------------------------------------|------------|------|
| | | | Purchase/Sale | Amount | % of Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % to Total | |
| The Company | NTHK | Subsidiary | Sales | \$ 1,793,429 | 39 | Net 50 days from invoice date | N/A | N/A | \$ 1,167,953 | 44 | |
| | NTSG | Subsidiary | Sales | 212,929 | 5 | Net 8 days end of the month | N/A | N/A | 98,706 | 4 | |
| | NTCJ | Subsidiary | Sales | 182,163 | 4 | Net 8 days end of the month | N/A | N/A | 208,762 | 8 | |
| | NTSG | Subsidiary | Purchases | 150,046 | 7 | Net 8 days end of the month | N/A | N/A | (60,616) | 3 | |
| | NTCJ | Subsidiary | Purchases | 1,241,120 | 70 | Net 8 days end of the month | N/A | N/A | (531,354) | 26 | |
| NTSG | NTCJ | Fellow subsidiary | Sales | US\$ 22,227 | 46 | Net 10 days end of the month | N/A | N/A | US\$ 7,494 | 33 | |
| | NTHK | Fellow subsidiary | Sales | US\$ 3,810 | 8 | Net 10 days end of the month | N/A | N/A | US\$ 1,846 | 8 | |
| NTCJ | NTSG | Fellow subsidiary | Sales | JPY 3,405,988 | 15 | Net 10 days end of the month | N/A | N/A | JPY 1,379,987 | 10 | |
| | NTHK | Fellow subsidiary | Sales | JPY 3,262,915 | 15 | Net 10 days end of the month | N/A | N/A | JPY 549,502 | 4 | |
| | TPSCo | Associate | Purchases | JPY 3,414,422 | 42 | Net 10 days end of the month | N/A | N/A | JPY (1,408,712) | 28 | |

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

MARCH 31, 2024

(In Thousands of New Taiwan Dollars and Foreign Currencies)

| Company Name | Related Party | Relationship | Ending Balance | Turnover Rate | Overdue | | Amount Received in Subsequent Period | Allowance for Impairment Loss |
|--------------|---------------|-------------------|-------------------------|---------------|---------|--------------|--------------------------------------|-------------------------------|
| | | | | | Amount | Action Taken | | |
| The Company | NTHK | Subsidiary | \$ 1,167,953 (Note) | 6.02 | \$ - | - | \$ 438,383 | \$ - |
| | NTCJ | Subsidiary | 208,762 (Note) | 3.50 | - | - | 184,591 | - |
| NTSG | NTCJ | Fellow subsidiary | US\$ 7,494 (Note) | 10.17 | - | - | US\$ 7,494 | - |
| NTCJ | NTSG | Fellow subsidiary | JPY 1,379,987 (Note) | 10.32 | - | - | JPY 1,379,987 | - |
| | NTHK | Fellow subsidiary | JPY 549,502 (Note) | 15.84 | - | - | JPY 549,502 | - |
| | The Company | Parent company | JPY 2,521,498 (Note) | 8.89 | - | - | JPY 2,521,498 | - |

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 THREE MONTHS ENDED MARCH 31, 2024

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

THE FOLLOWING DISCLOSURE INFORMATION IS ONLY FOR REFERENCE.)

(In Thousands of New Taiwan Dollars)

| Investor Company | Investee Company | Location | Main Businesses and Products | Original Investment Amount | | As of March 31, 2024 | | | Net Income (Loss) of the Investee | Share of Profit (Loss) | Note |
|------------------|------------------|--------------------------|---|----------------------------|-------------------|----------------------|-----|-----------------|-----------------------------------|------------------------|----------|
| | | | | March 31, 2024 | December 31, 2023 | Number of Shares | % | Carrying Amount | | | |
| The Company | NTHK | Hong Kong | Sales of semiconductor | \$ 427,092 | \$ 427,092 | 107,400,000 | 100 | \$ 742,987 | \$ 14,422 | \$ 14,422 | |
| | MML | British Virgin Islands | Investment holding | 274,987 | 274,987 | 8,897,789 | 100 | 288,116 | 319 | 319 | |
| | NIH | British Virgin Islands | Investment holding | 515,251 | 515,251 | 15,633,161 | 100 | 394,028 | 13,889 | 13,889 | |
| | SYI | Taiwan | Investment holding | 38,500 | 38,500 | 3,850,000 | 100 | 145,228 | 35 | 35 | |
| | NTIPL | India | Design, sales and service of semiconductor | 30,211 | 30,211 | 600,000 | 100 | 22,505 | 92 | 92 | |
| | NTCA | United States of America | Design, sales and service of semiconductor | 190,862 | 190,862 | 60,500 | 100 | 233,212 | 4,579 | 4,579 | |
| | NTSG | Singapore | Design, sales and service of semiconductor | 1,319,054 | 1,319,054 | 45,100,000 | 100 | 2,240,940 | 132,730 | 132,730 | |
| | NTKL | Korea | Design, sales and service of semiconductor | 67,611 | 30,828 | 280,000 | 100 | 51,343 | 644 | 644 | |
| | NTHJ | Japan | Investment holding | 5,927,849 | 5,927,849 | 100 | 100 | 8,441,656 | 146,917 | 146,917 | |
| | NTG | Germany | Customer service and technical support of semiconductor | 67,980 | 67,980 | 2,000,000 | 100 | 68,920 | - | - | |
| MML | GLLC | United States of America | Investment holding | 1,473,559 | 1,473,559 | - | 100 | 288,442 | 520 | 520 | |
| NIH | NTIL | Israel | Design and service of semiconductor | 46,905 | 46,905 | 1,000 | 100 | 393,080 | 13,911 | 13,911 | |
| NTHJ | NTCJ | Japan | Design, sales and service of semiconductor | 111,520 | 111,520 | 9,480 | 100 | 11,432,772 | 146,852 | 146,852 | |
| NTCJ | TPSCo. | Japan | Foundry and sales of semiconductor | 1,708,037 | 1,708,037 | 49,539 | 49 | 1,710,373 | (64,002) | (71,388) | (Note 1) |

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

Note 2: Refer to Table 6 for information on investment in mainland China.

