

**Nuvoton Technology Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2022 and 2021 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Nuvoton Technology Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Nuvoton Technology Corporation and its subsidiaries (collectively, the "Group") as of September 30, 2022 and 2021, the related consolidated statements of comprehensive income for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2022 and 2021, 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 September 30, 2022 and 2021, its consolidated financial performance for the three months ended September 30, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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



Shu-Lin Liu

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 1, 2022

Notice to Readers

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

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2022 (Reviewed)		December 31, 2021 (Audited)		September 30, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 6 and 33)	\$ 10,445,505	30	\$ 9,699,031	28	\$ 6,369,871	20
Financial assets at fair value through profit or loss - current (Note 7)	-	-	1,631	-	1,806	-
Accounts receivable, net (Note 8)	3,909,128	11	3,514,424	10	4,075,966	13
Accounts receivable from related parties, net (Notes 8 and 32)	556,256	2	656,738	2	698,566	2
Financial lease receivables - current (Notes 9 and 32)	91,189	-	-	-	-	-
Other receivables (Notes 10 and 32)	349,312	1	930,548	3	894,962	3
Inventories (Note 11)	7,712,345	22	6,859,466	20	6,776,467	21
Other current assets	399,314	1	338,614	1	293,850	1
Total current assets	<u>23,463,049</u>	<u>67</u>	<u>22,000,452</u>	<u>64</u>	<u>19,111,488</u>	<u>60</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	124,375	-	69,200	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Note 12)	1,247,687	3	2,676,174	8	2,487,111	8
Investments accounted for using equity method (Note 13)	1,284,075	4	-	-	-	-
Property, plant and equipment (Notes 14, 32 and 33)	5,115,740	15	5,248,513	15	5,493,511	17
Right-of-use assets (Notes 15 and 32)	599,782	2	1,197,613	4	1,250,304	4
Investment properties (Notes 16 and 33)	1,738,740	5	2,005,598	6	2,112,852	7
Intangible assets (Note 17)	729,906	2	983,329	3	904,211	3
Deferred tax assets (Note 4)	221,014	1	89,019	-	163,101	1
Refundable deposits (Notes 6, 32 and 33)	342,596	1	134,187	-	122,121	-
Finance lease receivables - non-current (Notes 9 and 32)	139,979	-	-	-	-	-
Other non-current assets	95,002	-	4,305	-	4,457	-
Total non-current assets	<u>11,638,896</u>	<u>33</u>	<u>12,407,938</u>	<u>36</u>	<u>12,537,668</u>	<u>40</u>
TOTAL	<u>\$ 35,101,945</u>	<u>100</u>	<u>\$ 34,408,390</u>	<u>100</u>	<u>\$ 31,649,156</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 18 and 33)	\$ 220,100	1	\$ -	-	\$ 74,700	-
Financial liabilities at fair value through profit or loss - current (Note 7)	4,806	-	-	-	2,634	-
Notes payable	-	-	38,753	-	219,546	-
Accounts payable	2,448,705	7	2,634,376	8	2,756,449	9
Accounts payable to related parties (Note 32)	989,753	3	466,673	1	571,955	2
Other payables (Notes 20 and 32)	4,687,624	13	4,795,770	14	4,419,934	14
Current tax liabilities (Note 4)	691,018	2	402,369	1	403,433	1
Provisions - current (Note 21)	186,339	1	532,948	2	551,784	2
Lease liabilities - current (Notes 15 and 32)	173,323	-	247,308	1	255,053	1
Current portion of long-term borrowings (Notes 18 and 33)	71,429	-	-	-	-	-
Other current liabilities	629,184	2	700,791	2	559,728	2
Total current liabilities	<u>10,102,281</u>	<u>29</u>	<u>9,818,988</u>	<u>29</u>	<u>9,815,216</u>	<u>31</u>
NON-CURRENT LIABILITIES						
Bonds payable (Note 19)	-	-	-	-	98,901	-
Long-term borrowings (Notes 18 and 33)	1,428,571	4	1,500,000	4	1,500,000	5
Provisions - non-current (Note 21)	2,392,031	7	2,729,353	8	2,822,216	9
Deferred tax liabilities	16,280	-	36,583	-	4,361	-
Lease liabilities - non-current (Notes 15 and 32)	465,841	1	1,118,284	3	1,186,860	4
Net defined benefit liabilities - non-current (Note 4)	1,565,820	4	1,641,861	5	1,638,937	5
Guarantee deposits (Notes 23 and 32)	2,631,789	8	1,962,242	6	255,197	1
Other non-current liabilities	55,232	-	46,389	-	55,107	-
Total non-current liabilities	<u>8,555,564</u>	<u>24</u>	<u>9,034,712</u>	<u>26</u>	<u>7,561,579</u>	<u>24</u>
Total liabilities	<u>18,657,845</u>	<u>53</u>	<u>18,853,700</u>	<u>55</u>	<u>17,376,795</u>	<u>55</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)						
Share capital	4,197,653	12	4,172,101	12	4,100,427	13
Certificates of bond-to-stock conversion	-	-	25,552	-	71,674	-
Capital surplus	6,871,827	20	6,871,811	20	6,609,957	21
Retained earnings						
Legal reserve	958,560	3	655,515	2	655,515	2
Unappropriated earnings	5,432,209	15	3,763,192	11	2,722,887	9
Exchange differences on translation of financial statements of foreign operations	(1,323,719)	(4)	(1,044,941)	(3)	(826,049)	(3)
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	307,570	1	1,111,460	3	937,950	3
Total equity	<u>16,444,100</u>	<u>47</u>	<u>15,554,690</u>	<u>45</u>	<u>14,272,361</u>	<u>45</u>
TOTAL	<u>\$ 35,101,945</u>	<u>100</u>	<u>\$ 34,408,390</u>	<u>100</u>	<u>\$ 31,649,156</u>	<u>100</u>

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 25 and 32)	\$ 10,400,498	100	\$ 10,380,154	100	\$ 32,303,181	100	\$ 31,067,323	100
OPERATING COST (Notes 11, 27 and 32)	<u>6,113,676</u>	<u>59</u>	<u>6,114,211</u>	<u>59</u>	<u>18,625,306</u>	<u>58</u>	<u>18,539,344</u>	<u>60</u>
GROSS PROFIT	<u>4,286,822</u>	<u>41</u>	<u>4,265,943</u>	<u>41</u>	<u>13,677,875</u>	<u>42</u>	<u>12,527,979</u>	<u>40</u>
OPERATING EXPENSES (Notes 27 and 32)								
Selling expenses	298,807	3	303,610	3	889,596	3	928,343	3
General and administrative expenses	688,625	7	695,405	7	2,102,339	6	2,198,501	7
Research and development expenses	2,223,682	21	2,446,721	23	6,862,610	21	7,266,349	23
Expected credit loss (gain)	<u>(5,936)</u>	<u>-</u>	<u>3,366</u>	<u>-</u>	<u>144</u>	<u>-</u>	<u>21,563</u>	<u>-</u>
Total operating expenses	<u>3,205,178</u>	<u>31</u>	<u>3,449,102</u>	<u>33</u>	<u>9,854,689</u>	<u>30</u>	<u>10,414,756</u>	<u>33</u>
PROFIT (LOSS) FROM OPERATIONS	<u>1,081,644</u>	<u>10</u>	<u>816,841</u>	<u>8</u>	<u>3,823,186</u>	<u>12</u>	<u>2,113,223</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES (Note 32)								
Finance costs	(10,038)	-	(9,856)	-	(23,696)	-	(60,925)	-
Share of profit (loss) of associates	(19,718)	-	-	-	(13,665)	-	-	-
Interest income	27,901	-	5,595	-	47,649	-	24,439	-
Dividend income	13,304	-	5,845	-	80,422	-	67,845	-
Other gains and losses	(1,748)	-	11,124	-	135,541	-	74,854	-
Gains (losses) on disposal of property, plant and equipment	33	-	376	-	172,066	-	125,564	1
Foreign exchange gains (losses)	104,823	1	5,683	-	240,027	1	(28,010)	-
Gains (losses) on financial assets at fair value through profit or loss	<u>(58,985)</u>	<u>-</u>	<u>(1,957)</u>	<u>-</u>	<u>(148,771)</u>	<u>-</u>	<u>13,217</u>	<u>-</u>
Total non-operating income and expenses	<u>55,572</u>	<u>1</u>	<u>16,810</u>	<u>-</u>	<u>489,573</u>	<u>1</u>	<u>216,984</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	1,137,216	11	833,651	8	4,312,759	13	2,330,207	8
INCOME TAX EXPENSE (Notes 4 and 26)	<u>(192,006)</u>	<u>(2)</u>	<u>(191,388)</u>	<u>(2)</u>	<u>(804,955)</u>	<u>(2)</u>	<u>(478,155)</u>	<u>(2)</u>
NET PROFIT FOR THE PERIOD	<u>945,210</u>	<u>9</u>	<u>642,263</u>	<u>6</u>	<u>3,507,804</u>	<u>11</u>	<u>1,852,052</u>	<u>6</u>

