# Nuvoton Technology Corporation

**Parent Company Only Financial Statements for the Years Ended December 31, 2024 and 2023 and Independent Auditors' Report**

Deloitte.

勤業眾信

勤業眾信聯合會計師事務所
110016 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 110016, Taiwan

Tel :+886 (2) 2725-9988
Fax:+886 (2) 4051-6888
www.deloitte.com.tw

# INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Nuvoton Technology Corporation

## Opinion

We have audited the accompanying parent company only financial statements of Nuvoton Technology Corporation (the Company), which comprise the parent company only balance sheets as of December 31, 2024 and 2023, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the " parent company only financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

## Basis for Opinion

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

## Key Audit Matters

Key audit matter is this matter that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Occurrence of Sales Revenues Recognition

Revenue from the sale of goods is recognized when the customer received the goods and bear the risk. We performed an analytical procedure on the sales revenue in 2024, and some kind of products have relatively high gross margins and hold certain percentage of annual sales, which has a material impact of the financial report. Therefore, we choose the occurrence of those products sales revenue as a key audit matter for the year ended December 31, 2024. Refer to Note 4 to the parent company only financial statements for the Company's revenue recognition policies.

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

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

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

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

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

**Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Shu Lin Liu

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 14, 2025

<u>*Notice to Readers*</u>

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

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

# NUVOTON TECHNOLOGY CORPORATION

**PARENT COMPANY ONLY BALANCE SHEETS**
**DECEMBER 31, 2024 AND 2023**
**(In Thousands of New Taiwan Dollars)**

| | 2024 | | 2023 | |
|---|---|---|---|---|
| **ASSETS** | **Amount** | **%** | **Amount** | **%** |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Notes 4 and 6) | $ 966,717 | 5 | $ 2,434,419 | 10 |
| Financial assets at fair value through profit or loss - current (Notes 4 and 7) | - | - | 8,686 | - |
| Accounts receivable, net (Notes 4 and 8) | 924,929 | 4 | 837,845 | 4 |
| Accounts receivable from related parties, net (Notes 4, 8 and 29) | 1,615,988 | 7 | 1,591,869 | 7 |
| Other receivables (Note 29) | 83,929 | 1 | 59,622 | - |
| Inventories (Notes 4 and 9) | 3,337,492 | 15 | 3,286,830 | 14 |
| Other current assets | 505,771 | 2 | 307,513 | 1 |
| Total current assets | 7,434,826 | 34 | 8,526,784 | 36 |
| NON-CURRENT ASSETS | | | | |
| Financial assets at fair value through profit or loss - non-current (Notes 4 and 7) | - | - | 76,763 | - |
| Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 10) | 1,382,936 | 6 | 1,215,897 | 5 |
| Investments accounted for using equity method (Notes 4 and 11) | 11,785,340 | 53 | 12,389,971 | 52 |
| Property, plant and equipment (Notes 4 and 12) | 847,483 | 4 | 824,617 | 3 |
| Right-of-use assets (Notes 4, 13 and 29) | 111,089 | - | 146,696 | 1 |
| Intangible assets (Notes 4 and 14) | 345,972 | 2 | 357,413 | 2 |
| Deferred tax assets (Notes 4 and 21) | 51,000 | - | 99,000 | - |
| Refundable deposits (Notes 29 and 30) | 112,834 | 1 | 247,873 | 1 |
| Total non-current assets | 14,636,654 | 66 | 15,358,230 | 64 |
| TOTAL | $ 22,071,480 | 100 | $ 23,885,014 | 100 |
| **LIABILITIES AND EQUITY** | | | | |
| CURRENT LIABILITIES | | | | |
| Financial liabilities at fair value through profit or loss - current (Notes 4 and 7) | $ 6,316 | - | $ 354 | - |
| Accounts payable | 961,157 | 4 | 774,153 | 3 |
| Accounts payable to related parties (Note 29) | 858,174 | 4 | 1,040,471 | 4 |
| Other payables (Notes 16 and 29) | 1,654,622 | 8 | 1,591,367 | 7 |
| Current tax liabilities (Notes 4 and 21) | 205,098 | 1 | 238,919 | 1 |
| Lease liabilities - current (Notes 4, 13 and 29) | 25,801 | - | 42,061 | - |
| Current portion of long-term borrowings (Note 15) | 285,714 | 1 | 142,857 | 1 |
| Other current liabilities (Note 17) | 1,234,515 | 6 | 255,521 | 1 |
| Total current liabilities | 5,231,397 | 24 | 4,085,703 | 17 |
| NON-CURRENT LIABILITIES | | | | |
| Long-term borrowings (Note 15) | 571,429 | 3 | 857,143 | 4 |
| Products guarantee based on commitment (Note 4) | 101,891 | - | 101,891 | - |
| Lease liabilities - non-current (Notes 4, 13 and 29) | 64,471 | - | 83,430 | - |
| Net defined benefit liabilities - non-current (Notes 4 and 18) | 202,983 | 1 | 206,651 | 1 |
| Guarantee deposits (Notes 4, 19 and 29) | 222,846 | 1 | 1,805,726 | 8 |
| Other non-current liabilities | 13,426 | - | 13,426 | - |
| Total non-current liabilities | 1,177,046 | 5 | 3,068,267 | 13 |
| Total liabilities | 6,408,443 | 29 | 7,153,970 | 30 |
| EQUITY | | | | |
| Share capital (Note 20) | 4,197,653 | 19 | 4,197,653 | 18 |
| Capital surplus (Note 20) | 6,997,593 | 32 | 6,995,630 | 29 |
| Retained earnings (Note 20) | | | | |
| Legal reserve | 1,693,267 | 8 | 1,447,316 | 6 |
| Special reserve | 1,190,819 | 5 | 710,979 | 3 |
| Unappropriated earnings | 2,797,743 | 13 | 4,570,285 | 19 |
| Exchange differences on translation of financial statements of foreign operations (Notes 4 and 20) | (1,617,353) | (8) | (1,556,260) | (7) |
| Unrealized gains on financial assets at fair value through other comprehensive income (Notes 4 and 20) | 403,315 | 2 | 365,441 | 2 |
| Total equity | 15,663,037 | 71 | 16,731,044 | 70 |
| TOTAL | $ 22,071,480 | 100 | $ 23,885,014 | 100 |

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

# NUVOTON TECHNOLOGY CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
## FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
## (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | **Amount** | **%** | **Amount** | **%** |
| OPERATING REVENUE (Notes 4 and 29) | $ 19,051,813 | 100 | $ 19,065,868 | 100 |
| OPERATING COST (Notes 9 and 29) | 13,078,484 | 69 | 13,468,735 | 71 |
| GROSS PROFIT | 5,973,329 | 31 | 5,597,133 | 29 |
| OPERATING EXPENSES (Notes 22 and 29) | | | | |
| Selling expenses | 266,819 | 1 | 226,085 | 1 |
| General and administrative expenses | 744,112 | 4 | 715,572 | 4 |
| Research and development expenses | 4,163,189 | 22 | 3,856,310 | 20 |
| Expected credit loss (gain) | 80 | - | 1,448 | - |
| Total operating expenses | 5,174,200 | 27 | 4,799,415 | 25 |
| PROFIT FROM OPERATIONS | 799,129 | 4 | 797,718 | 4 |
| NON-OPERATING INCOME AND EXPENSES (Note 29) | | | | |
| Finance costs | (21,560) | - | (25,807) | - |
| Share of (loss) profit of subsidiaries and associates accounted for using equity method | (521,115) | (3) | 1,626,570 | 9 |
| Interest income | 50,308 | - | 122,568 | 1 |
| Dividend income | 61,621 | 1 | 61,003 | - |
| Other gains and losses | 22,183 | - | 15,649 | - |
| Gains (losses) on disposal of property, plant and equipment | (850) | - | 873 | - |
| Foreign exchange gains (losses) | 51,158 | - | 2,856 | - |
| Gains (losses) on financial assets at fair value through profit or loss | (53,023) | - | (5,818) | - |
| Total non-operating income and expenses | (411,278) | (2) | 1,797,894 | 10 |
| PROFIT BEFORE INCOME TAX | 387,851 | 2 | 2,595,612 | 14 |
| INCOME TAX EXPENSE (Notes 4 and 21) | (168,002) | (1) | (175,178) | (1) |
| NET PROFIT FOR THE YEAR | 219,849 | 1 | 2,420,434 | 13 |

(Continued)

# NUVOTON TECHNOLOGY CORPORATION

**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | **Amount** | **%** | **Amount** | **%** |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans (Notes 4 and 18) | $ (9,888) | - | $ 24,982 | - |
| Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income | 88,364 | - | 55,134 | - |
| Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method | (47,906) | - | 29,759 | - |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translation of the financial statements of foreign operations | (61,093) | - | (550,649) | (3) |
| Other comprehensive income (loss) for the year, net of income tax | (30,523) | - | (440,774) | (3) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | $ 189,326 | 1 | $ 1,979,660 | 10 |
| EARNINGS PER SHARE (Notes 4 and 23) | | | | |
| From continuing operations | | | | |
| Basic | $ 0.52 | | $ 5.77 | |
| Diluted | $ 0.52 | | $ 5.75 | |

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

## NUVOTON TECHNOLOGY CORPORATION

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY**
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**
**(In Thousands of New Taiwan Dollars)**

| | Ordinary Share | Capital Surplus | Retained Earnings: Legal Reserve | Retained Earnings: Special Reserve | Retained Earnings: Unappropriated Earnings | Other Equity: Exchange Differences on Translation of Financial Statements of Foreign Operations | Other Equity: Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income | Total Equity |
|---|---|---|---|---|---|---|---|---|
| BALANCE AT JANUARY 1, 2023 | $ 4,197,653 | $ 6,871,827 | $ 958,560 | $ - | $ 6,248,877 | $ (1,005,611) | $ 294,632 | $ 17,565,938 |
| Appropriation of 2022 earnings (Note 20) | | | | | | | | |
| Legal reserve | - | - | 488,756 | - | (488,756) | - | - | - |
| Special reserve | - | - | - | 710,979 | (710,979) | - | - | - |
| Cash dividends | - | - | - | - | (2,938,357) | - | - | (2,938,357) |
| Total appropriation earnings | - | - | 488,756 | 710,979 | (4,138,092) | - | - | (2,938,357) |
| Net profit for the year ended December 31, 2023 | - | - | - | - | 2,420,434 | - | - | 2,420,434 |
| Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax | - | - | - | - | 39,066 | (550,649) | 70,809 | (440,774) |
| Total comprehensive income (loss) for the year ended December 31, 2023 | - | - | - | - | 2,459,500 | (550,649) | 70,809 | 1,979,660 |
| Unclaimed dividends from claims extinguished by prescriptions | - | 22 | - | - | - | - | - | 22 |
| Share-based payment transaction (Note 25) | - | 3,380 | - | - | - | - | - | 3,380 |
| Disposal of subsidiaries (Note 26) | - | 120,401 | - | - | - | - | - | 120,401 |
| BALANCE AT DECEMBER 31, 2023 | 4,197,653 | 6,995,630 | 1,447,316 | 710,979 | 4,570,285 | (1,556,260) | 365,441 | 16,731,044 |
| Appropriation of 2023 earnings (Note 20) | | | | | | | | |
| Legal reserve | - | - | 245,951 | - | (245,951) | - | - | - |
| Special reserve | - | - | - | 479,840 | (479,840) | - | - | - |
| Cash dividends | - | - | - | - | (1,259,296) | - | - | (1,259,296) |
| Total appropriation earnings | - | - | 245,951 | 479,840 | (1,985,087) | - | - | (1,259,296) |
| Net profit for the year ended December 31, 2024 | - | - | - | - | 219,849 | - | - | 219,849 |
| Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax | - | - | - | - | (7,304) | (61,093) | 37,874 | (30,523) |
| Total comprehensive income (loss) for the year ended December 31, 2024 | - | - | - | - | 212,545 | (61,093) | 37,874 | 189,326 |
| Unclaimed dividends from claims extinguished by prescriptions | - | 20 | - | - | - | - | - | 20 |
| Share-based payment transaction (Note 25) | - | 1,943 | - | - | - | - | - | 1,943 |
| BALANCE AT DECEMBER 31, 2024 | $ 4,197,653 | $ 6,997,593 | $ 1,693,267 | $ 1,190,819 | $ 2,797,743 | $ (1,617,353) | $ 403,315 | $ 15,663,037 |

