

**Nuvoton Technology Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2021 and 2020 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Nuvoton Technology Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Nuvoton Technology Corporation and its subsidiaries (collectively, the "Group") as of March 31, 2021 and 2020, the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of 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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the three months then ended March 31, 2021 and 2020 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 Shu-Lin Liu and Hung-Bin Yu.

Shu-Lin Liu

Hung-Bin Yu

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 6, 2021

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)

	March 31, 2021 (Reviewed)		December 31, 2020 (Audited)		March 31, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 5,447,286	17	\$ 5,881,733	18	\$ 4,470,067	40
Financial assets at fair value through profit or loss - current (Note 7)	9,788	-	13,223	-	-	-
Notes and accounts receivable, net (Note 8)	4,236,220	13	4,155,816	13	877,349	8
Accounts receivable from related parties, net (Notes 8 and 30)	83,048	-	90,577	-	40,932	-
Other receivables (Notes 9 and 30)	2,029,017	7	1,710,051	5	498,660	4
Inventories (Note 10)	6,285,089	20	6,250,131	20	1,964,010	18
Other current assets	309,899	1	259,015	1	145,293	1
Total current assets	18,400,347	58	18,360,546	57	7,996,311	71
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 11)	2,027,799	6	1,806,580	6	1,051,398	9
Property, plant and equipment (Note 12)	6,143,697	19	6,547,107	20	752,722	7
Right-of-use assets (Notes 13 and 30)	1,382,235	4	1,498,888	5	563,754	5
Investment properties (Note 14)	2,263,820	7	2,466,667	8	42,598	-
Intangible assets (Note 15)	770,990	3	802,691	2	652,590	6
Deferred tax assets (Note 4)	197,744	1	188,397	-	116,289	1
Refundable deposits (Notes 6 and 30)	470,728	2	651,497	2	87,292	1
Other non-current assets	4,689	-	328	-	606	-
Total non-current assets	13,261,702	42	13,962,155	43	3,267,249	29
TOTAL	\$ 31,662,049	100	\$ 32,322,701	100	\$ 11,263,560	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 17)	\$ 1,359,503	4	\$ 1,821,210	6	\$ -	-
Financial liabilities at fair value through profit or loss - current (Note 7)	12,042	-	3,191	-	-	-
Notes payable	292,166	1	365,870	1	-	-
Accounts payable	2,626,543	8	2,653,008	8	1,110,489	10
Accounts payable to related parties (Note 30)	979,345	3	827,543	3	29,253	-
Other payables (Notes 18 and 30)	3,972,103	13	4,008,274	12	1,113,332	10
Current tax liabilities (Note 4)	345,521	1	221,412	1	100,653	1
Provisions - current (Note 19)	887,501	3	928,719	3	-	-
Lease liabilities - current (Notes 13 and 30)	279,557	1	300,067	1	111,112	1
Other current liabilities	266,285	1	421,034	1	68,931	1
Total current liabilities	11,020,566	35	11,550,328	36	2,533,770	23
NON-CURRENT LIABILITIES						
Bonds payable (Note 16)	1,123,324	4	1,207,820	4	-	-
Long-term borrowings (Note 17)	1,500,000	5	1,500,000	5	500,000	4
Provisions - non-current (Note 19)	2,917,263	9	3,120,468	10	101,891	1
Deferred tax liabilities	4,468	-	52,132	-	-	-
Lease liabilities - non-current (Notes 13 and 30)	1,338,359	4	1,474,041	4	422,288	4
Net defined benefit liabilities - non-current (Note 4)	1,679,993	5	1,780,008	5	286,940	2
Other non-current liabilities	112,527	-	116,536	-	87,624	1
Total non-current liabilities	8,675,934	27	9,251,005	28	1,398,743	12
Total liabilities	19,696,500	62	20,801,333	64	3,932,513	35
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)						
Share capital	3,883,936	12	3,759,616	12	2,875,544	25
Certificates of bond-to-stock conversion	22,801	-	124,320	-	-	-
Capital surplus	5,861,429	19	5,796,731	18	2,906,976	26
Retained earnings						
Legal reserve	596,905	2	596,905	2	541,722	5
Unappropriated earnings	1,511,774	5	1,103,083	3	928,444	8
Exchange differences on translation of financial statements of foreign operations	(577,628)	(2)	(128,352)	-	(25,171)	-
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	666,332	2	269,065	1	103,532	1
Total equity	11,965,549	38	11,521,368	36	7,331,047	65
TOTAL	\$ 31,662,049	100	\$ 32,322,701	100	\$ 11,263,560	100

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 22 and 30)	\$ 10,072,480	100	\$ 2,133,155	100
OPERATING COST (Notes 10, 24 and 30)	<u>6,152,873</u>	<u>61</u>	<u>1,289,092</u>	<u>60</u>
GROSS PROFIT	<u>3,919,607</u>	<u>39</u>	<u>844,063</u>	<u>40</u>
OPERATING EXPENSES (Notes 24 and 30)				
Selling expenses	301,737	3	52,753	2
General and administrative expenses	788,980	8	127,555	6
Research and development expenses	2,443,416	24	657,464	31
Expected credit loss (gain)	<u>4,797</u>	<u>-</u>	<u>(3,645)</u>	<u>-</u>
Total operating expenses	<u>3,538,930</u>	<u>35</u>	<u>834,127</u>	<u>39</u>
PROFIT FROM OPERATIONS	<u>380,677</u>	<u>4</u>	<u>9,936</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES (Note 30)				
Finance costs	(27,737)	(1)	(4,500)	-
Interest income	4,035	-	8,080	-
Other gains and losses	88,085	1	3,022	-
Gains (losses) on disposal of property, plant and equipment	(11,859)	-	19	-
Foreign exchange gains (losses)	(20,676)	-	7,939	-
Losses on financial assets at fair value through profit or loss	<u>(22,293)</u>	<u>-</u>	<u>(5,051)</u>	<u>-</u>
Total non-operating income and expenses	<u>9,555</u>	<u>-</u>	<u>9,509</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	390,232	4	19,445	1
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(119,636)</u>	<u>(1)</u>	<u>(8,230)</u>	<u>(1)</u>
NET PROFIT FOR THE PERIOD	<u>270,596</u>	<u>3</u>	<u>11,215</u>	<u>-</u>

(Continued)

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Note 21)				
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	\$ 535,362	5	\$ (66,012)	(3)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>(449,276)</u>	<u>(4)</u>	<u>(6,187)</u>	<u>-</u>
Other comprehensive income (loss) for the period, net of income tax	<u>86,086</u>	<u>1</u>	<u>(72,199)</u>	<u>(3)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 356,682</u>	<u>4</u>	<u>\$ (60,984)</u>	<u>(3)</u>
EARNINGS PER SHARE (Note 26)				
From continuing operations				
Basic	<u>\$0.70</u>		<u>\$0.04</u>	
Diluted	<u>\$0.65</u>		<u>\$0.04</u>	

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

(Concluded)

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company					Other Equity		Total Equity
	Ordinary Share	Certificates of Bond-to-Stock Conversion	Capital Surplus	Retained Earnings		Exchange Differences on Translation Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	
				Legal Reserve	Unappropriated Earnings			
BALANCE AT JANUARY 1, 2020	\$ 2,875,544	\$ -	\$ 2,906,976	\$ 541,722	\$ 917,229	\$ (18,984)	\$ 169,544	\$ 7,392,031
Net profit for the three months ended March 31, 2020	-	-	-	-	11,215	-	-	11,215
Other comprehensive income (loss) for the three months ended March 31, 2020, net of income tax	-	-	-	-	-	(6,187)	(66,012)	(72,199)
Total comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	-	11,215	(6,187)	(66,012)	(60,984)
BALANCE AT MARCH 31, 2020	<u>\$ 2,875,544</u>	<u>\$ -</u>	<u>\$ 2,906,976</u>	<u>\$ 541,722</u>	<u>\$ 928,444</u>	<u>\$ (25,171)</u>	<u>\$ 103,532</u>	<u>\$ 7,331,047</u>
BALANCE AT JANUARY 1, 2021	\$ 3,759,616	\$ 124,320	\$ 5,796,731	\$ 596,905	\$ 1,103,083	\$ (128,352)	\$ 269,065	\$ 11,521,368
Net profit for the three months ended March 31, 2021	-	-	-	-	270,596	-	-	270,596
Other comprehensive income (loss) for the three months ended March 31, 2021, net of income tax	-	-	-	-	-	(449,276)	535,362	86,086
Total comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	270,596	(449,276)	535,362	356,682
Convertible bonds converted to ordinary shares (Note 16)	<u>124,320</u>	<u>(101,519)</u>	<u>64,698</u>	-	-	-	-	<u>87,499</u>
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Notes 11 and 21)	-	-	-	-	138,095	-	(138,095)	-
BALANCE AT MARCH 31, 2021	<u>\$ 3,883,936</u>	<u>\$ 22,801</u>	<u>\$ 5,861,429</u>	<u>\$ 596,905</u>	<u>\$ 1,511,774</u>	<u>\$ (577,628)</u>	<u>\$ 666,332</u>	<u>\$ 11,965,549</u>

