

**Nuvoton Technology Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2025 and 2024 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of Nuvoton Technology Corporation as of and for the year ended December 31, 2025, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Nuvoton Technology Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

NUVOTON TECHNOLOGY CORPORATION

By

YUAN-MOU SU
Chairman

February 11, 2026

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Nuvoton Technology Corporation

Opinion

We have audited the accompanying consolidated financial statements of Nuvoton Technology Corporation and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is this matter that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Occurrence of Sales Revenues Recognition

The sales revenue of the Group and its subsidiaries comprises IC products, including microcontrollers, voice applications, cloud security, battery monitoring, image sensing, and semiconductor components. Certain product series within the microcontroller category have relatively higher gross margins and account for a higher proportion of sales revenue, which has a material impact on the consolidated financial statements. Accordingly, we determined that the occurrence of revenue recognized for this specific product series is a key audit matter for the year ended December 31, 2025. For the accounting policies on revenue recognition, please refer to Note 4 to the consolidated financial statements.

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 performing tests of details on this series, including, on a sample basis, inspection of sales orders, shipping documents, and evidence of subsequent collections, in order to verify that the sales transactions had occurred.

Other Matter

We have also audited the parent company only financial statements of Nuvoton Technology Corporation as of and for the years ended December 31, 2025 and 2024 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2025 and are therefore the key audit matter. We describe this matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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



Deloitte & Touche
Taipei, Taiwan
Republic of China



February 11, 2026

Notice to Readers

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

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

| ASSETS | 2025 | | 2024 | |
|--|----------------------|------------|----------------------|------------|
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Notes 4 and 6) | \$ 7,202,511 | 24 | \$ 5,703,893 | 19 |
| Financial assets at fair value through profit or loss - current (Notes 4 and 7) | 744 | - | - | - |
| Accounts receivable, net (Notes 4 and 8) | 3,958,203 | 13 | 3,599,975 | 12 |
| Accounts receivable from related parties, net (Notes 4, 8 and 34) | 5,886 | - | 4,294 | - |
| Finance lease receivables - current (Notes 4, 9 and 34) | - | - | 22,506 | - |
| Other receivables (Notes 10 and 34) | 318,449 | 1 | 397,508 | 1 |
| Inventories (Notes 4 and 11) | 6,216,789 | 21 | 7,125,739 | 24 |
| Other current assets | 598,249 | 2 | 749,352 | 2 |
| Total current assets | <u>18,300,831</u> | <u>61</u> | <u>17,603,267</u> | <u>58</u> |
| NON-CURRENT ASSETS | | | | |
| Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 12) | 863,063 | 3 | 1,465,106 | 5 |
| Investments accounted for using equity method (Notes 4 and 13) | 1,858,891 | 6 | 1,887,907 | 6 |
| Property, plant and equipment (Notes 4, 14, 34 and 35) | 5,835,924 | 19 | 6,186,683 | 20 |
| Right-of-use assets (Notes 4, 15 and 34) | 645,304 | 2 | 489,822 | 2 |
| Investment properties (Notes 4, 16 and 35) | 1,188,544 | 4 | 1,369,827 | 4 |
| Intangible assets (Notes 4 and 17) | 816,921 | 3 | 768,933 | 3 |
| Deferred tax assets (Notes 4 and 27) | 140,273 | - | 166,861 | 1 |
| Refundable deposits (Notes 6, 34 and 35) | 143,725 | 1 | 142,216 | - |
| Other non-current assets | 197,952 | 1 | 215,798 | 1 |
| Total non-current assets | <u>11,690,597</u> | <u>39</u> | <u>12,693,153</u> | <u>42</u> |
| TOTAL | <u>\$ 29,991,428</u> | <u>100</u> | <u>\$ 30,296,420</u> | <u>100</u> |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term borrowings (Notes 19, 34 and 35) | \$ 1,606,400 | 5 | \$ 2,119,990 | 7 |
| Financial liabilities at fair value through profit or loss - current (Notes 4 and 7) | 13,297 | - | 38,033 | - |
| Accounts payable | 1,343,456 | 4 | 1,451,853 | 5 |
| Accounts payable to related parties (Note 34) | 843,240 | 3 | 1,044,983 | 3 |
| Other payables (Notes 20 and 34) | 3,429,638 | 11 | 3,612,048 | 12 |
| Current tax liabilities (Notes 4 and 27) | 167,408 | 1 | 243,168 | 1 |
| Lease liabilities - current (Notes 4, 15 and 34) | 172,302 | 1 | 164,023 | - |
| Long-term borrowings - current (Note 19) | - | - | 285,714 | 1 |
| Other current liabilities (Note 21) | 1,266,667 | 4 | 1,471,041 | 5 |
| Total current liabilities | <u>8,842,408</u> | <u>29</u> | <u>10,430,853</u> | <u>34</u> |
| NON-CURRENT LIABILITIES | | | | |
| Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 7) | 10,277 | - | - | - |
| Bonds payable (Notes 4 and 18) | 4,865,294 | 16 | - | - |
| Long-term borrowings (Note 19) | - | - | 571,429 | 2 |
| Provisions - non-current (Note 22) | 1,529,325 | 5 | 1,870,076 | 6 |
| Deferred tax liabilities (Notes 4 and 27) | 76,652 | - | 62,373 | - |
| Lease liabilities - non-current (Notes 4, 15 and 34) | 484,248 | 2 | 337,069 | 1 |
| Net defined benefit liabilities - non-current (Notes 4 and 23) | 926,872 | 3 | 1,044,114 | 4 |
| Guarantee deposits (Notes 4, 24 and 34) | 81,329 | 1 | 264,495 | 1 |
| Other non-current liabilities | 57,187 | - | 52,974 | - |
| Total non-current liabilities | <u>8,031,184</u> | <u>27</u> | <u>4,202,530</u> | <u>14</u> |
| Total liabilities | <u>16,873,592</u> | <u>56</u> | <u>14,633,383</u> | <u>48</u> |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | | | | |
| Share capital (Note 25) | 4,197,653 | 14 | 4,197,653 | 14 |
| Capital surplus (Note 25) | 7,099,820 | 24 | 6,997,593 | 23 |
| Retained earnings (Note 25) | | | | |
| Legal reserve | 1,714,521 | 6 | 1,693,267 | 6 |
| Special reserve | 1,214,038 | 4 | 1,190,819 | 4 |
| Unappropriated earnings | 496,714 | 2 | 2,797,743 | 9 |
| Exchange differences on translation of financial statements of foreign operations (Notes 4 and 25) | (2,015,710) | (7) | (1,617,353) | (5) |
| Unrealized gains on financial assets at fair value through other comprehensive income (Notes 4 and 25) | 410,800 | 1 | 403,315 | 1 |
| Total equity | <u>13,117,836</u> | <u>44</u> | <u>15,663,037</u> | <u>52</u> |
| TOTAL | <u>\$ 29,991,428</u> | <u>100</u> | <u>\$ 30,296,420</u> | <u>100</u> |

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(In Thousands of New Taiwan Dollars, Except Earnings (Losses) Per Share)

| | 2025 | | 2024 | |
|--|--------------------|------------|-------------------|-----------|
| | Amount | % | Amount | % |
| OPERATING REVENUE (Notes 4, 26 and 34) | \$ 30,492,418 | 100 | \$ 31,923,290 | 100 |
| OPERATING COST (Notes 11, 28 and 34) | <u>19,303,523</u> | <u>63</u> | <u>19,826,750</u> | <u>62</u> |
| GROSS PROFIT | <u>11,188,895</u> | <u>37</u> | <u>12,096,540</u> | <u>38</u> |
| OPERATING EXPENSES (Notes 28 and 34) | | | | |
| Selling expenses | 1,006,676 | 3 | 989,550 | 3 |
| General and administrative expenses | 2,353,682 | 8 | 2,318,074 | 7 |
| Research and development expenses | 9,049,361 | 30 | 8,775,360 | 28 |
| Expected credit loss (gain) | <u>7,221</u> | <u>-</u> | <u>723</u> | <u>-</u> |
| Total operating expenses | <u>12,416,940</u> | <u>41</u> | <u>12,083,707</u> | <u>38</u> |
| (LOSS) PROFIT FROM OPERATIONS | <u>(1,228,045)</u> | <u>(4)</u> | <u>12,833</u> | <u>-</u> |
| NON-OPERATING INCOME AND EXPENSES (Notes 4 and 34) | | | | |
| Finance costs | (182,238) | (1) | (46,435) | - |
| Share of profit (loss) of associates | 50,118 | - | 112,862 | - |
| Interest income | 211,966 | 1 | 168,402 | 1 |
| Dividend income | 64,736 | - | 64,294 | - |
| Other gains and losses | 62,007 | - | 45,352 | - |
| Gains (losses) on disposal of property, plant and equipment | 336 | - | 94,270 | - |
| Gains on disposal of intangible assets | 1,073 | - | - | - |
| Foreign exchange gains (losses) | (350,044) | (1) | 87,161 | - |
| Gains (losses) on financial assets at fair value through profit or loss | <u>(74,640)</u> | <u>-</u> | <u>(139,071)</u> | <u>-</u> |
| Total non-operating income and expenses | <u>(216,686)</u> | <u>(1)</u> | <u>386,835</u> | <u>1</u> |
| (LOSS) PROFIT BEFORE INCOME TAX | (1,444,731) | (5) | 399,668 | 1 |
| INCOME TAX EXPENSE (Notes 4 and 27) | <u>(219,913)</u> | <u>-</u> | <u>(179,819)</u> | <u>-</u> |
| NET (LOSS) PROFIT FOR THE YEAR | <u>(1,664,644)</u> | <u>(5)</u> | <u>219,849</u> | <u>1</u> |

(Continued)

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(In Thousands of New Taiwan Dollars, Except Earnings (Losses) Per Share)

| | 2025 | | 2024 | |
|---|-----------------------|------------|-------------------|----------|
| | Amount | % | Amount | % |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | |
| (Note 25) | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans (Notes 4 and 23) | \$ 38,275 | - | \$ (6,812) | - |
| Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income | (536,793) | (2) | 37,874 | - |
| Income tax related to items that will not be reclassified subsequently to profit or loss | 81,997 | - | (492) | - |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translation of the financial statements of foreign operations | <u>(398,357)</u> | <u>(1)</u> | <u>(61,093)</u> | <u>-</u> |
| Other comprehensive income (loss) for the year, net of income tax | <u>(814,878)</u> | <u>(3)</u> | <u>(30,523)</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>\$ (2,479,522)</u> | <u>(8)</u> | <u>\$ 189,326</u> | <u>1</u> |
| (LOSSES) EARNINGS PER SHARE (Notes 4 and 29) | | | | |
| From continuing operations | | | | |
| Basic | <u>\$ (3.97)</u> | | <u>\$ 0.52</u> | |
| Diluted | | | <u>\$ 0.52</u> | |

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

(Concluded)

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)**

| | Equity Attributable to Owners of the Company | | | | | Other Equity | | Total Equity |
|--|--|-----------------|-------------------|-----------------|-------------------------|---|--|---------------|
| | Ordinary Share | Capital Surplus | Retained Earnings | | Unappropriated Earnings | Exchange Differences on Translation of Financial Statements of Foreign Operations | Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income | |
| | | | Legal Reserve | Special Reserve | | | | |
| BALANCE AT JANUARY 1, 2024 | \$ 4,197,653 | \$ 6,995,630 | \$ 1,447,316 | \$ 710,979 | \$ 4,570,285 | \$ (1,556,260) | \$ 365,441 | \$ 16,731,044 |
| Appropriation of 2023 earnings (Note 25) | | | | | | | | |
| 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 31) | - | 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 |
| Appropriation of 2024 earnings (Note 25) | | | | | | | | |
| Legal reserve | - | - | 21,254 | - | (21,254) | - | - | - |
| Special reserve | - | - | - | 23,219 | (23,219) | - | - | - |
| Cash dividends | - | - | - | - | (167,906) | - | - | (167,906) |
| Total appropriation earnings | - | - | 21,254 | 23,219 | (212,379) | - | - | (167,906) |
| Net loss for the year ended December 31, 2025 | - | - | - | - | (1,664,644) | - | - | (1,664,644) |
| Other comprehensive income (loss) for the year ended December 31, 2025, net of income tax | - | - | - | - | 38,272 | (398,357) | (454,793) | (814,878) |
| Total comprehensive income (loss) for the year ended December 31, 2025 | - | - | - | - | (1,626,372) | (398,357) | (454,793) | (2,479,522) |
| Changes in ownership interests in subsidiaries | - | (10,804) | - | - | - | - | - | (10,804) |
| Equity component of convertible issuance of bonds | - | 112,804 | - | - | - | - | - | 112,804 |
| Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 12) | - | - | - | - | (462,278) | - | 462,278 | - |
| Unclaimed dividends from claims extinguished by prescriptions | - | 227 | - | - | - | - | - | 227 |
| BALANCE AT DECEMBER 31, 2025 | \$ 4,197,653 | \$ 7,099,820 | \$ 1,714,521 | \$ 1,214,038 | \$ 496,714 | \$ (2,015,710) | \$ 410,800 | \$ 13,117,836 |