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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 September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Note 24)								
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	\$ (21,167)	-	\$ 40,906	1	\$ (240,806)	(1)	\$ 806,980	2
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations	<u>242,633</u>	<u>2</u>	<u>(76,174)</u>	<u>(1)</u>	<u>(278,778)</u>	<u>(1)</u>	<u>(697,697)</u>	<u>(2)</u>
Other comprehensive income (loss) for the period, net of income tax	<u>221,466</u>	<u>2</u>	<u>(35,268)</u>	<u>-</u>	<u>(519,584)</u>	<u>(2)</u>	<u>109,283</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 1,166,676</u>	<u>11</u>	<u>\$ 606,995</u>	<u>6</u>	<u>\$ 2,988,220</u>	<u>9</u>	<u>\$ 1,961,335</u>	<u>6</u>
EARNINGS PER SHARE (Note 28)								
From continuing operations								
Basic	<u>\$ 2.25</u>		<u>\$ 1.56</u>		<u>\$ 8.36</u>		<u>\$ 4.63</u>	
Diluted	<u>\$ 2.24</u>		<u>\$ 1.53</u>		<u>\$ 8.30</u>		<u>\$ 4.41</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 of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	
				Legal Reserve	Unappropriated Earnings			
BALANCE AT JANUARY 1, 2021	\$ 3,759,616	\$ 124,320	\$ 5,796,731	\$ 596,905	\$ 1,103,083	\$ (128,352)	\$ 269,065	\$ 11,521,368
Net profit for the nine months ended September 30, 2021	-	-	-	-	1,852,052	-	-	1,852,052
Other comprehensive income (loss) for the nine months ended September 30, 2021, net of income tax	-	-	-	-	-	(697,697)	806,980	109,283
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	1,852,052	(697,697)	806,980	1,961,335
Convertible bonds converted to ordinary shares (Note 19)	340,811	(52,646)	813,216	-	-	-	-	1,101,381
Unclaimed dividends from claims extinguished by prescriptions	-	-	10	-	-	-	-	10
Disposal of investments in equity instruments designated at fair value through other comprehensive income (Notes 12 and 24)	-	-	-	-	138,095	-	(138,095)	-
Appropriation of 2020 earnings (Note 24)								
Legal reserve	-	-	-	58,610	(58,610)	-	-	-
Cash dividends	-	-	-	-	(311,733)	-	-	(311,733)
BALANCE AT SEPTEMBER 30, 2021	\$ 4,100,427	\$ 71,674	\$ 6,609,957	\$ 655,515	\$ 2,722,887	\$ (826,049)	\$ 937,950	\$ 14,272,361
BALANCE AT JANUARY 1, 2022	\$ 4,172,101	\$ 25,552	\$ 6,871,811	\$ 655,515	\$ 3,763,192	\$ (1,044,941)	\$ 1,111,460	\$ 15,554,690
Net profit for the nine months ended September 30, 2022	-	-	-	-	3,507,804	-	-	3,507,804
Other comprehensive income (loss) for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	(278,778)	(240,806)	(519,584)
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	3,507,804	(278,778)	(240,806)	2,988,220
Convertible bonds converted to ordinary shares (Note 19)	25,552	(25,552)	-	-	-	-	-	-
Unclaimed dividends from claims extinguished by prescriptions	-	-	16	-	-	-	-	16
Disposal of investments in equity instruments designated at fair value through other comprehensive income (Notes 12 and 24)	-	-	-	-	563,084	-	(563,084)	-
Appropriation of 2021 earnings (Note 24)								
Legal reserve	-	-	-	303,045	(303,045)	-	-	-
Cash dividends	-	-	-	-	(2,098,826)	-	-	(2,098,826)
BALANCE AT SEPTEMBER 30, 2022	\$ 4,197,653	\$ -	\$ 6,871,827	\$ 958,560	\$ 5,432,209	\$ (1,323,719)	\$ 307,570	\$ 16,444,100

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 4,312,759	\$ 2,330,207
Adjustments for:		
Depreciation expense	773,151	823,785
Amortization expense	209,492	174,731
Expected credit loss (gain) recognized on accounts receivable	144	21,563
Finance costs	23,696	60,925
Interest income	(47,649)	(24,439)
Dividend income	(80,422)	(67,845)
Share of (profit) loss of associates	13,665	-
(Gains) losses on disposal of property, plant and equipment	(172,066)	(125,564)
Gain on lease modification	(103,580)	-
Other adjustment to reconcile (profit) loss	(91)	4,803
Changes in operating assets and liabilities		
(Increase) decrease in financial assets at fair value through profit or loss	(3,738)	(3,801)
(Increase) decrease in notes and accounts receivable	(396,118)	58,641
(Increase) decrease in accounts receivable from related parties	100,482	(607,989)
(Increase) decrease in other receivables	421,147	304,623
(Increase) decrease in inventories	(852,879)	(526,336)
(Increase) decrease in other current assets	(60,700)	(44,531)
(Increase) decrease in other non-current assets	(90,697)	(4,129)
Increase (decrease) in notes payable	(38,753)	(146,324)
Increase (decrease) in accounts payable	(185,671)	103,441
Increase (decrease) in accounts payable to related parties	523,080	(255,588)
Increase (decrease) in other payables	99,063	276,556
Increase (decrease) in provisions	(317,867)	(316,438)
Increase (decrease) in other current liabilities	(71,607)	138,694
Increase (decrease) in net defined benefit liabilities	31,026	4,037
Increase (decrease) in other non-current liabilities	<u>8,843</u>	<u>8,145</u>
Cash flows generated from (used in) operations	4,094,710	2,187,167
Interest received	48,255	20,478
Interest paid	(23,138)	(56,911)
Income tax paid	(616,322)	(269,730)
Dividend received	<u>80,422</u>	<u>67,845</u>
Net cash flows generated from (used in) operating activities	<u>3,583,927</u>	<u>1,948,849</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 Nine Months Ended September 30	
	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through other comprehensive income	\$ -	\$ 235,166
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	1,000	4,500
Acquisition of financial assets at fair value through profit or loss	(45,000)	-
Acquisition of investments accounted for using equity method	(164,933)	-
Acquisition of subsidiaries	-	(77,934)
Decrease in payable for investment	(362,643)	-
(Increase) decrease in finance lease receivables	47,342	-
Decrease (increase) in other receivables - time deposits	104,754	3,188
Acquisition of property, plant and equipment	(743,677)	(366,196)
Proceeds from disposal of property, plant and equipment	181,645	888,990
Acquisition of intangible assets	(254,381)	(194,574)
Proceeds from intangible assets	356	-
(Increase) decrease in refundable deposits	<u>(187,280)</u>	<u>529,376</u>
Net cash flows generated from (used in) investing activities	<u>(1,422,817)</u>	<u>1,022,516</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	220,100	452,550
Repayment of short-term borrowings	-	(2,169,009)
Increase (decrease) in guarantee deposits	350,705	185,623
Repayment of the principal portion of lease liabilities	(174,356)	(216,226)
Dividends paid	<u>(2,098,826)</u>	<u>(311,733)</u>
Net cash flows generated from (used in) financing activities	<u>(1,702,377)</u>	<u>(2,058,795)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>287,741</u>	<u>(424,432)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	746,474	488,138
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>9,699,031</u>	<u>5,881,733</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$ 10,445,505</u>	<u>\$ 6,369,871</u>

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

(Concluded)

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (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 51%, 51% and 52% of the ownership interest in the Company as of September 30, 2022, December 31, 2021 and September 30, 2021, 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 November 1, 2022.

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

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2021.

Statement of Compliance

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

Basis of Preparation

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

Basis of Consolidation

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

Subsidiary included in the consolidated financial statements:

Investor	Investee	Main Business	Percentage of Ownership (%)		
			September 30, 2022	December 31, 2021	September 30, 2021
The Company	Nuvoton Electronics Technology (H.K.) Limited (“NTHK”)	Sales of semiconductor	100	100	100
	Marketplace Management Limited (“MML”)	Investment holding	100	100	100
	Nuvoton Investment Holding Ltd. (“NIH”)	Investment holding	100	100	100
	Song Yong Investment Corporation (“SYI”)	Investment holding	100	100	100
	Nuvoton Technology India Private Limited (“NTIPL”)	Design, sales and after-sales service of semiconductor	100	100	100
	Nuvoton Technology Corporation America (“NTCA”)	Design, sales and after-sales service of semiconductor	100	100	100
	Nuvoton Technology Holdings Japan (“NTHJ”)	Investment holding	100	100	100
	Nuvoton Technology Singapore Pte. Ltd (“NTSG”)	Design, sales and after-sales service of semiconductor	100	100	100
	Nuvoton Technology Korea Limited (“NTKL”)	Design, sales and after-sales service of semiconductor	100	100	100
NTHK	Nuvoton Electronics Technology (Shenzhen) Limited (“NTSZ”)	Computer software service (except I.C. design), wholesale business for computer, supplement and software	100	100	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
NTSH	Song Zhi Electronics Technology (Suzhou) (“Song Zhi Suzhou”)	Provide development of semiconductor and technology, consult service and equipment lease	100	100	100
NIH	Nuvoton Technology Israel Ltd. (“NTIL”)	Design and service of semiconductor	100	100	100
NTHJ	Nuvoton Technology Corporation Japan (“NTCJ”)	Design, sales and after-sales service of semiconductor	100	100	100
NTCJ	Atfields Manufacturing Technology Corporation (“AMTC”)	Design and service of semiconductor	100	100	100
	Miraxia Edge Technology Corporation (“METC”) (Note)	Design and service of semiconductor	-	-	100

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

Retirement Benefits

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

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

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

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

Taxation

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

5. 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 recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates in cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Write-down of Inventories

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

6. CASH AND CASH EQUIVALENTS

	September 30, 2022	December 31, 2021	September 30, 2021
Cash and deposits in banks	\$ 10,414,705	\$ 9,224,031	\$ 5,946,871
Repurchase agreements collateralized by bonds	<u>30,800</u>	<u>475,000</u>	<u>423,000</u>
	<u>\$ 10,445,505</u>	<u>\$ 9,699,031</u>	<u>\$ 6,369,871</u>

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

	September 30, 2022	December 31, 2021	September 30, 2021
Time deposits	<u>\$ 79,727</u>	<u>\$ 184,481</u>	<u>\$ 194,301</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Financial assets at FVTPL - current</u>			
Held for trading			
Foreign exchange forward contracts	\$ -	\$ 1,631	\$ -
Right of redemption of convertible bonds (Note 19)	<u>-</u>	<u>-</u>	<u>1,806</u>
	<u>\$ -</u>	<u>\$ 1,631</u>	<u>\$ 1,806</u>
<u>Financial assets at FVTPL - non-current</u>			
Mandatorily measured at FVTPL			
Domestic and oversea warrants	<u>\$ 124,375</u>	<u>\$ 69,200</u>	<u>\$ -</u>
<u>Financial liabilities at FVTPL - current</u>			
Held for trading			
Foreign exchange forward contracts	<u>\$ 4,806</u>	<u>\$ -</u>	<u>\$ 2,634</u>

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

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>September 30, 2022</u>			
Sell forward exchange contracts	USD/NTD	2022.10.07-2022.10.28	USD16,000/NTD503,194
<u>December 31, 2021</u>			
Sell forward exchange contracts	USD/NTD	2022.01.06-2022.01.27	USD18,000/NTD499,871
<u>September 30, 2021</u>			
Sell forward exchange contracts	USD/NTD	2021.10.01-2021.11.25	USD32,000/NTD888,572

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

8. ACCOUNTS RECEIVABLE, NET

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Accounts receivable (including related parties)</u>			
At amortized cost			
Gross carrying amount	\$ 4,499,652	\$ 4,204,016	\$ 4,820,838
Less: Allowance for impairment loss	<u>(34,268)</u>	<u>(32,854)</u>	<u>(46,306)</u>
	<u>\$ 4,465,384</u>	<u>\$ 4,171,162</u>	<u>\$ 4,774,532</u>

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

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

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

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

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

September 30, 2022

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

December 31, 2021

	Not Overdue	Overdue under 30 Days	Overdue 31 to 90 Days	Overdue 91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.1%-2%	2%	10%	20%	50%	
Gross carrying amount	\$ 4,180,759	\$ 23,257	\$ -	\$ -	\$ -	\$ 4,204,016
Loss allowance (Lifetime ECL)	<u>(32,389)</u>	<u>(465)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,854)</u>
Amortized cost	<u>\$ 4,148,370</u>	<u>\$ 22,792</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,171,162</u>