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 390,232	\$ 19,445
Adjustments for:		
Depreciation expense	290,485	82,746
Amortization expense	59,648	27,559
Finance costs	27,737	4,500
Expected credit loss (gain) recognized on accounts receivable	4,797	(3,645)
Interest income	(4,035)	(8,080)
(Gains) losses on disposal of property, plant and equipment	11,859	(19)
Other income	-	(5)
Changes in operating assets and liabilities		
(Increase) decrease in financial assets at fair value through profit or loss	11,707	6,037
(Increase) decrease in notes and accounts receivable	(85,163)	136,976
(Increase) decrease in accounts receivable from related parties	7,529	26,462
(Increase) decrease in other receivables	(336,288)	(5,660)
(Increase) decrease in inventories	(34,958)	(359,352)
(Increase) decrease in other current assets	(50,884)	(2,851)
(Increase) decrease in other non-current assets	(4,361)	12
Increase (decrease) in notes payable	(73,704)	-
Increase (decrease) in accounts payable	125,337	10,367
Increase (decrease) in other payables	38,134	(168,842)
Increase (decrease) in other current liabilities	(154,749)	520
Increase (decrease) in net defined benefit liabilities	(1,714)	(625)
Increase (decrease) in other non-current liabilities	(4,009)	7,481
Cash flows from (used in) operations	<u>217,600</u>	<u>(226,974)</u>
Income tax paid	(7,602)	(5,151)
Interest received	3,089	10,289
Interest paid	<u>(24,365)</u>	<u>(4,440)</u>
Net cash flows generated from (used in) operating activities	<u>188,722</u>	<u>(226,276)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of intangible assets	(104,229)	(55,549)
Proceeds from disposal of financial assets at fair value through other comprehensive income	235,166	-
Acquisition of property, plant and equipment	(186,353)	(75,780)
Proceeds from disposal of property, plant and equipment	2,030	19
(Increase) decrease in refundable deposits	180,769	(413)
(Increase) decrease in other receivables - time deposits	<u>18,516</u>	<u>2,144</u>
Net cash flows generated from (used in) investing activities	<u>145,899</u>	<u>(129,579)</u>

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NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	\$ (461,707)	\$ -
Repayment of the principal portion of lease liabilities	<u>(74,933)</u>	<u>(29,794)</u>
Net cash flows generated from (used in) financing activities	<u>(536,640)</u>	<u>(29,794)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(232,428)</u>	<u>(3,507)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(434,447)	(389,156)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>5,881,733</u>	<u>4,859,223</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$ 5,447,286</u>	<u>\$ 4,470,067</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, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

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

For the specialization and division of labor and the reinforcement of core competitive ability, the Company’s parent company, Winbond Electronics Corporation (WEC), spun off its Logic IC business into the Company on July 1, 2008 in accordance with the Business Mergers and Acquisitions Act and the Company commenced business in July 2008. WEC held approximately 55%, 55% and 62% of the ownership interest in the Company as of March 31, 2021, December 31, 2020 and March 31, 2020, respectively.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s Board of Directors and authorized for issue on May 6, 2021.

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

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

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

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

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
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 IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

(Concluded)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Preparation

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

Basis of Consolidation

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

Subsidiary included in the consolidated financial statements:

Investor	Investee	Main Business	% of Ownership		
			March 31, 2021	December 31, 2020	March 31, 2020
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 Holding Japan (“NTHJ”) (Note1)	Investment holding	100	100	-
	Nuvoton Technology Singapore Pte. Ltd (“NTSPL”)	Design, sales and after-sales service of semiconductor	100	100	100
	Nuvoton Technology Korea Limited (“NTHK”)	Design, sales and after-sales service of semiconductor	100	100	-
NTHK	Nuvoton Electronics Technology (Shenzhen) Limited (“NTSZ”)	Computer software service (except I.C. design), wholesale business for computer, supplement and software	100	100	100
MML	Goldbond LLC (“GLLC”)	Investment holding	100	100	100
GLLC	Nuvoton Electronics Technology (Shanghai) Limited (“NTSH”)	Provides projects for sale in China and repairing, testing and consulting of software and leasing business	100	100	100
	Winbond Electronics (Nanjing) Ltd. (“WENJ”)	Computer software service (except I.C. design)	100	100	100
NIH	Nuvoton Technology Israel Ltd. (“NTIL”)	Design and service of semiconductor	100	100	100
NTHJ	Nuvoton Technology Corporation Japan (“NTHJ”, formerly PSCS company) (Note1)	Design, sales and after-sales service of semiconductor	100	100	-
NTCJ	Atfields Manufacturing Technology Corporation (“AMTC”, formerly PIDE company) (Note1)	Design and service of semiconductor	100	100	-
	Miraxia Edge Technology Corporation (“METC”, formerly PIDST company) (Note1)	Design and service of semiconductor	100	100	-

Note: The Group acquired the semiconductor business of Panasonic Corporation on September 1, 2020 and held NTHJ, NTCJ (formerly “PSCS”), AMTC (formerly “PIDE”), and METC (formerly “PIDST”) with 100% ownership, refer to Note 27.

Retirement Benefits

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

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

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

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

Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	March 31, 2021	December 31, 2020	March 31, 2020
Cash and deposits in banks	\$ 4,613,486	\$ 4,898,733	\$ 3,963,067
Repurchase agreements collateralized by bonds	<u>833,800</u>	<u>983,000</u>	<u>507,000</u>
	<u>\$ 5,447,286</u>	<u>\$ 5,881,733</u>	<u>\$ 4,470,067</u>

- a. The Group has time deposits pledged to secure land leases, customs tariff obligations and borrowings which are reclassified as "refundable deposits" as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Time deposits	<u>\$ 455,575</u>	<u>\$ 636,102</u>	<u>\$ 75,988</u>

- 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 9):

	March 31, 2021	December 31, 2020	March 31, 2020
Time deposits	<u>\$ 178,973</u>	<u>\$ 197,489</u>	<u>\$ 445,581</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Financial assets at FVTPL - current</u>			
Cross-currency swap contracts	\$ 800	\$ 4,128	\$ -
Right of redemption of convertible bonds	<u>8,988</u>	<u>9,095</u>	<u>-</u>
	<u>\$ 9,788</u>	<u>\$ 13,223</u>	<u>\$ -</u>
<u>Financial liabilities at FVTPL - current</u>			
Foreign exchange forward contracts	<u>\$ 12,042</u>	<u>\$ 3,191</u>	<u>\$ -</u>

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

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>March 31, 2021</u>			
Sell forward exchange contracts	USD/NTD	2021.04.22-2021.05.07	USD31,000/NTD872,463
Cross-currency swap contracts	USD/NTD	2021.06.04	USD13,000/NTD371,644
<u>December 31, 2020</u>			
Sell forward exchange contracts	USD/NTD	2021.01.21-2021.02.25	USD21,000/NTD594,889
Cross-currency swap contracts	USD/NTD	2021.01.22	USD16,000/NTD459,808

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

8. NOTES AND ACCOUNTS RECEIVABLE, NET

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Notes receivable</u>	\$ -	\$ -	\$ -
<u>Accounts receivable (including related parties)</u>			
At amortized cost			
Gross carrying amount	4,349,125	4,271,490	937,244
Less: Allowance for impairment loss	<u>(29,857)</u>	<u>(25,097)</u>	<u>(18,963)</u>
	<u>\$ 4,319,268</u>	<u>\$ 4,246,393</u>	<u>\$ 918,281</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 financial department 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 action is 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, 2021