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

| | 2025 | 2024 |
|--|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| (Loss) profit before income tax | \$ (1,444,731) | \$ 399,668 |
| Adjustments for: | | |
| Depreciation expense | 1,420,298 | 1,234,389 |
| Amortization expense | 346,742 | 368,741 |
| Expected credit loss recognized on accounts receivable | 7,221 | 723 |
| Finance costs | 182,238 | 46,435 |
| Interest income | (211,966) | (168,402) |
| Dividend income | (64,736) | (64,294) |
| Compensation costs of share-based payment transaction | - | 1,943 |
| Share of profit loss of associates | (50,118) | (112,862) |
| Gains on disposal of property, plant and equipment | (336) | (94,270) |
| Gains on disposal of intangible assets | (1,073) | - |
| Gain on lease modification | (3,237) | (9,348) |
| Government grants | (59,429) | (11,473) |
| Other adjustment to reconcile losses | - | 1,978 |
| Changes in operating assets and liabilities | | |
| (Increase) decrease in financial assets at fair value through profit or loss | (23,505) | 57,307 |
| (Increase) decrease in accounts receivable | (464,657) | 99,574 |
| (Increase) decrease in accounts receivable from related parties | (1,592) | 25,229 |
| (Increase) decrease in other receivables | 49,766 | 42,583 |
| (Increase) decrease in inventories | 908,950 | 630,627 |
| (Increase) decrease in other current assets | 93,371 | (114,378) |
| (Increase) decrease in other non-current assets | 17,846 | 52,949 |
| Increase (decrease) in accounts payable | (50,665) | 209,978 |
| Increase (decrease) in accounts payable to related parties | (201,743) | 266,823 |
| Increase (decrease) in other payables | (192,452) | (438,827) |
| Increase (decrease) in provisions | (276,193) | (299,225) |
| Increase (decrease) in other current liabilities | (267,721) | (116,979) |
| Increase (decrease) in net defined benefit liabilities | (44,866) | (298,838) |
| Increase (decrease) in other non-current liabilities | <u>4,213</u> | <u>(4,308)</u> |
| Cash flows (used in) generated from operations | (328,375) | 1,705,743 |
| Interest received | 211,915 | 171,900 |
| Interest paid | (78,464) | (44,353) |
| Income tax paid | (159,387) | (211,907) |
| Dividend received | <u>64,736</u> | <u>64,294</u> |
| Net cash flows (used in) generated from operating activities | <u>(289,575)</u> | <u>1,685,677</u> |

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NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

| | 2025 | 2024 |
|--|---------------------|---------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of financial assets at fair value through other comprehensive income | \$ (111,346) | \$ (30,000) |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | 164,847 | 30,000 |
| Proceeds from capital reduction of financial assets at fair value through other comprehensive income | 800 | 450 |
| Decrease in finance lease receivables | 23,989 | 67,120 |
| Decrease (increase) in other receivables - time deposits | 7,662 | (278) |
| Acquisition of property, plant and equipment | (986,289) | (1,552,671) |
| Proceeds from disposal of property, plant and equipment | 2,685 | 100,333 |
| Acquisition of intangible assets | (366,417) | (471,667) |
| Increase in refundable deposits paid | (807) | (2,693) |
| Proceeds from government grants | <u>54,000</u> | <u>21,000</u> |
| Net cash flows used in investing activities | <u>(1,210,876)</u> | <u>(1,838,406)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from short-term borrowings | 25,257,240 | 9,574,520 |
| Repayments of short-term borrowings | (25,609,910) | (8,469,210) |
| Proceeds from issuance of bonds | 4,883,290 | - |
| Repayments of long-term borrowings | (857,143) | (142,857) |
| Proceeds from (repayments of) guarantee deposits received | 5,730 | (78,429) |
| Repayments of the principal portion of lease liabilities | (188,197) | (191,864) |
| Dividends paid to owners of the Company | <u>(167,906)</u> | <u>(1,259,296)</u> |
| Net cash flows generated from (used in) financing activities | <u>3,323,104</u> | <u>(567,136)</u> |
| EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES | | |
| | <u>(324,035)</u> | <u>98,364</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | | |
| | 1,498,618 | (621,501) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | | |
| | <u>5,703,893</u> | <u>6,325,394</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | | |
| | <u>\$ 7,202,511</u> | <u>\$ 5,703,893</u> |

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

(Concluded)

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

For the specialization and division of labor and the reinforcement of core competitive ability, the Company’s parent company, Winbond Electronics Corporation (WEC), spun off its Logic IC business into the Company on July 1, 2008 in accordance with the Business Mergers and Acquisitions Act and the Company commenced business in July 2008. WEC held approximately 53% and 52% of the ownership interest in the Company as of December 31, 2025 and 2024.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s Board of Directors and authorized for issue on February 11, 2026.

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)

Amendments to IAS 21 “Lack of Exchangeability”

The initial application of the Amendments to IAS 21 “Lack of Exchangeability” did not have a material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

| <u>New, Amended and Revised Standards and Interpretations</u> | <u>Effective Date Announced by IASB</u> |
|---|---|
| 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 |
| Annual Improvements to IFRS Accounting Standards - Volume 11 | January 1, 2026 |
| IFRS 17 “Insurance Contracts” (including the 2020 and 2021 amendments to IFRS 17) | January 1, 2023 |

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

1) The amendments to the application guidance of classification of financial assets

The amendments mainly amend the requirements for the classification of financial assets, including:

- a) 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.
- b) To clarify that a financial asset has non-recourse features if an entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
- c) To clarify that the characteristics of contractually linked instruments include a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool between the tranches.

2) The amendments to the application guidance of derecognition of financial liabilities

The amendments mainly stipulate that a financial liability is derecognized on the settlement date. However, when settling a financial liability in cash using an electronic payment system, the Group can choose to derecognize the financial liability before the settlement date if, and only if, the Group has initiated a payment instruction that resulted in:

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

An entity 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. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

Except for the above-mentioned impact, as of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

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

| <u>New, Amended and Revised Standards and Interpretations</u> | <u>Effective Date Announced by IASB (Note 1)</u> |
|--|--|
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” | To be determined by IASB |
| IFRS 18 “Presentation and Disclosure in Financial Statements” | January 1, 2027 (Note 2) |
| IFRS 19 “Subsidiaries without Public Accountability: Disclosures” (including the 2025 amendments to IFRS 19) | January 1, 2027 |
| Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency” | January 1, 2027 |

Note 1: Unless stated otherwise, the above-mentioned IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

IFRS 18 “Presentation and Disclosure in Financial Statements” and consequential amendments

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

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Group shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.
- 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.

In addition, the following consequential amendments have been made to IAS 7 “Statement of Cash Flows”:

- The Group shall use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.

- Interest and dividends received by the Group shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Group has a specific main operating activity, it shall determine how to classify dividends received, interest received and interest paid in the statement of cash flows by referring to how it classifies dividend income, interest income and interest expense in the statement of profit or loss. The total of each of these cash flows shall be classified in a single category in the statement of cash flows.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

Basis of Preparation

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

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.

Basis of Consolidation

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

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Subsidiary included in the consolidated financial statements:

| Investor | Investee | Main Business | Percentage of Ownership (%) | |
|-------------|---|--|-----------------------------|------|
| | | | December 31 | |
| | | | 2025 | 2024 |
| The Company | Nuvoton Electronics Technology (H.K.) Limited (“NTHK”) | Sales of semiconductor | 100 | 100 |
| | Marketplace Management Limited (“MML”) (Note 4) | Investment holding | - | 100 |
| | Nuvoton Investment Holding Ltd. (“NIH”) | Investment holding | 100 | 100 |
| | Song Yong Investment Corporation (“SYT”) | Investment holding | 100 | 100 |
| | Nuvoton Technology India Private Limited (“NTIPL”) | Design, sales and after-sales service of semiconductor | 100 | 100 |
| | Nuvoton Technology Corporation America (“NTCA”) | Design, sales and after-sales service of semiconductor | 100 | 100 |
| | Nuvoton Technology Holdings Japan (“NTHJ”) | Investment holding | 100 | 100 |
| | Nuvoton Technology Singapore Pte. Ltd (“NTSG”) | Design, sales and after-sales service of semiconductor | 100 | 100 |
| | Nuvoton Technology Korea Limited (“NTKL”) | Design, sales and after-sales service of semiconductor | 100 | 100 |
| | Nuvoton Technology Germany GmbH (“NTG”) | Customer service and technical support of semiconductor | 100 | 100 |
| NTHK | Nuvoton Technology Corporation Japan (“NTCJ”) (Note 5) | Design, sales and after-sales service of semiconductor | 24 | - |
| | Nuvoton Electronics Technology (Shenzhen) Limited (“NTSZ”) | Computer software service (except I.C. design), wholesale business for computer, supplement and software | 100 | 100 |
| | Nuvoton Electronics Technology (Nanjing) (“NTNJ”) | Provides development of semiconductor and technology, consult service and sales | 100 | 100 |
| MML GLLC | Nuvoton Electronics Technology (Shanghai) Limited (“NTSH”) (Note 1) | Provides projects for sale in China and repairing, testing and consulting of software and leasing business | 100 | 100 |
| | Goldbond LLC (“GLLC”) (Note 2) | Investment holding | - | - |
| NTSH | Nuvoton Electronics Technology (Shanghai) Limited (“NTSH”) (Note 1) | Provides projects for sale in China and repairing, testing and consulting of software and leasing business | - | - |
| | Song Zhi Electronics Technology (Suzhou) (“Song Zhi Suzhou”) (Note 3) | Provide development of semiconductor and technology, consult service and equipment leasing business | - | - |
| NIH | Nuvoton Technology Israel Ltd. (“NTIL”) | Design and service of semiconductor | 100 | 100 |
| NTHJ | Nuvoton Technology Corporation Japan (“NTCJ”) (Note 5) | Design, sales and after-sales service of semiconductor | 76 | 100 |

Note 1: GLLC sold 100% ownership of NTSH to NTHK in May 2024. This equity transaction was deemed as a structure reorganization.

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

Note 3: Song Zhi Suzhou has completed the deregistration and liquidation process in October 2024.

Note 4: MML completed the deregistration and liquidation process in September 2025.

Note 5: In September 2025, NTCJ completed a cash capital increase that was fully subscribed by the Company. As a result, the Company directly acquired a 24% equity interest in NTCJ, and NTHJ’s ownership interest in NTCJ was diluted to 76%.

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gains on bargain purchases. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. The measurement period does not exceed 1 year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity and included in capital surplus - options is not remeasured at the end of the subsequent reporting period and its subsequent settlement is accounted for within equity and transferred to capital surplus - share premiums. Other contingent consideration is remeasured at fair value at the end of subsequent reporting period with any gain or loss recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

Foreign Currencies

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

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

Non-monetary items 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 consolidated financial statements, the assets and liabilities of the Group'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, and 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 Group becomes a party to the contractual provisions of the instruments.

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

a. Financial assets

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

Measurement categories

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

1) Financial asset at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 33 to the consolidated financial statements.

2) Financial assets at amortized cost

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

- a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

3) Investments in equity instruments at FVTOCI

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

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

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

Impairment of financial assets

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

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

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

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

Derecognition of financial assets

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

b. Financial liabilities

1) Subsequent measurement

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

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

2) Derecognition of financial liabilities

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

c. Convertible bonds

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

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

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

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

d. Derivative financial instruments

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

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

Inventories

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

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of profit or loss and other comprehensive income of the associate. The Group recognizes the changes in the Group's share of the equity of associates.