September 30, 2021

	Not Overdue	Overdue under 30 Days	Overdue 31 to 90 Days	Overdue 91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.1%-2%	2%	10%	20%	50%	
Gross carrying amount	\$ 4,789,649	\$ 14,936	\$ -	\$ -	\$ 16,253	\$ 4,820,838
Loss allowance (Lifetime ECL)	<u>(37,880)</u>	<u>(299)</u>	<u>-</u>	<u>-</u>	<u>(8,127)</u>	<u>(46,306)</u>
Amortized cost	<u>\$ 4,751,769</u>	<u>\$ 14,637</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,126</u>	<u>\$ 4,774,532</u>

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

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	\$ 32,854	\$ 25,097
Add: Net remeasurement of loss allowance	144	21,563
Effect of foreign currency exchange differences	<u>1,270</u>	<u>(354)</u>
Balance at September 30	<u>\$ 34,268</u>	<u>\$ 46,306</u>

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

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

9. FINANCE LEASE RECEIVABLES

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Undiscounted lease payments</u>			
Year 1	\$ 94,836	\$ -	\$ -
Year 2	94,836	-	-
Year 3	<u>47,418</u>	<u>-</u>	<u>-</u>
	237,090	-	-
Less: Unearned finance income	<u>(5,922)</u>	<u>-</u>	<u>-</u>
Finance lease receivables	<u>\$ 231,168</u>	<u>\$ -</u>	<u>\$ -</u>
Current	\$ 91,189	\$ -	\$ -
Non-current	<u>139,979</u>	<u>-</u>	<u>-</u>
	<u>\$ 231,168</u>	<u>\$ -</u>	<u>\$ -</u>

The average lease term of finance lease receivables recognized by the Group from TPSCo. for the lease of property, plant and equipment and intangible assets is three years. The contract has an average implied interest rate of approximately 1.85% per annum. Refer to Note 32 to the consolidated financial statements for details of finance lease contracts.

10. OTHER RECEIVABLES

	September 30, 2022	December 31, 2021	September 30, 2021
Time deposits (Note 6)	\$ 79,727	\$ 184,481	\$ 194,301
Business tax refund receivable	55,337	51,468	58,396
Technical service receivable	-	136,345	137,975
Royalty receivable	-	370,327	116,893
Others	<u>214,248</u>	<u>187,927</u>	<u>387,397</u>
	<u>\$ 349,312</u>	<u>\$ 930,548</u>	<u>\$ 894,962</u>

11. INVENTORIES

	September 30, 2022	December 31, 2021	September 30, 2021
Raw materials and supplies	\$ 465,035	\$ 308,639	\$ 308,336
Work in process	5,468,798	4,582,132	4,455,770
Finished goods	1,759,883	1,953,941	2,001,900
Inventory in transit	<u>18,629</u>	<u>14,754</u>	<u>10,461</u>
	<u>\$ 7,712,345</u>	<u>\$ 6,859,466</u>	<u>\$ 6,776,467</u>

The operating cost for the three months ended September 30, 2022 and 2021, and the nine months ended September 30, 2022 and 2021 were NT\$6,113,676 thousand, NT\$6,114,211 thousand, NT\$18,625,306 thousand and NT\$18,539,344 thousand, respectively. The net gains (losses) of inventory write-downs, obsolescence and abandonment of inventories for the three months ended September 30, 2022 and 2021, and the nine months ended September 30, 2022 and 2021 were NT\$(69,461) thousand, NT\$(38,896) thousand, NT\$(125,618) thousand and NT\$14,490 thousand, respectively.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments at FVTOCI:

	September 30, 2022	December 31, 2021	September 30, 2021
Listed shares and emerging market shares			
Nyquest Technology Co., Ltd.	\$ 100,320	\$ 255,750	\$ 245,025
Brightek Optoelectronic Co., Ltd.	848	1,933	1,767
Unlisted shares			
United Industrial Gases Co., Ltd.	501,600	598,400	422,400
Yu-Ji Venture Capital Co., Ltd.	9,919	10,840	10,193
Autotalks Ltd. - Preferred E. Share	635,000	553,600	557,000
Tower Partners Semiconductor Co., Ltd. ("TPSCo.")	-	1,255,651	1,250,726
Symetrix Corporation - Preferred A. Share	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,247,687</u>	<u>\$ 2,676,174</u>	<u>\$ 2,487,111</u>

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

The Group changed its accounting treatment of investment in TPSCo. to the equity method since April 2022, refer to Note 13 to the consolidated financial statements for related information; accordingly, the related other equity - unrealized gain or loss on financial assets at fair value through other comprehensive income or loss of NT\$563,084 thousand was transferred to retained earnings. Refer to Note 24 to the consolidated financial statements for related information.

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

The Group recognized dividend income NT\$13,304 thousand, NT\$5,845 thousand, NT\$80,422 thousand and NT\$67,845 thousand for the three months ended and nine months ended September 30, 2022 and 2021, respectively.

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Associates

	September 30, 2022	December 31, 2021	September 30, 2021
Tower Partners Semiconductor Co., Ltd. ("TPSCo.")	\$ <u>1,284,075</u>	\$ _____-	\$ _____-

Under the business acquisition agreement, if TPSCo. turns net profit during the period of the effective date of the acquisition (September 1, 2020) to March 31, 2022, the Group is required to pay Panasonic Corporation the net profit based on its ownership share. Thus, the Group has no significant influence over TPSCo. during the period aforementioned. TPSCo. was recognized as non-current financial assets at fair value through other comprehensive income. Starting from April 2022, the Group has been released the restriction and has significant influence over TPSCo., accordingly, TPSCo. has been accounted for under equity method.

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

In June 2022, the Group transferred the right-of-use asset contract to TPSCo. The related deferred benefit will be recognized in accordance with the remaining lease term of the contract, refer to Note 32 to the consolidated financial statements.

14. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2022	December 31, 2021	September 30, 2021
Land	\$ 1,766,499	\$ 1,918,115	\$ 1,985,907
Buildings	1,813,956	1,942,495	2,034,447
Machinery and equipment	1,267,474	1,057,514	1,119,578
Other equipment	202,674	229,092	234,786
Construction in progress and prepayments for purchase of equipment	<u>65,137</u>	<u>101,297</u>	<u>118,793</u>
	<u>\$ 5,115,740</u>	<u>\$ 5,248,513</u>	<u>\$ 5,493,511</u>

	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments for Purchase of Equipment	Total
<u>Cost</u>						
Balance at January 1, 2022	\$ 1,918,115	\$ 20,895,264	\$ 55,766,204	\$ 3,323,174	\$ 101,297	\$ 82,004,054
Additions	-	16,784	100,376	23,120	710,402	850,682
Disposals	-	(13,006)	(391,057)	(137,896)	-	(541,959)
Reclassified	12,248	127,041	439,012	147,564	(725,865)	-
Effects of foreign currency exchange differences	(163,864)	(1,460,804)	(3,715,037)	(235,254)	(20,697)	(5,595,656)
Balance at September 30, 2022	<u>1,766,499</u>	<u>19,565,279</u>	<u>52,199,498</u>	<u>3,120,708</u>	<u>65,137</u>	<u>76,717,121</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2022	-	18,952,769	54,708,690	3,094,082	-	76,755,541
Disposals	-	(13,006)	(382,587)	(64,254)	-	(459,847)
Depreciation expense	-	124,701	279,452	114,712	-	518,865
Reclassified	-	-	(3)	3	-	-
Effects of foreign currency exchange differences	-	(1,313,141)	(3,673,528)	(226,509)	-	(5,213,178)
Balance at September 30, 2022	<u>-</u>	<u>17,751,323</u>	<u>50,932,024</u>	<u>2,918,034</u>	<u>-</u>	<u>71,601,381</u>
Carrying amounts at September 30, 2022	<u>\$ 1,766,499</u>	<u>\$ 1,813,956</u>	<u>\$ 1,267,474</u>	<u>\$ 202,674</u>	<u>\$ 65,137</u>	<u>\$ 5,115,740</u>
<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	-	19,106	137,375	141,360	59,775	357,616
Business combinations - subsequent adjustment of fair value	-	-	437,628	-	-	437,628
Disposals	-	(8,297)	(1,077,574)	(87,660)	-	(1,173,531)
Reclassified	-	824	85,824	11,078	(97,726)	-
Effects of foreign currency exchange differences	(217,732)	(1,950,455)	(5,057,297)	(354,444)	(16,076)	(7,596,004)
Balance at September 30, 2021	<u>1,985,907</u>	<u>21,498,867</u>	<u>57,776,127</u>	<u>3,541,590</u>	<u>118,793</u>	<u>84,921,284</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	-	(8,272)	(330,885)	(70,948)	-	(410,105)
Depreciation expense	-	149,572	266,618	127,639	-	543,829
Reclassified	-	79	31,168	428	(31,675)	-
Effects of foreign currency exchange differences	-	(1,740,616)	(4,986,036)	(324,971)	(2,796)	(7,054,419)
Balance at September 30, 2021	<u>-</u>	<u>19,464,420</u>	<u>56,656,549</u>	<u>3,306,804</u>	<u>-</u>	<u>79,427,773</u>
Carrying amounts at September 30, 2021	<u>\$ 1,985,907</u>	<u>\$ 2,034,447</u>	<u>\$ 1,119,578</u>	<u>\$ 234,786</u>	<u>\$ 118,793</u>	<u>\$ 5,493,511</u>

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

- b. In the second quarter of 2022, the carrying amount of other equipment disposed under finance leases was NT\$72,533 thousand. Refer to Note 32 to the consolidated financial statements for details of finance lease contracts.

15. LEASE ARRANGEMENTS

- a. Right-of-use assets

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Carrying amounts</u>			
Land	\$ 154,948	\$ 173,211	\$ 179,752
Buildings	287,798	246,377	249,464
Machinery and equipment	135,432	754,180	797,489
Other equipment	<u>21,604</u>	<u>23,845</u>	<u>23,599</u>
	<u>\$ 599,782</u>	<u>\$ 1,197,613</u>	<u>\$ 1,250,304</u>

In June 2022, the Group transferred the lease agreement of machinery and equipment which was recorded as right-of-use asset to TPSCo. and generated a lease modification benefit of approximately NT\$178,623 thousand. Refer to Note 32 to the consolidated financial statements for related information.