	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	\$ 4,329,971	\$ 2,502	\$ -	\$ 16,652	\$ -	\$ 4,349,125
Loss allowance (lifetime ECL)	<u>(26,477)</u>	<u>(50)</u>	<u>-</u>	<u>(3,330)</u>	<u>-</u>	<u>(29,857)</u>
Amortized cost	<u>\$ 4,303,494</u>	<u>\$ 2,452</u>	<u>\$ -</u>	<u>\$ 13,322</u>	<u>\$ -</u>	<u>\$ 4,319,268</u>

December 31, 2020

	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	\$ 4,250,939	\$ 3,931	\$ -	\$ 16,620	\$ -	\$ 4,271,490
Loss allowance (lifetime ECL)	<u>(21,694)</u>	<u>(79)</u>	<u>-</u>	<u>(3,324)</u>	<u>-</u>	<u>(25,097)</u>
Amortized cost	<u>\$ 4,229,245</u>	<u>\$ 3,852</u>	<u>\$ -</u>	<u>\$ 13,296</u>	<u>\$ -</u>	<u>\$ 4,246,393</u>

March 31, 2020

	Not Overdue	Overdue under 30 Days	Overdue 31-90 Days	Overdue 91-180 Days	Over 180 Days	Total
Expected credit loss rate	2%	2%	10%	20%	50%	
Gross carrying amount	\$ 929,119	\$ 7,212	\$ 913	\$ -	\$ -	\$ 937,244
Loss allowance (lifetime ECL)	<u>(18,728)</u>	<u>(144)</u>	<u>(91)</u>	<u>-</u>	<u>-</u>	<u>(18,963)</u>
Amortized cost	<u>\$ 910,391</u>	<u>\$ 7,068</u>	<u>\$ 822</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 918,281</u>

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

	For the Three Months Ended March 31	
	2021	2020
Balance at January 1	\$ 25,097	\$ 22,566
Add (less): Net remeasurement (reversal) of loss allowance	4,797	(3,645)
Effects of foreign currency exchange differences	<u>(37)</u>	<u>42</u>
Balance at March 31	<u>\$ 29,857</u>	<u>\$ 18,963</u>

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

Refer to Note 29 for details of the factoring agreements for accounts receivable.

9. OTHER RECEIVABLES

	March 31, 2021	December 31, 2020	March 31, 2020
Receivables for acquisition price adjustment	\$ 520,890	\$ 520,890	\$ -
Royalty receivable	501,761	425,453	-
Technical service receivable	203,569	156,641	-
Time deposits (Note 6)	178,973	197,489	445,581
Business tax refund receivable	164,216	165,647	38,421
Others	<u>459,608</u>	<u>243,931</u>	<u>14,658</u>
	<u>\$ 2,029,017</u>	<u>\$ 1,710,051</u>	<u>\$ 498,660</u>

10. INVENTORIES

	March 31, 2021	December 31, 2020	March 31, 2020
Raw materials and supplies	\$ 231,623	\$ 301,764	\$ 111,847
Work in process	4,165,870	4,008,947	1,368,271
Finished goods	1,873,067	1,934,294	480,295
Inventory in transit	<u>14,529</u>	<u>5,126</u>	<u>3,597</u>
	<u>\$ 6,285,089</u>	<u>\$ 6,250,131</u>	<u>\$ 1,964,010</u>

The operating costs for the three months ended March 31, 2021 and 2020 was NT\$6,152,873 thousand and NT\$1,289,092 thousand, respectively. The inventory write-downs, obsolescence and abandonment of inventories for the three months ended March 31, 2021 and 2020 were NT\$58,671 thousand and NT\$(68,756) thousand, respectively.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments at FVTOCI:

	March 31, 2021	December 31, 2020	March 31, 2020
Listed shares and emerging market shares			
Nyquest Technology Co., Ltd.	\$ 161,205	\$ 80,685	\$ 45,870
Brightek Optoelectronic Co., Ltd.	1,666	894	463
Tower Semiconductor Ltd.	-	232,110	-
Unlisted shares			
United Industrial Gases Co., Ltd.	466,400	396,000	387,200
Yu-Ji Venture Capital Co., Ltd.	15,300	14,479	13,365
Autotalks Ltd. - Preferred E. Share	570,700	569,600	604,500
Tower Partners Semiconductor Co., Ltd. (TPSCo.)	812,528	512,812	-
Symetrix Corporation - Preferred A. Share	-	-	-
	<u>\$ 2,027,799</u>	<u>\$ 1,806,580</u>	<u>\$ 1,051,398</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 elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

In January 2021, the Group sold remaining of its shares in Tower Semiconductor Ltd. in order to manage credit concentration risk. The shares sold had a fair value of NT\$235,166 thousand. Their related unrealized valuation gain of NT\$138,095 thousand was transferred from other equity to retained earnings. Refer to Note 21 for related information.

In September 2020, the Company acquired the Preferred A Share of the Symetrix Corporation through the combination of Panasonic semiconductor business. The entitled rights of the Preferred A Share were as follows:

- a. Each Preferred A Shares grants its holder a number of votes equal to the number of votes per Ordinary Share.
- b. In the event of liquidation, the Preferred A Shares shall be prior to Ordinary Shares.
- c. The investor shall have the right to nominate board directors.
- d. The conversion rights (Each Preferred A share converts ten Ordinary Shares).

12. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2021	December 31, 2020	March 31, 2020
Land	\$ 2,055,294	\$ 2,203,639	\$ -
Buildings	2,188,463	2,374,032	195,354
Machinery and equipment	1,486,118	1,574,487	456,682
Other equipment	283,216	256,600	99,951
Construction in progress and prepayments for purchase of equipment	<u>130,606</u>	<u>138,349</u>	<u>735</u>
	<u>\$ 6,143,697</u>	<u>\$ 6,547,107</u>	<u>\$ 752,722</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, 2021	\$ 2,203,639	\$ 23,437,689	\$ 63,250,171	\$ 3,831,256	\$ 172,820	\$ 92,895,575
Additions	-	10,817	61,988	93,955	9,943	176,703
Disposals	-	(1,995)	(185,517)	(71,430)	-	(258,942)
Reclassified	-	970	4,207	3,639	(8,816)	-
Effects of foreign currency exchange differences	<u>(148,345)</u>	<u>(1,328,769)</u>	<u>(3,452,634)</u>	<u>(236,294)</u>	<u>(11,612)</u>	<u>(5,177,654)</u>
Balance at March 31, 2021	<u>2,055,294</u>	<u>22,118,712</u>	<u>59,678,215</u>	<u>3,621,126</u>	<u>162,335</u>	<u>87,635,682</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2021	-	21,063,657	61,675,684	3,574,656	34,471	86,348,468
Disposals	-	(1,995)	(185,014)	(58,044)	-	(245,053)
Depreciation expense	-	52,885	98,999	42,937	-	194,821
Reclassified	-	-	-	428	(428)	-
Effects of foreign currency exchange differences	<u>-</u>	<u>(1,184,298)</u>	<u>(3,397,572)</u>	<u>(222,067)</u>	<u>(2,314)</u>	<u>(4,806,251)</u>
Balance at March 31, 2021	<u>-</u>	<u>19,930,249</u>	<u>58,192,097</u>	<u>3,337,910</u>	<u>31,729</u>	<u>81,491,985</u>
Carrying amounts at March 31, 2021	<u>\$ 2,055,294</u>	<u>\$ 2,188,463</u>	<u>\$ 1,486,118</u>	<u>\$ 283,216</u>	<u>\$ 130,606</u>	<u>\$ 6,143,697</u>