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

# NUVOTON TECHNOLOGY CORPORATION

**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**
**(In Thousands of New Taiwan Dollars)**

| | 2024 | 2023 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before income tax | $ 387,851 | $ 2,595,612 |
| Adjustments for: | | |
| Depreciation expense | 246,956 | 219,998 |
| Amortization expense | 258,086 | 264,610 |
| Expected credit loss recognized on accounts receivable | 80 | 1,448 |
| Finance costs | 21,560 | 25,807 |
| Interest income | (50,308) | (122,568) |
| Dividend income | (61,621) | (61,003) |
| Compensation costs of share-based payment transaction | 1,943 | 3,380 |
| Share of loss (profit) of associates | 521,115 | (1,626,570) |
| Unrealized gain | 751 | 740 |
| Losses (gains) on disposal of property, plant and equipment | 850 | (873) |
| Government grants | (11,473) | - |
| Changes in operating assets and liabilities | | |
| (Increase) decrease in financial assets at fair value through profit or loss | 12,286 | (14,168) |
| (Increase) decrease in accounts receivable | (477,940) | (511,466) |
| (Increase) decrease in accounts receivable from related parties | (24,119) | (1,293,288) |
| (Increase) decrease in other receivables | (7,946) | (7,203) |
| (Increase) decrease in inventories | (50,662) | (154,779) |
| (Increase) decrease in other current assets | (100,328) | 20,816 |
| Increase (decrease) in accounts payable | 227,478 | (97,988) |
| Increase (decrease) in accounts payable to related parties | (182,297) | 328,493 |
| Increase (decrease) in other payables | 20,683 | (391,427) |
| Increase (decrease) in other current liabilities | (149,173) | 7,220 |
| Increase (decrease) in net defined benefit liabilities | (13,556) | (4,855) |
| Cash flows generated from (used in) operations | 570,216 | (818,064) |
| Interest received | 52,362 | 125,808 |
| Interest paid | (21,651) | (25,864) |
| Income tax paid | (153,823) | (355,060) |
| Dividend received | 61,621 | 61,003 |
| Net cash flows generated from (used in) operating activities | 508,725 | (1,012,177) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of financial assets at fair value through other comprehensive income | (30,000) | - |
| Disposal of financial assets at fair value through other comprehensive income | 30,000 | - |
| Proceeds from capital reduction of financial assets at fair value through other comprehensive income | 450 | 2,000 |
| Acquisition of investments accounted for using equity method | (36,783) | (67,980) |

(Continued)

# NUVOTON TECHNOLOGY CORPORATION

**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**
**(In Thousands of New Taiwan Dollars)**

| | 2024 | 2023 |
|---|---|---|
| Proceeds from capital reduction of investments accounted for using equity method | $ - | $ 75,702 |
| Dividends received from investments accounted for using equity method | 10,134 | 13,001 |
| Acquisition of property, plant and equipment | (286,890) | (297,358) |
| Disposal of property, plant and equipment | 117 | 1,586 |
| Acquisition of intangible assets | (170,570) | (215,822) |
| (Increase) decrease in refundable deposits paid | (2,950) | 67,022 |
| Government subsidies | 21,000 | - |
| Net cash flows generated from (used in) investing activities | (465,492) | (421,849) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of long-term borrowings | (142,857) | (500,000) |
| Repayment of guarantee deposits received | (63,937) | - |
| Repayments of the principal portion of lease liabilities | (44,845) | (45,855) |
| Dividends paid to owners of the Company | (1,259,296) | (2,938,357) |
| Net cash flows generated from (used in) financing activities | (1,510,935) | (3,484,212) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (1,467,702) | (4,918,238) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 2,434,419 | 7,352,657 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | $ 966,717 | $ 2,434,419 |

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

## 1. GENERAL INFORMATION

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

For the specialization and division of labor and the reinforcement of core competitive ability, the Company's parent company, Winbond Electronics Corporation ("WEC"), spun off its Logic IC business into the Company on July 1, 2008 in accordance with the Business Mergers and Acquisitions Act and the Company commenced business in July 2008. WEC held both approximately 52% and 51% of the ownership interest in the Company as of December 31, 2024 and 2023.

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

## 2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorized for issue on February 14, 2025.

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

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

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

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

| New, Amended and Revised Standards and Interpretations | Effective Date Announced by IASB |
|---|---|
| Amendments to IAS 21 "Lack of Exchangeability" | January 1, 2025 (Note) |

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

Amendments to IAS 21 “Lack of Exchangeability”

The amendments stipulate that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. An entity shall estimate the spot exchange rate at a measurement date when a currency is not exchangeable into another currency to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. In this situation, the Company shall disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, its financial performance, financial position and cash flows.

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

| **New, Amended and Revised Standards and Interpretations** | **Effective Date Announced by IASB (Note)** |
|---|---|
| Annual Improvements to IFRS Accounting Standards - Volume 11 | January 1, 2026 |
| Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” | January 1, 2026 |
| Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity” | January 1, 2026 |
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” | To be determined by IASB |
| IFRS 17 “Insurance Contracts” | January 1, 2023 |
| Amendments to IFRS 17 | January 1, 2023 |
| Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information” | January 1, 2023 |
| IFRS 18 “Presentation and Disclosure in Financial Statements” | January 1, 2027 |
| IFRS 19 “Subsidiaries without Public Accountability: Disclosures” | January 1, 2027 |

Note: Unless stated otherwise, the above-mentioned IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

1) Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

The amendments mainly amend the requirements for the classification of financial assets, including if a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,

- In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and

- In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.

The amendments also stipulate that, when settling a financial liability in cash using an electronic payment system, an entity can choose to derecognize the financial liability before the settlement date if, and only if, the entity has initiated a payment instruction that resulted in:

- The entity having no practical ability to withdraw, stop or cancel the payment instruction;

- The entity having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and

- The settlement risk associated with the electronic payment system being insignificant.

The Company shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application.

2) IFRS 18 “Presentation and Disclosure in Financial Statements”

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

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.

- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above-mentioned impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing other impacts of the above amended standards and interpretations on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Statement of Compliance

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

**Basis of Preparation**

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

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

**Classification of Current and Non-current Assets and Liabilities**

Current assets include:

a. Assets held primarily for the purpose of trading;

b. Assets expected to be realized within 12 months after the reporting period; and

c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

b. Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

c. Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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

**Foreign Currencies**

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

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

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

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

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

**Cash Equivalents**

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

**Financial Instruments**

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

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

a. Financial assets

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

Measurement categories

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

1) Financial asset at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 28 to the parent company only financial statements.

2) Financial assets at amortized cost

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

   a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

   b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

   a) Significant financial difficulty of the issuer or the borrower;

   b) Breach of contract, such as a default;

   c) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

   d) The disappearance of an active market for that financial asset because of financial difficulties.

3) Investments in equity instruments at FVTOCI

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

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

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

Impairment of financial assets

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

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

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

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

Derecognition of financial assets

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

b. Financial liabilities

1) Subsequent measurement

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

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

2) Derecognition of financial liabilities

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

c. Derivative financial instruments

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

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

**Inventories**

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

**Investments Accounted for Using Equity Method**

<u>Investment in subsidiaries</u>

Subsidiaries are the entities controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company’s share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company’s share of equity of subsidiaries attributable to the Company.

When the Company’s share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company’s net investment in the subsidiary), the Company continues recognizing its share of further loss.

Any excess of the cost of acquisition over the Company’s share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company’s share of the net fair value of the identifiable assets and liabilities of a subsidiary over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee’s financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

**Property, Plant and Equipment**

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

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method over the following estimated useful life after considering residual values: Buildings 8-20 years, machinery and equipment 3-5 years and other equipment 5 years. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

**Intangible Assets**

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

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

**Impairment of Tangible and Intangible Assets**

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

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

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

**Products Guarantee Based on Commitment**

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

**Guarantee Deposit**

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

**Revenue Recognition**

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

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

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

**Leases**

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

a. The Company as lessor

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

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

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

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

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

b. The Company as lessee

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

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

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

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

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

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

**Government grants**

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized as a reduction of the related costs on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as a deduction from the carrying amount of the relevant assets and are subsequently recognized as a reduction in depreciation or amortization expense in profit or loss over the contract period or the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

**Employee Benefits**

a. Short-term employee benefits

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

b. Retirement benefits

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

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

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

**Taxation**

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

a. Current tax

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

b. Deferred tax

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

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

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

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

**Write-down of Inventories**

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

## 6. CASH AND CASH EQUIVALENTS

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Cash and cash in bank | $ 891,717 | $ 2,270,919 |
| Repurchase agreements collateralized by bonds | 75,000 | 163,500 |
| | $ 966,717 | $ 2,434,419 |

Please refer to Note 30 to the financial statements for the amount of refundable deposits pledged to secure land leases, customs tariff obligations and borrowings.

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Financial assets - current | | |
| Held for trading | | |
| Foreign exchange forward contracts | $ - | $ 8,686 |
| Financial assets - non-current | | |
| Mandatorily measures at FVTPL | | |
| Foreign warrants | $ - | $ 76,763 |

(Continued)

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Financial liabilities - current | | |
| Held for trading | | |
| Foreign exchange forward contracts | $ 6,316 | $ 354 |

(Concluded)

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

| | Currencies | Maturity Date | Contract Amount (In Thousands) |
|---|---|---|---|
| December 31, 2024 | | | |
| Sell forward exchange contracts | USD/NTD | 2025.01.21-2025.02.21 | USD13,500/NTD436,277 |
| December 31, 2023 | | | |
| Sell forward exchange contracts | USD/NTD | 2024.01.03-2024.01.23 | USD21,000/NTD653,226 |

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

## 8. ACCOUNTS RECEIVABLE, NET

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Accounts receivable (including related parties) | | |
| At amortized cost | | |
| Gross carrying amount | $ 2,561,531 | $ 2,450,248 |
| Less: Allowance for impairment loss | (20,614) | (20,534) |
| | $ 2,540,917 | $ 2,429,714 |

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

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

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

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

The following table details the loss allowance of trade receivables (including related parties) based on the Company's provision matrix.

December 31, 2024

| | 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 | $ 2,556,897 | $ 1,374 | $ 1,076 | $ 796 | $ 1,388 | $ 2,561,531 |
| Loss allowance (lifetime ECL) | (19,626) | (27) | (108) | (159) | (694) | (20,614) |
| Amortized cost | $ 2,537,271 | $ 1,347 | $ 968 | $ 637 | $ 694 | $ 2,540,917 |

December 31, 2023

| | Not Overdue | Overdue under 30 Days | Overdue 31 to 90 Days | Overdue 91 to 180 Days | Over 180 Days | Total |
|---|---|---|---|---|---|---|
| Expected credit loss rate | 2% | 2% | 10% | 20% | 50% | |
| Gross carrying amount | $ 2,423,751 | $ 24,669 | $ 859 | $ 969 | $ - | $ 2,450,248 |
| Loss allowance (lifetime ECL) | (19,761) | (493) | (86) | (194) | - | (20,534) |
| Amortized cost | $ 2,403,990 | $ 24,176 | $ 773 | $ 775 | $ - | $ 2,429,714 |

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

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Balance at January 1 | $ 20,534 | $ 19,086 |
| Expected credit loss recognized (reversed) | 80 | 1,448 |
| Balance at December 31 | $ 20,614 | $ 20,534 |

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

## 9. INVENTORIES

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Raw materials and supplies | $ 201,776 | $ 177,634 |
| Work-in-process | 2,027,595 | 2,192,571 |
| Finished goods | 1,062,843 | 916,625 |
| Inventories in transit | 45,278 | - |
| | $ 3,337,492 | $ 3,286,830 |

The operating cost for the years ended December 31, 2024 and 2023 was NT$13,078,484 thousand and NT$13,468,735 thousand, respectively. The net loses of inventory write-downs, obsolescence and disposal of inventories for the years ended December 31, 2024 and 2023 were NT$29,927 thousand and NT$153,750 thousand, respectively.