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2022	2021	2022	2021
Additions to right-of-use assets	<u>\$ 38,573</u>	<u>\$ -</u>	<u>\$ 139,070</u>	<u>\$ 12,514</u>
Depreciation for right-of-use assets				
Land	\$ 6,285	\$ 6,265	\$ 18,853	\$ 18,795
Buildings	30,192	25,447	86,966	76,922
Machinery and equipment	3,068	16,957	29,902	52,165
Other equipment	<u>4,589</u>	<u>4,804</u>	<u>13,661</u>	<u>14,240</u>
	<u>\$ 44,134</u>	<u>\$ 53,473</u>	<u>\$ 149,382</u>	<u>\$ 162,122</u>
Income from the subleasing of right-of-use assets (presented in other income)	<u>\$ 1,876</u>	<u>\$ 1,877</u>	<u>\$ 5,525</u>	<u>\$ 5,582</u>

- b. Lease liabilities

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Carrying amounts</u>			
Current	<u>\$ 173,323</u>	<u>\$ 247,308</u>	<u>\$ 255,053</u>
Non-current	<u>\$ 465,841</u>	<u>\$ 1,118,284</u>	<u>\$ 1,186,860</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Land	1.76%-2.06%	1.76%-2.06%	1.76%-2.06%
Buildings	0.14%-3.03%	0.33%-3.75%	0.33%-3.75%
Machinery and equipment	0.48%-0.80%	0.26%-0.80%	0.26%-0.80%
Other equipment	0.14%-2.44%	0.44%-3.61%	0.26%-3.61%

For the three months ended September 30, 2022 and 2021 and the nine months ended September 30, 2022 and 2021, the interest expense under lease liabilities amounted to NT\$2,303 thousand, NT\$4,047 thousand, NT\$9,123 thousand and NT\$12,981 thousand, respectively.

c. Material lease-in activities and terms

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

The Group leased parcels of land from Taiwan Sugar Corporation under a twenty-year term from October 2014 to September 2034, which is allowed to extend after the expiration of lease. The chairman of the Company, is a joint guarantor of such lease (refer to Note 32 to the consolidated financial statements).

The Group leased office spaces in the United States, China, Israel, India, Korea and Taiwan, and the lease terms will expire between 2022 and 2026 which can be extended after the expiration of the lease periods.

d. Subleases

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

	September 30, 2022	December 31, 2021	September 30, 2021
Year 1	\$ 5,612	\$ 7,373	\$ 6,825
Year 2	2,334	2,080	3,050
Year 3	-	-	519
Year 4	-	-	-
Year 5	-	-	-
Year 6 onwards	-	-	-
	<u>\$ 7,946</u>	<u>\$ 9,453</u>	<u>\$ 10,394</u>

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

e. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Expenses relating to short-term leases	\$ 35,240	\$ 64,938	\$ 123,618	\$ 176,306
Total cash outflow for leases	\$ (85,110)	\$ (138,084)	\$ (306,997)	\$ (405,570)

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

16. INVESTMENT PROPERTIES

	September 30, 2022	December 31, 2021	September 30, 2021
Investment properties, net	\$ 1,738,740	\$ 2,005,598	\$ 2,112,852

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 September 30, 2022 and 2021.

The remaining investment properties are located in Shenzhen, China. As of December 31, 2021 and 2020, 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 September 30, 2022 and 2021.

	For the Nine Months Ended September 30	
	2022	2021
<u>Cost</u>		
Balance at January 1	\$ 7,924,196	\$ 9,090,968
Disposals	-	(1,176)
Effects of foreign currency exchange differences	(660,772)	(889,937)
Balance at September 30	7,263,424	8,199,855
<u>Accumulated depreciation and impairment</u>		
Balance at January 1	5,918,598	6,624,301
Disposals	-	(1,176)
Depreciation expense	104,904	117,834
Effects of foreign currency exchange differences	(498,818)	(653,956)
Balance at September 30	5,524,684	6,087,003
Carrying amount at September 30	\$ 1,738,740	\$ 2,112,852

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:

	September 30, 2022	December 31, 2021	September 30, 2021
Year 1	\$ 162,396	\$ 178,142	\$ 203,997
Year 2	146,014	155,123	160,605
Year 3	141,965	155,123	160,605
Year 4	141,965	155,123	160,605
Year 5	141,965	155,123	160,605
Year 6 onwards	<u>603,347</u>	<u>814,391</u>	<u>883,328</u>
	<u>\$ 1,337,652</u>	<u>\$ 1,613,025</u>	<u>\$ 1,729,745</u>

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

Please refer to Note 33 to the consolidated financial statements for the amount of investment properties pledged as collateral for bank borrowings.

17. INTANGIBLE ASSETS

	September 30, 2022	December 31, 2021	September 30, 2021
Deferred technical assets	\$ 522,742	\$ 600,612	\$ 604,911
Other intangible assets	<u>207,164</u>	<u>382,717</u>	<u>299,300</u>
	<u>\$ 729,906</u>	<u>\$ 983,329</u>	<u>\$ 904,211</u>
	Deferred Technical Assets	Other Intangible Assets	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 1,892,805	\$ 1,305,198	\$ 3,198,003
Additions	78,172	105,809	183,981
Disposals	-	(205,691)	(205,691)
Effects of foreign currency exchange differences	<u>2,295</u>	<u>(98,068)</u>	<u>(95,773)</u>
Balance at September 30, 2022	<u>1,973,272</u>	<u>1,107,248</u>	<u>3,080,520</u>

(Continued)

	Deferred Technical Assets	Other Intangible Assets	Total
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2022	\$ 1,292,193	\$ 922,481	\$ 2,214,674
Amortization expense	155,420	54,072	209,492
Disposals	-	(569)	(569)
Effects of foreign currency exchange differences	<u>2,917</u>	<u>(75,900)</u>	<u>(72,983)</u>
Balance at September 30, 2022	<u>1,450,530</u>	<u>900,084</u>	<u>2,350,614</u>
Carrying amounts at September 30, 2022	<u>\$ 522,742</u>	<u>\$ 207,164</u>	<u>\$ 729,906</u>

Cost

Balance at January 1, 2021	\$ 1,640,243	\$ 1,360,969	\$ 3,001,212
Additions	210,786	91,535	302,321
Disposals	(5,591)	-	(5,591)
Effects of foreign currency exchange differences	<u>(4,399)</u>	<u>(126,948)</u>	<u>(131,347)</u>
Balance at September 30, 2021	<u>1,841,039</u>	<u>1,325,556</u>	<u>3,166,595</u>

Accumulated amortization and impairment

Balance at January 1, 2021	1,102,746	1,095,775	2,198,521
Amortization expense	136,660	38,071	174,731
Disposals	(788)	-	(788)
Effects of foreign currency exchange differences	<u>(2,490)</u>	<u>(107,590)</u>	<u>(110,080)</u>
Balance at September 30, 2021	<u>1,236,128</u>	<u>1,026,256</u>	<u>2,262,384</u>
Carrying amounts at September 30, 2021	<u>\$ 604,911</u>	<u>\$ 299,300</u>	<u>\$ 904,211</u> (Concluded)

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

18. BORROWINGS

a. Short-term borrowings

	<u>September 30, 2022</u>		<u>December 31, 2021</u>		<u>September 30, 2021</u>	
	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount
<u>Secured borrowings</u>						
Chinatrust Commercial Bank Co., Ltd.	1.17%	\$ <u>220,100</u>	-	\$ <u>-----</u>	1.29%	\$ <u>74,700</u>

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

b. Long-term borrowings

	Period	Interest Rate	September 30, 2022	December 31, 2021	September 30, 2021
<u>Unsecured borrowings</u>					
The Export-Import Bank of ROC	2019.09.20-2026.09.21	0.92%-1.34%	\$ 500,000	\$ 500,000	\$ 500,000
The Export-Import Bank of ROC	2020.08.25-2027.08.25	0.92%-1.34%	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
			1,500,000	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Less: Current portion			<u>(71,429)</u>		
			<u>\$ 1,428,571</u>		

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

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

Please refer to Note 33 to the consolidated financial statements for the collateral of the syndicated loan.

19. BONDS PAYABLE

	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured domestic convertible bonds	\$ -	\$ -	<u>\$ 98,901</u>

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

- The conversion price was set at NT\$39.9 per share at the time of issuance. When meeting certain criteria, adjustments on the conversion price are made in accordance with the terms and conditions. Since the Company distributed cash dividends in August 2021, the conversion price should be adjusted according to issuance and conversion measures, the conversion price was adjusted to NT\$38 since August 22, 2021. All convertible bonds were converted into ordinary shares before December 31, 2021.
- 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.
- 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 NT\$1,806 thousand on September 30, 2021.

- d. Except for the bonds that have been redeemed, sold back, converted, or bought back by the Company in the market, the principal will be repaid in cash upon maturity at a rate of 109.09% (annual rate of return 1.25% upon maturity).

20. OTHER PAYABLES

	September 30, 2022	December 31, 2021	September 30, 2021
Payable for salaries or employee benefits	\$ 1,918,476	\$ 1,510,233	\$ 1,511,590
Payable for royalties	531,128	538,268	474,185
Payable for maintenance	245,003	313,857	189,395
Payable for purchase of equipment	175,583	68,578	122,697
Payable for service	132,150	36,952	150,026
Payable for utilities	115,131	207,440	222,037
Payable for professional service	60,813	96,124	38,536
Payable for software	13,488	61,983	15,901
Payable for investment	-	285,923	265,525
Others	<u>1,495,852</u>	<u>1,676,412</u>	<u>1,430,042</u>
	<u>\$ 4,687,624</u>	<u>\$ 4,795,770</u>	<u>\$ 4,419,934</u>

21. PROVISIONS

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Current</u>			
Decommissioning costs	<u>\$ 186,339</u>	<u>\$ 532,948</u>	<u>\$ 551,784</u>
<u>Non-current</u>			
Employee benefits	\$ 1,406,659	\$ 1,537,035	\$ 1,591,359
Decommissioning costs	483,780	653,679	676,782
Warranties	<u>501,592</u>	<u>538,639</u>	<u>554,075</u>
	<u>\$ 2,392,031</u>	<u>\$ 2,729,353</u>	<u>\$ 2,822,216</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.

22. 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, 2021 and 2020, and recognized NT\$12,481 thousand, NT\$10,988 thousand, NT\$35,664 thousand and NT\$31,578 thousand for the three months ended and nine months ended September 30, 2022 and 2021, respectively.

23. GUARANTEE DEPOSITS

	September 30, 2022	December 31, 2021	September 30, 2021
Capacity guarantee	\$ 2,573,847	\$ 1,879,725	\$ 189,959
Others	<u>57,942</u>	<u>82,517</u>	<u>65,238</u>
	<u>\$ 2,631,789</u>	<u>\$ 1,962,242</u>	<u>\$ 255,197</u>

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

24. EQUITY

a. Share capital

Ordinary shares

	September 30, 2022	December 31, 2021	September 30, 2021
Shares authorized (in thousands of shares)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Shares authorized	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>419,765</u>	<u>417,210</u>	<u>410,043</u>
Shares issued and fully paid	<u>\$ 4,197,653</u>	<u>\$ 4,172,101</u>	<u>\$ 4,100,427</u>
Par value (in New Taiwan dollars)	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 10</u>

As of December 31, 2021, the Company has issued 31,372 thousand shares of ordinary shares due to the conversion of unsecured convertible bonds, the registration of all ordinary shares issuance has been completed.