Any excess of the cost of acquisition over the Group's share of net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus and investments accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), recognizing its share of further loss. Additional losses and liabilities are discontinued recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of unrelated parties' interests in the associate.

Property, Plant and Equipment

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

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

Depreciation is recognized using the straight-line method over the following estimated useful life after considering residual values: Buildings 8-20 years, machinery and equipment 3-5 years and other equipment 5 years. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss, and depreciated over 20 years useful life after considering residual values, using the straight-line method. On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

Intangible Assets

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

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

Impairment of Property, Plant and Equipment, Right-of-use Asset, Intangible Assets Other Than Goodwill

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

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

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

Products Guarantee Based on Commitment

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

Guarantee Deposit

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

Carbon Fee Provision

In accordance with the Regulations Governing the Collection of Carbon Fees and related regulations of the ROC, the carbon fee provision is recognized and measured on the basis of the best estimate of the expenditure required to settle the obligation for the current year.

Revenue Recognition

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

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

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

Leases

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

a. The Group as lessor

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

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

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

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

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

b. The Group as lessee

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

Right-of-use assets are 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 Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

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

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

Government Grants

Government grants are not recognized until there is reasonable assurance that the Group 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 Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group 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 Group 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 Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

Taxation

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

a. Current tax

According to the Income Tax 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 in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and it is remeasured at the end of each reporting period and recognized to the extent that it has become probable that there will be future taxable profit.

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

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Group considers the possible impact of inflation, interest rate fluctuations and US reciprocal tariffs on the cash flow projection, growth rates, discount rates, profitability and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis by the management.

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

| | <u>December 31</u> | |
|---|---------------------|---------------------|
| | 2025 | 2024 |
| Cash and deposits in banks | \$ 7,037,511 | \$ 5,628,893 |
| Repurchase agreements collateralized by bonds | <u>165,000</u> | <u>75,000</u> |
| | <u>\$ 7,202,511</u> | <u>\$ 5,703,893</u> |

- a. Please refer to Note 35 to the consolidated financial statements for the amount of refundable deposits pledged to secure land leases and customs tariff obligations.
- b. The Group has time deposits which are not held for the purpose of meeting short-term cash commitments and are reclassified to “other receivables” as follows (Note 10 to the consolidated financial statements):

| | <u>December 31</u> | |
|---------------|--------------------|-----------------|
| | 2025 | 2024 |
| Time deposits | <u>\$ -</u> | <u>\$ 7,662</u> |

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | <u>December 31</u> | |
|--|--------------------|------------------|
| | 2025 | 2024 |
| <u>Financial assets - current</u> | | |
| Held for trading | | |
| Foreign exchange forward contracts | <u>\$ 744</u> | <u>\$ -</u> |
| <u>Financial liabilities - current</u> | | |
| Held for trading | | |
| Foreign exchange forward contracts | <u>\$ 13,297</u> | <u>\$ 38,033</u> |
| <u>Financial liabilities - non-current</u> | | |
| Held for trading | | |
| Redemption and put option of convertible bonds (Note 18) | <u>\$ 10,277</u> | <u>\$ -</u> |

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

| | Currency | Maturity Date | Contract Amount (In Thousands) |
|---------------------------------|-----------------|-----------------------|---|
| <u>December 31, 2025</u> | | | |
| Sell forward exchange contracts | USD/NTD | 2026.01.08-2026.01.29 | USD33,000/NTD1,033,548 |
| | USD/JPY | 2026.01.14-2026.02.13 | USD25,400/JPY3,917,087 |
| <u>December 31, 2024</u> | | | |
| Sell forward exchange contracts | USD/NTD | 2025.01.21-2025.02.21 | USD13,500/NTD436,277 |
| | USD/JPY | 2025.01.14-2025.02.14 | USD27,300/JPY4,149,572 |

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

8. ACCOUNTS RECEIVABLE, NET

| | <u>December 31</u> | |
|--|---------------------|---------------------|
| | <u>2025</u> | <u>2024</u> |
| <u>Accounts receivable (including related parties)</u> | | |
| At amortized cost | | |
| Gross carrying amount | \$ 4,015,823 | \$ 3,650,155 |
| Less: Allowance for impairment loss | <u>(51,734)</u> | <u>(45,886)</u> |
| | <u>\$ 3,964,089</u> | <u>\$ 3,604,269</u> |

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

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

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

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

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

December 31, 2025

| | 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 | \$ 3,992,002 | \$ 23,817 | \$ 4 | \$ - | \$ - | \$ 4,015,823 |
| Loss allowance (lifetime ECL) | <u>(51,258)</u> | <u>(476)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(51,734)</u> |
| Amortized cost | <u>\$ 3,940,744</u> | <u>\$ 23,341</u> | <u>\$ 4</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,964,089</u> |

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 | \$ 3,641,139 | \$ 5,756 | \$ 1,076 | \$ 796 | \$ 1,388 | \$ 3,650,155 |
| Loss allowance (lifetime ECL) | <u>(44,810)</u> | <u>(115)</u> | <u>(108)</u> | <u>(159)</u> | <u>(694)</u> | <u>(45,886)</u> |
| Amortized cost | <u>\$ 3,596,329</u> | <u>\$ 5,641</u> | <u>\$ 968</u> | <u>\$ 637</u> | <u>\$ 694</u> | <u>\$ 3,604,269</u> |

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

| | <u>For the Year Ended December 31</u> | |
|--|---------------------------------------|------------------|
| | <u>2025</u> | <u>2024</u> |
| Balance at January 1 | \$ 45,886 | \$ 43,729 |
| Add: Net remeasurement of loss allowance | 7,221 | 723 |
| Foreign currency exchange gains and losses | <u>(1,373)</u> | <u>1,434</u> |
| Balance at December 31 | <u>\$ 51,734</u> | <u>\$ 45,886</u> |

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

9. FINANCE LEASE RECEIVABLES

| | <u>December 31</u> | |
|------------------------------------|--------------------|------------------|
| | <u>2025</u> | <u>2024</u> |
| <u>Undiscounted lease payments</u> | | |
| Year 1 | \$ - | \$ 22,610 |
| Less: Unearned finance income | <u>-</u> | <u>(104)</u> |
| Finance lease receivables | <u>\$ -</u> | <u>\$ 22,506</u> |
| Current | <u>\$ -</u> | <u>\$ 22,506</u> |

The average lease term of finance lease receivables recognized by the Group from TPSCo. for the lease of property, plant and equipment and intangible assets is three years. The contract has an average implied interest rate of approximately 1.85% per annum. Refer to Note 34 to the consolidated financial statements for details of finance lease contracts.

10. OTHER RECEIVABLES

| | <u>December 31</u> | |
|--------------------------------|--------------------|-------------------|
| | <u>2025</u> | <u>2024</u> |
| Business tax refund receivable | \$ 225,776 | \$ 262,065 |
| Tax refund receivables | 1,628 | 15,047 |
| Time deposits (Note 6) | - | 7,662 |
| Others | <u>91,045</u> | <u>112,734</u> |
| | <u>\$ 318,449</u> | <u>\$ 397,508</u> |

11. INVENTORIES

| | <u>December 31</u> | |
|----------------------------|---------------------|---------------------|
| | <u>2025</u> | <u>2024</u> |
| Raw materials and supplies | \$ 759,583 | \$ 680,038 |
| Work-in-process | 3,723,835 | 4,412,603 |
| Finished goods | 1,725,710 | 1,987,820 |
| Inventories in transit | <u>7,661</u> | <u>45,278</u> |
| | <u>\$ 6,216,789</u> | <u>\$ 7,125,739</u> |

The operating cost for the years ended December 31, 2025 and 2024 was NT\$19,303,523 thousand and NT\$19,826,750 thousand, respectively. The net (losses) gains of inventory write-downs, obsolescence and abandonment of inventories for the years ended December 31, 2025 and 2024 were NT\$35,926 thousand and NT\$18,833 thousand, respectively.

Inventory write-downs for the years ended December 31, 2025 and 2024 were reversed as a result of the elimination of inventories that were recognized in inventory write-downs.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

| | December 31 | |
|---|-------------------|---------------------|
| | 2025 | 2024 |
| Listed shares and emerging market shares | | |
| Nyquest Technology Co., Ltd. | \$ 59,565 | \$ 82,170 |
| Brightek Optoelectronic Co., Ltd. | 1,510 | 1,706 |
| Progress Technologies Group Inc. | 62,658 | - |
| Unlisted shares | | |
| United Industrial Gases Co., Ltd. | 677,600 | 580,800 |
| Yu-Ji Venture Capital Co., Ltd. | 5,480 | 6,517 |
| Autotalks Ltd. - Preferred E. Share | - | 737,663 |
| Allxon Inc. | 56,250 | 56,250 |
| Symetrix Corporation - Preferred A. Share | - | - |
| | <u>\$ 863,063</u> | <u>\$ 1,465,106</u> |

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

In September 2024, The Company executes the Autotalks Ltd. stock warrants conversion to acquire 257 thousand preferred shares and expected to profit through long-term investments. Therefore, it was reclassified from financial assets at fair value through profit or loss to financial assets at fair value through other comprehensive income.

The Company previously held 4,190 thousand preferred shares of Autotalks Ltd. In June 2025, Autotalks Ltd. was acquired by Qualcomm Technologies, Inc., and the Company disposed of its entire shareholding for a total consideration of NT\$164,847 thousand. The related unrealized loss of NT\$462,278 thousand, previously recognized under other equity as financial assets measured at fair value through other comprehensive income was reclassified to retained earnings upon disposal. Furthermore, pursuant to the terms of the acquisition agreement, the Company is entitled to receive contingent consideration should Autotalks Ltd. satisfy certain employee retention or product-related technological milestones.

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 entire equity was disposed of for NT\$30,000 thousand.

In March 2025, NTCJ acquired 256 thousand ordinary shares of Progress Technologies Group Inc. for NT\$111,346 thousand, representing a 3.3% ownership interest.

The Group recognized dividends of NT\$64,736 thousand and NT\$64,294 thousand during 2025 and 2024, respectively.

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Associates

| | <u>December 31</u> | |
|---|---------------------|---------------------|
| | <u>2025</u> | <u>2024</u> |
| Tower Partners Semiconductor Co., Ltd. (“TPSCo.”) | <u>\$ 1,858,891</u> | <u>\$ 1,887,907</u> |

As of December 31, 2025 and 2024, NTCJ has held TPSCo.’s 49,539 shares with a shareholding of 49%.

The investments accounted for using equity method and the shares of profit or loss of these investments for the years ended December 31, 2025 and 2024 were based on the associates’ financial statements audited by independent auditors.