## 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments at FVTOCI:

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Listed shares and emerging market shares | | |
| Brightek Optoelectronic Co., Ltd. | $ 1,706 | $ 1,423 |
| Unlisted shares | | |
| United Industrial Gases Co., Ltd. | 580,800 | 536,800 |
| Yu-Ji Venture Capital Co., Ltd. | 6,517 | 7,324 |
| Autotalks Ltd. - Preferred E. Share | 737,663 | 614,100 |
| Allxon Inc. | 56,250 | 56,250 |
| | $ 1,382,936 | $ 1,215,897 |

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

In September 2024 and June, 2023, The Company executes the Autotalks Ltd. Allxon Inc. stock warrants conversion to acquired 257 thousand preferred shares and 5,625 thousand preferred shares and expected to profit through long-term investments. Therefore, it was recognized as financial assets at fair value through other comprehensive income.

The Company acquired 1,650 thousand ordinary shares of AionChip Technologies Co., Ltd. for NT$30,000 thousand in May 2024, with a 8.25% ownership interest. Additionally, in December 2024, the Company disposed of all its ordinary shares in AionChip Technologies Co., Ltd. for NT$30,000 thousand.

The Company recognized dividends of NT$61,621 thousand and NT$61,003 thousand during 2024 and 2023, respectively.

## 11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Investments in subsidiaries | $ 11,785,340 | $ 12,389,971 |

| | December 31 | | | |
|---|---|---|---|---|
| | 2024 | | 2023 | |
| | Carrying Value | Percentage of Ownership | Carrying Value | Percentage of Ownership |
| Non-listed companies | | | | |
| Marketplace Management Ltd. ("MML") | $ 89,439 | 100 | $ 282,496 | 100 |
| Nuvoton Technology Corporation America ("NTCA") | 247,427 | 100 | 219,309 | 100 |
| Nuvoton Investment Holding Ltd. ("NIH") | 454,608 | 100 | 370,049 | 100 |
| Nuvoton Electronics Technology (H.K.) Limited ("NTHK") | 853,738 | 100 | 703,987 | 100 |
| Song Yong Investment Corporation ("SYI") | 103,705 | 100 | 161,693 | 100 |
| Nuvoton Technology India Private Ltd. ("NTIPL") | 22,775 | 100 | 21,564 | 100 |
| Nuvoton Technology Holdings Japan ("NTHJ") | 7,667,604 | 100 | 8,527,820 | 100 |
| Nuvoton Technology Singapore Pte. Ltd. ("NTSG") | 2,229,357 | 100 | 2,021,289 | 100 |
| Nuvoton Technology Korea Limited ("NTKL") | 49,849 | 100 | 13,804 | 100 |
| Nuvoton Technology Germany GmbH ("NTG") (Note) | 66,838 | 100 | 67,960 | 100 |
| | $ 11,785,340 | | $ 12,389,971 | |

Note: In December 2023, the Company established NTG, the original investment amount was $67,980 thousand and was held by the Company with 100% ownership.

## 12. PROPERTY, PLANT AND EQUIPMENT

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Land | $ 34,120 | $ 34,120 |
| Buildings | 274,561 | 218,814 |
| Machinery and equipment | 497,620 | 515,126 |
| Other equipment | 33,670 | 34,545 |
| Construction in progress and prepayments for purchase of equipment | 7,512 | 22,012 |
| | $ 847,483 | $ 824,617 |

| | Land | Buildings | Machinery and Equipment | Other Equipment | Construction in Progress and Prepayments for Purchase of Equipment | Total |
|---|---|---|---|---|---|---|
| Cost | | | | | | |
| Balance at January 1, 2024 | $ 34,120 | $ 3,787,891 | $ 11,616,705 | $ 226,779 | $ 22,012 | $ 15,687,507 |
| Additions | - | 52,174 | 137,175 | 10,860 | 25,299 | 225,508 |
| Disposals | - | (29,984) | (64,848) | (666) | - | (95,498) |
| Reclassified | - | 39,799 | - | - | (39,799) | - |
| Balance at December 31, 2024 | 34,120 | 3,849,880 | 11,689,032 | 236,973 | 7,512 | 15,817,517 |

(Continued)

| | Land | Buildings | Machinery and Equipment | Other Equipment | Construction in Progress and Prepayments for Purchase of Equipment | Total |
|---|---|---|---|---|---|---|
| Accumulated depreciation and impairment | | | | | | |
| Balance at January 1, 2024 | - | 3,569,077 | 11,101,579 | 192,234 | - | 14,862,890 |
| Disposals | - | (29,017) | (64,848) | (666) | - | (94,531) |
| Depreciation expense | - | 35,259 | 154,681 | 11,735 | - | 201,675 |
| Balance at December 31, 2024 | - | 3,575,319 | 11,191,412 | 203,303 | - | 14,970,034 |
| Carrying amounts at December 31, 2024 | $ 34,120 | $ 274,561 | $ 497,620 | $ 33,670 | $ 7,512 | $ 847,483 |
| Cost | | | | | | |
| Balance at January 1, 2023 | $ - | $ 3,739,165 | $ 11,535,608 | $ 220,062 | $ 12,460 | $ 15,507,295 |
| Additions | 34,120 | 52,094 | 245,356 | 16,747 | 14,962 | 363,279 |
| Disposals | - | (4,378) | (168,659) | (10,030) | - | (183,067) |
| Reclassified | - | 1,010 | 4,400 | - | (5,410) | - |
| Balance at December 31, 2023 | 34,120 | 3,787,891 | 11,616,705 | 226,779 | 22,012 | 15,687,507 |
| Accumulated depreciation and impairment | | | | | | |
| Balance at January 1, 2023 | - | 3,543,661 | 11,136,933 | 192,692 | - | 14,873,286 |
| Disposals | - | (4,378) | (167,946) | (10,030) | - | (182,354) |
| Depreciation expense | - | 29,794 | 132,592 | 9,572 | - | 171,958 |
| Balance at December 31, 2023 | - | 3,569,077 | 11,101,579 | 192,234 | - | 14,862,890 |
| Carrying amounts at December 31, 2023 | $ 34,120 | $ 218,814 | $ 515,126 | $ 34,545 | $ 22,012 | $ 824,617 |

(Concluded)

## 13. LEASE ARRANGEMENTS

a. Right-of-use assets

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Carrying amounts | | |
| Land | $ 107,516 | $ 127,725 |
| Buildings | 734 | 13,370 |
| Other equipment | 2,839 | 5,601 |
| | $ 111,089 | $ 146,696 |

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Additions to right-of-use assets | $ 9,674 | $ 17,088 |
| Depreciation for right-of-use assets | | |
| Land | $ 26,110 | $ 25,333 |
| Buildings | 13,475 | 16,992 |
| Other equipment | 5,696 | 5,715 |
| | $ 45,281 | $ 48,040 |
| Income from the subleasing of right-of-use assets (presented in other income) | $ 6,116 | $ 6,058 |

b. Lease liabilities

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Carrying amounts | | |
| Current | $ 25,801 | $ 42,061 |
| Non-current | $ 64,471 | $ 83,430 |

Range of discount rate for lease liabilities was as follows:

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Land | 1.76%-2.06% | 1.76%-2.06% |
| Buildings | 1.86% | 0.96%-1.31% |
| Other equipment | 0.88%-1.76% | 0.88%-1.72% |

For the years ended December 31, 2024 and 2023, the interest expense under lease liabilities amounted to NT$1,845 thousand and NT$2,391 thousand, respectively.

c. Material lease-in activities and terms

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

The Company leased parcel of land from Taiwan Sugar Corporation under a twenty-year term from October 2014 to September 2034, which is allowed to extend after the expiration of the lease. The chairman of the Company is a joint guarantor of such lease (refer to Note 29 to the parent company only financial statements).

The Company leased some of the offices part in Taiwan, and the lease terms will expire between 2024 and 2026 which can be extended after the expiration of the lease periods.

d. Subleases

The Company subleases its right-of-use assets for buildings under operating leases with lease terms between 1 to 2 years.

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

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Year 1 | $ 3,282 | $ 6,419 |
| Year 2 | 1,974 | 2,105 |
| Year 3 | - | - |
| Year 4 | - | - |
| Year 5 | - | - |
| Year 5 onwards | - | - |
| | $ 5,256 | $ 8,524 |

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

e. Other lease information

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Expenses relating to short-term leases | $ 19,751 | $ 18,482 |
| Total cash outflow for leases | $ (66,489) | $ (66,764) |

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

## 14. INTANGIBLE ASSETS

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Deferred technical assets | $ 304,175 | $ 274,759 |
| Other intangible assets | 41,797 | 82,654 |
| | $ 345,972 | $ 357,413 |

| | Deferred Technical Assets | Other Intangible Assets | Total |
|---|---|---|---|
| Cost | | | |
| Balance at January 1, 2024 | $ 1,844,665 | $ 216,916 | $ 2,061,581 |
| Additions | 228,173 | 14,780 | 242,953 |
| Balance at December 31, 2024 | 2,072,838 | 231,696 | 2,304,534 |
| Accumulated amortization and impairment | | | |
| Balance at January 1, 2024 | 1,569,906 | 134,262 | 1,704,168 |
| Amortization expense | 198,757 | 55,637 | 254,394 |
| Balance at December 31, 2024 | 1,768,663 | 189,899 | 1,958,562 |
| Carrying amounts at December 31, 2024 | $ 304,175 | $ 41,797 | $ 345,972 |
| Cost | | | |
| Balance at January 1, 2023 | $ 1,830,594 | $ 184,851 | $ 2,015,445 |
| Additions | 14,071 | 32,065 | 46,136 |
| Balance at December 31, 2023 | 1,844,665 | 216,916 | 2,061,581 |
| Accumulated amortization and impairment | | | |
| Balance at January 1, 2023 | 1,354,601 | 84,957 | 1,439,558 |
| Amortization expense | 215,305 | 49,305 | 264,610 |
| Balance at December 31, 2023 | 1,569,906 | 134,262 | 1,704,168 |
| Carrying amounts at December 31, 2023 | $ 274,759 | $ 82,654 | $ 357,413 |

The Company received government grants from the Industrial Development Administration, Ministry of Economic Affairs in 2024, part of which was used for the purchase of intangible assets. Refer to Note 24 to the financial statements for the recognition of government grant income.

## 15. BORROWINGS

### Long-term Borrowings

| | Period | Interest Rate | December 31 2024 | December 31 2023 |
|---|---|---|---|---|
| Unsecured borrowings | | | | |
| The Export-Import Bank of ROC | 2020.08.25-2027.08.25 | 2.10% | $ 857,143 | $ 1,000,000 |
| Less: Current portion | | | (285,714) | (142,857) |
| | | | $ 571,429 | $ 857,143 |

The proceeds of the Company’s unsecured loan was used to acquire Panasonic’s semiconductor business in Japan.

## 16. OTHER PAYABLES

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Payable for salaries or employee benefits | $ 446,604 | $ 603,159 |
| Payable for royalties | 395,165 | 284,675 |
| Payable for subsidiaries service fees (Note 29) | 174,737 | 159,337 |
| Payable for software | 159,391 | 73,794 |
| Payable for service | 119,589 | 96,239 |
| Payable for purchase of equipment | 77,270 | 138,652 |
| Others | 281,866 | 235,511 |
| | $ 1,654,622 | $ 1,591,367 |

## 17. OTHER CURRENT LIABILITIES

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Capacity guarantee | $ 822,052 | $ - |
| Receipts in advance | 393,407 | 244,779 |
| Receipts under custody | 19,056 | 10,742 |
| | $ 1,234,515 | $ 255,521 |

The capacity guarantee deposit is used for the settlement of receivables or refunded upon the expiration of the contract within one year.