As of September 30, 2022, December 31, 2021 and September 30, 2021, the balance of the Company's capital account amounted to NT\$4,197,653 thousand, NT\$4,172,101 thousand and NT\$4,100,427 thousand, divided into 419,765 thousand ordinary shares, 417,210 thousand ordinary shares and 410,043 thousand ordinary shares with a par value of NT\$10.

b. Capital surplus

	September 30, 2022	December 31, 2021	September 30, 2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*			
Additional paid-in capital	\$ 5,088,159	\$ 5,088,159	\$ 5,088,159
Conversion of bonds	1,481,180	1,481,180	1,409,563
Employee share options	13	13	13
Cash capital increase reserved for employee share options	112,160	112,160	112,160

(Continued)

	September 30, 2022	December 31, 2021	September 30, 2021
<u>May only be used to offset a deficit</u>			
Overdue dividends unclaimed	\$ 78	\$ 62	\$ 62
Share of changes in capital surplus of associates or joint ventures (disposals of subsidiaries)	<u>190,237</u>	<u>190,237</u>	<u>-</u>
	<u>\$ 6,871,827</u>	<u>\$ 6,871,811</u>	<u>\$ 6,609,957</u> (Concluded)

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

c. Retained earnings and dividends policy

The shareholders held their regular meeting on May 29, 2020 and resolved the amendments to the Company's dividend distribution policy in the Company's Articles of Incorporation (the "Articles"). Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's Board of Directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The Board of Directors shall be authorized to distribute the profit, the legal reserve, and the capital plus in cash upon resolution by a majority vote at a board meeting attended by two-thirds or more of the directors, and shall report the same to the shareholders' meeting. In principle, not less than 10% of the total shareholders' bonus shall be distributed in the form of cash. For the policies on the distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors in Note 27 to the consolidated financial statements.

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

The appropriations of earnings and dividends per share for 2021 and 2020 were as follows:

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

Expect for the cash dividends were distributed by the Company's board meeting on and March 15, 2022 and March 16, 2021, respectively, the rest of the 2022 and 2021 appropriation of earnings were proposed by the Company's board meeting and were resolved by the shareholders regular meeting on June 2, 2022 and August 20, 2021, respectively.

d. Other equity items

- 1) The exchange differences arising on translation of foreign operations' net assets from its functional currency to the Group's presentation currency (New Taiwan dollar) are recognized directly in other comprehensive income. For the three months ended September 30, 2022 and 2021 and the nine months ended September 30, 2022 and 2021, other comprehensive gain (loss) was NT\$242,633 thousand, NT\$(76,174) thousand, NT\$(278,778) thousand and NT\$(697,697) thousand, respectively.
- 2) Unrealized valuation gains (losses) on financial assets at FVTOCI

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	\$ 1,111,460	\$ 269,065
Recognized for the period	(240,806)	806,980
Cumulative unrealized gains (losses) of equity instruments transferred to retained earnings due to disposal	<u>(563,084)</u>	<u>(138,095)</u>
Balance at September 30	<u>\$ 307,570</u>	<u>\$ 937,950</u>

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

25. REVENUE

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

26. INCOME TAXES RELATING TO CONTINUING OPERATIONS

- a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Current tax				
In respect of the current year	\$ 213,219	\$ 166,398	\$ 948,457	\$ 453,048
Adjustment for prior years' tax	6,303	-	8,796	(189)
Deferred tax				
In respect of the current year	<u>(27,516)</u>	<u>24,990</u>	<u>(152,298)</u>	<u>25,296</u>
Income tax expense recognized in profit or loss	<u>\$ 192,006</u>	<u>\$ 191,388</u>	<u>\$ 804,955</u>	<u>\$ 478,155</u>

b. Income tax assessments

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

27. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION

	For the Three Months Ended September 30							
	2022				2021			
	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	\$ 307,184	\$ 1,796,900	\$ -	\$ 2,104,084	\$ 310,058	\$ 1,892,427	\$ -	\$ 2,202,485
Post-employment benefits	11,044	103,594	-	114,638	10,682	129,456	-	140,138
Depreciation	125,060	94,160	33,856	253,076	129,279	98,946	38,361	266,586
Amortization	1,698	68,406	-	70,104	4,604	55,099	-	59,703

	For the Nine Months Ended September 30							
	2022				2021			
	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	\$ 970,865	\$ 5,644,422	\$ -	\$ 6,615,287	\$ 896,564	\$ 5,522,939	\$ -	\$ 6,419,503
Post-employment benefits	34,036	354,144	-	388,180	24,090	373,837	-	397,927
Depreciation	393,623	274,383	105,145	773,151	409,024	296,927	117,834	823,785
Amortization	4,195	205,297	-	209,492	20,182	154,549	-	174,731

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

For the three months ended September 30, 2022 and 2021 and the nine months ended September 30, 2022 and 2021, the employees' compensation and remuneration of directors were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
	Employees' cash compensation	\$ 70,466	\$ 50,339	\$ 263,958
Remuneration of directors	11,744	8,390	43,993	23,334

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 2021 and 2020, which were approved by the Company's Board of Directors on February 10, 2022 and February 18, 2021, respectively, were as below:

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

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the employees' compensation and remuneration of directors resolved by the Company's Board of Directors in 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

28. EARNINGS PER SHARE

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

	For the Three Months Ended September 30					
	2022			2021		
	Amounts (Numerator) After Income Tax (Attributable to Owners of the Company)	Shares (Denominator) (In Thousands)	Earnings Per Share (NT\$) After Income Tax (Attributable to Owners of the Company)	Amounts (Numerator) After Income Tax (Attributable to Owners of the Company)	Shares (Denominator) (In Thousands)	Earnings Per Share (NT\$) After Income Tax (Attributable to Owners of the Company)
Basic earnings per share						
Net profit attributed to owners of the Company	\$ 945,120	419,765	\$ <u>2.25</u>	\$ 642,263	412,120	\$ <u>1.56</u>
Effect of potentially dilutive ordinary shares						
Employees' compensation		2,444		-	1,045	
Convertible bonds		-		724	7,645	
Diluted earnings per share						
Net profit attributed to owners of the Company	\$ <u>945,210</u>	<u>422,209</u>	\$ <u>2.24</u>	\$ <u>642,987</u>	<u>420,810</u>	\$ <u>1.53</u>
	For the Nine Months Ended September 30					
	2022			2021		
	Amounts (Numerator) After Income Tax (Attributable to Owners of the Company)	Shares (Denominator) (In Thousands)	Earnings Per Share (NT\$) After Income Tax (Attributable to Owners of the Company)	Amounts (Numerator) After Income Tax (Attributable to Owners of the Company)	Shares (Denominator) (In Thousands)	Earnings Per Share (NT\$) After Income Tax (Attributable to Owners of the Company)
Basic earnings per share						
Net profit attributed to owners of the Company	\$ 3,507,804	419,765	\$ <u>8.36</u>	\$ 1,852,052	399,736	\$ <u>4.63</u>
Effect of potentially dilutive ordinary shares						
Employees' compensation	-	2,667		-	1,210	
Convertible bonds	-	-		5,699	20,029	
Diluted earnings per share						
Net profit attributed to owners of the Company	\$ <u>3,507,804</u>	<u>422,432</u>	\$ <u>8.30</u>	\$ <u>1,857,751</u>	<u>420,975</u>	\$ <u>4.41</u>

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

29. DISPOSAL OF SUBSIDIARIES

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

a. Consideration received from disposals

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

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

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

c. Net cash inflow on disposals of subsidiaries

	METC
Consideration received in cash and cash equivalents	\$ 357,897
Less: Cash and cash equivalent balances disposed of	<u>(298,304)</u>
	<u>\$ 59,593</u>

30. CAPITAL MANAGEMENT

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

31. FINANCIAL INSTRUMENT

a. Categories of financial instruments

	September 30, 2022		December 31, 2021		September 30, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial assets</u>						
Financial assets at amortized cost (Note 1)	\$ 15,833,965	\$ 15,833,965	\$ 14,934,928	\$ 14,934,928	\$ 12,161,486	\$ 12,161,486
Financial assets at FVTPL						
Derivative financial assets	124,375	124,375	70,831	70,831	1,806	1,806
Financial assets at FVTOCI						
Investment in equity instruments	1,247,687	1,247,687	2,676,174	2,676,174	2,487,111	2,487,111
<u>Financial liabilities</u>						
Financial liabilities at amortized cost (Note 2)	12,477,971	12,477,971	11,397,814	11,397,814	9,896,682	10,151,225
Financial liabilities at FVTPL						
Derivative financial liabilities	4,806	4,806	-	-	2,634	2,634

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

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

b. Fair value information

- 1) Fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value is observable and the significance in its entirety, which are described as follows:
 - a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
 - b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
 - c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- 2) Fair value measurements recognized in the consolidated balance sheets
 - a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed shares and emerging market shares).
 - b) The fair value of the financial instruments at fair value through profit or loss is based on Level 2 inputs, either directly or indirectly. The fair value of foreign-currency derivative financial instrument could be determined by reference to the price and discount rate of currency swap quoted by financial institutions. Foreign exchange forward contracts are measured using individual maturity rate to calculate the fair value of each contract.

- c) Domestic unlisted equity instruments at FVTOCI were all measured based on Level 3 fair value. Fair values of such equity instruments were determined using discounted cash flow of income approach and comparable listed company approach, by referring to strike price of similar business in active market, implied value multiple of the price and relevant information. Significant unobservable inputs included P/E ratio, value multiple and market liquidity discount. As the discounted cash flow method was used, the discount rate used for lack of marketability was 29%; which increase by 1% while all the other variables are held constant, the fair value of investments will decrease by NT\$8,944 thousand and NT\$7,845 thousand for the nine months ended September 30, 2022 and 2021, respectively.