14. PROPERTY, PLANT AND EQUIPMENT

| | <u>December 31</u> | |
|--|---------------------|---------------------|
| | <u>2025</u> | <u>2024</u> |
| Land | \$ 1,667,930 | \$ 1,741,973 |
| Buildings | 1,674,080 | 1,777,681 |
| Machinery and equipment | 2,093,037 | 1,628,182 |
| Other equipment | 336,133 | 322,343 |
| Construction in progress and prepayments for purchase of equipment | <u>64,744</u> | <u>716,504</u> |
| | <u>\$ 5,835,924</u> | <u>\$ 6,186,683</u> |

| | <u>Land</u> | <u>Buildings</u> | <u>Machinery and Equipment</u> | <u>Other Equipment</u> | <u>Construction in Progress and Prepayments for Purchase of Equipment</u> | <u>Total</u> |
|---|---------------------|---------------------|------------------------------------|----------------------------|---|---------------------|
| <u>Cost</u> | | | | | | |
| Balance at January 1, 2025 | \$ 1,741,973 | \$ 19,141,400 | \$ 40,893,571 | \$ 3,080,874 | \$ 716,504 | \$ 65,574,322 |
| Additions | - | 45,718 | 208,387 | 53,586 | 659,155 | 966,846 |
| Disposals | - | (62,576) | (109,442) | (259,080) | - | (431,098) |
| Reclassified | - | 94,935 | 1,085,927 | 162,457 | (1,343,319) | - |
| Effects of foreign currency exchange differences | <u>(74,043)</u> | <u>(665,352)</u> | <u>(1,327,998)</u> | <u>(74,606)</u> | <u>32,404</u> | <u>(2,109,595)</u> |
| Balance at December 31, 2025 | <u>1,667,930</u> | <u>18,554,125</u> | <u>40,750,445</u> | <u>2,963,231</u> | <u>64,744</u> | <u>64,000,475</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | |
| Balance at January 1, 2025 | - | 17,363,719 | 39,265,389 | 2,758,531 | - | 59,387,639 |
| Disposals | - | (62,002) | (108,816) | (257,931) | - | (428,749) |
| Depreciation expense | - | 180,550 | 725,500 | 198,873 | - | 1,104,923 |
| Effects of foreign currency exchange differences | <u>-</u> | <u>(602,222)</u> | <u>(1,224,665)</u> | <u>(72,375)</u> | <u>-</u> | <u>(1,899,262)</u> |
| Balance at December 31, 2025 | <u>-</u> | <u>16,880,045</u> | <u>38,657,408</u> | <u>2,627,098</u> | <u>-</u> | <u>58,164,551</u> |
| Carrying amounts at December 31, 2025 | <u>\$ 1,667,930</u> | <u>\$ 1,674,080</u> | <u>\$ 2,093,037</u> | <u>\$ 336,133</u> | <u>\$ 64,744</u> | <u>\$ 5,835,924</u> |

(Continued)

| | Land | Buildings | Machinery and Equipment | Other Equipment | Construction in Progress and Prepayments for Purchase of Equipment | Total |
|--|---------------------|---------------------|-------------------------|-------------------|--|---------------------|
| <u>Cost</u> | | | | | | |
| Balance at January 1, 2024 | \$ 1,801,369 | \$ 19,481,913 | \$ 44,016,907 | \$ 3,072,159 | \$ 338,900 | \$ 68,711,248 |
| Additions | - | 52,173 | 169,224 | 34,110 | 1,226,162 | 1,481,669 |
| Disposals | - | (72,137) | (2,704,662) | (131,236) | - | (2,908,035) |
| Reclassified | - | 209,953 | 449,712 | 174,433 | (836,024) | (1,926) |
| Effects of foreign currency exchange differences | (59,396) | (530,502) | (1,037,610) | (68,592) | (12,534) | (1,708,634) |
| Balance at December 31, 2024 | <u>1,741,973</u> | <u>19,141,400</u> | <u>40,893,571</u> | <u>3,080,874</u> | <u>716,504</u> | <u>65,574,322</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | |
| Balance at January 1, 2024 | - | 17,741,117 | 42,421,467 | 2,762,967 | - | 62,925,551 |
| Disposals | - | (71,060) | (2,701,207) | (129,705) | - | (2,901,972) |
| Depreciation expense | - | 171,242 | 557,235 | 193,233 | - | 921,710 |
| Effects of foreign currency exchange differences | - | (477,580) | (1,012,106) | (67,964) | - | (1,557,650) |
| Balance at December 31, 2024 | <u>-</u> | <u>17,363,719</u> | <u>39,265,389</u> | <u>2,758,531</u> | <u>-</u> | <u>59,387,639</u> |
| Carrying amounts at December 31, 2024 | <u>\$ 1,741,973</u> | <u>\$ 1,777,681</u> | <u>\$ 1,628,182</u> | <u>\$ 322,343</u> | <u>\$ 716,504</u> | <u>\$ 6,186,683</u> |

(Concluded)

In 2024, the reclassification of property, plant and equipment includes the transfer from construction in progress and prepayments for the purchase of equipment to expenses of resulting in a decrease of NT\$1,926 thousand.

Refer to Note 35 to the consolidated financial statements for the amount of property, plant and equipment pledged as collateral for bank borrowings.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

| | <u>December 31</u> | |
|-------------------------|--------------------|-------------------|
| | <u>2025</u> | <u>2024</u> |
| <u>Carrying amounts</u> | | |
| Land | \$ 79,671 | \$ 107,516 |
| Buildings | 430,895 | 256,023 |
| Machinery and equipment | 88,065 | 103,214 |
| Other equipment | <u>46,673</u> | <u>23,069</u> |
| | <u>\$ 645,304</u> | <u>\$ 489,822</u> |

| | For the Year Ended December 31 | |
|---|---------------------------------------|-------------------|
| | 2025 | 2024 |
| Additions to right-of-use assets | <u>\$ 345,440</u> | <u>\$ 174,560</u> |
| Depreciation for right-of-use assets | | |
| Land | \$ 25,187 | \$ 26,110 |
| Buildings | 130,888 | 125,971 |
| Machinery and equipment | 11,083 | 11,420 |
| Other equipment | <u>20,869</u> | <u>18,943</u> |
| | <u>\$ 188,027</u> | <u>\$ 182,444</u> |
| Income from the subleasing of right-of-use assets (presented in other income) | <u>\$ 8,147</u> | <u>\$ 9,895</u> |

b. Lease liabilities

| | December 31 | |
|-------------------------|--------------------|-------------------|
| | 2025 | 2024 |
| <u>Carrying amounts</u> | | |
| Current | <u>\$ 172,302</u> | <u>\$ 164,023</u> |
| Non-current | <u>\$ 484,248</u> | <u>\$ 337,069</u> |

Range of discount rate for lease liabilities was as follows:

| | December 31 | |
|-------------------------|--------------------|-------------|
| | 2025 | 2024 |
| Land | 1.76%-2.06% | 1.76%-2.06% |
| Buildings | 0.14%-6.53% | 0.14%-7.46% |
| Machinery and equipment | 0.48%-0.80% | 0.48%-0.80% |
| Other equipment | 0.14%-5.23% | 0.14%-5.23% |

For the years ended December 31, 2025 and 2024, the interest expense under lease liabilities amounted to NT\$11,102 thousand and NT\$11,555 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 parcels of land from Taiwan Sugar Corporation under a twenty-year term from October 2014 to September 2034, which is allowed to extend after the expiration of lease. The chairman of the Company is a joint guarantor of such lease (refer to Note 34 to the consolidated financial statements).

The Group leased some of the offices spaces in the United States, China, Israel, India, Korea, Hong Kong and Taiwan, and the lease terms will expire between 2026 and 2032 which can be extended after the expiration of the lease periods.

d. Subleases

The Group subleases its right-of-use assets for buildings under operating leases. The maturity analysis of lease payments receivable under operating subleases is as follows:

| | December 31 | |
|----------------|--------------------|------------------|
| | 2025 | 2024 |
| Year 1 | \$ 6,448 | \$ 7,889 |
| Year 2 | 5,330 | 6,641 |
| Year 3 | - | 4,667 |
| Year 4 | - | - |
| Year 5 | - | - |
| Year 5 onwards | <u>-</u> | <u>-</u> |
| | <u>\$ 11,778</u> | <u>\$ 19,197</u> |

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

e. Other lease information

| | For the Year Ended December 31 | |
|--|---------------------------------------|---------------------|
| | 2025 | 2024 |
| Expenses relating to short-term leases | <u>\$ 68,402</u> | <u>\$ 82,393</u> |
| Total cash outflow for leases | <u>\$ (266,574)</u> | <u>\$ (283,687)</u> |

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

16. INVESTMENT PROPERTIES

| | December 31 | |
|----------------------------|---------------------|---------------------|
| | 2025 | 2024 |
| Investment properties, net | <u>\$ 1,188,544</u> | <u>\$ 1,369,827</u> |

The fair value of investment properties held by the Company was NT\$2,276,354 thousand as of December 31, 2025, of which was assessed by independent qualified professional appraisers was NT\$2,076,354 thousand. The Group's management evaluated the fair value of the remaining investment properties with valuation model commonly used by market participants, and the fair value was measured using Level 3 inputs.

| | For the Year Ended December 31 | |
|---|---------------------------------------|---------------------|
| | 2025 | 2024 |
| <u>Cost</u> | | |
| Balance at January 1 | \$ 6,931,676 | \$ 7,165,730 |
| Effect of foreign currency exchange differences | <u>(295,663)</u> | <u>(234,054)</u> |
| Balance at December 31 | <u>6,636,013</u> | <u>6,931,676</u> |
| <u>Accumulated depreciation and impairment</u> | | |
| Balance at January 1 | 5,561,849 | 5,616,730 |
| Depreciation expense | 127,348 | 130,235 |
| Effect of foreign currency exchange differences | <u>(241,728)</u> | <u>(185,116)</u> |
| Balance at December 31 | <u>5,447,469</u> | <u>5,561,849</u> |
| Carrying amount at December 31 | <u>\$ 1,188,544</u> | <u>\$ 1,369,827</u> |

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

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

| | December 31 | |
|----------------|--------------------|-------------------|
| | 2025 | 2024 |
| Year 1 | \$ 135,025 | \$ 142,541 |
| Year 2 | 132,678 | 140,872 |
| Year 3 | 129,516 | 138,535 |
| Year 4 | 129,516 | 136,042 |
| Year 5 | 129,516 | 135,386 |
| Year 5 onwards | <u>161,895</u> | <u>304,617</u> |
| | <u>\$ 818,146</u> | <u>\$ 997,993</u> |

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

Please refer to Note 35 to the consolidated financial statements for the amount of investment properties pledged as collateral for bank borrowings.

17. INTANGIBLE ASSETS

| | December 31 | |
|---------------------------|--------------------|-------------------|
| | 2025 | 2024 |
| Deferred technical assets | \$ 615,798 | \$ 597,913 |
| Other intangible assets | <u>201,123</u> | <u>171,020</u> |
| | <u>\$ 816,921</u> | <u>\$ 768,933</u> |

| | Deferred Technical Assets | Other Intangible Assets | Total |
|--|--|--|-------------------|
| <u>Cost</u> | | | |
| Balance at January 1, 2025 | \$ 2,651,311 | \$ 1,083,433 | \$ 3,734,744 |
| Additions | 302,781 | 101,441 | 404,222 |
| Disposals | (127,111) | (213,873) | (340,984) |
| Reclassification | 1,670 | - | 1,670 |
| Effects of foreign currency exchange differences | <u>18,750</u> | <u>(12,817)</u> | <u>5,933</u> |
| Balance at December 31, 2025 | <u>2,847,401</u> | <u>958,184</u> | <u>3,805,585</u> |
| <u>Accumulated amortization and impairment</u> | | | |
| Balance at January 1, 2025 | 2,053,398 | 912,413 | 2,965,811 |
| Amortization expense | 268,393 | 66,437 | 334,830 |
| Disposals | (100,629) | (213,793) | (314,422) |
| Effects of foreign currency exchange differences | <u>10,441</u> | <u>(7,996)</u> | <u>2,445</u> |
| Balance at December 31, 2025 | <u>2,231,603</u> | <u>757,061</u> | <u>2,988,664</u> |
| Carrying amounts at December 31, 2025 | <u>\$ 615,798</u> | <u>\$ 201,123</u> | <u>\$ 816,921</u> |
| <u>Cost</u> | | | |
| Balance at January 1, 2024 | \$ 2,125,404 | \$ 1,102,150 | \$ 3,227,554 |
| Additions | 488,218 | 104,619 | 592,837 |
| Disposals | - | (58,296) | (58,296) |
| Reclassification | 34,265 | (34,317) | (52) |
| Effects of foreign currency exchange differences | <u>3,424</u> | <u>(30,723)</u> | <u>(27,299)</u> |
| Balance at December 31, 2024 | <u>2,651,311</u> | <u>1,083,433</u> | <u>3,734,744</u> |
| <u>Accumulated amortization and impairment</u> | | | |
| Balance at January 1, 2024 | 1,767,410 | 909,250 | 2,676,660 |
| Amortization expense | 276,777 | 88,272 | 365,049 |
| Disposals | - | (58,296) | (58,296) |
| Effects of foreign currency exchange differences | <u>9,211</u> | <u>(26,813)</u> | <u>(17,602)</u> |
| Balance at December 31, 2024 | <u>2,053,398</u> | <u>912,413</u> | <u>2,965,811</u> |
| Carrying amounts at December 31, 2024 | <u>\$ 597,913</u> | <u>\$ 171,020</u> | <u>\$ 768,933</u> |

In 2024, the Company received government grants from the Economic Development Administration, part of which was used for the acquisition of intangible assets. For the recognition of government grant income, please refer to Note 30 to the consolidated financial statements.