<u>Cost</u>						
Balance at January 1, 2020	\$ -	\$ 3,662,145	\$ 11,557,247	\$ 405,918	\$ 1,416	\$ 15,626,726
Additions	-	11,986	26,581	3,788	186	42,541
Disposals	-	-	(17,689)	-	-	(17,689)
Reclassified	-	-	867	-	(867)	-
Effects of foreign currency exchange differences	<u>-</u>	<u>-</u>	<u>(1,251)</u>	<u>(2,554)</u>	<u>-</u>	<u>(3,805)</u>
Balance at March 31, 2020	<u>-</u>	<u>3,674,131</u>	<u>11,565,755</u>	<u>407,152</u>	<u>735</u>	<u>15,647,773</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments for Purchase of Equipment	Total
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2020	\$ -	\$ 3,472,390	\$ 11,092,214	\$ 301,801	\$ -	\$ 14,866,405
Disposals	-	-	(17,689)	-	-	(17,689)
Depreciation expense	-	6,387	35,494	7,113	-	48,994
Reclassified	-	-	-	-	-	-
Effects of foreign currency exchange differences	-	-	(946)	(1,713)	-	(2,659)
Balance at March 31, 2020	-	<u>3,478,777</u>	<u>11,109,073</u>	<u>307,201</u>	-	<u>14,895,051</u>
Carrying amounts at March 31, 2020	<u>\$ -</u>	<u>\$ 195,354</u>	<u>\$ 456,682</u>	<u>\$ 99,951</u>	<u>\$ 735</u>	<u>\$ 752,722</u>

(Concluded)

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Carrying amounts</u>			
Land	\$ 192,282	\$ 198,547	\$ 220,266
Buildings	300,788	326,004	308,046
Machinery and equipment	859,936	940,671	-
Other equipment	<u>29,229</u>	<u>33,666</u>	<u>35,442</u>
	<u>\$ 1,382,235</u>	<u>\$ 1,498,888</u>	<u>\$ 563,754</u>
		For the Three Months Ended March 31	
		2021	2020
Additions to right-of-use assets		<u>\$ 8,669</u>	<u>\$ 2,534</u>
Depreciation for right-of-use assets			
Land		\$ 6,265	\$ 6,315
Buildings		25,973	21,760
Machinery and equipment		18,019	-
Other equipment		<u>4,686</u>	<u>4,568</u>
		<u>\$ 54,943</u>	<u>\$ 32,643</u>
Income from the subleasing of right-of-use assets (presented in other income)		<u>\$ (1,863)</u>	<u>\$ (1,993)</u>

b. Lease liabilities

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Carrying amounts</u>			
Current	<u>\$ 279,557</u>	<u>\$ 300,067</u>	<u>\$ 111,112</u>
Non-current	<u>\$ 1,338,359</u>	<u>\$ 1,474,041</u>	<u>\$ 422,288</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Land	1.76%-2.06%	1.76%-2.06%	1.76%-2.06%
Buildings	0.33%-3.75%	0.33%-3.75%	1.09%-3.75%
Machinery and equipment	0.33%-0.80%	0.33%-0.80%	-
Other equipment	0.26%-3.61%	0.26%-3.61%	0.73%-3.61%

For the three months ended March 31, 2021 and 2020, the interest expense under lease liabilities amounted to NT\$4,635 thousand and NT\$2,856 thousand, respectively.

c. Material lease-in activities and terms

The Group leases low-voltage protection equipment from others in Japan, and the lease term will expire in 2021 to 2035 years.

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 30).

The Group leased some of the offices in the United States, China, Israel, India, Korea and Taiwan, and the lease terms will expire between 2021 and 2026 which can be extended after the expiration of the lease periods.

d. Subleases

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

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

	March 31, 2021	December 31, 2020	March 31, 2020
Year 1	\$ 7,173	\$ 6,816	\$ 6,049
Year 2	4,857	5,041	6,047
Year 3	1,360	1,224	5,115
Year 4	-	-	1,645
Year 5	-	-	-
Year 6 onwards	-	-	-
	<u>\$ 13,390</u>	<u>\$ 13,081</u>	<u>\$ 18,856</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	
	2021	2020
Expenses relating to short-term leases	<u>\$ 55,295</u>	<u>\$ 1,600</u>
Total cash outflow for leases	<u>\$ (134,850)</u>	<u>\$ (34,190)</u>

The Group leases certain buildings and transportation equipment which qualify 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.

Lease-out arrangements under operating leases for investment properties are set out in Note 14.

14. INVESTMENT PROPERTIES

	March 31, 2021	December 31, 2020	March 31, 2020
Investment properties, net	<u>\$ 2,263,820</u>	<u>\$ 2,466,667</u>	<u>\$ 42,598</u>

The Group acquired investment properties through business combinations in Niigata and Toyama, Japan on September 1, 2020. The fair value of investment properties was NT\$2,503,591 thousand on the purchase price allocation report. The Group's management team evaluated the fair value of investment properties and determined that the fair value of the investment properties had not changed significantly, compared to the fair value of the investment properties as of March 31, 2021.

The remaining investment properties are located in Shenzhen, China. As of December 31, 2020 and 2019, the fair value of such investment properties was both approximately NT\$200,000 thousand, which used as reference the neighboring area transactions. The Group's management team evaluated the fair value of investment properties and determined that the fair value of the investment properties had not changed significantly, compared to the fair value of the investment properties as of March 31, 2021 and 2020.

	March 31	
	2021	2020
<u>Cost</u>		
Balance at January 1	\$ 9,090,968	\$ 98,511
Disposals	(1,176)	-
Effects of foreign currency exchange differences	<u>(605,985)</u>	<u>(1,144)</u>
Balance at March 31	<u>8,483,807</u>	<u>97,367</u>
		(Continued)

	March 31	
	2021	2020
<u>Accumulated depreciation and impairment</u>		
Balance at January 1	\$ 6,624,301	\$ 54,304
Disposals	(1,176)	-
Depreciation expense	40,721	1,109
Effects of foreign currency exchange differences	<u>(443,859)</u>	<u>(644)</u>
Balance at March 31	<u>6,219,987</u>	<u>54,769</u>
Carrying amount at March 31	<u>\$ 2,263,820</u>	<u>\$ 42,598</u> (Concluded)

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

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

	March 31, 2021	December 31, 2020	March 31, 2020
Year 1	\$ 248,062	\$ 265,390	\$ 6,446
Year 2	169,660	203,485	4,072
Year 3	166,217	178,214	1,226
Year 4	130,783	159,218	-
Year 5	95,349	102,231	-
Year 6 onwards	<u>667,443</u>	<u>741,175</u>	<u>-</u>
	<u>\$ 1,477,514</u>	<u>\$ 1,649,713</u>	<u>\$ 11,744</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.

15. INTANGIBLE ASSETS

	March 31, 2021	December 31, 2020	March 31, 2020
Deferred technical assets	\$ 501,834	\$ 537,497	\$ 626,849
Other intangible assets	<u>269,156</u>	<u>265,194</u>	<u>25,741</u>
	<u>\$ 770,990</u>	<u>\$ 802,691</u>	<u>\$ 652,590</u>

	Deferred Technical Assets	Other Intangible Assets	Total
<u>Cost</u>			
Balance at January 1, 2021	\$ 1,640,243	\$ 1,360,969	\$ 3,001,212
Additions	12,919	29,360	42,279
Effects of foreign currency exchange differences	<u>(5,169)</u>	<u>(85,487)</u>	<u>(90,656)</u>
Balance at March 31, 2021	<u>1,647,993</u>	<u>1,304,842</u>	<u>2,952,835</u>

Accumulated amortization and impairment

Balance at January 1, 2021	1,102,746	1,095,775	2,198,521
Amortization expense	46,685	12,963	59,648
Effects of foreign currency exchange differences	<u>(3,272)</u>	<u>(73,052)</u>	<u>(76,324)</u>
Balance at March 31, 2021	<u>1,146,159</u>	<u>1,035,686</u>	<u>2,181,845</u>

Carrying amounts at March 31, 2021	<u>\$ 501,834</u>	<u>\$ 269,156</u>	<u>\$ 770,990</u>
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Cost

Balance at January 1, 2020	\$ 1,202,455	\$ 3,426	\$ 1,205,881
Additions	393,632	26,271	419,903
Effects of foreign currency exchange differences	<u>(2,339)</u>	<u>(40)</u>	<u>(2,379)</u>
Balance at March 31, 2020	<u>1,593,748</u>	<u>29,657</u>	<u>1,623,405</u>

Accumulated amortization and impairment

Balance at January 1, 2020	941,618	3,033	944,651
Amortization expense	26,640	919	27,559
Effects of foreign currency exchange differences	<u>(1,359)</u>	<u>(36)</u>	<u>(1,395)</u>
Balance at March 31, 2020	<u>966,899</u>	<u>3,916</u>	<u>970,815</u>

Carrying amounts at March 31, 2020	<u>\$ 626,849</u>	<u>\$ 25,741</u>	<u>\$ 652,590</u>
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16. BONDS PAYABLE

	March 31, 2021	December 31, 2020	March 31, 2020
Unsecured domestic convertible bonds	<u>\$ 1,123,324</u>	<u>\$ 1,207,820</u>	<u>\$ -</u>

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

- a. The conversion price was set at \$39.9 per share at the time of issuance. When meeting certain criteria, adjustments on the conversion price are made in accordance with the terms and conditions. Since the Company issued ordinary shares in December 2020, the conversion price should be adjusted according to issuance and conversion measures, the conversion price was adjusted to \$38.2 since December 10, 2020.