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

	September 30, 2021			
	Level 1	Level 2	Level 3	Total
<u>Financial liabilities at amortized cost</u>				
Bonds payable (unsecured)	\$ 353,444	\$ -	\$ -	\$ 353,444

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

Fair value hierarchy

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

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 1,631	\$ 69,200	\$ 70,831
<u>Financial assets at FVTOCI</u>				
Domestic and overseas listed shares and emerging market shares	\$ 257,683	\$ -	\$ -	\$ 257,683
Domestic and overseas unlisted shares	\$ -	\$ -	\$ 2,418,491	\$ 2,418,491
	September 30, 2021			
	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 1,806	\$ -	\$ 1,806
<u>Financial assets at FVTOCI</u>				
Domestic and overseas listed shares and emerging market shares	\$ 246,792	\$ -	\$ -	\$ 246,792
Domestic and overseas unlisted shares	\$ -	\$ -	\$ 2,240,319	\$ 2,240,319
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	\$ -	\$ 2,634	\$ -	\$ 2,634

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 nine months ended September 30, 2022 and 2021 were as follows:

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	\$ 2,487,691	\$ 1,492,891
Additions	45,000	-
Refund of capital reduction	(1,000)	(4,500)
Recognized in other comprehensive income	18,707	751,928
Recognized in profit or loss	10,175	-
Transferred to investments accounted for using the equity method	(1,289,679)	-
Balance at September 30	<u>\$ 1,270,894</u>	<u>\$ 2,240,319</u>

c. Financial risk management objectives and policies

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

1) Market risk

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 36 to the consolidated financial statements.

The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period and assuming an increase in net income and equity if New Taiwan dollars strengthen by 1% against foreign currencies. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be impact on net income in the amounts of NT\$7,686 thousand increase and NT\$2,684 thousand increase for the nine months ended September 30, 2022 and 2021, respectively. The amounts used in the 1% depreciation of New Taiwan dollars against the relevant currency did not consider the impact of hedge contracts and hedged item.

b) Interest rate risk

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

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

	September 30, 2022	December 31, 2021	September 30, 2021
Cash flow interest rate risk			
Financial assets	\$ 8,413	\$ 8,413	\$ 8,413
Financial liabilities	1,720,100	1,500,000	1,500,000

The sensitivity analysis of cash flows based on the Group's exposure to interest rates for fair value of variable-rate non-derivative instruments at the end of the reporting period. If interest rates increased by 1%, the Group's cash outflows for the nine months ended September 30, 2022 and 2021 would have increased by NT\$12,838 thousand and increased by NT\$11,187 thousand, respectively.

2) Credit risk

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

3) Liquidity risk

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

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

	September 30, 2022			
	Within 1 Year	1-2 Years	Over 2 Years	Total
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 8,126,083	\$ -	\$ -	\$ 8,126,083
Lease liabilities	180,598	141,440	337,559	659,597
Variable interest rate liabilities	<u>291,529</u>	<u>285,714</u>	<u>1,142,857</u>	<u>1,720,100</u>
	<u>\$ 8,598,210</u>	<u>\$ 427,154</u>	<u>\$ 1,480,416</u>	<u>\$ 10,505,780</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>\$ 322,038</u>	<u>\$ 224,295</u>	<u>\$ 113,264</u>	<u>\$ 659,597</u>

	December 31, 2021			
	Within 1 Year	1-2 Years	Over 2 Years	Total
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 7,690,077	\$ -	\$ -	\$ 7,690,077
Lease liabilities	252,436	214,985	953,845	1,421,266
Variable interest rate liabilities	<u>-</u>	<u>71,429</u>	<u>1,428,571</u>	<u>1,500,000</u>
	<u>\$ 7,942,513</u>	<u>\$ 286,414</u>	<u>\$ 2,382,416</u>	<u>\$ 10,611,343</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	\$ 467,421	\$ 391,026	\$ 562,819	\$ 1,421,266
September 30, 2021				
	Within 1 Year	1-2 Years	Over 2 Years	Total
<u>Non-derivative financial liabilities</u>				
Non-interest bearing Lease liabilities	\$ 7,786,388	\$ -	\$ -	\$ 7,786,388
Variable interest rate liabilities	260,947	214,978	984,815	1,460,740
Fixed interest rate liabilities	-	-	1,500,000	1,500,000
	<u>74,700</u>	<u>-</u>	<u>105,926</u>	<u>180,626</u>
	<u>\$ 8,122,035</u>	<u>\$ 214,978</u>	<u>\$ 2,590,741</u>	<u>\$ 10,927,754</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	\$ 475,925	\$ 396,484	\$ 588,331	\$ 1,460,740

d. Transfers of financial assets

Factored accounts receivable that are not yet overdue on September 30 and December 31, 2021, respectively were as follows:

September 30, 2022: None

December 31, 2021

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

September 30, 2021

Counterparty	Receivables Factoring Proceeds	Advances Received - Unused	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
Sumitomo Mitsui Banking Corporation	\$ 96,419	\$ -	\$ 96,419	0.9

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

32. TRANSACTIONS WITH RELATED PARTIES

a. Related party name and categories

Related Party Name	Related Party Categories
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
Miraxia Edge Technology Corporation ("METC")	Associate
Tower Partners Semiconductor Co., Ltd. ("TPSCo.")	Associate (Note)
Winbond Electronics Germany GmbH ("WEG")	Associate
Nyquest Technology Co., Ltd. ("Nyquest")	Related party in substance
Walton Advanced Engineering Inc.	Related party in substance
Chin Cherng Construction Co., Ltd.	Related party in substance
United Industrial Gases Co., Ltd.	Related party in substance
Glorystones Corporation	Related party in substance
Waltech Advanced Engineering (Suzhou), Inc. ("Waltech")	Related party in substance

Note: The Group has significant influence over TPSCo. Starting from April 2022, therefore TPSCo. has been reclassified from related party in substance to associate. Refer to Note 13 to the consolidated financial statements.

b. Operating activities

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
1) Operating revenue				
Related party in substance				
Waltech	\$ 787,529	\$ 1,183,472	\$ 2,579,011	\$ 2,444,006
Others	68,721	138,574	278,882	421,716
Associate	<u>122,222</u>	<u>13,375</u>	<u>288,760</u>	<u>58,146</u>
	<u>\$ 978,472</u>	<u>\$ 1,335,421</u>	<u>\$ 3,146,653</u>	<u>\$ 2,923,868</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
2) Purchases of goods				
Associate				
TPSCo.	\$ 1,034,528	\$ -	\$ 2,178,165	\$ -
Others	7,912	-	9,884	-
Related party in substance				
TPSCo.	-	1,580,420	1,498,020	4,943,642
Others	-	33,962	-	62,653
Parent company	<u>51,430</u>	<u>122,658</u>	<u>167,837</u>	<u>288,848</u>
	<u>\$ 1,093,870</u>	<u>\$ 1,737,040</u>	<u>\$ 3,853,906</u>	<u>\$ 5,295,143</u>
3) Manufacturing expenses				
Associate				
TPSCo.	\$ 473,054	\$ -	\$ 925,412	\$ -
Related party in substance				
TPSCo.	-	504,588	475,284	1,539,451
Waltech	428,438	1,435	792,530	1,707
Others	-	3,750	-	10,943
Parent company	<u>140</u>	<u>88</u>	<u>673</u>	<u>529</u>
	<u>\$ 901,632</u>	<u>\$ 509,861</u>	<u>\$ 2,193,899</u>	<u>\$ 1,552,630</u>
4) Operating expenses				
Associate	\$ 180,344	\$ 2,816	\$ 502,576	\$ 7,105
Parent company	11,442	8,115	54,431	28,486
Related party in substance	<u>18,289</u>	<u>117,669</u>	<u>114,182</u>	<u>346,778</u>
	<u>\$ 210,075</u>	<u>\$ 128,600</u>	<u>\$ 671,189</u>	<u>\$ 382,369</u>
5) Dividend income				
Related party in substance				
United Industrial Gases Co., Ltd.	\$ -	\$ -	\$ 67,118	\$ 62,000
Nyquest	<u>13,200</u>	<u>5,775</u>	<u>13,200</u>	<u>5,775</u>
	<u>\$ 13,200</u>	<u>\$ 5,775</u>	<u>\$ 80,318</u>	<u>\$ 67,775</u>
6) Other income				
Associate	\$ (13,075)	\$ -	\$ 12,119	\$ -
Related party in substance	<u>-</u>	<u>-</u>	<u>649</u>	<u>339</u>
	<u>\$ (13,075)</u>	<u>\$ -</u>	<u>\$ 12,768</u>	<u>\$ 339</u>

	September 30, 2022	December 31, 2021	September 30, 2021
7) Accounts receivable from related parties			
Related party in substance			
Waltech	\$ 440,500	\$ 564,244	\$ 611,545
Others	49,567	75,019	79,048
Associate	<u>66,189</u>	<u>17,475</u>	<u>7,973</u>
	<u>\$ 556,256</u>	<u>\$ 656,738</u>	<u>\$ 698,566</u>

8) Other receivables

Associate			
TPSCo.	\$ 62,895	\$ -	\$ -
Others	14,139	14,359	9,559
Related party in substance			
TPSCo.	-	262,957	245,110
Others	<u>57</u>	<u>4,241</u>	<u>10,501</u>
	<u>\$ 77,091</u>	<u>\$ 281,557</u>	<u>\$ 265,170</u>

Other receivables from related parties is collection or payment on behalf of others.

	September 30, 2022	December 31, 2021	September 30, 2021
9) Refundable deposits			
Parent company	\$ 1,780	\$ 1,780	\$ 1,780
Related party in substance	<u>1,722</u>	<u>1,722</u>	<u>1,722</u>
	<u>\$ 3,502</u>	<u>\$ 3,502</u>	<u>\$ 3,502</u>

10) Accounts payable to related parties

Associate			
TPSCo.	\$ 507,794	\$ -	\$ -
Others	8,771	-	-
Related party in substance			
Waltech	445,375	33,640	-
TPSCo.	-	396,973	478,657
Others	-	-	10,714
Parent company	<u>27,813</u>	<u>36,060</u>	<u>82,584</u>
	<u>\$ 989,753</u>	<u>\$ 466,673</u>	<u>\$ 571,955</u>

	September 30, 2022	December 31, 2021	September 30, 2021
11) Other payables			
Associate	\$ 192,100	\$ 53,075	\$ -
Parent company	30,631	20,466	12,451
Related party in substance			
Waltech	81,020	124,227	3,950
TPSCo.	-	61,302	56,738
Others	<u>-</u>	<u>-</u>	<u>3,937</u>
	<u>\$ 303,751</u>	<u>\$ 259,070</u>	<u>\$ 77,076</u>
12) Guarantee deposits			
Parent company	\$ 545	\$ 545	\$ 545
Related party in substance			
Nyquest	<u>259,080</u>	<u>225,869</u>	<u>-</u>
	<u>\$ 259,625</u>	<u>\$ 226,414</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.