18. BONDS PAYABLE

| | <u>December 31</u> | |
|----------------------------|---------------------|-------------|
| | <u>2025</u> | <u>2024</u> |
| Overseas convertible bonds | <u>\$ 4,865,294</u> | <u>\$ -</u> |

In November 2024, the Board of Directors resolved to issued the 2024 First Overseas Unsecured Convertible Bonds. On January 21, 2025, the Company publicly offered five-year unsecured zero-coupon convertible bonds on the Singapore Exchange, with a total principal amount of US\$150 million and a denomination of US\$200 thousand per bond. The principal terms of the issuance are as follows:

- a. Bondholders may request the Company to convert the bonds into ordinary shares of the Company at the conversion price of NT\$118.68 per share, at any time the day following three months after the issuance date until ten days prior to the maturity date, or five days prior to the exercise date of the put option or the issuer's call option. The conversion price will be adjusted according to the anti-dilution clause of the 2024 First Overseas Unsecured Convertible Bonds Issuance and Conversion Rules of the Company. The conversion shall be calculated using a fixed exchange rate of US\$1=NT\$32.917, divided by the conversion price per share on the conversion date. Since the Company distributed cash dividends in August 2025, the conversion price should be adjusted according to the issuance and conversion measures, so the conversion price has been adjusted to NT\$118.02 since August 3, 2025.
- b. From the day following three months after the issuance date until the maturity date, if the closing price of the Company's common shares listed on the Taiwan Stock Exchange equals or exceeds 130% of the prevailing conversion price for at least 20 trading days within any 30 consecutive business days, the Company may redeem all outstanding bonds in cash at their principal amount.
- c. On or after the third anniversary of the issuance date, bondholders may request the Company to redeem all or part of their bonds. The repurchase price shall be the principal amount plus interest compensation calculated at an annual rate of 1.55%, compounded semiannually.
- d. Except for the bonds that have been redeemed, repurchased, converted or bought back and cancelled by the Company in the market, all outstanding bonds shall be redeemed at maturity in U.S. dollars at their face value plus a yield calculated at an annual interest rate of 1.55%, compounded semiannually. The redemption amount will be converted into New Taiwan Dollars using the fixed exchange rate of NT\$32.917 to US\$1, and then reconverted into U.S. dollars based on the prevailing exchange rate at the time of redemption.
- e. The effective interest rate of the convertible bonds liability component was 2.29% per annum on initial recognition.

| | |
|---|---------------------|
| Proceeds from issuance (less transaction costs of NT\$54,260 thousand) | \$ 4,883,290 |
| Equity component (less transaction costs of NT\$1,253 thousand) | (112,804) |
| Redemption and put option derivative (recognized as financial liability at fair value through profit or loss) (less transaction costs of NT\$92 thousand) | (8,302) |
| Interest charged at an effective interest rate of 2.29% | <u>103,110</u> |
| Liability component at December 31, 2025 | <u>\$ 4,865,294</u> |

19. BORROWINGS

a. Short-term borrowings

| | December 31 | | | |
|--------------------------------------|---------------|---------------------|---------------|---------------------|
| | 2025 | | 2024 | |
| | Interest Rate | Amount | Interest Rate | Amount |
| <u>Secured borrowings</u> | | | | |
| Chinatrust Commercial Bank Co., Ltd. | | \$ - | 1.55%-1.70% | \$ 1,490,290 |
| Sumitomo Mitsui Banking Corporation | 1.45% | 301,200 | | - |
| <u>Unsecured borrowings</u> | | | | |
| Chinatrust Commercial Bank Co., Ltd. | 1.53% | 1,004,000 | | - |
| Mizuho Bank | 1.48% | 301,200 | 1.17% | 293,860 |
| Sumitomo Mitsui Banking Corporation | | - | 1.18%-1.25% | <u>335,840</u> |
| | | <u>\$ 1,606,400</u> | | <u>\$ 2,119,990</u> |

To repay outstanding debt and enhance working capital, NTCJ entered into a JPY30 billion syndicated loan agreement with banks on May 17, 2021, which include Chinatrust Commercial Bank Co., Ltd. and other banks. The loan in 2024 were guaranteed by the parent company, Winbond Electronics Corporation. Refer to Note 34 to the consolidated financial statements for related information. Pursuant to the loan contract, the Company should hold at least 100% of the issued shares or capital and maintain control over the operation of NTCJ, and NTCJ must maintain the financial debt ratio not to be lower than certain level during the loan period. The aforementioned financial ratio is calculated based on the audited consolidated financial statements.

Refer to Note 35 to the consolidated financial statements for the collateral of the syndicated loan.

b. Long-term borrowings

| | Period | Interest Rate | December 31 | |
|-------------------------------|---------------------------|---------------|-------------|-------------------|
| | | | 2025 | 2024 |
| <u>Unsecured borrowings</u> | | | | |
| The Export-Import Bank of ROC | 2020.08.25- 2027.08.25 | - | \$ - | \$ 857,143 |
| Less: Current portion | | | - | <u>(285,714)</u> |
| | | | <u>\$ -</u> | <u>\$ 571,429</u> |

The proceeds of the Group's unsecured loan was used to acquire Panasonic's semiconductor business in Japan. The Company repaid the loan in full early in September 2025.

20. OTHER PAYABLES

| | <u>December 31</u> | |
|---|---------------------|---------------------|
| | <u>2025</u> | <u>2024</u> |
| Payable for salaries or employee benefits | \$ 777,922 | \$ 835,370 |
| Payable for royalties | 512,662 | 553,494 |
| Payable for purchase of equipment | 258,851 | 278,294 |
| Payable for software | 234,211 | 159,391 |
| Payable for service | 215,970 | 142,310 |
| Payable for maintenance | 120,716 | 122,309 |
| Payable for professional service | 93,516 | 53,927 |
| Payable for utilities | 41,093 | 52,934 |
| Payable for carbon fees | 839 | - |
| Others | <u>1,173,858</u> | <u>1,414,019</u> |
| | <u>\$ 3,429,638</u> | <u>\$ 3,612,048</u> |

21. OTHER CURRENT LIABILITIES

| | <u>December 31</u> | |
|------------------------|---------------------|---------------------|
| | <u>2025</u> | <u>2024</u> |
| Capacity guarantee | \$ 731,052 | \$ 822,052 |
| Receipts in advance | 354,372 | 391,404 |
| Receipts under custody | 99,673 | 143,595 |
| Others | <u>81,570</u> | <u>113,990</u> |
| | <u>\$ 1,266,667</u> | <u>\$ 1,471,041</u> |

Capacity guarantee is used to offset accounts receivable or to refund deposits when contracts expire within one year.

22. PROVISIONS

| | <u>December 31</u> | |
|-----------------------|---------------------|---------------------|
| | <u>2025</u> | <u>2024</u> |
| <u>Non-current</u> | | |
| Employee benefits | \$ 840,728 | \$ 1,093,623 |
| Decommissioning costs | 436,740 | 461,360 |
| Warranties | <u>251,857</u> | <u>315,093</u> |
| | <u>\$ 1,529,325</u> | <u>\$ 1,870,076</u> |

| | De- commissioning Costs | Employee Benefits | Warranties | Total |
|---|--|------------------------------|-------------------|---------------------|
| Balance at January 1, 2025 | \$ 461,360 | \$ 1,093,623 | \$ 315,093 | \$ 1,870,076 |
| Decreased | (4,632) | (213,404) | (58,158) | (276,194) |
| Effects of foreign currency exchange differences | <u>(19,988)</u> | <u>(39,491)</u> | <u>(5,078)</u> | <u>(64,557)</u> |
| Balance at December 31, 2025 | <u>\$ 436,740</u> | <u>\$ 840,728</u> | <u>\$ 251,857</u> | <u>\$ 1,529,325</u> |

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

23. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

The employees of the Group's subsidiaries in the United States, Hong Kong, Israel, Japan, Korea, Singapore and China are members of a state-managed defined contribution plan implemented through the local government. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average of monthly salaries of the 6 months before retirement. In 2025 and 2024, the Company contributed amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee of the Company. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The payables for employee turnover of NTIL are calculated on the basis of the length of service and the last monthly salary under a defined benefit plan.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

| | December 31 | |
|--|--------------------|---------------------|
| | 2025 | 2024 |
| Present value of defined benefit obligation | \$ 2,506,932 | \$ 2,509,414 |
| Fair value of plan assets | <u>(1,580,060)</u> | <u>(1,465,300)</u> |
| Net defined benefit liabilities, non-current | <u>\$ 926,872</u> | <u>\$ 1,044,114</u> |

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

| | Present Value of the Defined Benefit Obligation | Fair Value of the Plan Assets | Net Defined Benefit Liabilities (Assets) |
|---|--|--|---|
| Balance at January 1, 2024 | <u>\$ 2,680,172</u> | <u>\$ (1,309,839)</u> | <u>\$ 1,370,333</u> |
| Service cost | | | |
| Current service cost | 45,058 | - | 45,058 |
| Net interest expense (income) | <u>50,122</u> | <u>(35,674)</u> | <u>14,448</u> |
| Recognized in profit or loss | <u>95,180</u> | <u>(35,674)</u> | <u>59,506</u> |
| Remeasurement | | | |
| Actuarial (gain) loss - the discount rate greater (less) than the realized rate of return | (9) | (61,370) | (61,379) |
| Actuarial (gain) loss - changes in financial assumptions | 39,991 | (54) | 39,937 |
| Actuarial (gain) loss - experience adjustments | <u>58,233</u> | <u>(29,979)</u> | <u>28,254</u> |
| Recognized in other comprehensive income | <u>98,215</u> | <u>(91,403)</u> | <u>6,812</u> |
| Contributions from the employer | - | (66,867) | (66,867) |
| Benefits paid from the plan assets | (362,835) | 76,483 | (286,352) |
| Benefits paid | (3,648) | - | (3,648) |
| Effects of foreign currency exchange differences | <u>2,330</u> | <u>(38,000)</u> | <u>(35,670)</u> |
| Balance at December 31, 2024 | <u>2,509,414</u> | <u>(1,465,300)</u> | <u>1,044,114</u> |
| Service cost | | | |
| Current service cost | 47,092 | - | 47,092 |
| Net interest expense (income) | <u>54,334</u> | <u>(38,858)</u> | <u>15,476</u> |
| Recognized in profit or loss | <u>101,426</u> | <u>(38,858)</u> | <u>62,568</u> |
| Remeasurement | | | |
| Actuarial (gain) loss - the discount rate greater (less) than the realized rate of return | - | (52,387) | (52,387) |
| Actuarial (gain) loss - changes in financial assumptions | 12,916 | (88) | 12,828 |
| Actuarial (gain) loss - Changes in demographic assumptions | 3,351 | - | 3,351 |
| Actuarial (gain) loss - experience adjustments | <u>28,820</u> | <u>(30,887)</u> | <u>(2,067)</u> |
| Recognized in other comprehensive income | <u>45,087</u> | <u>(83,362)</u> | <u>(38,275)</u> |

(Continued)

| | Present Value of the Defined Benefit Obligation | Fair Value of the Plan Assets | Net Defined Benefit Liabilities (Assets) |
|--|--|--|---|
| Contributions from the employer | \$ - | \$ (72,337) | \$ (72,337) |
| Benefits paid from the plan assets | (189,656) | 153,242 | (36,414) |
| Effects of foreign currency exchange differences | <u>(40,661)</u> | <u>73,445</u> | <u>(32,784)</u> |
| Balance at December 31, 2025 | <u>\$ 2,506,932</u> | <u>\$ (1,580,060)</u> | <u>\$ 926,872</u> (Concluded) |

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

| | For the Year Ended December 31 | |
|-------------------------------------|---------------------------------------|------------------|
| | 2025 | 2024 |
| Analysis by function | | |
| Operating cost | \$ 2,266 | \$ 2,380 |
| Selling expenses | 158 | 148 |
| General and administrative expenses | 4,427 | 3,706 |
| Research and development expenses | <u>55,717</u> | <u>53,272</u> |
| | <u>\$ 62,568</u> | <u>\$ 59,506</u> |