## 18. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average of monthly salaries of the 6 months before retirement. In 2024 and 2023, the Company contributed amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee of the Company. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans are as follows:

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Present value of defined benefit obligation | $ 924,873 | $ 903,205 |
| Fair value of plan assets | (721,890) | (696,554) |
| Net defined benefit liabilities | $ 202,983 | $ 206,651 |

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

| | Present Value of the Defined Benefit Obligation | Fair Value of the Plan Assets | Net Defined Benefit Liabilities (Asset) |
|---|---|---|---|
| Balance at January 1, 2023 | $ 937,625 | $ (701,137) | $ 236,488 |
| Service cost | | | |
| Current service cost | 4,325 | - | 4,325 |
| Net interest expense (income) | 16,329 | (12,188) | 4,141 |
| Recognized in profit or loss | 20,654 | (12,188) | 8,466 |
| Remeasurement | | | |
| Actuarial (gain) loss - the discount rate greater (less) than the realized rate of return | - | (2,861) | (2,861) |
| Actuarial (gain) loss - changes in financial assumptions | 24,403 | - | 24,403 |
| Actuarial (gain) loss - experience adjustments | (46,524) | - | (46,524) |
| Recognized in other comprehensive income | (22,121) | (2,861) | (24,982) |
| Contributions from the employer | - | (13,321) | (13,321) |
| Plan asset payments | (32,953) | 32,953 | - |
| Balance at December 31, 2023 | 903,205 | (696,554) | 206,651 |
| Service cost | | | |
| Current service cost | 2,664 | - | 2,664 |
| Net interest expense (income) | 12,213 | (9,422) | 2,791 |
| Recognized in profit or loss | 14,877 | (9,422) | 5,455 |
| Remeasurement | | | |
| Actuarial (gain) loss - the discount rate greater (less) than the realized rate of return | - | (61,370) | (61,370) |
| Actuarial (gain) loss - changes in financial assumptions | 39,361 | - | 39,361 |
| Actuarial (gain) loss - experience adjustments | 31,897 | - | 31,897 |
| Recognized in other comprehensive income | 71,258 | (61,370) | 9,888 |
| Contributions from the employer | - | (15,363) | (15,363) |
| Plan asset payments | (60,819) | 60,819 | - |
| Benefits paid | (3,648) | - | (3,648) |
| Balance at December 31, 2024 | $ 924,873 | $ (721,890) | $ 202,983 |

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

| | For the Year Ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Analysis by function | | |
| Operating cost | $ 2,380 | $ 3,928 |
| Selling expenses | 148 | 207 |
| General and administrative expenses | 484 | 706 |
| Research and development expenses | 2,443 | 3,625 |
| | $ 5,455 | $ 8,466 |

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

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

| | December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Discount rate(s) | 1.6% | 1.4% |
| Expected rate(s) of salary increase | 2.0%-3.5% | 1.5%-2.5% |

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

| | December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Discount rate(s) | | |
| 0.25% increase | $ (15,092) | $ (15,375) |
| 0.25% decrease | $ 15,493 | $ 15,799 |
| Expected rate(s) of salary increase | | |
| 0.25% increase | $ 15,234 | $ 15,635 |
| 0.25% decrease | $ (14,916) | $ (15,292) |

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

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Expected contributions to the plans for the next year | $ 16,350 | $ 14,583 |
| Average duration of the defined benefit obligation | 6.7 years | 7 years |

## 19. GUARANTEE DEPOSITS

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Capacity guarantee | $ 185,742 | $ 1,783,150 |
| Others | 37,104 | 22,576 |
| | $ 222,846 | $ 1,805,726 |

When the contract expires, the capacity guarantee deposits will be refunded to customers by offsetting related accounts receivable or returned, Since some contracts will expire within one year, the capacity guarantee deposits has been reclassified to other current liabilities, please refer to Note 17 to the parent company only financial statements.

## 20. EQUITY

a. Share capital

Ordinary shares

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

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

b. Capital surplus

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| May be used to offset a deficit, distributed as cash dividends, or transferred to share capital* | | |
| Additional paid-in capital | $ 5,205,655 | $ 5,203,712 |
| Conversion of bonds | 1,481,180 | 1,481,180 |
| May only be used to offset a deficit | | |
| Overdue dividends unclaimed | 120 | 100 |
| Share of changes in capital surplus of associates or joint ventures (disposals of subsidiaries) | 310,638 | 310,638 |
| | $ 6,997,593 | $ 6,995,630 |

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

c. Retained earnings and dividend policy

The shareholders held their regular meeting on May 29, 2020 and resolved the amendments to the Company's dividend distribution policy in the Company's Articles of Incorporation (the "Articles"). Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The board of directors shall be authorized to distribute the profit, the legal reserve, and the capital plus in cash upon resolution by a majority vote at a board meeting attended by two-thirds or more of the directors, and shall report the same to the shareholders' meeting. In principle, not less than 10% of the total shareholders' bonus shall be distributed in the form of cash. For the policies on the distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors in Note 22 to the parent company only financial statements.

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

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

| | Appropriation of Earnings | | Dividends Per Share (NT$) | |
|---|---|---|---|---|
| | For Year 2023 | For Year 2022 | For Year 2023 | For Year 2022 |
| Legal reserve | $ 245,951 | $ 488,756 | | |
| Special reserve | 479,840 | 710,979 | | |
| Cash dividends | 1,259,296 | 2,938,357 | $ 3.00 | $ 7.00 |
| | $ 1,985,087 | $ 4,138,092 | | |

When the Company’s distributing surplus, the additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRS. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

Except for the cash dividends were distributed by the Company’s board meeting on and March 5, 2024 and March 7, 2023, respectively, the rest of the 2023 and 2022 appropriation of earnings were proposed by the Company’s board meeting and were resolved by the shareholders regular meeting on May 28, 2024 and May 26, 2023, respectively.

The appropriation of earnings for 2024 was not initiated in the Company’s board meeting on February 14, 2025.

d. Other equity items

1) The exchange differences arising on translation of foreign operations’ net assets from its functional currency to the Group’s presentation currency (New Taiwan dollar) are recognized directly in other comprehensive income. For the years ended December 31, 2024 and 2023, other comprehensive loss was NT$61,093 thousand and NT$550,649 thousand, respectively.

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

| | For the Year Ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Balance at January 1 | $ 365,441 | $ 294,632 |
| Recognized for the year | 37,874 | 70,809 |
| Balance at December 31 | $ 403,315 | $ 365,441 |

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

## 21. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

| | For the Year Ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Current tax | | |
| In respect of the current year | $ 120,000 | $ 146,000 |
| Adjustment for prior years’ tax and effects of estimated difference | 2 | (8,822) |
| Deferred tax | | |
| In respect of the current year | 48,000 | 38,000 |
| Income tax expense recognized in profit or loss | $ 168,002 | $ 175,178 |

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

| | For the Year Ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Income tax expense from continuing operations at the statutory rate | $ 77,000 | $ 519,000 |
| Tax effect of adjustment item | | |
| Permanent differences | (12,000) | (14,000) |
| Others | 142,000 | (286,000) |
| Current income tax | 207,000 | 219,000 |
| Unused investment credits | (39,000) | (35,000) |
| Adjustment for prior year's income tax | 2 | (8,822) |
| Income tax expense recognized in profit or loss | $ 168,002 | $ 175,178 |

c. Current tax liabilities

| | December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Income tax payable | $ 205,098 | $ 238,919 |

d. Deferred tax assets

| | December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Deferred tax assets | | |
| Allowance for inventory valuation and obsolescence loss and others | $ 51,000 | $ 99,000 |

e. Income tax assessments

The Company's income tax returns through 2022 have been accessed and approved by the tax authorities.

f. Information about investment credits

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

## 22. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION

| | For the Year Ended December 31 | | | | | |
|---|---|---|---|---|---|---|
| | **2024** | | | **2023** | | |
| | **Classified as Operating Costs** | **Classified as Operating Expenses** | **Total** | **Classified as Operating Costs** | **Classified as Operating Expenses** | **Total** |
| Employee benefits expense | | | | | | |
| Short-term employment benefits | $ 846,481 | $ 1,649,264 | $ 2,495,745 | $ 830,118 | $ 1,617,661 | $ 2,447,779 |
| Post-employment benefits | 31,365 | 65,322 | 96,687 | 32,147 | 62,836 | 94,983 |
| Remuneration to directors | - | 13,170 | 13,170 | - | 36,910 | 36,910 |
| Share-based payment | 190 | 1,753 | 1,943 | 461 | 2,919 | 3,380 |
| Depreciation | 156,822 | 90,134 | 246,956 | 139,942 | 80,056 | 219,998 |
| Amortization | - | 254,394 | 254,394 | - | 264,610 | 264,610 |

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

The employees' compensation and remuneration of directors for the year ended December 31, 2024, was as follows:

| | For the Year Ended December 31, 2024 | |
|---|---|---|
| | **Amount** | **%** |
| Employees' cash compensation | $ 25,023 | 6 |
| Remuneration of directors | 4,170 | 1 |

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

The employees' compensation and remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on March 5, 2024 and March 7, 2023, respectively, were as below:

| | For the Year Ended December 31 | | | |
|---|---|---|---|---|
| | **2023** | | **2022** | |
| | **Amount** | **%** | **Amount** | **%** |
| Employees' cash compensation | $ 167,459 | 6 | $ 306,214 | 6 |
| Remuneration of directors | 27,910 | 1 | 51,036 | 1 |

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

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

## 23. EARNINGS PER SHARE

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

| | For the Year Ended December 31 | | | | | |
|---|---|---|---|---|---|---|
| | **2024** | | | **2023** | | |
| | **Amounts (Numerator)** | | **Earnings Per Share (NT$)** | **Amounts (Numerator)** | | **Earnings Per Share (NT$)** |
| | **After Income Tax (Attributable to Owners of the Company)** | **Shares (Denominator) (In Thousands)** | **After Income Tax (Attributable to Owners of the Company)** | **After Income Tax (Attributable to Owners of the Company)** | **Shares (Denominator) (In Thousands)** | **After Income Tax (Attributable to Owners of the Company)** |
| Net profit for the year | $ 219,849 | | | $ 2,420,434 | | |
| Basic earnings per share | | | | | | |
| Net profit attributed to owners of the Company | 219,849 | 419,765 | $ 0.52 | 2,420,434 | 419,765 | $ 5.77 |
| Effect of potentially dilutive ordinary shares | | | | | | |
| Employees' compensation | - | 511 | | - | 1,545 | |
| Diluted earnings per share | | | | | | |
| Net profit attributed to owners of the Company | $ 219,849 | 420,276 | 0.52 | $ 2,420,434 | 421,310 | 5.75 |

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

## 24. GOVERNMENT GRANTS

In December 2024, the Company received government grant income from the Industrial Upgrading and Innovation Platform Counseling Program under the Industrial Development Administration, Ministry of Economic Affairs, for the "Subsidy Program for Advancing Domestic IC Design Industry Development." The grant covered both the acquisition of intangible assets and related research and development expenses.

The portion allocated to the acquisition of intangible assets is recognized as deferred income, deducted from the carrying amount of the intangible assets, and subsequently recognized in profit or loss over the assets' useful life through a reduction in amortization expenses.

In 2024, the Company recognized government grant income, resulting in reduction of NT$7,781 thousand in research and development expenses and NT$3,692 thousand in amortization expenses. The changes in deferred income are as follows:

| | For the Year Ended December 31, 2024 |
|---|---|
| Balance at January 1 | $ - |
| Additions | 31,634 |
| Amortization | (3,692) |
| Balance at December 31 | $ 27,942 |

## 25. SHARE-BASED PAYMENT ARRANGEMENTS

Winbond Electronics Corporation received approval from the FSC to issue 320,000 thousand shares and 200,000 thousand shares for its cash capital increase on June 14, 2024, and September 25, 2023, respectively. The board of directors resolved to retain 10% of the issued shares for employee subscriptions, including the Company's employees. The shares reserved for employee subscriptions were confirmed on August 11, 2024, and November 2, 2023 (the grant date), respectively. The fair value of the share options subscribed by the Company's employees on the grant date was measured using the Black-Scholes Option Pricing Model and amounted to NT$1,943 thousand and NT$3,380 thousand, respectively. These amounts were recorded as compensation costs with a corresponding increase in capital surplus. The relevant information used in the pricing model was as follows:

August 11, 2024

| Share Price on the Grant Date (In Dollars) | Exercise Price (In Dollars) | Expected Ratio of Stock Price Fluctuation | Expected Duration | Expected Dividend Rate | Risk-free Interest Rate | Fair Value Per Share (In Dollars) |
|---|---|---|---|---|---|---|
| $22.90 | $21 | 29.87% | 2 days | - | 1.27% | $1.9 |

November 2, 2023

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

## 26. DISPOSAL OF SUBSIDIARIES

NTCJ sold 100% shares of AMTC to the parent company (Winbond Electronics Corporation) at the consideration of JPY1,673,000 thousand (NT$394,661 thousand) in January 2023. Since this equity transaction is deemed as a structure reorganization, the difference between the consideration received, net of related income tax expenses of NT$37,208 thousand and the carrying amount of the net assets of AMTC during actual disposal was adjusted NT$120,401 thousand to the capital surplus. Refer to Note 31 to the Group's consolidated financial statements.