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA FOR THE THREE MONTHS ENDED MARCH 31, 2024 (In Thousands of New Taiwan Dollars and Foreign Currencies)

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, 2024 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2024 | % Ownership of Direct or Indirect Investment | Net Income of the Investee | Investment Gain (Note 1) | Carrying Amount as of March 31, 2024 | Accumulated Repatriation of Investment Income as of March 31, 2024 |
|------------------------------------|--|---------------------------|--|---|---------------------|--------|--|--|----------------------------|--------------------------|--------------------------------------|--|
| | | | | | 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 | \$ 673 | \$ 673 | \$ 288,775 | \$ - |
| 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 | 2,166 | 2,166 | 236,774 | - |
| 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 2) | - | - | - | 100 | 2 | 2 | 7,935 | - |
| NTNJ | Provide development of semiconductor and technology, consult service and sales. | 28,800 (US\$ 900) | Through investing in NTHK in the third area, which then invested in the investee in mainland China indirectly | - (Note 3) | - | - | - | 100 | (1,672) | (1,672) | 26,495 | - |

Note 1: Investment profit or loss for the three months ended March 31, 2024 was recognized under the basis of the financial statements reviewed by the Company's auditor.

Note 2: NTSH directly injected the capital in Song Zhi (Suzhou).

Note 3: NTHK directly injected the capital in NTNJ.

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

| Company | Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2024 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 5) |
|-------------|--|--|--|
| The Company | NT\$282,135 (US\$8,500) | NT\$282,135 (US\$8,500) | NT\$9,514,188 |

Note 4: Through investing in MML in the third area in British Virgin Islands, which then invested in the investee in mainland China indirectly was NT\$16,429 (USD 500), WENJ has completed the cancellation and liquidation process in May 2023.

Note 5: Upper limit on the amount of 60% of the Company's net book value.

3. Refer to Table 7 for significant transactions with the investee in mainland China directly and indirectly through investing in companies in the third area.
4. Handling endorsement, guarantee and collateral to the investee in Mainland China directly and indirectly through investing in companies in the third area: None.
5. Financing of funds to investee in mainland China directly and indirectly through investing in companies in the third area: None.
6. Other transactions with significant influence on profit or loss for the period or financial performance: None.

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars and Foreign Currencies)**

| No. | Company Name | Related Party | Nature of Relationship | Transaction Details | | | Percentage of Consolidated Total Gross Sales or Total Assets (%) |
|-----|--|---------------|--|--|--------------|--------------|--|
| | | | | Financial Statement Account | Amount | Terms (Note) | |
| 0 | <u>2024.1.1-2024.3.31</u> The Company | NTHK | Transactions between parent company and subsidiaries | Operating revenue | \$ 1,793,429 | - | 21 |
| | | NTHK | Transactions between parent company and subsidiaries | Accounts receivable from related parties | 1,167,953 | - | 4 |
| | | NTSG | Transactions between parent company and subsidiaries | Operating revenue | 212,929 | - | 3 |
| | | NTCJ | Transactions between parent company and subsidiaries | Operating revenue | 182,163 | - | 2 |
| | | NTCJ | Transactions between parent company and subsidiaries | Accounts receivable from related parties | 208,762 | - | 1 |
| | | NTSG | Transactions between parent company and subsidiaries | Operating cost | 150,046 | - | 2 |
| | | NTCJ | Transactions between parent company and subsidiaries | Operating cost | 1,241,120 | - | 15 |
| | | NTCJ | Transactions between parent company and subsidiaries | Accounts payable to related parties | 531,354 | - | 2 |
| | | NTIL | Transactions between parent company and subsidiaries | Operating expense | 296,118 | - | 3 |
| | | NTCA | Transactions between parent company and subsidiaries | Operating expense | 110,920 | - | 1 |
| 1 | NTCJ | NTSG | Transactions between subsidiaries | Operating revenue | 722,629 | - | 9 |
| | | NTSG | Transactions between subsidiaries | Accounts receivable from related parties | 291,867 | - | 1 |
| | | NTHK | Transactions between subsidiaries | Operating revenue | 692,074 | - | 8 |
| | | NTHK | Transactions between subsidiaries | Accounts receivable from related parties | 116,220 | - | - |
| 2 | NTSG | NTCJ | Transactions between subsidiaries | Operating revenue | 698,534 | - | 8 |
| | | NTCJ | Transactions between subsidiaries | Accounts receivable from related parties | 239,819 | - | 1 |
| | | NTHK | Transactions between subsidiaries | Operating revenue | 119,779 | - | 1 |

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

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES**INFORMATION OF MAJOR SHAREHOLDERS
MARCH 31, 2024**

| 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.