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

| | December 31 | |
|-------------------------------------|--------------------|-------------|
| | 2025 | 2024 |
| Discount rate(s) | 1.4%-5.74% | 1.6%-5.94% |
| Expected rate(s) of salary increase | 1.5%-3.5% | 2.0%-3.5% |

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 | |
|-------------------------------------|--------------------|--------------------|
| | 2025 | 2024 |
| Discount rate(s) | | |
| 0.25% increase | <u>\$ (16,229)</u> | <u>\$ (16,618)</u> |
| 0.25% decrease | <u>\$ 19,910</u> | <u>\$ 19,683</u> |
| Expected rate(s) of salary increase | | |
| 0.25% increase | <u>\$ 19,217</u> | <u>\$ 18,959</u> |
| 0.25% decrease | <u>\$ (15,849)</u> | <u>\$ (16,349)</u> |

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

| | December 31 | |
|--|--------------------|------------------|
| | 2025 | 2024 |
| Expected contributions to the plans for the next year | <u>\$ 99,340</u> | <u>\$ 92,848</u> |
| The average duration of the defined benefit obligation | 6.6-11.47 years | 6.7-11.34 years |

24. GUARANTEE DEPOSITS

| | December 31 | |
|--------------------|--------------------|-------------------|
| | 2025 | 2024 |
| Capacity guarantee | \$ - | \$ 185,742 |
| Others | <u>81,329</u> | <u>78,753</u> |
| | <u>\$ 81,329</u> | <u>\$ 264,495</u> |

When the contract expires, the capacity guarantee deposits will be refunded to customers by offsetting related accounts receivable or returned, if the contracts will expire within one year, the capacity guarantee deposits have been reclassified to other current liabilities. Please refer to Note 21 to the consolidated financial statements.

25. EQUITY

a. Share capital

Ordinary shares

| | <u>December 31</u> | |
|---|---------------------|---------------------|
| | <u>2025</u> | <u>2024</u> |
| Shares authorized (in thousands of shares) | <u>800,000</u> | <u>500,000</u> |
| Shares authorized | <u>\$ 8,000,000</u> | <u>\$ 5,000,000</u> |
| Shares issued and fully paid (in thousands of shares) | <u>419,765</u> | <u>419,765</u> |
| Shares issued and fully paid | <u>\$ 4,197,653</u> | <u>\$ 4,197,653</u> |
| Par value (in New Taiwan dollars) | <u>\$ 10</u> | <u>\$ 10</u> |

As of December 31, 2025 and 2024, 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

| | <u>December 31</u> | |
|---|---------------------|---------------------|
| | <u>2025</u> | <u>2024</u> |
| <u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*</u> | | |
| Additional paid-in capital | \$ 5,205,655 | \$ 5,205,655 |
| Conversion of bonds | 1,481,180 | 1,481,180 |
| <u>May only be used to offset a deficit</u> | | |
| Overdue dividends unclaimed | 347 | 120 |
| Changes in percentage of ownership interests in subsidiaries | 299,834 | 310,638 |
| <u>May not be used for any purpose</u> | | |
| Equity component of convertible bonds | <u>112,804</u> | <u>-</u> |
| | <u>\$ 7,099,820</u> | <u>\$ 6,997,593</u> |

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

c. Retained earnings and dividends policy

The shareholders held their regular meeting on May 29, 2020 and resolved the amendments to the Company's dividend distribution policy in the Company's Articles of Incorporation (the "Articles"). Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The board of directors shall be authorized to distribute the profit, the legal reserve, and the capital plus in cash upon resolution by a majority vote at a board meeting attended by two-thirds or more of the directors, and shall report the same to the shareholders' meeting. In principle, not less than 10% of the total shareholders' bonus shall be distributed in the form of cash. For the policies on the distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors in Note 28 to the consolidated financial statements.

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

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.

The appropriation of earnings and dividends per share for 2024 and 2023 were as follows:

| | Appropriation of Earnings | | Dividends Per Share (NT\$) | |
|-----------------|----------------------------------|--------------------------|---------------------------------------|--------------------------|
| | For Year 2024 | For Year 2023 | For Year 2024 | For Year 2023 |
| Legal reserve | \$ 21,254 | \$ 245,951 | | |
| Special reserve | 23,219 | 479,840 | | |
| Cash dividends | <u>167,906</u> | <u>1,259,296</u> | \$0.40 | \$3.00 |
| | <u>\$ 212,379</u> | <u>\$ 1,985,087</u> | | |

Except for the cash dividends were distributed by the Company's board meeting on March 7, 2025 and March 5, 2024, respectively, the rest of the 2024 and 2023 appropriation of earnings were proposed by the Company's board meeting and were resolved by the shareholders regular meeting on May 26, 2025 and May 28, 2024, respectively.

The appropriation of earnings for 2025 was not initiated in the Company's board meeting on February 11, 2026.

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, 2025 and 2024, other comprehensive loss was NT\$398,357 thousand and NT\$61,093 thousand, respectively.
- 2) Unrealized valuation gains (losses) on financial assets at FVTOCI

| | For the Year End December 31 | |
|--|-------------------------------------|-------------------|
| | 2025 | 2024 |
| Balance at January 1 | \$ 403,315 | \$ 365,441 |
| Recognized for the period | (454,793) | 37,874 |
| Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal | <u>462,278</u> | <u>-</u> |
| Balance at December 31 | <u>\$ 410,800</u> | <u>\$ 403,315</u> |

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

26. REVENUE

Please refer to Note 38 to the consolidated financial statements for the Group's revenue.

27. 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 | |
|---|---------------------------------------|-------------------|
| | 2025 | 2024 |
| Current tax | | |
| In respect of the current year | \$ 97,789 | \$ 138,011 |
| Adjustment for prior years' tax | (743) | (1,752) |
| Deferred tax | | |
| In respect of the current year | <u>122,867</u> | <u>43,560</u> |
| Income tax expense recognized in profit or loss | <u>\$ 219,913</u> | <u>\$ 179,819</u> |

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

| | For the Year Ended December 31 | |
|---|---------------------------------------|-------------------|
| | 2025 | 2024 |
| Income tax expense from continuing operations at the statutory rate | \$ (233,497) | \$ 77,493 |
| Tax effect of adjustment item | | |
| Permanent differences | 10,616 | 17,114 |
| Tax-exempt income | (12,940) | (12,851) |
| Others | <u>456,477</u> | <u>138,815</u> |
| Current income tax | 220,656 | 220,571 |
| Unused investment credits | - | (39,000) |
| Adjustment for prior year's income tax | <u>(743)</u> | <u>(1,752)</u> |
| Income tax expense recognized in profit or loss | <u>\$ 219,913</u> | <u>\$ 179,819</u> |

c. Income tax recognized in other comprehensive income

Major components of income tax expense were as follows:

| | For the Year Ended December 31 | |
|---|---------------------------------------|-----------------|
| | 2025 | 2024 |
| Deferred income tax | | |
| In respect of the current year | \$ 82,000 | \$ - |
| Remeasurements of defined benefit plans | <u>(3)</u> | <u>(492)</u> |
| Income tax benefit recognized in other comprehensive income | <u>\$ 81,997</u> | <u>\$ (492)</u> |

d. Current tax assets and liabilities

| | December 31 | |
|------------------------|--------------------|-------------------|
| | 2025 | 2024 |
| Tax refund receivables | <u>\$ 1,628</u> | <u>\$ 15,047</u> |
| Income tax payables | <u>\$ 167,408</u> | <u>\$ 243,168</u> |

d. Deferred tax assets

| | December 31 | |
|--|--------------------|-------------------|
| | 2025 | 2024 |
| Deferred tax assets | | |
| Allowance for inventory valuation and obsolescence loss and others | <u>\$ 140,273</u> | <u>\$ 166,861</u> |

e. Deferred tax liabilities

| | December 31 | |
|--------------------------------------|------------------|------------------|
| | 2025 | 2024 |
| Deferred tax liabilities | | |
| Unrealized valuation gains or losses | <u>\$ 76,652</u> | <u>\$ 62,373</u> |

f. Income tax assessments

The Company's income tax returns through 2023 have been assessed and approved by the tax authorities.

g. 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.

h. Pillar Two Income Tax Act

As of December 31, 2025, the Pillar Two income tax legislation did not have a material impact on the group's income tax expense.

28. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION

| | For the Year Ended December 31 | | | | | | | |
|--------------------------------|----------------------------------|--|--|--------------|----------------------------------|--|--|--------------|
| | 2025 | | | | 2024 | | | |
| | Classified as Operating Costs | Classified as Operating Expenses | Classified as Non-operating Income and Losses | Total | Classified as Operating Costs | Classified as Operating Expenses | Classified as Non-operating Income and Losses | Total |
| Employee benefits expense | | | | | | | | |
| Short-term employment benefits | \$ 1,096,411 | \$ 6,762,292 | \$ - | \$ 7,858,703 | \$ 880,122 | \$ 6,495,829 | \$ - | \$ 7,375,951 |
| Post-employment benefits | 46,799 | 404,409 | - | 451,208 | 42,156 | 449,460 | - | 491,616 |
| Share-based payment | - | - | - | - | 190 | 1,753 | - | 1,943 |
| Depreciation | 821,448 | 471,502 | 127,348 | 1,420,298 | 637,087 | 466,355 | 130,947 | 1,234,389 |
| Amortization | 28,125 | 306,705 | - | 334,830 | 4,829 | 360,220 | - | 365,049 |

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. In accordance with the amendments to the Securities and Exchange Act in August 2024, the shareholders of the Company resolved the amendments to the Company's Articles at their 2025 regular meeting. The amendments explicitly stipulate the allocation of no less than 1% of the net profit before income tax, compensation of employees, and remuneration of directors as employees' compensation. No less than 2% of the above-mentioned employees' compensation shall be distributed to non-executive employees. However, if the Company has accumulated losses, such losses shall first be offset. For the year 2025, there were no estimation for compensation of employees and remuneration of directors due to net loss before tax.

The employees' compensation and remuneration to the directors of 2024 and 2023, which were approved by the Company's board of directors on March 7, 2025 and March 5, 2024, respectively, were as below:

| | For Year 2024 | | For Year 2023 | |
|------------------------------|---------------|---|---------------|---|
| | Amount | % | Amount | % |
| Employees' cash compensation | \$ 25,023 | 6 | \$ 167,459 | 6 |
| Remuneration of directors | 4,170 | 1 | 27,910 | 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, 2024 and 2023.

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

29. EARNINGS (LOSSES) PER SHARE

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

| | For the Year Ended December 31 | | | | |
|---|--|---|--|--|--|
| | 2025 | | 2024 | | |
| | Amounts (Numerator) After Income Tax (Attributable to Owners of the Company) | Shares (Denominator) (In Thousands) | Losses Per Share (NT\$) After Income Tax (Attributable to Owners of the Company) | Amounts (Numerator) After Income Tax (Attributable to Owners of the Company) | Earnings Per Share (NT\$) After Income Tax (Attributable to Owners of the Company) |
| Net (loss) profit for the year | <u>\$ (1,664,644)</u> | | | <u>\$ 219,849</u> | |
| Basic (losses) earnings per share | | | | | |
| Net (loss) profit attributed to owners of the Company | <u>\$ (1,664,644)</u> | <u>419,765</u> | <u>\$ (3.97)</u> | \$ 219,849 | 419,765 |
| Effect of potentially dilutive ordinary shares | | | | | |
| Employees' compensation | | | | - | 511 |
| Diluted earnings per share | | | | | |
| Net profit attributed to owners of the Company | | | | <u>\$ 219,849</u> | <u>420,276</u> |
| | | | | | <u>\$ 0.52</u> |

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

30. 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.