## 27. CAPITAL MANAGEMENT

The Company's manages its capital to ensure it maintains 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.

## 28. FINANCIAL INSTRUMENT

a. Categories of financial instruments

| | December 31 | | | |
|---|---|---|---|---|
| | 2024 | | 2023 | |
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Financial assets | | | | |
| Financial assets at amortized cost (Note 1) | $ 3,704,397 | $ 3,704,397 | $ 5,171,628 | $ 5,171,628 |
| Financial assets at FVTPL | | | | |
| Derivative financial assets | - | - | 85,449 | 85,449 |
| Financial assets at FVTOCI | | | | |
| Investment in equity instruments | 1,382,936 | 1,382,936 | 1,215,897 | 1,215,897 |
| Financial liabilities | | | | |
| Financial liabilities at amortized cost (Note 2) | 5,375,994 | 5,375,994 | 6,211,717 | 6,211,717 |
| Financial liabilities at FVTPL | | | | |
| Derivative financial liabilities | 6,316 | 6,316 | 354 | 354 |

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

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

b. Fair value information

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

a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2) Fair value measurements recognized in the balance sheets

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

b) The fair value of the financial instruments at fair value through profit or loss is based on Level 2 inputs, either directly or indirectly. The fair value of foreign-currency derivative financial instrument could be determined by reference to the price and discount rate of currency swap quoted by financial institutions. Foreign exchange forward contracts are measured using individual maturity rate to calculate the fair value of each contract.

c) Domestic unlisted equity instruments at FVTOCI were all measured based on Level 3 fair value. Fair values of such equity instruments were determined using discounted cash flow of income approach and comparable listed company approach, by referring to strike price of similar business in active market, implied value multiple of the price and relevant information. Significant unobservable inputs included P/E ratio, value multiple and market liquidity discount. As the discounted cash flow method was used, the discount rate used for the lack of marketability was 29%, which increase by 1% while all the other variables are held constant, the fair value of investments will decrease by NT$10,390 thousand and NT$8,649 thousand for the years ended December 31, 2024 and 2023, respectively.

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

Fair value hierarchy

| | December 31, 2024 | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Financial assets at FVTOCI | | | | |
| Domestic listed shares and emerging market shares | $ 1,706 | $ - | $ - | $ 1,706 |
| Domestic and overseas unlisted shares | $ - | $ - | $ 1,381,230 | $ 1,381,230 |
| Financial liabilities at FVTPL | | | | |
| Derivative financial liabilities | $ - | $ 6,316 | $ - | $ 6,316 |

| | December 31, 2023 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at FVTPL | | | | |
| Derivative financial assets | $ - | $ 8,686 | $ 76,763 | $ 85,449 |
| Financial assets at FVTOCI | | | | |
| Domestic listed shares and emerging market shares | $ 1,423 | $ - | $ - | $ 1,423 |
| Domestic and overseas unlisted shares | $ - | $ - | $ 1,214,474 | $ 1,214,474 |
| Financial liabilities at FVTPL | | | | |
| Derivative financial liabilities | $ - | $ 354 | $ - | $ 354 |

4) Reconciliation of Level 3 fair value measurements of financial instruments

The financial assets measured at Level 3 fair value were financial assets at FVTPL and equity investments classified as financial assets at FVTOCI. Reconciliations for the years ended December 31, 2024 and 2023 were as follows:

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Balance at January 1 | $ 1,291,237 | $ 1,238,619 |
| Additions | 30,000 | - |
| Disposals | (30,000) | - |
| Refund of capital reduction of investments | (450) | (2,000) |
| Recognized in other comprehensive income | 88,081 | 54,630 |
| Recognized in profit or loss | 2,362 | (12) |
| Balance at December 31 | $ 1,381,230 | $ 1,291,237 |

c. Financial risk management objectives and policies

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

1) Market risk

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

a) Foreign currency risk

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

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 33 to the financial statements.

The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period and assuming an increase in net income and equity if New Taiwan dollars strengthen by 1% against foreign currencies. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be impact on net income in the amounts of NT$5,892 thousand decrease and NT$1,249 thousand decrease for the years ended December 31, 2024 and 2023, respectively. The amounts used in the 1% weakening of New Taiwan dollars against the relevant currency did not consider the impact of hedge contracts and hedged item.

b) Interest rate risk

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

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

| | December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Cash flow interest rate risk | | |
| Financial assets | $ 5,713 | $ 5,713 |
| Financial liabilities | 857,143 | 1,000,000 |

The sensitivity analysis of cash flows based on the Company's exposure to interest rates of variable-rate non-derivative instruments at the end of the year showed that if market interest rates increased by 1 percentage point, the Company's cash outflows for the years ended December 31, 2024 and 2023 would have increased by NT$8,514 thousand and increased by NT$9,943 thousand, respectively.

2) Credit risk

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

3) Liquidity risk

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

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

| | December 31, 2024 | | | |
|---|---|---|---|---|
| | Within 1 Year | 1-2 Years | Over 2 Years | Total |
| Non-derivative financial liabilities | | | | |
| Non-interest bearing | $ 3,473,953 | $ - | $ - | $ 3,473,953 |
| Lease liabilities | 27,648 | 26,820 | 39,103 | 93,571 |
| Variable interest rate liabilities | 285,714 | 571,429 | - | 857,143 |
| | $ 3,787,315 | $ 598,249 | $ 39,103 | $ 4,424,667 |

Additional information about the maturity analysis for lease liabilities:

| | Less than 2 Years | 2-5 Years | Over 5 Years | Total |
|---|---|---|---|---|
| Non-derivative financial liabilities | | | | |
| Lease liabilities | $ 54,468 | $ 29,904 | $ 9,199 | $ 93,571 |

| | December 31, 2023 | | | |
|---|---|---|---|---|
| | Within 1 Year | 1-2 Years | Over 2 Years | Total |
| Non-derivative financial liabilities | | | | |
| Non-interest bearing | $ 3,405,991 | $ - | $ - | $ 3,405,991 |
| Lease liabilities | 44,726 | 25,352 | 60,292 | 130,370 |
| Variable interest rate liabilities | 142,857 | 285,714 | 571,429 | 1,000,000 |
| | $ 3,593,574 | $ 311,066 | $ 631,721 | $ 4,536,361 |

Additional information about the maturity analysis for lease liabilities:

| | Less than 2 Years | 2-5 Years | Over 5 Years | Total |
|---|---|---|---|---|
| Non-derivative financial liabilities | | | | |
| Lease liabilities | $ 70,078 | $ 52,237 | $ 8,055 | $ 130,370 |

## 29. RELATED PARTY TRANSACTIONS

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

| Related Party Name | Relationship with the Company |
|---|---|
| Winbond Electronics Corporation ("WEC") | Parent company |
| Nuvoton Electronics Technology (H.K.) Limited ("NTHK") | Subsidiary |
| Nuvoton Electronics Technology (Shenzhen) Limited ("NTSZ") | Subsidiary |
| Nuvoton Electronics Technology (Shanghai) Limited ("NTSH") | Subsidiary |
| Nuvoton Electronics Technology (Nanjing) Limited ("NTNJ") | Subsidiary |
| Nuvoton Technology Corporation America ("NTCA") | Subsidiary |
| Nuvoton Technology Israel Ltd. ("NTIL") | Subsidiary |
| Song Yong Investment Corporation ("SYI") | Subsidiary |
| Nuvoton Technology India Private Limited ("NTIPL") | Subsidiary |
| Nuvoton Technology Corporation Japan ("NTCJ") | Subsidiary |
| Nuvoton Technology Singapore Pte. Ltd. (NTSG) | Subsidiary |
| Nuvoton Technology Korea Limited ("NTKL") | Subsidiary |
| Nuvoton Technology Germany GmbH (NTG) | Subsidiary |
| Winbond Electronics Corporation Japan ("WECJ") | Associate |
| Atfields Manufacturing Technology Corp. (AMTC) | Associate (Note) |
| Miraxia Edge Technology Corporation (METC) | Associate |
| Winbond Electronics Germany GmbH ("WEG") | Associate |
| Callisto Holding Limited | Associate |
| Nyquest Technology Co., Ltd. ("Nyquest") | Related party in substance |
| Walton Advanced Engineering Inc. | Related party in substance |
| Chin Cherng Construction Co., Ltd. | Related party in substance |
| United Industrial Gases Co., Ltd. | Related party in substance |
| Waltech Advanced Engineering (Suzhou), Inc. ("Waltech") | Related party in substance |

Note: The Group has disposed of AMTC to Winbond Electronics Corporation in January 2023, therefore AMTC has been reclassified from subsidiary to associate. Refer to Note 26 to the parent company only financial statements.

b. Operating activities

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| 1) Operating revenue | | |
| Subsidiary | | |
| NTHK | $ 8,106,700 | $ 7,952,135 |
| Others | 1,762,291 | 1,887,061 |
| Related party in substance | 91,782 | 127,499 |
| Associate | - | 89,608 |
| | $ 9,960,773 | $ 10,056,303 |

(Continued)

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| 2) Purchases of goods | | |
| Subsidiary | | |
| NTCJ | $ 4,854,218 | $ 6,372,549 |
| Others | 527,920 | 596,847 |
| Parent company | 153,423 | 97,226 |
| Related party in substance | | |
| Waltech | 4,184 | 947,744 |
| | $ 5,539,745 | $ 8,014,366 |
| 3) Manufacturing expenses | | |
| Related party in substance | | |
| Waltech | $ 1,781,205 | $ 1,594,639 |
| Parent company | 1,241 | 1,595 |
| | $ 1,782,446 | $ 1,596,234 |
| 4) Operating expenses | | |
| Subsidiary | | |
| NTIL | $ 1,365,330 | $ 1,196,938 |
| NTCA | 454,749 | 429,561 |
| Others | 61,496 | 53,471 |
| Parent company | 137,635 | 131,510 |
| Related party in substance | 11,425 | 11,423 |
| Associate | 4,088 | 5,838 |
| | $ 2,034,723 | $ 1,828,741 |
| 5) Dividend income | | |
| Related party in substance | | |
| United Industrial Gases Co., Ltd. | $ 59,840 | $ 59,840 |
| 6) Other income (loss) | | |
| Parent company | $ 1,739 | $ - |

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| 7) Accounts receivable from related parties | | |
| Subsidiary | | |
| NTHK | $ 1,373,695 | $ 1,213,476 |
| NTCJ | 112,646 | 207,534 |
| NTCA | 68,706 | 34,326 |
| Others | 60,915 | 110,700 |
| Related party in substance | 26 | 18,460 |
| Associate | - | 7,373 |
| | $ 1,615,988 | $ 1,591,869 |
| 8) Other receivables | | |
| Subsidiary | | |
| NTCJ | $ 22,595 | $ 11,240 |
| Others | 466 | 960 |
| Associate | 2,380 | 983 |
| Parent company | 356 | 1,598 |
| | $ 25,797 | $ 14,781 |
| 9) Refundable deposits | | |
| Parent company | $ 1,780 | $ 1,780 |
| Related party in substance | 1,722 | 1,722 |
| | $ 3,502 | $ 3,502 |
| 10) Accounts payable to related parties | | |
| Related party in substance | | |
| Waltech | $ 522,313 | $ 373,818 |
| Subsidiary | | |
| NTCJ | 265,019 | 600,655 |
| NTSG | 45,970 | 47,516 |
| Parent company | 24,872 | 18,482 |
| | $ 858,174 | $ 1,040,471 |
| 11) Other payables | | |
| Subsidiary | | |
| NTIL | $ 150,001 | $ 140,949 |
| Others | 24,049 | 19,508 |
| Parent company | 80,564 | 87,990 |
| Associate | 505 | 1,577 |
| | $ 255,119 | $ 250,024 |

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| 12) Other current liabilities - advance receipts | | |
| Nyquest | $ 166,820 | $ - |
| 13) Guarantee deposits | | |
| Parent company | $ 545 | $ 545 |
| Related party in substance | | |
| Nyquest | - | 244,800 |
| | $ 545 | $ 245,345 |

Since the second quarter of 2024, the guarantee deposit to Nyquest Company was transferred to other current liabilities - advance receipts according to the signed contract.