- b. After the first three months of the issuance and forty days before the maturity date, if the closing price of the Company's common shares listed on the Taiwan Stock Exchange exceeds or equals 30% of the conversion price or the outstanding balance of the bonds is less than 10% in principal amount of the bonds originally outstanding for thirty consecutive business days, the Company may redeem the bonds in cash at the principal amount.
- c. After the bonds has been issued for over five years, the bondholders may request the Company to redeem the bonds at 106.41% of the principal amount (annual rate of return 1.25%). The right of the redemption was recognized as financial instruments at fair value through profit or loss - current. The fair value was \$8,988 thousand and \$9,095 thousand on March 31, 2021 and December 31, 2020, respectively.
- d. Except for the bonds that have been redeemed, sold back, converted, or bought back by the Company in the market, the principal will be repaid in cash upon maturity at a rate of 109.09% (annual rate of return 1.25% upon maturity).

The effective interest rate of the convertible bonds liability component was 1.22% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$6,426 thousand)	\$ 1,998,428
The right of redemption	<u>5,200</u>
Liability component at the date of issue	2,003,628
Convertible bonds converted into ordinary shares	(897,593)
Interest charged at an effective interest rate of 1.22%	<u>17,289</u>
Liability component at March 31, 2021	<u>\$ 1,123,324</u>

17. BORROWINGS

- a. Short-term borrowings

	<u>March 31, 2021</u>		<u>December 31, 2020</u>		<u>March 31, 2020</u>	
	<u>Interest Rate</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amount</u>
<u>Secured borrowings</u>						
Bank of Taiwan (Note 6)	4.35%	\$ 1,359,503	4.35%	\$ 1,544,910	-	\$ -
Chinatrust Commercial Bank Co., Ltd. (Note 30)	-	<u>-</u>	1.29%	<u>276,300</u>	-	<u>-</u>
		<u>\$ 1,359,503</u>		<u>\$ 1,821,210</u>		<u>\$ -</u>

The short-term borrowings of Chinatrust Commercial Bank Co., Ltd are secured and guaranteed by the parent company (refer to Note 30).

b. Long-term borrowings

	Period	Interest Rate	March 31, 2021	December 31, 2020	March 31, 2020
<u>Unsecured borrowings</u>					
The Export-Import Bank of ROC	2019.09.20-2026.09.21	0.92%	\$ 500,000	\$ 500,000	\$ 500,000
The Export-Import Bank of ROC	2020.08.25-2027.08.25	0.92%	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
			<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 500,000</u>

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

18. OTHER PAYABLES

	March 31, 2021	December 31, 2020	March 31, 2020
Payable for salaries or employee benefits	\$ 1,068,724	\$ 1,035,436	\$ 211,704
Payable for royalties	361,761	421,639	492,089
Payable for investment	242,960	242,960	-
Payable for maintenance	194,222	199,508	-
Payable for service	155,840	169,828	73,703
Payable for utilities	146,304	172,638	-
Payable for purchase of equipment	121,631	131,281	60,380
Payable for software	52,346	320,223	-
Others	<u>1,628,315</u>	<u>1,314,761</u>	<u>275,456</u>
	<u>\$ 3,972,103</u>	<u>\$ 4,008,274</u>	<u>\$ 1,113,332</u>

19. PROVISIONS

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Current</u>			
Decommissioning costs	\$ 571,063	\$ 612,281	\$ -
Employee benefits	<u>316,438</u>	<u>316,438</u>	<u>-</u>
	<u>\$ 887,501</u>	<u>\$ 928,719</u>	<u>\$ -</u>
<u>Non-current</u>			
Employee benefits	\$ 1,646,961	\$ 1,765,833	\$ -
Decommissioning costs	700,428	750,983	-
Warranties	<u>569,874</u>	<u>603,652</u>	<u>101,891</u>
	<u>\$ 2,917,263</u>	<u>\$ 3,120,468</u>	<u>\$ 101,891</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 benefit provision.

20. 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, 2020 and 2019, and recognized \$10,050 thousand and \$9,802 thousand, for the three months ended March 31, 2021 and 2020, respectively.

21. EQUITY

a. Share capital

Ordinary shares

	March 31, 2021	December 31, 2020	March 31, 2020
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>388,394</u>	<u>375,962</u>	<u>287,554</u>
Shares issued and fully paid	<u>\$ 3,883,936</u>	<u>\$ 3,759,616</u>	<u>\$ 2,875,544</u>
Par value (in New Taiwan dollars)	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 10</u>

On August 21, 2020, the Company's board of directors resolved to issue 80,000 thousand ordinary shares with a par value of NT\$10 to repay bank loans and enhance working capital. On September 25, 2020, the resolution was approved by the FSC. The consideration of NT\$38 per share was determined by the chairman which was authorized by the board of directors of the Company, the subscription base date was December 10, 2020. The associated issuance cost of \$8,832 thousand was deducted from capital surplus - additional paid-in capital.

For the three months ended March 31, 2021, the Company's issued 2,280 thousand shares of ordinary shares due to the conversion of unsecured convertible bonds, the registration of the 2,280 thousand ordinary shares issuance has not been completed as of March 31, 2021.

As of March 31, 2021, December 31, 2020 and March 31, 2020, the balance of the Company's capital account amounted to NT\$3,883,936 thousand, NT\$3,759,616 thousand and NT\$2,875,544 thousand, divided into 388,394 thousand ordinary shares, 375,962 thousand ordinary shares and 287,554 thousand ordinary shares with a par value of NT\$10.

b. Capital surplus

	March 31, 2021	December 31, 2020	March 31, 2020
May be used to offset a deficit, distributed as cash dividends, or <u>transferred to share capital*</u>			
Additional paid-in capital	\$ 5,088,159	\$ 5,088,159	\$ 2,856,991
Conversion of bonds	661,045	596,347	-
<u>May only be used to offset a deficit</u>			
Cash capital increase reserved for employee share options	112,160	112,160	49,920
Overdue dividends unclaimed	52	52	52
<u>May not be used for any purpose</u>			
Employee share options	<u>13</u>	<u>13</u>	<u>13</u>
	<u>\$ 5,861,429</u>	<u>\$ 5,796,731</u>	<u>\$ 2,906,976</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 24.

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

The appropriations of earnings for 2020 and 2019 that were proposed by the board of directors on March 16, 2021 and approved in the shareholders' meeting on May 29, 2020, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For Year 2020	For Year 2019	For Year 2020	For Year 2019
Legal reserve	\$ 58,610	\$ 55,183		
Cash dividends	<u>311,733</u>	<u>345,065</u>	\$0.80	\$1.20
	<u>\$ 370,343</u>	<u>\$ 400,248</u>		

The appropriation of earnings for 2020 is subject to the resolution of shareholders' meeting to be held on June 11, 2021.

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, 2021 and 2020, other comprehensive loss was NT\$449,276 thousand and NT\$6,187 thousand, respectively.
- 2) Unrealized valuation gains (losses) on financial assets at FVTOCI

	For the Three Months Ended March 31	
	2021	2020
Balance at January 1	\$ 269,065	\$ 169,544
Recognized for the period	535,362	(66,012)
Cumulative unrealized gains (losses) of equity instruments transferred to retained earnings due to disposal	<u>(138,095)</u>	<u>-</u>
Balance at March 31	<u>\$ 666,332</u>	<u>\$ 103,532</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.

22. REVENUE

Refer to Note 36 for the Group's revenue.