For 2025 and 2024, the Company recognized government grant income, resulting in reductions of NT\$47,517 thousand and NT\$7,781 thousand in research and development expenses, respectively, and reductions of NT\$11,912 thousand and NT\$3,692 thousand in amortization expenses. The changes in deferred income are as follows:

| | <u>For the Year Ended December 31</u> | |
|------------------------|---------------------------------------|------------------|
| | <u>2025</u> | <u>2024</u> |
| Balance at January 1 | \$ 27,942 | \$ - |
| Additions | - | 31,634 |
| Reclassified | (1,670) | - |
| Amortization | <u>(11,912)</u> | <u>(3,692)</u> |
| Balance at December 31 | <u>\$ 14,360</u> | <u>\$ 27,942</u> |

31. SHARE-BASED PAYMENT TRANSACTION ARRANGEMENTS

Winbond Electronics Corporation was approved by the FSC on June 14, 2024 to issue 320,000 thousand shares for its cash capital increase. The board of directors resolved to retain 10% of the issued shares for employees’ subscription, including the Company’s employees. The number of shares retained for employees’ subscriptions was confirmed on August 11, 2024 (the grant date). The fair value of such share options subscribed for by the Company’s employees on the grant date was measured using the Black-Scholes Option Pricing Model and amounted to NT\$1,943 thousand which was 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 |

32. CAPITAL MANAGEMENT

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

33. FINANCIAL INSTRUMENT

a. Categories of financial instruments

| | December 31 | | | |
|--|--------------------|---------------|--------------------|--------------|
| | 2025 | | 2024 | |
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| <u>Financial assets</u> | | | | |
| Financial assets at amortized cost (Note 1) | \$ 11,628,774 | \$ 11,628,774 | \$ 9,870,392 | \$ 9,870,392 |
| Financial assets at FVTPL | | | | |
| Derivative financial assets | 744 | 744 | - | - |
| Financial assets at FVTOCI | | | | |
| Investment in equity instruments | 863,063 | 863,063 | 1,465,106 | 1,465,106 |
| <u>Financial liabilities</u> | | | | |
| Financial liabilities at amortized cost (Note 2) | 12,900,409 | 12,900,409 | 10,172,564 | 10,172,564 |
| Financial liabilities at FVTPL | | | | |
| Derivative financial liabilities | 23,574 | 23,574 | 38,033 | 38,033 |

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

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

b. Fair value information

- 1) Fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value is observable and the significance in its entirety, which are described as follows:
 - a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
 - b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
 - c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- 2) Fair value measurements recognized in the consolidated balance sheets
 - a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed shares and emerging market shares).

- b) The fair value of the financial instruments at fair value through profit or loss is based on Level 2 inputs, either directly or indirectly. The fair value of foreign-currency derivative financial instrument could be determined by reference to the price and discount rate of currency swap quoted by financial institutions. Foreign exchange forward contracts are measured using individual maturity rate to calculate the fair value of each contract.
- c) Domestic unlisted equity instruments at FVTOCI were all measured based on Level 3 fair value. Fair values of such equity instruments were determined using discounted cash flow of income approach and comparable listed company approach, by referring to strike price of similar business in active market, implied value multiple of the price and relevant information. Significant unobservable inputs included P/E ratio, value multiple and market liquidity discount. As the discounted cash flow method was used, the discount rate used for 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 as of December 31, 2024.
- d) The put options and redemption options of the overseas convertible bonds issued by the Company are derivative instruments for which there is no market price available for reference. The Group's assesses the fair value using a binomial tree convertible bond valuation model. The significant unobservable input used is the stock price volatility. As the stock price volatility increases, the fair value of these derivative instruments will change. As of December 31, 2025, the stock price volatility applied was 41.69%.
- 3) Fair value of financial instruments that are not measured at fair value

| | December 31, 2025 | | | |
|--|--------------------------|----------------|----------------|--------------|
| | Level 1 | Level 2 | Level 3 | Total |
| <u>Financial liabilities at amortized cost</u> | | | | |
| Bonds payable | \$ - | \$ - | \$ 4,865,294 | \$ 4,865,294 |

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

| | December 31, 2025 | | | |
|--|--------------------------|----------------|----------------|--------------|
| | Level 1 | Level 2 | Level 3 | Total |
| <u>Financial assets at FVTPL</u> | | | | |
| Derivative financial assets | \$ - | \$ 744 | \$ - | \$ 744 |
| <u>Financial assets at FVTOCI</u> | | | | |
| Domestic and overseas listed shares and emerging market shares | \$ 123,733 | \$ - | \$ - | \$ 123,733 |
| Domestic and overseas unlisted shares | \$ - | \$ - | \$ 739,330 | \$ 739,330 |
| <u>Financial liabilities at FVTPL</u> | | | | |
| Derivative financial liabilities | \$ - | \$ 13,297 | \$ 10,277 | \$ 23,574 |

| | December 31, 2024 | | | |
|---|--------------------------|------------------|---------------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| <u>Financial assets at FVTOCI</u> | | | | |
| Domestic listed shares and emerging market shares | \$ <u>83,876</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>83,876</u> |
| Domestic and overseas unlisted shares | \$ <u>-</u> | \$ <u>-</u> | \$ <u>1,381,230</u> | \$ <u>1,381,230</u> |
| <u>Financial liabilities at FVTPL</u> | | | | |
| Derivative financial liabilities | \$ <u>-</u> | \$ <u>38,033</u> | \$ <u>-</u> | \$ <u>38,033</u> |

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

The financial assets measured at Level 3 fair value were financial assets at FVTPL and equity investments classified as financial assets at FVTOCI. Reconciliations for the years ended December 31, 2025 and 2024 were as follows:

| | For the Year Ended December 31 | |
|--|---------------------------------------|---------------------|
| | 2025 | 2024 |
| Balance at January 1 | \$ 1,381,230 | \$ 1,291,237 |
| Additions | - | 30,000 |
| Disposals | (164,847) | (30,000) |
| Refund of capital reduction | (800) | (450) |
| Recognized in other comprehensive income | (476,253) | 88,081 |
| Recognized in profit or loss | <u>-</u> | <u>2,362</u> |
| Balance at December 31 | <u>\$ 739,330</u> | <u>\$ 1,381,230</u> |

The financial liabilities of the consolidated entity measured at Level 3 fair value refer to the put options and redemption options of overseas convertible bonds, which are classified as fair value through profit or loss. Reconciliations for December 31, 2025 was as follows:

| | For the Year Ended December 31, 2025 |
|------------------------------|---|
| Balance at January 1 | \$ - |
| Additions | 8,302 |
| Recognized in profit or loss | <u>1,975</u> |
| Balance at December 31 | <u>\$ 10,277</u> |

c. Financial risk management objectives and policies

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

1) Market risk

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 37 to the consolidated financial statements.

The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period and assuming an increase in net income and equity if New Taiwan dollars strengthen by 1% against foreign currencies. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be impact on net income (loss) in the amounts of NT\$24,925 thousand decrease (increase) and NT\$12,885 thousand decrease (increase) for the years ended December 31, 2025 and 2024, respectively. The amounts used in the 1% weakening of New Taiwan dollars against the relevant currency did not consider the impact of hedge contracts and hedged item.

b) Interest rate risk

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

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

| | December 31 | |
|------------------------------|--------------------|-------------|
| | 2025 | 2024 |
| Cash flow interest rate risk | | |
| Financial assets | \$ 2,700 | \$ 8,413 |
| Financial liabilities | 1,606,400 | 2,977,133 |

The sensitivity analysis of cash flows based on the Group's exposure to interest rates for fair value of variable-rate non-derivative instruments at the end of the reporting period. If interest rates had been higher by 100 basis points, the Group's cash outflows for the years ended December 31, 2025 and 2024 would have increased by NT\$16,037 thousand and NT\$29,687 thousand, respectively.

2) Credit risk

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

3) Liquidity risk

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

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

| | December 31, 2025 | | | |
|---|--------------------------|-------------------|---------------------|----------------------|
| | Within 1 Year | 1-2 Years | Over 2 Years | Total |
| <u>Non-derivative financial liabilities</u> | | | | |
| Non-interest bearing Lease liabilities | \$ 6,347,386 | \$ 81,329 | \$ - | \$ 6,428,715 |
| Variable interest rate liabilities | 187,277 | 150,460 | 358,924 | 696,661 |
| Fixed interest rate liabilities | 1,606,400 | - | - | 1,606,400 |
| | <u>-</u> | <u>-</u> | <u>5,334,035</u> | <u>5,334,035</u> |
| | <u>\$ 8,141,063</u> | <u>\$ 231,789</u> | <u>\$ 5,692,959</u> | <u>\$ 14,065,811</u> |

Additional information about the maturity analysis of lease liabilities:

| | Less than 2 Years | 2-5 Years | Over 5 Years | Total |
|---|------------------------------|-------------------|---------------------|-------------------|
| <u>Non-derivative financial liabilities</u> | | | | |
| Lease liabilities | <u>\$ 337,737</u> | <u>\$ 269,390</u> | <u>\$ 89,534</u> | <u>\$ 696,661</u> |

| | December 31, 2024 | | | |
|---|--------------------------|-------------------|---------------------|----------------------|
| | Within 1 Year | 1-2 Years | Over 2 Years | Total |
| <u>Non-derivative financial liabilities</u> | | | | |
| Non-interest bearing Lease liabilities | \$ 6,930,936 | \$ 264,495 | \$ - | \$ 7,195,431 |
| Variable interest rate liabilities | 171,074 | 116,028 | 226,984 | 514,086 |
| | <u>2,405,704</u> | <u>285,714</u> | <u>285,715</u> | <u>2,977,133</u> |
| | <u>\$ 9,507,714</u> | <u>\$ 666,237</u> | <u>\$ 512,699</u> | <u>\$ 10,686,650</u> |

Additional information about the maturity analysis of lease liabilities:

| | Less than 2 Years | 2-5 Years | Over 5 Years | Total |
|---|------------------------------|-------------------|---------------------|-------------------|
| <u>Non-derivative financial liabilities</u> | | | | |
| Lease liabilities | <u>\$ 287,102</u> | <u>\$ 132,762</u> | <u>\$ 94,222</u> | <u>\$ 514,086</u> |

34. RELATED PARTIES TRANSACTIONS

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

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

- b. Operating activities

| | <u>For the Year Ended December 31</u> | |
|----------------------------|---------------------------------------|-------------------|
| | <u>2025</u> | <u>2024</u> |
| 1) Operating revenue | | |
| Related party in substance | \$ 69,713 | \$ 103,973 |
| Associate | <u>5,825</u> | <u>3,535</u> |
| | <u>\$ 75,538</u> | <u>\$ 107,508</u> |

Price and terms were determined in accordance with mutual agreements.

| | <u>For the Year Ended December 31</u> | |
|-----------------------|---------------------------------------|---------------------|
| | <u>2025</u> | <u>2024</u> |
| 2) Purchases of goods | | |
| Associate | | |
| TPSCo. | \$ 3,477,494 | \$ 3,745,639 |
| Parent company | <u>211,476</u> | <u>153,423</u> |
| | <u>\$ 3,688,970</u> | <u>\$ 3,899,062</u> |

Price and terms were determined in accordance with mutual agreements.

| | December 31 | |
|----------------------------|--------------------|------------------|
| | 2025 | 2024 |
| 8) Other receivables | | |
| Associate | \$ 17,106 | \$ 43,742 |
| Related party in substance | 1,135 | 1,089 |
| Parent company | <u>-</u> | <u>356</u> |
| | <u>\$ 18,241</u> | <u>\$ 45,187</u> |

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

| | December 31 | |
|--|--------------------|---------------------|
| | 2025 | 2024 |
| 9) Refundable deposits | | |
| Parent company | \$ 3,070 | \$ 1,780 |
| Related party in substance | <u>-</u> | <u>1,722</u> |
| | <u>\$ 3,070</u> | <u>\$ 3,502</u> |
| 10) Accounts payable to related parties | | |
| Related party in substance | | |
| Waltech | \$ 394,461 | \$ 522,313 |
| Associate | | |
| TPSCo. | 411,173 | 497,798 |
| Parent company | <u>37,606</u> | <u>24,872</u> |
| | <u>\$ 843,240</u> | <u>\$ 1,044,983</u> |
| 11) Other payables | | |
| Associate | \$ 230,335 | \$ 285,184 |
| Related party in substance | 3,257 | 190,717 |
| Parent company | <u>75,691</u> | <u>87,691</u> |
| | <u>\$ 309,283</u> | <u>\$ 563,592</u> |
| 12) Other current liabilities - advance receipts | | |
| Nyquest | <u>\$ 98,482</u> | <u>\$ 166,820</u> |
| 13) Guarantee deposits | | |
| Parent company | <u>\$ -</u> | <u>\$ 545</u> |