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

c. Lease arrangements - Company is lessee

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| 1) Lease liabilities | | |
| Parent company | $ - | $ 12,188 |

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| 2) Finance costs | | |
| Parent company | $ 51 | $ 182 |

d. Lease arrangements - Company is lessor/sublease arrangements

Sublease arrangements under operating leases

For the year ended December 31, 2024, the Company subleases its assets under operating leases to WEC and SYI with lease terms 1 year.

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

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Parent company | $ 383 | $ 401 |
| Subsidiary | 5 | - |
| | $ 388 | $ 401 |

2) Future lease payment receivables was as follows:

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Parent company | $ 1,247 | $ 4,254 |
| Subsidiary | 60 | 60 |
| | $ 1,307 | $ 4,314 |

3) Lease income was as follows:

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Parent company | $ 4,087 | $ 4,050 |
| Subsidiary | 60 | 60 |
| | $ 4,147 | $ 4,110 |

e. Acquisition of financial assets

For the year ended December 31, 2024

| Related Party Category | Project | Number of Shares | Target | Amount Obtained |
|---|---|---|---|---|
| Subsidiary | | | | |
| NTKL | Investments accounted for using equity method | 155,000 Thousand | NTKL ordinary share | $ 36,783 |

For the year ended December 31, 2023

| Related Party Category | Project | Number of Shares | Target | Amount Obtained |
|---|---|---|---|---|
| Subsidiary | | | | |
| NTG | Investments accounted for using equity method | 2,000 Thousand | NTG ordinary share | $ 67,980 |

f. Endorsements and guarantees

Endorsements and guarantees provided by the Company

The chairman of the Company is a joint guarantor of the land-leasing from Taiwan Sugar Corporation. Refer to Note 13 to the financial statements.

For the year ended December 31, 2024 and 2023, the Company will provide endorsement guarantees and property guarantees for NTCJ, for their financing to financial institutions.

g. Compensation of key management personnel

| | For the Year Ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Short-term employee benefits | $ 74,120 | $ 180,227 |
| Post-employment benefits | 860 | 840 |
| Share-based payment | 1,396 | 3,174 |
| | $ 76,376 | $ 184,241 |

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

## 30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

| | December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Time deposits (accounted as refundable deposits) | $ 107,545 | $ 107,328 |

## 31. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Company received approval from the Financial Supervisory Commission for the registration and issuance of its first unsecured overseas convertible bonds on December 31, 2024. The bonds were publicly issued on the Singapore Exchange on January 21, 2025, with a maturity period of five years, due on January 21, 2030. The total issuance amount was US$150 million, with a zero percent annual coupon rate. On the maturity date, the Company shall redeem the bonds in U.S. dollars at par value of the bonds with a yield of 1.55% per annum, calculated on a semi-annual basis.

The initial conversion price was set at 120% of the closing price of the Company’s common shares on the Taiwan Stock Exchange on the pricing date of January 9, 2025, resulting in a conversion price of NT$118.68 per share. The number of shares to be converted is determined by multiplying the bond’s face value by the fixed exchange rate (US$1=NT$32.917) and then dividing by the conversion price. After issuance, the conversion price is subject to adjustment in accordance with the anti-dilution provisions set forth in the bond indenture.

## 32. OTHER ITEMS

On February 15, 2023, the president of the ROC announced the amendments for the “Climate Change Response Act”, which added the provision of carbon fee collection. Subsequently, the Ministry of Environment announced the “Regulations Governing the Collection of Carbon Fees”, “Regulations for Administration of Voluntary Reduction Plans” and “Designated Greenhouse Gas Reduction Goal for Entities Subject to Carbon Fees” on August 29, 2024 and the carbon fee rate in October, 2024. The fees will be levied starting from January 1, 2025.

Based on the emissions of the Group in 2023, the Group expects that it will be the entity subject to carbon fees. The Group will recognize the provision of the carbon fees based on its actual emissions in 2025 and will pay them in May 2026.

## 33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

| | December 31 | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | | 2023 | | |
| | Foreign Currencies (Thousand) | Exchange Rate | New Taiwan Dollars (Thousand) | Foreign Currencies (Thousand) | Exchange Rate | New Taiwan Dollars (Thousand) |
| <u>Financial assets</u> | | | | | | |
| Monetary items | | | | | | |
| USD | $ 99,810 | 32.785 | $ 3,272,271 | $ 108,157 | 30.705 | $ 3,320,952 |
| ILS | 15,167 | 8.9682 | 136,020 | 10,816 | 8.4694 | 91,602 |
| JPY | 166,362 | 0.2099 | 34,919 | 2,125 | 0.2172 | 462 |
| EUR | 987 | 34.14 | 33,694 | 604 | 33.98 | 20,524 |
| CNY | 4,994 | 4.478 | 22,361 | 5,799 | 4.3270 | 25,090 |
| Investments accounted for using equity method | | | | | | |
| USD | 102,240 | 32.785 | 3,351,938 | 96,192 | 30.705 | 2,953,561 |
| INR | 59,449 | 0.3831 | 22,775 | 58,407 | 0.3692 | 21,564 |
| KRW | 2,245,444 | 0.0222 | 49,849 | 579,987 | 0.0238 | 13,804 |
| JPY | 36,529,795 | 0.2099 | 7,667,604 | 39,262,523 | 0.2172 | 8,527,820 |
| EUR | 1,958 | 34.14 | 66,838 | 2,000 | 33.98 | 67,960 |
| <u>Financial liabilities</u> | | | | | | |
| Monetary items | | | | | | |
| USD | 83,392 | 32.785 | 2,734,067 | 104,718 | 30.705 | 3,215,370 |
| ILS | 16,726 | 8.9682 | 150,001 | 13,070 | 8.4694 | 110,694 |
| JPY | 78,726 | 0.2099 | 16,525 | 745 | 0.2172 | 162 |
| EUR | 252 | 34.14 | 8,610 | 194 | 33.98 | 6,575 |

For the years ended December 31, 2024 and 2023, realized and unrealized net foreign exchange gains were NT$51,158 thousand and NT$2,856 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Company.

## 34. SEGMENT INFORMATION

The Company has provided the financial information of the operating segments in the consolidated financial statements. Therefore, these parent company only financial statements do not provide such information.

## 35. ADDITIONAL DISCLOSURE

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

| | | |
|---|---|---|
| 1) | Financings provided | None |
| 2) | Endorsements/guarantees provided | Table 1 |
| 3) | Marketable securities held (excluding investments in subsidiaries and associates) | Table 2 |
| 4) | Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital | 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) | 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.<br><br>a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.<br><br>b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.<br><br>c) The amount of property transactions and the amount of the resultant gains or losses.<br><br>d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.<br><br>e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.<br><br>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 7 to the parent company only financial statements attached.

TABLE 1

## NUVOTON TECHNOLOGY CORPORATION

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

| No. | Endorser/Guarantor | Endorsee/Guarantee | | Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1) | Maximum Amount Endorsed/ Guaranteed During the Period (Note 2) | Outstanding Endorsement/ Guarantee at the End of the Period (Note 2) | Actual Borrowing Amount | Amount Endorsed/ Guaranteed by Collateral | Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) | Aggregate Endorsement/ Guarantee Limit (Note 3) | Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries | Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent | Endorsement/ Guarantee Given on Behalf of Companies in Mainland China |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Name | Relationship | | | | | | | | | | |
| 0 | The Company | NTCJ | Subsidiary | $ 15,663,037 | $ 2,881,655 | $ 2,105,025 | $ 586,060 | $ - | 13.44 | $ 15,663,037 | 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.

TABLE 2

## NUVOTON TECHNOLOGY CORPORATION

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

| Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2024 | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares/Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| The Company | Shares | | | | | | | |
| | Yu-Ji Venture Capital Co., Ltd. | The held company as the investee's director | Financial assets at fair value through other comprehensive income | 330,000 | $ 6,517 | 5 | $ 6,517 | |
| | Brightek Optoelectronic Co., Ltd. | None | 〃 | 34,680 | 1,706 | - | 1,706 | |
| | United Industrial Gases Co., Ltd. | The held company as the investee's director | 〃 | 8,800,000 | 580,800 | 4 | 580,800 | |
| | Autotalks Ltd. - Preferred E. and E-1 Share | None | 〃 | 4,189,825 | 737,663 | 9 | 737,663 | |
| | Allxon Inc. | None | 〃 | 5,625,000 | 56,250 | 15 | 56,250 | |
| SYI | Shares | | | | | | | |
| | Nyquest Technology Co., Ltd. | The held company as the investee's director | 〃 | 1,650,000 | 82,170 | 5 | 82,170 | |
| NTCJ | Shares | | | | | | | |
| | Symetrix Corporation | None | 〃 | 50,268 | - | 1 | - | |

## NUVOTON TECHNOLOGY CORPORATION

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL**
**FOR THE YEAR ENDED DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars and Foreign Currencies)**

| Company Name | Related Party | Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/Accounts Payable or Receivable | | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchase/ Sale | Amount | % of Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % to Total | |
| The Company | NTHK | Subsidiary | Sales | $ 8,106,700 | 43 | Net 50 days from invoice date | N/A | N/A | $ 1,373,695 | 54 | |
| | NTSG | Subsidiary | Sales | 594,596 | 3 | Net 8 days end of the month | N/A | N/A | 41,378 | 2 | |
| | NTCJ | Subsidiary | Sales | 823,550 | 4 | Net 8 days end of the month | N/A | N/A | 112,646 | 4 | |
| | NTCA | Subsidiary | Sales | 200,768 | 1 | Net 50 days from invoice date | N/A | N/A | 68,706 | 3 | |
| | NTSZ | Subsidiary | Sales | 142,381 | 1 | Net 50 days from invoice date | N/A | N/A | 19,537 | 1 | |
| | NTCJ | Subsidiary | Purchases | 4,854,218 | 52 | Net 8 days end of the month | N/A | N/A | (265,019) | 15 | |
| | NTSG | Subsidiary | Purchases | 527,920 | 6 | Net 8 days end of the month | N/A | N/A | (45,970) | 3 | |
| | WEC | Parent company | Purchases | 153,423 | 2 | Net 30 days from invoice date | N/A | N/A | (24,872) | 1 | |
| NTSG | NTCJ | Fellow subsidiary | Sales | US$ 76,573 | 52 | Net 10 days end of the month | N/A | N/A | US$ 5,427 | 47 | |
| | NTHK | Fellow subsidiary | Sales | US$ 13,161 | 9 | Net 10 days end of the month | N/A | N/A | US$ 1,176 | 10 | |
| NTCJ | NTSG | Fellow subsidiary | Sales | JPY 12,603,019 | 16 | Net 10 days end of the month | N/A | N/A | JPY 1,285,524 | 12 | |
| | NTHK | Fellow subsidiary | Sales | JPY 14,952,198 | 19 | Net 10 days end of the month | N/A | N/A | JPY 1,221,929 | 11 | |
| | TPSCo. | Associate | Purchases | JPY 17,639,846 | 50 | Net 10 days end of the month | N/A | N/A | JPY (2,371,596) | 42 | |

TABLE 4

## NUVOTON TECHNOLOGY CORPORATION

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL**
**DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars and Foreign Currencies)**

| Company Name | Related Party | Relationship | Ending Balance | Turnover Rate | Overdue | | Amount Received in Subsequent Period | Allowance for Impairment Loss |
|---|---|---|---|---|---|---|---|---|
| | | | | | Amount | Action Taken | | |
| The Company | NTHK | Subsidiary | $ 1,373,695 | 6.27 | $ - | - | $ 498,779 | $ - |
| | NTCJ | Subsidiary | 112,646 | 5.14 | - | - | 108,591 | - |
| NTSG | NTCJ | Fellow subsidiary | US$ 5,427 | 9.93 | - | - | US$ 5,427 | - |
| NTCJ | NTSG | Fellow subsidiary | JPY 1,285,524 | 9.90 | - | - | JPY 1,285,524 | - |
| | NTHK | Fellow subsidiary | JPY 1,221,929 | 12.89 | - | - | JPY 1,221,929 | - |
| | The Company | Parent company | JPY 1,262,598 | 11.39 | - | - | JPY 1,262,598 | - |
| NTIL | The Company | Parent company | ILS 16,726 | (Note) | - | - | ILS 16,726 | - |