23. 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	
	2021	2020
Current tax		
In respect of the current year	\$ 129,173	\$ 26,600
Adjustment for prior years' tax	(190)	-
Deferred tax		
In respect of the current year	<u>(9,347)</u>	<u>(18,370)</u>
Income tax expense recognized in profit or loss	<u>\$ 119,636</u>	<u>\$ 8,230</u>

b. Income tax assessments

The Company's income tax returns through 2018 have been assessed by the tax authorities.

24. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION

	For the Three Months Ended March 31							
	2021				2020			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Employee benefits expense								
Short-term employment benefits	\$ 256,685	\$ 1,784,801	\$ -	\$ 2,041,486	\$ 174,034	\$ 453,064	\$ -	\$ 627,098
Post-employment benefits	2,328	137,817	-	140,145	7,424	37,737	-	45,161
Depreciation	148,691	101,073	40,721	290,485	32,668	48,969	1,109	82,746
Amortization	8,938	50,710	-	59,648	8,340	19,219	-	27,559

According to the Company's Articles, the Company accrued employees' compensation and remuneration of directors at rates of no less than 6% 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, 2021 and 2020, the employees' compensation and remuneration of directors were as follows:

	For the Three Months Ended March 31	
	2021	2020
Employees' cash compensation	<u>\$ 20,813</u>	<u>\$ 917</u>
Remuneration of directors	<u>\$ 3,469</u>	<u>\$ 153</u>

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 2020 and 2019, which were approved by the Company's board of directors on February 18, 2021 and February 6, 2020, respectively, were as below:

	2020		2019	
	Amount	%	Amount	%
Employees' cash compensation	\$ 42,422	6	\$ 40,868	6
Remuneration of directors	7,070	1	6,811	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, 2020 and 2019.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

25. SHARE-BASED PAYMENT ARRANGEMENTS

The Company's board of directors resolved to reserve 10% of the shares from the issuance of 80,000 thousand shares approved by the FSC on September 25, 2020 to be subscribed for by its employees. The number of shares subscribed for by the employees was affirmed on October 21, 2020. The fair value of such share options subscribed for by the Company's employees on the grant date was measured using the Black-Scholes Option Pricing Model and amounted to NT\$62,240 thousand which was recorded as compensation costs with a corresponding increase in capital surplus.

a. As of December 31, 2020, the Company's Share-based payments agreements was as follows:

Agreement	Grant Date	Number of Shares Grant	Vesting Conditions
Cash capital increase reserved for employee share options	2020.10.21	8,000 thousand shares	Vested immediately

b. The fair value of share options acquired by employees on grant day, October 21, 2020, was measured by using Black-Scholes Option Pricing Model. Relevant information was as follows:

Share Price (NT\$)	Exercise Price (NT\$)	Expected Price Volatility	Expected Vesting Period	Expected Dividend Yield Rate	Risk-free Interest Rate	Fair Value Per Share (NT\$)
\$45.6	\$38.0	34.80%	48 days	0.00%	0.18%	\$7.78

26. 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					
	2021			2020		
	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	\$ 270,596	389,253	<u>\$ 0.70</u>	\$ 11,215	287,554	<u>\$ 0.04</u>
Effect of potentially dilutive ordinary shares						
Employees’ compensation	-	853		-	439	
Convertible bonds	<u>2,865</u>	<u>29,047</u>		<u>-</u>	<u>-</u>	
Diluted earnings per share						
Net profit attributed to owners of the Company	<u>\$ 273,461</u>	<u>419,153</u>	<u>\$ 0.65</u>	<u>\$ 11,215</u>	<u>287,993</u>	<u>\$ 0.04</u>

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

27. BUSINESS COMBINATIONS

a. Subsidiaries acquired

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Panasonic Semiconductor business	Semiconductor business	September 1, 2020	100	<u>\$ 7,936,496</u>

The Group’s acquired the semiconductor business of Panasonic Corporation on September 1, 2020, including the acquisition of 100% equity in NTHJ, NTCJ (formerly PSCS), AMTC (formerly PIDE) and METC (formerly PIDST), Panasonic Semiconductor (Suzhou) Co., Ltd. (referred to as PSCSZ) related semiconductor business equipment and inventory, and Panasonic Industrial Devices Semiconductor Asia (referred to as PIDSCA) assets and liabilities projects and contracts and other specific operating assets.

b. Consideration transferred

	Panasonic Semiconductor Business
Cash	\$ 7,862,056
Contingent consideration arrangement*	<u>74,440</u>
	<u>\$ 7,936,496</u>

* Under the contingent consideration arrangement, if the TPSCo. held by NTCJ Company (formerly PSCS) is a net profit after tax from the acquisition date to March 31, 2022, the net profit after tax must be returned to Panasonic based on the shareholding ratio (49%), and the estimated amount based on the price allocation report was JPY267,000 thousand (approximately NT\$74,440 thousand). Therefore, the contingent price of the consideration transferred is \$74,440 thousand.

c. Assets acquired and liabilities assumed at the date of acquisition

	Panasonic Semiconductor Business
Current assets	
Cash and cash equivalents	\$ 1,102,882
Accounts receivable and other receivables	4,469,464
Inventories	4,613,102
Prepayments	216,082
Non-current assets	
Financial asset at FVTOCI	960,800
Property, plant and equipment	5,803,534
Investment property	2,503,591
Right-of-use assets	997,787
Intangible assets	83,046
Deferred tax assets	103,259
Other assets	<u>4,639</u>
Total assets	<u>\$ 20,858,186</u>
Current liabilities	
Accounts payable and other payables	\$ 5,999,366
Current tax liabilities	86,320
Provisions - current	617,821
Lease liabilities - current	176,138
Other current liabilities	57,635
Non-current liabilities	
Provisions - non-current	2,539,589
Net defined benefit liabilities - non-current	1,473,458
Deferred tax liabilities	89,169
Products guarantee based on commitment	506,301
Lease liabilities - non-current	<u>1,156,925</u>
Total liabilities	<u>\$ 12,702,722</u>
Net assets	<u>\$ 8,155,464</u>

The initial accounting treatment for the acquisition of Panasonic semiconductor business was only provisionally determined at the end of the reporting period, the necessary market valuations and other calculations have not been finalized, and they have, therefore, only been provisionally determined based on management's best estimate of the likely fair values.

d. Gain on the bargain purchase

	Panasonic Semiconductor Business
Fair value of identifiable net assets obtained	\$ 8,155,464
Less: Consideration transferred	<u>(7,936,496)</u>
Gain on the bargain purchase (Accounted to non-operating income and expenses in 2020)	<u>\$ 218,968</u>

e. Net cash outflow on the acquisition of subsidiaries

	Panasonic Semiconductor Business
Consideration paid in cash	\$ 7,936,496
Less: Cash and cash equivalent balances acquired	<u>(1,102,882)</u>
	6,833,614
Acquisition price adjustment	
Investment receivable	277,930
Business tax refund receivable	133,101
Other payable for contract	<u>(316,438)</u>
	<u>\$ 6,928,207</u>

f. Impact of acquisitions on the results of the Group

The financial results of the acquirees from the acquisition dates (September 1, 2020) to December 31, 2020, which are included in the consolidated statements of comprehensive income, are as follows:

	Panasonic Semiconductor Business
<u>From September 1, 2020 to December 31, 2020</u>	
Revenue	<u>\$ 8,993,175</u>
Net loss	<u>\$ (460,607)</u>

Because of the acquisition includes equipment and inventory related to semiconductor business of PSCSZ and assets and liabilities of PIDSCA, rather than a stand-alone entity, it is impractical to disclose the pro-forma revenue and the pro-forma profit.

28. 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.

29. FINANCIAL INSTRUMENT

a. Categories of financial instruments

	March 31, 2021		December 31, 2020		March 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial assets</u>						
Financial assets at amortized cost (Note 1)	\$ 12,266,299	\$ 12,266,299	\$ 12,489,674	\$ 12,489,674	\$ 5,974,300	\$ 5,974,300
Financial assets at FVTPL						
Derivative financial assets	9,788	9,788	13,223	13,223	-	-
Financial assets at FVTOCI						
Investment in equity instruments	2,027,799	2,027,799	1,806,580	1,806,580	1,051,398	1,051,398
<u>Financial liabilities</u>						
Financial liabilities at amortized cost (Note 2)	11,365,183	11,884,067	12,257,989	12,534,077	2,798,617	2,798,617
Financial liabilities at FVTPL						
Derivative financial liabilities	12,042	12,042	3,191	3,191	-	-

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

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

b. Fair value information

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

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

2) Fair value measurements recognized in the consolidated balance sheets

- a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed shares and emerging market shares).