13) Acquisition of property, plant and equipment

	<u>Purchase Price</u>	
	<u>For the Nine Months Ended</u>	
	<u>September 30</u>	
	2022	2021
Related party in substance		
Waltech	<u>\$ 31,725</u>	<u>\$ -</u>

14) Disposal of property, plant and equipment

	<u>Proceeds</u>		<u>Gain (Loss) on Disposal</u>	
	<u>For the Three Months Ended</u>		<u>For the Three Months Ended</u>	
	<u>September 30</u>		<u>September 30</u>	
	2022	2021	2022	2021
Related party in substance				
Waltech	\$ -	\$ 886	\$ -	\$ 886
TPSCo.	<u>-</u>	<u>150</u>	<u>-</u>	<u>117</u>
	<u>\$ -</u>	<u>\$ 1,036</u>	<u>\$ -</u>	<u>\$ 1,003</u>

	<u>Proceeds</u>		<u>Gain (Loss) on Disposal</u>	
	<u>For the Nine Months Ended</u>		<u>For the Nine Months Ended</u>	
	<u>September 30</u>		<u>September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Related party in substance				
Waltech	\$ -	\$ 886,862	\$ -	\$ 144,679
TPSCo.	-	150	-	117
Associate				
TPSCo.	<u>72,749</u>	<u>-</u>	<u>155</u>	<u>-</u>
	<u>\$ 72,749</u>	<u>\$ 887,012</u>	<u>\$ 155</u>	<u>\$ 144,796</u>

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

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

15) Disposal of intangible assets

Related Party Category	<u>Proceeds</u>		<u>Gain (Loss) on Disposal</u>	
	<u>For the Three Months Ended</u>		<u>For the Three Months Ended</u>	
	<u>June 30</u>		<u>June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Associate				
TPSCo.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Related Party Category	<u>Proceeds</u>		<u>Gain (Loss) on Disposal</u>	
	<u>For the Nine Months Ended</u>		<u>For the Nine Months Ended</u>	
	<u>September 30</u>		<u>September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Associate				
TPSCo.	<u>\$ 204,873</u>	<u>\$ -</u>	<u>\$ 16</u>	<u>\$ -</u>

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

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

c. Lease arrangements - Group is lessee

	<u>September 30,</u>	<u>December 31,</u>	<u>September 30,</u>
	<u>2022</u>	<u>2021</u>	<u>2021</u>
1) Lease liabilities			
Parent company	\$ 27,239	\$ 36,172	\$ 39,133
Related party in substance	2,846	11,316	14,116
Associate	<u>35,225</u>	<u>-</u>	<u>1,875</u>
	<u>\$ 65,310</u>	<u>\$ 47,488</u>	<u>\$ 55,124</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
2) Finance costs				
Parent company	\$ 74	\$ 107	\$ 246	\$ 343
Related party in substance	15	60	80	215
Associate	<u>140</u>	<u>17</u>	<u>426</u>	<u>111</u>
	<u>\$ 229</u>	<u>\$ 184</u>	<u>\$ 752</u>	<u>\$ 669</u>

d. Lease arrangements - Group is lessor/Sublease arrangements

Sublease arrangements under operating leases

For the nine months ended September 30, 2022 and 2021, the Group subleases its right-of-use assets to its associate companies WEC, WEHK and TPSCo. under operating leases with lease terms between 1 and 12 years.

The rental is based on similar asset's market rental rates and fixed lease payments are received monthly.

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

	September 30, 2022	December 31, 2021	September 30, 2021
Associate			
TPSCo.	\$ 18,723	\$ -	\$ -
Others	237	237	238
Related party in substance			
TPSCo.	-	20,459	21,182
Parent company	<u>448</u>	<u>67</u>	<u>1,035</u>
	<u>\$ 19,408</u>	<u>\$ 20,763</u>	<u>\$ 22,455</u>

2) Future lease payment receivables are as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Associate			
TPSCo.	\$ 1,328,744	\$ -	\$ -
Others	2,247	1,296	833
Related party in substance			
TPSCo.	-	1,607,021	1,721,586
Parent company	<u>2,184</u>	<u>4,369</u>	<u>4,890</u>
	<u>\$ 1,333,175</u>	<u>\$ 1,612,686</u>	<u>\$ 1,727,309</u>

3) Lease income was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Associate				
TPSCo.	\$ 51,118	\$ -	\$ 103,782	\$ -
Others	340	357	1,044	1,080
Related party in substance				
TPSCo.	-	58,720	55,912	180,187
Parent company	<u>1,037</u>	<u>1,094</u>	<u>3,058</u>	<u>3,083</u>
	<u>\$ 52,495</u>	<u>\$ 60,171</u>	<u>\$ 163,796</u>	<u>\$ 184,350</u>

Lease arrangements under finance leases

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

As of September 30, 2022, the balance of finance lease receivables was NT\$231,168 thousand and no impairment loss was recognized for the nine months ended September 30, 2022. There was also no gain (loss) on the disposal of equipment and intangible assets. The amount of interest income under finance leases for the three months ended September 30, 2022 and the nine months ended September 30, 2022 were NT\$1,164 thousand and NT\$2,447 thousand, respectively.

e. Disposal of right-of-use assets

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

f. Endorsements and guarantees

Endorsements and guarantees provided by the Group

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

Endorsements and guarantees given by related parties

Related Party Category	September 30, 2022	December 31, 2021	September 30, 2021
Parent company			
Amount endorsed	<u>\$ 6,603,000</u>	<u>\$ 11,080,076</u>	<u>\$ 11,471,679</u>
Amount utilized (reported as secured bank loans)	<u>\$ 220,100</u>	<u>\$ -</u>	<u>\$ 74,700</u>

g. Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 67,660	\$ 55,156	\$ 256,309	\$ 153,905
Post-employment benefits	<u>962</u>	<u>943</u>	<u>2,731</u>	<u>2,606</u>
	<u>\$ 68,622</u>	<u>\$ 56,099</u>	<u>\$ 259,040</u>	<u>\$ 156,511</u>

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

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	September 30, 2022	December 31, 2021	September 30, 2021
Land	\$ 1,289,703	\$ 1,409,239	\$ 1,459,046
Buildings	610,941	702,062	734,395
Investment properties	310,562	425,606	448,699
Time deposits (accounted as refundable deposits)	<u>107,227</u>	<u>107,168</u>	<u>107,168</u>
	<u>\$ 2,318,433</u>	<u>\$ 2,644,075</u>	<u>\$ 2,749,308</u>

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

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

35. OTHER ITEMS

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

36. SIGNIFICANT 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:

	September 30, 2022		
	Foreign Currencies (Thousand)	Exchange Rate (Note)	New Taiwan Dollars (Thousand)
<u>Financial assets</u>			
Monetary items			
USD	\$ 183,663	31.75	\$ 5,831,288
ILS	22,024	8.9422	196,943
RMB	4,710	4.4730	21,070
JPY	311,669	0.2201	68,598
<u>Financial liabilities</u>			
Monetary items			
USD	158,428	31.75	5,030,079
ILS	29,073	8.9422	259,975
RMB	4,531	4.4730	20,267
JPY	80,292	0.2201	17,672
	December 31, 2021		
	Foreign Currencies (Thousand)	Exchange Rate (Note)	New Taiwan Dollars (Thousand)
<u>Financial assets</u>			
Monetary items			
USD	\$ 99,078	27.68	\$ 2,742,470
ILS	9,584	8.8912	85,210
RMB	4,100	4.344	17,810
JPY	561,081	0.2405	134,940
<u>Financial liabilities</u>			
Monetary items			
USD	121,847	27.68	3,372,723
ILS	20,700	8.8912	184,048
RMB	4,212	4.344	18,296
JYP	1,516,111	0.2405	278,045

	September 30, 2021		
	Foreign Currencies (Thousand)	Exchange Rate (Note)	New Taiwan Dollars (Thousand)
<u>Financial assets</u>			
Monetary items			
USD	\$ 77,026	27.85	\$ 2,145,169
ILS	23,492	8.6542	203,300
RMB	15,161	4.305	65,269
JPY	116,136	0.249	28,918
<u>Financial liabilities</u>			
Monetary items			
USD	59,604	27.85	1,659,968
ILS	25,018	8.6542	216,510
RMB	5,635	4.305	24,257
JPY	1,139,575	0.249	283,754

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

For the three months ended September 30, 2022 and 2021 and the nine months ended September 30, 2022 and 2021, realized and unrealized net foreign exchange gains (losses) were NT\$104,823 thousand, NT\$5,683 thousand, NT\$240,027 thousand and NT\$(28,010) thousand, respectively. It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

37. 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 Nine Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2022	2021	2022	2021
General IC products	\$ 28,351,236	\$ 26,512,342	\$ 4,771,561	\$ 3,439,820
Foundry service	2,583,421	1,770,632	1,437,277	736,338
Total of segment revenue	30,934,657	28,282,974	6,208,838	4,176,158
Other revenue	1,368,524	2,784,349	849,750	1,272,418
Operating revenue	\$ 32,303,181	\$ 31,067,323	7,058,588	5,448,576
Unallocated expenditure				
Administrative and supporting expenses			(2,102,339)	(2,198,501)
Sales and other common expenses			(1,133,063)	(1,136,852)
Income from operations			3,823,186	2,113,223
Finance costs			(23,696)	(60,925)
Interest income			47,649	24,439
Dividend income			80,422	67,845
Other gains and losses			135,541	74,854
Gains (losses) on disposal of property, plant and equipment			172,066	125,564
Foreign exchange gains (losses)			240,027	(28,010)
Gains (losses) on financial instruments at fair value through profit or loss			(148,771)	13,217
Share of profit (loss) of associates			(13,665)	-
Profit before income tax			\$ 4,312,759	\$ 2,330,207

38. ADDITIONAL DISCLOSURE

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

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

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

b. Information on investment in mainland China

1)	The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits (losses) of investee, ending balance, amount received as dividends from the investee, and the limitation on investee.	Table 6
2)	Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports. a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. c) The amount of property transactions and the amount of the resultant gains or losses. d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes. e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds. f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.	Table 6

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 2)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 2)	Actual Borrowing Amount (In Thousands of Foreign Currencies)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
1	The Company	NTCJ	Subsidiary	\$ 16,444,100	\$ 2,037,315 (JPY 5,650,000) and (US\$ 25,000)	\$ 2,037,315 (JPY 5,650,000) and (US\$ 25,000)	\$ 832,511 (JPY 271,000) and (US\$ 24,342)	\$ -	12.39	\$ 16,444,100	Y	N	N

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

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

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

**MARKETABLE SECURITIES HELD
SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars)**

Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2022				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	<u>Shares</u> Yu-Ji Venture Capital Co., Ltd.	The held company as the investee's director	Non-current financial assets at fair value through other comprehensive income	575,000	\$ 9,919	5	\$ 9,919	
	Brightek Optoelectronic Co., Ltd.	None	"	34,680	848	-	848	
	United Industrial Gases Co., Ltd.	The held company as the investee's director	"	8,800,000	501,600	4	501,600	
	Autotalks Ltd. - Preferred E. Share	None	"	3,932,816	635,000	9	635,000	
	<u>Warrants</u> Autotalks Ltd.	None	Non-current financial assets at fair value through profit or loss	-	79,375	-	79,375	
	Allxon Inc.	None	"	-	45,000	-	45,000	
SYI	<u>Shares</u> Nyquest Technology Co., Ltd.	The held company as the investee's director	Non-current financial assets at fair value through other comprehensive income	1,650,000	100,320	5	100,320	
NTCJ	<u>Shares</u> Symetrix Corporation	None	"	50,268	-	1	-	