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

## NUVOTON TECHNOLOGY CORPORATION

**NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)**
**FOR THE YEAR ENDED DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| Investor Company | Investee Company | Location | Main Businesses and Products | Original Investment Amount | | As of December 31, 2024 | | | Net Income (Loss) of the Investee | Share of Profit (Loss) | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2024 | December 31, 2023 | Number of Shares | % | Carrying Amount | | | |
| The Company | NTHK | Hong Kong | Sales of semiconductor | $ 427,092 | $ 427,092 | 107,400,000 | 100 | $ 853,738 | $ 116,083 | $ 116,083 | |
| | MML | British Virgin Islands | Investment holding | 274,987 | 274,987 | 8,897,789 | 100 | 89,439 | (1,188) | (1,188) | |
| | NIH | British Virgin Islands | Investment holding | 515,251 | 515,251 | 15,633,161 | 100 | 454,608 | 58,308 | 58,308 | |
| | SYI | Taiwan | Investment holding | 38,500 | 38,500 | 3,850,000 | 100 | 103,705 | 2,636 | 2,636 | |
| | NTIPL | India | Design, sales and service of semiconductor | 30,211 | 30,211 | 600,000 | 100 | 22,775 | 399 | 399 | |
| | NTCA | United States of America | Design, sales and service of semiconductor | 190,862 | 190,862 | 60,500 | 100 | 247,427 | 12,925 | 12,925 | |
| | NTSG | Singapore | Design, sales and service of semiconductor | 1,319,054 | 1,319,054 | 45,100,000 | 100 | 2,229,357 | 66,927 | 66,927 | |
| | NTKL | Korea | Design, sales and service of semiconductor | 67,611 | 30,828 | 280,000 | 100 | 49,849 | 2,697 | 2,697 | |
| | NTHJ | Japan | Investment holding | 5,927,849 | 5,927,849 | 100 | 100 | 7,667,604 | (778,411) | (778,411) | |
| | NTG | Germany | Customer service and technical support of semiconductor | 67,980 | 67,980 | 2,000,000 | 100 | 66,838 | (1,491) | (1,491) | |
| MML | GLLC | United States of America | Investment holding | - | 1,473,559 | - | 100 | - | (1,330) | (1,330) | (Note 2) |
| NIH | NTIL | Israel | Design and service of semiconductor | 46,905 | 46,905 | 1,000 | 100 | 453,734 | 58,403 | 58,403 | |
| NTHJ | NTCJ | Japan | Design, sales and service of semiconductor | 111,520 | 111,520 | 9,480 | 100 | 9,933,672 | (778,581) | (778,581) | |
| NTCJ | TPSCo. | Japan | Foundry and sales of semiconductor | 1,708,037 | 1,708,037 | 49,539 | 49 | 1,887,907 | 292,259 | 112,862 | (Note 1) |

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

Note 2: GLLC completed the cancellation and liquidation process in December 2024.

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

## NUVOTON TECHNOLOGY CORPORATION

**INFORMATION ON INVESTMENT IN MAINLAND CHINA**
**FOR THE YEAR ENDED DECEMBER 31, 2024**
**(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, 2024 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024 | % Ownership of Direct or Indirect Investment | Net Income of the Investee | Investment Gain (Note 1) | Carrying Amount as of December 31, 2024 | Accumulated Repatriation of Investment Income as of December 31, 2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outward | Inward | | | | | | |
| NTSH | Provide project of sale in China and repairing, testing and consulting of software and leasing business | $ 68,036 (US$ 2,000) | Through investing in NTHK in the third area, which then invested in the investee in mainland China indirectly (Note 2) | $ 68,036 (US$ 2,000) | $ - | $ - | $ 68,036 (US$ 2,000) | 100 | $ 2,661 | $ 2,661 | $ 99,116 | $ - |
| 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 | 8,377 | 8,377 | 246,003 | - |
| Song Zhi (Suzhou) | Provide development of semiconductor and technology, consult service and equipment leasing business | - (Note 3) | Through investing in NTSH in the third area, which then invested in the investee in mainland China indirectly | - (Note 3) | - | - | - | 100 | (61) | (61) | - (Note 3) | - |
| NTNJ | Provide development of semiconductor and technology, consult service and sales. | 28,800 (US$ 900) | Through investing in NTHK in the third area, which then invested in the investee in mainland China indirectly | - (Note 4) | - | - | - | 100 | (4,730) | (4,730) | 23,859 | - |

Note 1: Investment profit or loss for the year ended December 31, 2024 was recognized under the basis of the financial statements audited by the Company's auditor.

Note 2: GLLC sold all the shares of NTSH to NTHK in May 2024, NTHK directly injected in NTSH.

Note 3: NTSH directly injected capital into Song Zhi (Suzhou). Additionally, Song Zhi (Suzhou) fully refunded the entire capital to NTSH in September 2024 and completed the cancellation and liquidation process in October 2024.

Note 4: NTHK directly injected the capital in NTNJ.

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

| Company | Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2024 (Note 5) | Investment Amounts Authorized by Investment Commission, MOEA (Note 5) | Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 6) |
|---|---|---|---|
| The Company | NT$282,135 (US$8,500) | NT$282,135 (US$8,500) | NT$9,397,822 |

Note 5: The investment amounts of Winbond Electronics (Nanjing) Ltd. which has completed the cancellation and liquidation process in May 2023 was NT$16,429 thousand (US$500 thousand).

Note 6: Upper limit on the amount of 60% of the Company's net book value.

3. Refer to Table 7 of the Consolidated Financial Statements for significant transactions with the investee in mainland China directly and indirectly through investing in companies in the third area.

4. Handling endorsement, guarantee and collateral to the investee in Mainland China directly and indirectly through investing in companies in the third area: None.

5. Financing of funds to investee in mainland China directly and indirectly through investing in companies in the third area: None.

6. Other transactions with significant influence on profit or loss for the period or financial performance: None.

**TABLE 7**

# NUVOTON TECHNOLOGY CORPORATION

**INFORMATION OF MAJOR SHAREHOLDERS**
**DECEMBER 31, 2024**

| Name of Major Shareholder | Shares | |
|---|---|---|
| | Number of Shares | Percentage of Ownership (%) |
| Winbond Electronics Corporation | 218,554,635 | 52.06 |

Note 1: Table 7 is based on the information on the last business day of the quarter provided by the Taiwan Depository & Clearing Corporation (TDCC). The TDCC calculate the total number of ordinary shares and preferred shares held by shareholders who retain more than 5% of the Company's share (including treasury shares) that have delivered without physical registration. The number of shares in the Company's financial report and the actual number of shares delivered without physical registration may differ due to the different calculation basis.

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

# NUVOTON TECHNOLOGY CORPORATION

## THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

# NUVOTON TECHNOLOGY CORPORATION

**STATEMENT OF CASH AND CASH EQUIVALENTS**
**DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars, Unless Foreign Currencies)**

| Item | Description | Amount |
|---|---|---|
| Cash on hand | | $ 230 |
| | Check accounts | 453 |
| | Demand deposits - NT$ | 78,781 |
| | Foreign currency deposits - US$3,793 @32.785 | 124,361 |
| | Foreign currency deposits - JPY116,598 @0.2099 | 24,474 |
| | Foreign currency deposits - ILS15,167 @8.9682 | 136,020 |
| | Foreign currency deposits - EUR961 @34.14 | 32,798 |
| | Foreign currency deposits - RMB631 @4.478 | 2,825 |
| | Time deposits - US$15,000 @32.785 | 491,775 |
| Cash equivalents | Repurchase agreements collateralized by bond - expired from December 26, 2024 to January 3, 2025, interest rates at 0.93% | 75,000 |
| | | $ 966,717 |

STATEMENT 2

# NUVOTON TECHNOLOGY CORPORATION

**STATEMENT OF ACCOUNTS RECEIVABLE**
**DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| Client Name | Description | Amount |
|---|---|---|
| Client V | Third parties, sales payments | $ 513,468 |
| Client C | Third parties, sales payments | 121,410 |
| Client S | Third parties, sales payments | 60,900 |
| Client L | Third parties, sales payments | 47,610 |
| Others (Note) | Third parties, sales payments | 514,905 |
| Less: Allowance for return and rebate | | (312,750) |
| Less: Loss allowance | | (20,614) |
| | | $ 924,929 |

Note: The amount of individual client included in “others” does not exceed 5% of the account balance.

# NUVOTON TECHNOLOGY CORPORATION

**STATEMENT OF OTHER RECEIVABLES**
**DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| Item | Amount |
|---|---|
| Business tax refund receivable | $ 36,513 |
| Receivables from related parties | 25,797 |
| Grants receivable - government | 18,415 |
| Others (Note) | 3,204 |
| | $ 83,929 |

Note: The amount of each item in others does not exceed 5% of the account balance.

# NUVOTON TECHNOLOGY CORPORATION

**STATEMENT OF INVENTORIES**
**DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| Item | Amount: Cost | Amount: Net Realized Value |
|---|---|---|
| Raw materials and supplies | $ 302,450 | $ 201,776 |
| Work-in-process | 2,339,219 | 2,027,595 |
| Finished goods | 1,273,412 | 1,062,843 |
| Inventory in-transit | 45,278 | 45,278 |
| Less: Allowance for inventory valuation and obsolescence losses | (622,867) | - |
| | $ 3,337,492 | $ 3,337,492 |

# NUVOTON TECHNOLOGY CORPORATION

**STATEMENT OF OTHER CURRENT ASSETS**
**DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| Item | Amount |
|---|---|
| Prepaid expenses for software | $ 145,980 |
| Prepaid expenses for mask | 136,714 |
| Prepayments to suppliers | 112,514 |
| Prepaid expenses for bonus | 36,041 |
| Others (Note) | 74,522 |
| | $ 505,771 |

Note: The amount of each item in others does not exceed 5% of the account balance.

# NUVOTON TECHNOLOGY CORPORATION

**STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT**
**FOR THE YEAR ENDED DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| Name of Securities | As of January 1, 2024 | | Increase | | | Decrease | | | As of December 31, 2024 | | Collateral |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Fair Value | Shares | Fair Value | | Shares | Fair Value | | Shares | Fair Value | |
| Listed shares and emerging market shares | | | | | | | | | | | |
| Brightek Optoelectronic Co., Ltd. | 34,680 | $ 1,423 | - | $ 283 | (Note 1) | - | $ - | | 34,680 | $ 1,706 | None |
| Unlisted shares | | | | | | | | | | | |
| United Industrial Gases Co., Ltd. | 8,800,000 | 536,800 | - | 44,000 | (Note 1) | - | - | | 8,800,000 | 580,800 | 〃 |
| Yu-Ji Venture Capital Co., Ltd. | 375,000 | 7,324 | - | - | | 45,000 | 807 | (Note 2) | 330,000 | 6,517 | 〃 |
| Autotalks Ltd. | 3,932,816 | 614,100 | 257,009 | 123,563 | (Note 3) | - | - | | 4,189,825 | 737,663 | 〃 |
| Allxon Inc. | 5,625,000 | 56,250 | - | - | | - | - | | 5,625,000 | 56,250 | 〃 |
| AionChip Technologies Co., Ltd. | - | - | 1,650,000 | 30,000 | (Note 4) | 1,650,000 | 30,000 | (Note 4) | - | - | 〃 |
| | | 1,214,474 | | 197,563 | | | 30,807 | | | 1,381,230 | |
| | | $ 1,215,897 | | $ 197,846 | | | $ 30,807 | | | $ 1,382,936 | |

Note 1: Unrealized fair value measurement.

Note 2: Capital reduction of investments of NT$450 thousand and unrealized losses of NT$357 thousand.

Note 3: In September 2024, the Company executes the Autotalks Ltd. stock warrants conversion to acquired 257 thousand preferred shares.

Note 4: In May 2024, the Company acquired 1,650 thousand common shares of AionChip Technologies Co., Ltd. for NT$30,000 thousand, representing an 8.25% equity stake. In December 2024, the Company disposed of all its holdings in AionChip Technologies Co., Ltd. for NT$30,000 thousand.