- b) The fair value of the financial instruments at fair value through profit or loss is based on Level 2 inputs, either directly or indirectly. The fair value of foreign-currency derivative financial instrument could be determined by reference to the price and discount rate of currency swap quoted by financial institutions. Foreign exchange forward contracts are measured using individual maturity rate to calculate the fair value of each contract.
- c) Domestic unlisted equity instruments at FVTOCI were all measured based on Level 3 fair value. Fair values of such equity instruments were determined using discounted cash flow of income approach and comparable listed company approach, by referring to strike price of similar business in active market, implied value multiple of the price and relevant information. Significant unobservable inputs included P/E ratio, value multiple and market liquidity discount. As the discounted cash flow method was used, the discount rate used for lack of marketability was 29%; which increase by 1% while all the other variables are held constant, the fair value of investments will decrease by \$8,682 thousand and \$9,197 thousand for the three months ended March 31, 2021 and 2020, respectively.

3) Fair value of financial instruments not measured at fair value

	March 31, 2021			Total
	Level 1	Level 2	Level 3	
<u>Financial liabilities at amortized cost</u>				
Bonds payable (unsecured)	<u>\$ 1,642,208</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,642,208</u>
<u>December 31, 2020</u>				
	Level 1	Level 2	Level 3	Total
<u>Financial liabilities at amortized cost</u>				
Bonds payable (unsecured)	<u>\$ 1,483,908</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,483,908</u>

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

Fair value hierarchy

	March 31, 2021			Total
	Level 1	Level 2	Level 3	
<u>Financial assets at FVTPL</u>				
Derivative financial assets	<u>\$ -</u>	<u>\$ 9,788</u>	<u>\$ -</u>	<u>\$ 9,788</u>
<u>Financial assets at FVTOCI</u>				
Domestic and overseas listed shares and emerging market shares	<u>\$ 162,871</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,871</u>
Domestic and overseas unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,864,928</u>	<u>\$ 1,864,928</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 12,042</u>	<u>\$ -</u>	<u>\$ 12,042</u>

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 13,223	\$ -	\$ 13,223
<u>Financial assets at FVTOCI</u>				
Domestic and overseas listed shares and emerging market shares	\$ 313,689	\$ -	\$ -	\$ 313,689
Domestic and overseas unlisted shares	\$ -	\$ -	\$ 1,492,891	\$ 1,492,891
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	\$ -	\$ 3,191	\$ -	\$ 3,191

	March 31, 2020			
	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Domestic listed shares and emerging market shares	\$ 46,333	\$ -	\$ -	\$ 46,333
Domestic and overseas unlisted shares	\$ -	\$ -	\$ 1,005,065	\$ 1,005,065

5) 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, 2021 and 2020 were as follows:

	For the Three Months Ended March 31	
	2021	2020
Balance at January 1	\$ 1,492,891	\$ 1,056,205
Recognized in other comprehensive income	<u>372,037</u>	<u>(51,140)</u>
Balance at March 31	<u>\$ 1,864,928</u>	<u>\$ 1,005,065</u>

c. Financial risk management objectives and policies

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

The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period and assuming an increase in net income and equity if New Taiwan dollars strengthen by 1% against foreign currencies. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be impact on net income in the amounts of NT\$5,702 thousand increase and NT\$1,296 thousand increase for the three months ended March 31, 2021 and 2020, 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, 2021	December 31, 2020	March 31, 2020
Cash flow interest rate risk			
Financial assets	\$ 8,413	\$ 7,749	\$ 470,213
Financial liabilities	2,859,503	3,321,210	500,000

The sensitivity analysis of cash flows based on the Group's exposure to interest rates for fair value of variable-rate non-derivatives 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, 2021 and 2020 would have increased by NT\$7,128 thousand and increased by NT\$74 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. The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. 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, 2021			Total
	Within 1 Year	1-2 Years	Over 2 Years	
<u>Non-derivative financial liabilities</u>				
Non-interest bearing Lease liabilities	\$ 7,321,782	\$ -	\$ -	\$ 7,321,782
Variable interest rate liabilities	287,383	242,129	1,111,538	1,641,050
Fixed interest rate liabilities	1,359,503	-	1,500,000	2,859,503
	<u>-</u>	<u>-</u>	<u>1,210,463</u>	<u>1,210,463</u>
	<u>\$ 8,968,668</u>	<u>\$ 242,129</u>	<u>\$ 3,822,001</u>	<u>\$ 13,032,798</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>\$ 529,512</u>	<u>\$ 459,847</u>	<u>\$ 651,691</u>	<u>\$ 1,641,050</u>

	December 31, 2020			Total
	Within 1 Year	1-2 Years	Over 2 Years	
<u>Non-derivative financial liabilities</u>				
Non-interest bearing Lease liabilities	\$ 7,659,385	\$ -	\$ -	\$ 7,659,385
Variable interest rate liabilities	308,294	264,121	1,231,072	1,803,487
Fixed interest rate liabilities	1,821,210	-	1,500,000	3,321,210
	<u>-</u>	<u>-</u>	<u>1,305,480</u>	<u>1,305,480</u>
	<u>\$ 9,788,889</u>	<u>\$ 264,121</u>	<u>\$ 4,036,552</u>	<u>\$ 14,089,562</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>\$ 572,415</u>	<u>\$ 500,296</u>	<u>\$ 730,776</u>	<u>\$ 1,803,487</u>

	March 31, 2020			
	Within 1 Year	1-2 Years	Over 2 Years	Total
<u>Non-derivative financial liabilities</u>				
Non-interest bearing Lease liabilities	\$ 2,252,547	\$ -	\$ -	\$ 2,252,547
Variable interest rate liabilities	121,560	112,363	331,846	565,769
	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>500,000</u>
	<u>\$ 2,374,107</u>	<u>\$ 112,363</u>	<u>\$ 831,846</u>	<u>\$ 3,318,316</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>\$ 233,923</u>	<u>\$ 223,079</u>	<u>\$ 108,767</u>	<u>\$ 565,769</u>

4) Transfers of financial assets

Factored accounts receivable that are not yet overdue on March 31, 2021 and 2020, respectively were as follows:

March 31, 2021

Counterparty	Receivables Factoring Proceeds	Advances Received - Unused	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
Sumitomo Mitsui Banking Corporation	<u>\$ 181,209</u>	<u>\$ -</u>	<u>\$ 181,209</u>	<u>0.9</u>

December 31, 2020

Counterparty	Receivables Factoring Proceeds	Advances Received - Unused	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
Sumitomo Mitsui Banking Corporation	<u>\$ 230,449</u>	<u>\$ -</u>	<u>\$ 230,449</u>	<u>0.9</u>

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

30. 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
Glorystones Corporation	Associate
Tower Partners Semiconductor Co., Ltd. (“TPSCo.”)	Related party in substance
Nyquest Technology Co., Ltd. (“Nyquest”)	Related party in substance
Walton Advanced Engineering Inc.	Related party in substance
Chin Cheng Construction Co., Ltd.	Related party in substance
United Industrial Gases Co., Ltd.	Related party in substance

b. Operating activities

	For the Three Months Ended	
	March 31	
	<u>2021</u>	<u>2020</u>
1) Operating revenue		
Related party in substance	\$ 146,091	\$ 37,101
Associate	<u>24,158</u>	<u>21,284</u>
	<u>\$ 170,249</u>	<u>\$ 58,385</u>
2) Purchases of goods		
Related party in substance		
TPSCo.	\$ 1,762,508	\$ -
Parent company	<u>72,185</u>	<u>40,099</u>
	<u>\$ 1,834,693</u>	<u>\$ 40,099</u>
3) Manufacturing expenses		
Related party in substance		
TPSCo.	\$ 521,304	\$ -
Others	3,443	-
Parent company	<u>93</u>	<u>99</u>
	<u>\$ 524,840</u>	<u>\$ 99</u>
4) Operating expenses		
Related party in substance	\$ 125,041	\$ 2,695
Parent company	9,439	5,379
Associate	<u>1,841</u>	<u>1,931</u>
	<u>\$ 136,321</u>	<u>\$ 10,005</u>