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**

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

(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	NTHK	Subsidiary	Sales	\$ 6,235,775	41	Net 90 days from invoice date	N/A	N/A	\$ 367,369	26	
	NTCJ	Subsidiary	Purchases	1,342,233	22	Net 15 days end of the month	N/A	N/A	(231,799)	12	
	NTCA	Subsidiary	Sales	166,720	1	Net 90 days from invoice date	N/A	N/A	22,191	2	
	WEC	Parent company	Purchases	152,055	3	Net 30 days from invoice date	N/A	N/A	(27,813)	1	
	WECJ	Associate	Sales	118,595	1	Net 90 days from invoice date	N/A	N/A	37,442	3	
	Nyquest	Related party in substance	Sales	201,195	1	Net 45 days from invoice date	N/A	N/A	49,548	4	
	NTHK	The Company	Parent company	Purchases	US\$ 213,318	100	Net 90 days from invoice date	N/A	N/A	US\$ (11,571)	100
NTCA	The Company	Parent company	Purchases	US\$ 5,715	100	Net 90 days from invoice date	N/A	N/A	US\$ (699)	100	
NTCJ	The Company	Parent company	Sales	US\$ 45,294	8	Net 15 days end of the month	N/A	N/A	US\$ 7,301	7	
NTSG	NTCJ	Fellow subsidiary	Sales	US\$ 91,702	40	Net 10 days end of the month	N/A	N/A	US\$ 15,569	51	
NTCJ	NTSG	Fellow subsidiary	Purchases	JPY 12,079,244	33	Net 10 days end of the month	N/A	N/A	JPY (2,245,855)	25	
		Fellow subsidiary	Sales	JPY 19,683,002	27	Net 10 days end of the month	N/A	N/A	JPY 2,805,985	19	
NTSG	NTCJ	Fellow subsidiary	Purchases	US\$ 157,104	70	Net 10 days end of the month	N/A	N/A	US\$ (19,452)	66	
NTCJ	TPSCo. Waltech	Associate	Purchases	JPY 15,977,361	43	Net 10 days end of the month	N/A	N/A	JPY (2,307,105)	26	
		Related party in substance	Sales	JPY 10,480,595	14	Net 10 days end of the month	N/A	N/A	JPY 1,882,845	13	
NTSG	Waltech	Related party in substance	Sales	US\$ 5,907	3	Net 10 days end of the month	N/A	N/A	US\$ 822	3	
AMTC	TPSCo.	Associate	Sales	JPY 956,433	33	Net 10 days end of the month	N/A	N/A	JPY 118,743	47	

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

SEPTEMBER 30, 2022

(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
The Company	NTHK	Subsidiary	\$ 367,369 (Note 2)	41.33	\$ -	-	\$ 367,369	\$ -
NTSG	NTCJ	Fellow subsidiary	US\$ 15,569 (Note 2)	8.77	-	-	US\$ 15,569	-
NTCJ	NTSG	Fellow subsidiary	JPY 2,805,985 (Note 2)	11.26	-	-	JPY 2,805,985	-
NTIL	The Company	Parent company	ILS 29,073 (Note 2)	5.25	-	-	ILS 29,073	-
NTCA	The Company	Parent company	US\$ 3,394 (Note 2)	(Note 1)	-	-	US\$ 3,394	-
NTCJ	The Company	Parent company	US\$ 7,301 (Note 2)	12.51	-	-	US\$ 7,301	-
	Waltech	Related party in substance	JPY 1,882,845	6.71	-	-	JPY 1,882,845	-

Note 1: Other receivables is not applicable to calculation of turnover rate.

Note 2: All receivables balances are eliminated.

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

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

THE FOLLOWING DISCLOSURE INFORMATION IS ONLY FOR REFERENCE.)

(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
The Company	NTHK	Hong Kong	Sales of semiconductor	\$ 427,092	\$ 427,092	107,400,000	100	\$ 567,553	\$ 8,293	\$ 8,293	
	MML	British Virgin Islands	Investment holding	274,987	274,987	8,897,789	100	313,012	5,962	5,962	
	NIH	British Virgin Islands	Investment holding	590,953	590,953	17,960,000	100	387,994	25,333	25,333	
	SYI	Taiwan	Investment holding	38,500	38,500	3,850,000	100	131,496	14,848	14,848	
	NTIPL	India	Design, sales and service of semiconductor	30,211	30,211	600,000	100	22,416	801	801	
	NTCA	United States of America	Design, sales and service of semiconductor	190,862	190,862	60,500	100	215,250	7,812	7,812	
	NTSG	Singapore	Design, sales and service of semiconductor	1,319,054	1,319,054	45,100,000	100	1,963,756	107,387	107,387	
	NTKL	Korea	Design, sales and service of semiconductor	30,828	30,828	125,000	100	11,863	1,227	1,227	
	NTHJ	Japan	Investment holding	5,927,849	5,927,849	100	100	6,805,719	1,006,772	1,006,772	
	MML	GLLC	United States of America	Investment holding	1,473,559	1,473,559	-	100	312,623	6,120	6,120
NIH	NTIL	Israel	Design and service of semiconductor	46,905	46,905	1,000	100	389,317	25,380	25,380	
NTHJ	NTCJ	Japan	Design, sales and service of semiconductor	111,520	111,520	9,480	100	10,595,615	1,006,443	1,006,443	
NTCJ	AMTC	Japan	Design and service of semiconductor	55,760	55,760	4,000	100	205,306	75,823	75,823	
	TPSCo.	Japan	Foundry and sales of semiconductor	1,454,612	-	14,700	49	1,284,075	212,446	(13,665)	(Notes 1 and 2)

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

Note 2: Under the business acquisition agreement, if TPSCo. turns net profit during the period of the effective date of the acquisition (September 1, 2020) to March 31, 2022, the Group is required to pay Panasonic Corporation the net profit based on its ownership share. Thus, the Group has no significant influence over TPSCo. during the period aforementioned. TPSCo. was recognized as non-current financial assets at fair value through other comprehensive income. Starting from April 2022, the Group has been released the restriction and has significant influence over TPSCo., accordingly, TPSCo. has been accounted for under equity method. Share of profit (loss) was recognized as from April 2022 for the period.

Note 3: Refer to Table 6 for information on investment in mainland China.

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars and U.S. Dollars)**

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

Investee Company in Mainland China	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2022	% Ownership of Direct or Indirect Investment	Net Income of the Investee	Investment Gain (Note 1)	Carrying Amount as of September 30, 2022	Accumulated Repatriation of Investment Income as of September 30, 2022
					Outward	Inward						
NTSH	Provide project of sale in China and repairing, testing and consulting of software and leasing business	\$ 68,036 (US\$ 2,000)	Through investing in MML in the third area in British Virgin Islands, which then invested in the investee in mainland China indirectly	\$ 68,036 (US\$ 2,000)	\$ -	\$ -	\$ 68,036 (US\$ 2,000)	100	\$ 6,312	\$ 6,312	\$ 315,593	\$ -
WENJ	Computer software service (except I.C. design)	16,429 (US\$ 500)	Through investing in MML in the third area in British Virgin Islands, which then invested in the investee in mainland China indirectly	16,429 (US\$ 500)	-	-	16,429 (US\$ 500)	100	-	-	(3,083) (Note 2)	-
NTSZ	Computer software service (except I.C. design), wholesale business for computer, supplement and software	197,670 (US\$ 6,000)	Through investing in NTHK in the third area, which then invested in the investee in mainland China indirectly	197,670 (US\$ 6,000)	-	-	197,670 (US\$ 6,000)	100	4,312	4,312	231,668	-
Song Zhi (Suzhou)	Provide development of semiconductor and technology, consult service and equipment leasing business	8,688 (RMB 2,000)	Through investing in NTSH in the third area, which then invested in the investee in mainland China indirectly	- (Note 3)	-	-	-	100	(14)	(14)	8,330	-

Note 1: Investment profit or loss for the nine months ended September 30, 2022 was recognized under the basis of the financial statements reviewed by the Company's auditor.

Note 2: WENJ has a negative net book value as of September 30, 2022, which is reclassified to other non-current liabilities.

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

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

Company	Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
The Company	NT\$282,135 (US\$8,500)	NT\$282,135 (US\$8,500)	NT\$9,866,460

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

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars and Foreign Currencies)**

No.	Company Name	Related Party	Nature of Relationship	Transaction Details			Percentage of Consolidated Total Gross Sales or Total Assets (%)
				Financial Statement Account	Amount	Terms (Note)	
0	<u>2022.1.1-2022.9.30</u> The Company	NTHK	Transactions between parent company and subsidiaries	Operating revenue	\$ 6,235,775	-	19
		NTHK	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	367,369	-	1
		NTIL	Transactions between parent company and subsidiaries	Operating expense	868,019	-	3
		NTIL	Transactions between parent company and subsidiaries	Other payables	259,975	-	1
		NTCA	Transactions between parent company and subsidiaries	Operating expense	314,446	-	1
		NTCA	Transactions between parent company and subsidiaries	Operating revenue	166,720	-	1
		NTCA	Transactions between parent company and subsidiaries	Other payables	107,761	-	-
		NTCJ	Transactions between parent company and subsidiaries	Accounts payable due from related parties	231,799	-	1
		NTCJ	Transactions between parent company and subsidiaries	Operating cost	1,342,233	-	4
		1	NTCJ	NTSG	Transactions between subsidiaries	Operating revenue	JPY 19,683,002
Accounts receivable due from related parties	JPY 2,805,985					-	2
2	NTSG	NTCJ	Transactions between subsidiaries	Operating revenue	US\$ 91,702	-	8
				Accounts receivable due from related parties	US\$ 15,569	-	1
4	AMTC	NTCJ	Transactions between subsidiaries	Other operating revenue	JPY 1,261,944	-	1

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

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

TABLE 8**NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
SEPTEMBER 30, 2022**

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

Note 1: Table 8 is based on the information on the last business day of the quarter provided by the Taiwan Depository & Clearing Corporation (TDCC). The TDCC calculate the total number of ordinary shares and preferred shares held by shareholders who retain more than 5% of the Company's share (including treasury shares) that have delivered without physical registration. The number of shares in the Company's consolidated financial report and the actual number of shares delivered without physical registration may differ due to the different calculation basis.

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