## NUVOTON TECHNOLOGY CORPORATION

**STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**
**FOR THE YEAR ENDED DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars, Unless Otherwise Stated)**

| | Balance at January 1, 2024 | | Increase | | Decrease | | Balance at December 31, 2024 | | | Market Value | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Name | Number of Shares | Amount | Number of Shares | Amount | Number of Shares | Amount | Number of Shares | % | Amount | or Net Assets Value | Collateral |
| Nuvoton Electronics Technology (H.K.) Limited | 107,400,000 | $ 703,987 | - | $ 149,751 | - | $ - | 107,400,000 | 100 | $ 853,738 | $ 853,738 | None |
| Marketplace Management Ltd. | 8,897,789 | 282,496 | - | - | - | 193,057 | 8,897,789 | 100 | 89,439 | 89,439 | 〃 |
| Nuvoton Technology Corporation America | 60,500 | 219,309 | - | 28,118 | - | - | 60,500 | 100 | 247,427 | 247,427 | 〃 |
| Nuvoton Investment Holding Ltd. | 15,633,361 | 370,049 | - | 84,559 | - | - | 15,633,361 | 100 | 454,608 | 454,608 | 〃 |
| Song Yong Investment Corporation | 3,850,000 | 161,693 | - | - | - | 57,988 | 3,850,000 | 100 | 103,705 | 103,705 | 〃 |
| Nuvoton Technology India Private Limited | 600,000 | 21,564 | - | 1,211 | - | - | 600,000 | 100 | 22,775 | 22,775 | 〃 |
| Nuvoton Technology Holdings Japan | 100 | 8,527,820 | - | - | - | 860,216 | 100 | 100 | 7,667,604 | 7,667,604 | 〃 |
| Nuvoton Technology Korea Limited | 125,000 | 13,804 | 155,000 | 36,045 | - | - | 280,000 | 100 | 49,849 | 49,849 | 〃 |
| Nuvoton Technology Singapore Pte. Ltd. | 45,100,000 | 2,021,289 | - | 208,068 | - | - | 45,100,000 | 100 | 2,229,357 | 2,229,357 | 〃 |
| Nuvoton Technology Germany GmbH | 2,000,000 | 67,960 | - | - | - | 1,122 | 2,000,000 | 100 | 66,838 | 66,838 | 〃 |
| | | $ 12,389,971 | | $ 507,752 | | $ 1,112,383 | | | $ 11,785,340 | $ 11,785,340 | |

# NUVOTON TECHNOLOGY CORPORATION

**STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS**
**FOR THE YEAR ENDED DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| Item | Balance at January 1, 2024 | Addition | Deduction | Balance at December 31, 2024 |
|---|---|---|---|---|
| Cost | | | | |
| Land | $ 253,902 | $ 5,901 | $ - | $ 259,803 |
| Buildings | 73,538 | 839 | 14,399 | 59,978 |
| Other equipment | 25,594 | 2,934 | - | 28,528 |
| | $ 353,034 | $ 9,674 | $ 14,399 | $ 348,309 |
| Accumulated depreciation | | | | |
| Land | $ 126,177 | $ 26,110 | $ - | $ 152,287 |
| Buildings | 60,168 | 13,475 | 14,399 | 59,244 |
| Other equipment | 19,993 | 5,696 | - | 25,689 |
| | $ 206,338 | $ 45,281 | $ 14,399 | $ 237,220 |

# NUVOTON TECHNOLOGY CORPORATION

**STATEMENT OF REFUNDABLE DEPOSITS**
**DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| Item | Description | Amount |
|---|---|---|
| Pledged time deposits | Land leases and customs tariff obligations deposit | $ 107,545 |
| Refundable deposits | Lease deposit | 5,289 |
| | | $ 112,834 |

Note: The amount of each item in others does not exceed 5% of the account balance.

# NUVOTON TECHNOLOGY CORPORATION

**STATEMENT OF ACCOUNTS PAYABLE**
**DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| Vender Name | Description | Amount |
|---|---|---|
| Vendor E | Third parties, payment for goods | $ 233,812 |
| Vendor G | 〃 | 231,519 |
| Vendor C | 〃 | 58,592 |
| Vendor A | 〃 | 56,642 |
| Vendor I | 〃 | 47,311 |
| Others (Note) | | 333,281 |
| | | $ 961,157 |

Note: The amount payable to each individual vendor included in “others” does not exceed 5% of the account balance.

## NUVOTON TECHNOLOGY CORPORATION

**STATEMENT OF LEASE LIABILITIES**
**DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| Item | Description | Lease Term | Discount Rate (%) | Balance, End of Year | Note |
|---|---|---|---|---|---|
| Land | Science Park Administration and Taiwan Sugar Corporation | 2019/01/01-2034/09/30 | 1.76-2.06 | $ 86,718 | |
| Buildings | Office and Science Park dormitory | 2024/10/01-2026/09/30 | 1.860 | 700 | |
| Other equipment | Company cars and parking lot | 2022/04/14-2028/02/23 | 0.88-1.76 | 2,854 | |
| | | | | $ 90,272 | |

# NUVOTON TECHNOLOGY CORPORATION

**STATEMENT OF OPERATING REVENUE**
**FOR THE YEAR ENDED DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| Item | Quantity | Amount |
|---|---|---|
| General IC products | 1,637,901 thousand pieces of die | $ 16,998,307 |
| Foundry service | 420 thousand pieces of chip | 2,000,062 |
| Others | | 53,444 |
| | | $ 19,051,813 |

# NUVOTON TECHNOLOGY CORPORATION

**STATEMENT OF OPERATING COST**
**FOR THE YEAR ENDED DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| Item | Amount |
|---|---|
| Raw materials, beginning of year | $ 279,269 |
| Add: Raw material purchased | 7,183,513 |
| Less: Transferred to manufacturing expenses, operating expenses and others | (375,641) |
| Scrapped | (607) |
| Raw materials, end of year | (302,450) |
| Raw materials used | 6,784,084 |
| Direct labor | 237,143 |
| Manufacturing expenses | 4,985,918 |
| Manufacturing cost | 12,007,145 |
| Add: Work-in process, beginning of year | 2,515,138 |
| Transferred to manufacturing expenses, operating expenses and others | 5,300 |
| Less: Scrapped | (18,238) |
| Work-in-process, end of year | (2,339,219) |
| Cost of finished goods | 12,170,126 |
| Add: Finished goods, beginning of year | 1,135,394 |
| Finished goods purchased | 939,503 |
| Less: Transferred to manufacturing expenses, operating expenses | (55,282) |
| Scrapped | (32,736) |
| Finished goods, end of year | (1,273,412) |
| Add: Other operating costs | 164,964 |
| Loss on the reduction of inventory to LCM and obsolescence | (20,104) |
| Scrap loss | 51,581 |
| Sales of scrap and waste | (1,550) |
| | $ 13,078,484 |

# NUVOTON TECHNOLOGY CORPORATION

## STATEMENT OF SELLING EXPENSES
**FOR THE YEAR ENDED DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| Item | Amount |
|---|---|
| Subsidiaries service fee | $ 79,365 |
| Payroll expense | 74,151 |
| Commission | 27,788 |
| Import and export fee | 25,393 |
| Travel expenses | 16,477 |
| Others (Note) | 43,645 |
| | $ 266,819 |

Note: The amount of each item in others does not exceed 5% of the account balance.

# NUVOTON TECHNOLOGY CORPORATION

**STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES**
**FOR THE YEAR ENDED DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| Item | Amount |
|---|---|
| Payroll expense | $ 200,357 |
| Subsidiaries service fee | 134,513 |
| Amortization | 55,637 |
| Computer system | 45,151 |
| Others (Note) | 308,454 |
| | $ 744,112 |

Note: The amount of each item in others does not exceed 5% of the account balance.

# NUVOTON TECHNOLOGY CORPORATION

**STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES**
**FOR THE YEAR ENDED DECEMBER 31, 2024**
**(In Thousands of New Taiwan Dollars)**

| Item | Amount |
|---|---|
| Subsidiaries service fee | $ 1,685,517 |
| Payroll expense | 1,270,835 |
| Materials for research and development | 330,377 |
| Computer system | 255,428 |
| Others (Note) | 621,032 |
| | $ 4,163,189 |

Note: The amount of each item in others does not exceed 5% of the account balance.

# NUVOTON TECHNOLOGY CORPORATION

**STATEMENT OF EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION BY FUNCTION**
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**
**(In Thousands of New Taiwan Dollars)**

| | For the Year Ended December 31 | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | | 2023 | | |
| | Classified as Operating Costs | Classified as Operating Expenses | Total | Classified as Operating Costs | Classified as Operating Expenses | Total |
| Labor cost | | | | | | |
| Payroll expense | $ 781,621 | $ 1,545,343 | $ 2,326,964 | $ 764,040 | $ 1,512,972 | $ 2,277,012 |
| Labor and health insurance | 64,860 | 103,921 | 168,781 | 66,078 | 104,689 | 170,767 |
| Pension | 31,365 | 65,322 | 96,687 | 32,147 | 62,836 | 94,983 |
| Remuneration to director | - | 13,170 | 13,170 | - | 36,910 | 36,910 |
| Share-based payment arrangements | 190 | 1,753 | 1,943 | 461 | 2,919 | 3,380 |
| | $ 878,036 | $ 1,729,509 | $ 2,607,545 | $ 862,726 | $ 1,720,326 | $ 2,583,052 |
| Depreciation expense | $ 156,822 | $ 90,134 | $ 246,956 | $ 139,942 | $ 80,056 | $ 219,998 |
| Amortization expense | $ - | $ 254,394 | $ 254,394 | $ - | $ 264,610 | $ 264,610 |

Note 1: As of December 31, 2024 and 2023, the Company had 1,594 and 1,555 employees, respectively, of which the number of non-executive directors was 6 and 8, respectively.

Note 2:
a. Average labor cost for the year ended December 31, 2024 was NT$1,634 thousand. ((Total labor cost of the current year - Total remuneration to director of the current year)/(Employees of the current year - Non-employee directors of the current year))

   Average labor cost for the year ended December 31, 2023 was NT$1,646 thousand. ((Total labor cost of the current year - Total remuneration to director of the current year)/(Employees of the current year - Non-employee directors of the current year))

b. Average payroll and bonus expense for the year ended December 31, 2024 was NT$1,465 thousand. (Total payroll and bonus expense of the current year/(Employees of the current year - Non-employee directors of the current year))

   Average payroll and bonus expense for the year ended December 31, 2023 was NT$1,472 thousand. (Total payroll and bonus expense of the current year/(Employees of the current year - Non-employee directors of the current year))

c. There was a (0.5%) adjusted change in the average payroll and bonus expense. ((Average payroll and bonus expense of the current year - Average payroll and bonus expense of the prior year)/Average payroll and bonus expense of the prior year)

Note 3: The Company has set up an audit committee and did not have supervisors, therefore, there was no compensation to the supervisor.

Note 4: The company’s compensation policy:

a. Directors: In accordance with the Company’s Article 25, if the Company turns a profit in a year, no more than 1% (includes 1%) of the profit should be distributed to directors as compensation, however, if the Company still has accumulated deficit from previous terms, it should reserve the amount needed to settle the outstanding balance. The Company’s Remuneration of directors and supervisors will suggest the amount of board compensation based on the Company’s Article, the Company’s” Rules for Distribution of Compensation to Directors and Performance Appraisal to the Board of Directors”, the results of the Board of Directors member’s self-appraisal and yearly business results, after the Board of Directors approve the suggested amounts, the amounts should be reported to the shareholders meeting.

b. Managers: To improve business performance, implement the policy of managers taking responsibility for business performance and to ensure the salary’s excitation and competitiveness, the Company provides competitive overall remuneration.

(Continued)

c. Employees: The overall remuneration of employees includes fixed compensation and variable compensation and is based on the principle of striking a balance between internal fairness and external competitiveness. In accordance with the Company's Article, no less than 1% (includes 1 %) of the profit before income tax excluding the employee and board compensation should be distributed to employees as compensation. The employee's personal remuneration is based on the contribution to their responsibilities and professional function. The bonus payments are made in accordance with the employee's personal performance and contribution.

(Concluded)