	March 31, 2021	December 31, 2020	March 31, 2020
5) Accounts receivable from related parties			
Related party in substance	\$ 69,065	\$ 77,760	\$ 28,343
Associate	<u>13,983</u>	<u>12,817</u>	<u>12,589</u>
	<u>\$ 83,048</u>	<u>\$ 90,577</u>	<u>\$ 40,932</u>
6) Other receivables			
Related party in substance			
TPSCo.	\$ 283,171	\$ 278,957	\$ -
Associate	<u>6,706</u>	<u>214</u>	<u>120</u>
	<u>\$ 289,877</u>	<u>\$ 279,171</u>	<u>\$ 120</u>
Other receivables-related parties were collection or payment on behalf of others.			
	March 31, 2021	December 31, 2020	March 31, 2020
7) 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>
8) Accounts payable to related parties			
Related party in substance			
TPSCo.	\$ 926,483	\$ 788,043	\$ -
Parent company	<u>52,862</u>	<u>39,500</u>	<u>29,253</u>
	<u>\$ 979,345</u>	<u>\$ 827,543</u>	<u>\$ 29,253</u>
9) Other payables			
Related party in substance	\$ 84,702	\$ 77,373	\$ -
Parent company	<u>7,339</u>	<u>9,738</u>	<u>2,603</u>
	<u>\$ 92,041</u>	<u>\$ 87,111</u>	<u>\$ 2,603</u>
10) Guarantee deposits			
Parent company	<u>\$ 545</u>	<u>\$ 545</u>	<u>\$ 545</u>

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

c. Lease arrangements - Group is lessee

	March 31, 2021	December 31, 2020	March 31, 2020
1) Lease liabilities			
Parent company	\$ 45,032	\$ 47,969	\$ 56,845
Related party in substance	19,683	22,451	30,280
Associate	<u>5,711</u>	<u>7,566</u>	<u>13,868</u>
	<u>\$ 70,426</u>	<u>\$ 77,986</u>	<u>\$ 100,993</u>
		For the Three Months Ended March 31	
		2021	2020
2) Finance costs			
Parent company		\$ 122	\$ 154
Related party in substance		83	125
Associate		<u>56</u>	<u>128</u>
		<u>\$ 261</u>	<u>\$ 407</u>

d. Lease arrangements - Group is lessor/Sublease arrangements

Sublease arrangements under operating leases

For the three months ended March 31, 2021 and 2020, 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, 2021	December 31, 2020	March 31, 2020
Parent company	\$ 449	\$ -	\$ 80
Associate	<u>245</u>	<u>245</u>	<u>265</u>
	<u>\$ 694</u>	<u>\$ 245</u>	<u>\$ 345</u>

2) Future lease payment receivables were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Related party in substance	\$ 1,465,153	\$ 1,635,005	\$ -
Parent company	6,879	11,133	10,499
Associate	<u>1,586</u>	<u>1,948</u>	<u>131</u>
	<u>\$ 1,473,618</u>	<u>\$ 1,648,086</u>	<u>\$ 10,630</u>

3) Lease income were as follows:

	For the Three Months Ended March 31	
	2021	2020
Related party in substance	\$ 62,130	\$ -
Parent company	1,018	983
Associate	<u>364</u>	<u>392</u>
	<u>\$ 63,512</u>	<u>\$ 1,375</u>

e. 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 13.

Endorsements and guarantees given by related parties

Related Party Category/Name	March 31, 2021	December 31, 2020	March 31, 2020
Parent company			
Amount endorsed	<u>\$ 11,872,497</u>	<u>\$ 4,440,417</u>	<u>\$ -</u>
Amount utilized (reported as secured bank loans)	<u>\$ -</u>	<u>\$ 276,300</u>	<u>\$ -</u>

According to the contract, the endorsements and guarantees given by the related party above mentioned shall maintain a specific financial ratio (current ratio, debt ratio) and net tangible value shall not be less than a specific amount during the every half year. The calculation of the foregoing financial standards is based on the consolidated financial report verified by public accountants.

f. Compensation of key management personnel

	For the Three Months Ended March 31	
	2021	2020
Short-term employee benefits	\$ 61,043	\$ 28,779
Post-employment benefits	<u>829</u>	<u>647</u>
	<u>\$ 61,872</u>	<u>\$ 29,426</u>

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

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

Please refer to Note 6.

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The Company and NTCA received a complaint served by the court on June 29, 2020. The plaintiff charged in the California High Court that the gasoline generator produced by HD POWER SYSTEMS INC. exploded during use and caused damage to it. At the same time, the Company, NTCA and other related companies shall bear the relevant compensation. The court stipulated that the defendant must submit a defense within 30 days. The Company continues to evaluate the possible impact on business operation and financial position, and will conduct related litigation matters in accordance with the procedures established by the court.

33. OTHER ITEMS

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

34. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

L Company filed a complaint in the U.S. District Court for the District of Delaware on April 29, 2021. The plaintiff alleged that NTCA (and NTCA only) infringes one of its patents. The Company is evaluating the possible impact on business operation and financial position, and will conduct related litigation matters in accordance with the procedures established by the court.

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, 2021		
	Foreign Currencies (Thousand)	Exchange Rate (Note)	New Taiwan Dollars (Thousand)
<u>Financial assets</u>			
Monetary items			
USD	\$ 58,297	28.535	\$ 1,663,504
ILS	13,485	8.5519	115,326
RMB	10,287	4.344	44,689
JPY	57,275	0.258	14,760
<u>Financial liabilities</u>			
Monetary items			
USD	37,853	28.535	1,080,123
ILS	15,558	8.5519	133,309
RMB	9,293	4.344	40,368
JPY	75,245	0.258	19,391

	December 31, 2020		
	Foreign Currencies (Thousand)	Exchange Rate (Note)	New Taiwan Dollars (Thousand)
<u>Financial assets</u>			
Monetary items			
USD	\$ 57,028	28.48	\$ 1,624,156
ILS	20,800	8.8712	184,522
RMB	8,724	4.377	38,186
JPY	48,824	0.276	13,490
<u>Financial liabilities</u>			
Monetary items			
USD	46,275	28.48	1,317,309
ILS	18,706	8.8712	165,943
RMB	7,098	4.377	31,067
JPY	68,971	0.276	19,057
	March 31, 2020		
	Foreign Currencies (Thousand)	Exchange Rate (Note)	New Taiwan Dollars (Thousand)
<u>Financial assets</u>			
Monetary items			
USD	\$ 35,478	30.225	\$ 1,072,324
ILS	17,550	8.5045	149,251
RMB	701	4.255	2,981
JPY	9,085	0.2788	2,533
<u>Financial liabilities</u>			
Monetary items			
USD	40,004	30.225	1,209,132
ILS	16,317	8.5045	138,767
RMB	787	4.255	3,350
JPY	46,548	0.2788	12,978

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

For the three months ended March 31, 2021 and 2020, realized and unrealized net foreign exchange were loses NT\$(20,676) thousand and gains NT\$7,939 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 March 31		For the Three Months Ended March 31	
	2021	2020	2021	2020
General IC products	\$ 8,371,189	\$ 1,714,307	\$ 731,251	\$ 101,714
Foundry service	529,619	415,293	183,104	119,374
Total of segment revenue	8,900,808	2,129,600	914,355	221,088
Other revenue	1,171,672	3,555	632,670	1,950
Operating revenue	\$ 10,072,480	\$ 2,133,155	1,547,025	223,038
Unallocated expenditure				
Administrative and supporting expense			(788,980)	(127,555)
Sales and other common expenses			(377,368)	(85,547)
Total operating profit			380,677	9,936
Finance costs			(27,737)	(4,500)
Interest income			4,035	8,080
Other gains and losses			88,085	3,022
Gains (losses) on disposal of property, plant and equipment			(11,859)	19
				(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>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Foreign exchange gains (losses)			\$ (20,676)	\$ 7,939
Gains (losses) on financial instruments at fair value through profit or loss			<u>(22,293)</u>	<u>(5,051)</u>
Profit before income tax			<u>\$ 390,232</u>	<u>\$ 19,445</u> (Concluded)