14) Acquisition of property, plant and equipment

| | Acquisition Price | |
|-----------|---------------------------------------|------------------|
| | For the Year Ended December 31 | |
| | 2025 | 2024 |
| Associate | \$ <u>6,234</u> | \$ <u>45,719</u> |

15) Acquisition of intangible assets

| | Acquisition Price | |
|-----------|---------------------------------------|-------------|
| | For the Year Ended December 31 | |
| | 2025 | 2024 |
| Associate | \$ <u>17,100</u> | \$ <u>-</u> |

16) Disposal of property, plant and equipment

| | Proceeds | | Gain (Loss) on Disposal | |
|-----------|---------------------------------------|---------------|---------------------------------------|---------------|
| | For the Year Ended December 31 | | For the Year Ended December 31 | |
| | 2025 | 2024 | 2025 | 2024 |
| Associate | \$ <u>-</u> | \$ <u>687</u> | \$ <u>-</u> | \$ <u>687</u> |

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

c. Lease arrangements - Group is lessee

| | December 31 | |
|----------------------------|---------------------------------------|---------------------------------------|
| | 2025 | 2024 |
| 1) Lease liabilities | | |
| Related party in substance | \$ 14,809 | \$ 19,827 |
| Associate | 8,423 | 17,430 |
| Parent company | <u>82,827</u> | <u>-</u> |
| | <u>\$ 106,059</u> | <u>\$ 37,257</u> |
| | | |
| | For the Year Ended December 31 | For the Year Ended December 31 |
| | 2025 | 2024 |
| 2) Finance costs | | |
| Related party in substance | \$ 509 | \$ 712 |
| Associate | 198 | 340 |
| Parent company | <u>1,671</u> | <u>51</u> |
| | <u>\$ 2,378</u> | <u>\$ 1,103</u> |

| | <u>For the Year Ended December 31</u> | |
|---------------------------------------|--|------------------|
| | 2025 | 2024 |
| 3) Acquisition of right-of-use assets | | |
| Related party in substance | \$ - | \$ 30,315 |
| Parent company | <u>99,628</u> | <u>-</u> |
| | <u>\$ 99,628</u> | <u>\$ 30,315</u> |

d. Lease arrangements - Group is lessor/sublease arrangements

Sublease arrangements under operating leases

For the years ended December 31, 2025 and 2024, the Group subleases its right-of-use assets to its associate companies WEC, WEHK and TPSCo. under operating leases with lease terms between 1 and 12 years. The rental is based on similar asset's market rental rates and fixed lease payments are received monthly.

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

| Related Party Category | <u>December 31</u> | |
|-------------------------------|---------------------------|------------------|
| | 2025 | 2024 |
| Associate | | |
| TPSCo. | \$ 11,872 | \$ 12,410 |
| Others | 374 | 390 |
| Parent company | <u>-</u> | <u>383</u> |
| | <u>\$ 12,246</u> | <u>\$ 13,183</u> |

2) Future lease payment receivables are as follows:

| Related Party Category | <u>December 31</u> | |
|-------------------------------|---------------------------|-------------------|
| | 2025 | 2024 |
| Associate | | |
| TPSCo. | \$ 809,475 | \$ 981,545 |
| Others | 7,829 | 14,000 |
| Parent company | <u>-</u> | <u>1,247</u> |
| | <u>\$ 817,304</u> | <u>\$ 996,792</u> |

3) Lease income were as follows:

| Related Party Category | <u>For the Year Ended December 31</u> | |
|-------------------------------|--|-------------------|
| | 2025 | 2024 |
| Associate | | |
| TPSCo. | \$ 134,478 | \$ 136,836 |
| Others | 4,465 | 3,815 |
| Parent company | <u>1,625</u> | <u>4,087</u> |
| | <u>\$ 140,568</u> | <u>\$ 144,738</u> |

Lease arrangements under finance leases

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

As of December 31, 2025 and 2024, the balance of finance lease receivables were NT\$0 thousand and NT\$22,506 thousand, respectively, and no impairment loss was recognized for the years ended December 31, 2025 and 2024. There was also no gain (loss) on the disposal of equipment and intangible assets. The amount of interest income under finance leases for the years ended December 31, 2025 and 2024 were NT\$110 thousand and NT\$1,464 thousand, respectively.

e. Endorsements and guarantees

Endorsements and guarantees given by related parties

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

WEC endorsements and guarantees for NTCJ are as follows:

| Related Party Category | December 31 | |
|-------------------------------|---------------------|---------------------|
| | 2025 | 2024 |
| Parent company | | |
| Amount endorsed | <u>\$ 6,024,000</u> | <u>\$ 6,297,000</u> |
| Amount utilized | <u>\$ -</u> | <u>\$ 1,490,290</u> |

f. Compensation of key management personnel

| | For the Year Ended December 31 | |
|------------------------------|---------------------------------------|-------------------|
| | 2025 | 2024 |
| Short-term employee benefits | \$ 167,394 | \$ 163,888 |
| Post-employment benefits | 4,833 | 4,060 |
| Share-based payment | <u>-</u> | <u>1,397</u> |
| | <u>\$ 172,227</u> | <u>\$ 169,345</u> |

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

35. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

| | <u>December 31</u> | |
|--|---------------------|---------------------|
| | <u>2025</u> | <u>2024</u> |
| Land | \$ 954,164 | \$ 997,405 |
| Buildings | 400,349 | 460,863 |
| Investment properties | 275,263 | 290,024 |
| Time deposits (accounted as refundable deposits) | <u>110,615</u> | <u>109,599</u> |
| | <u>\$ 1,740,391</u> | <u>\$ 1,857,891</u> |

36. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE

37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

| | <u>December 31</u> | | | | | |
|------------------------------|--------------------------------------|-----------------------------|--------------------------------------|--------------------------------------|-----------------------------|--------------------------------------|
| | <u>2025</u> | | | <u>2024</u> | | |
| | <u>Foreign Currencies (Thousand)</u> | <u>Exchange Rate (Note)</u> | <u>New Taiwan Dollars (Thousand)</u> | <u>Foreign Currencies (Thousand)</u> | <u>Exchange Rate (Note)</u> | <u>New Taiwan Dollars (Thousand)</u> |
| <u>Financial assets</u> | | | | | | |
| Monetary items | | | | | | |
| USD | \$ 158,261 | 31.430 | \$ 4,974,143 | \$ 126,245 | 32.785 | \$ 4,138,943 |
| ILS | 14,422 | 9.883 | 142,531 | 15,225 | 8.9682 | 136,544 |
| CNY | 4,753 | 4.496 | 21,369 | 5,101 | 4.478 | 22,844 |
| JPY | 510,595 | 0.2008 | 102,528 | 465,294 | 0.2099 | 97,665 |
| EUR | 629 | 36.90 | 23,209 | 995 | 34.14 | 33,979 |
| SGD | 779 | 24.20 | 18,862 | 731 | 24.13 | 17,638 |
| <u>Financial liabilities</u> | | | | | | |
| Monetary items | | | | | | |
| USD | 81,065 | 31.430 | 2,547,870 | 89,809 | 32.785 | 2,944,398 |
| ILS | 19,369 | 9.883 | 191,419 | 16,726 | 8.9682 | 150,001 |
| CNY | 5,152 | 4.496 | 23,162 | 5,415 | 4.478 | 24,247 |
| JPY | 64,902 | 0.2008 | 13,032 | 135,364 | 0.2099 | 28,413 |
| EUR | 345 | 36.90 | 12,742 | 303 | 34.14 | 10,356 |

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

For the years ended December 31, 2025 and 2024, realized and unrealized net foreign exchange gains (losses) were NT\$(350,044) thousand and NT\$87,161 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

38. SEGMENT INFORMATION

a. Basic information about operating segment

1) Classification of operating segments

The Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

a) General IC product segment

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

b) Foundry service segment

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

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

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

b. Segment revenues and operating results

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

| | Segment Revenue | | Segment Profit and Loss | |
|--|----------------------|----------------------|-------------------------|--------------|
| | For the Year Ended | | For the Year Ended | |
| | December 31 | | December 31 | |
| | 2025 | 2024 | 2025 | 2024 |
| General IC products | \$ 28,240,708 | \$ 29,206,855 | \$ 1,846,339 | \$ 2,701,981 |
| Foundry service | 1,656,840 | 2,000,170 | 132,833 | 450,378 |
| Total of segment revenue | 29,897,548 | 31,207,025 | 1,979,172 | 3,152,359 |
| Other revenue | 594,870 | 716,265 | 391,118 | 438,439 |
| Operating revenue | <u>\$ 30,492,418</u> | <u>\$ 31,923,290</u> | 2,370,290 | 3,590,798 |
| Unallocated expenditure | | | | |
| Administrative and supporting expenses | | | (2,353,620) | (2,318,074) |
| Sales and other common expenses | | | (1,244,715) | (1,259,891) |
| Total operating profit | | | (1,228,045) | 12,833 |
| Finance costs | | | (182,238) | (46,435) |
| Share of profit (loss) of associates | | | 50,118 | 112,862 |
| Interest income | | | 211,966 | 168,402 |
| Dividend income | | | 64,736 | 64,294 |
| Other gains and losses | | | 62,007 | 45,352 |
| Gains on disposal of property, plant and equipment | | | 336 | 94,270 |
| Gains on disposal of intangible assets | | | 1,073 | - |

(Continued)

| | Segment Revenue | | Segment Profit and Loss | |
|---|---|-------------|---|----------------------------------|
| | For the Year Ended December 31 | | For the Year Ended December 31 | |
| | 2025 | 2024 | 2025 | 2024 |
| Foreign exchange gains (losses) | | | \$ (350,044) | \$ 87,161 |
| Gains (losses) on financial instruments at fair value through profit or loss | | | <u>(74,640)</u> | <u>(139,071)</u> |
| Profit before (loss) income tax | | | (<u>\$ 1,444,731</u>) | <u>\$ 399,668</u> (Concluded) |

c. Geographical information

The Group operates in three principal geographical area - Asia, America and Europe.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets (non-current assets exclude financial instruments and deferred income tax assets) by location are detailed below.

| | Revenue from External Customers | | Non-current Assets | |
|---------|--|----------------------|---------------------------|----------------------|
| | For the Year Ended December 31 | | December 31 | |
| | 2025 | 2024 | 2025 | 2024 |
| Asia | \$ 29,589,778 | \$ 30,637,228 | \$ 10,507,396 | \$ 10,866,130 |
| America | 376,538 | 475,035 | 35,866 | 52,801 |
| Europe | 526,101 | 808,371 | 274 | 39 |
| Others | <u>1</u> | <u>2,656</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 30,492,418</u> | <u>\$ 31,923,290</u> | <u>\$ 10,543,536</u> | <u>\$ 10,918,970</u> |

d. Information about major customer

Single customers contributing 10% or more to the Group's operating revenue for the years ended December 31, 2025 and 2024 were as follows:

| | For the Year Ended December 31 | | | |
|------------|---------------------------------------|----------|---------------------|----------|
| | 2025 | | 2024 | |
| | Amount | % | Amount | % |
| Customer V | <u>\$ 6,093,546</u> | 20 | <u>\$ 4,669,308</u> | 15 |

39. ADDITIONAL DISCLOSURE

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

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

| | | |
|----|--|---------|
| 1) | Financings provided | Table 1 |
| 2) | Endorsements/guarantees provided | Table 2 |
| 3) | Significant marketable securities held (excluding investments in subsidiaries and associates) | Table 3 |
| 4) | Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital | Table 4 |
| 5) | Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital | Table 5 |
| 6) | Intercompany relationships and Significant intercompany transactions | Table 8 |
| 7) | Information on investments | Table 6 |

b. Information on investment in mainland China

| | | |
|----|--|---------|
| 1) | The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits (losses) of investee, ending balance, amount received as dividends from the investee, and the limitation on investee. | Table 7 |
| 2) | Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports. a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. c) The amount of property transactions and the amount of the resultant gains or losses. d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes. e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds. f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services. | Table 7 |

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

**FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

| No. | Financing Company | Counterparty | Financial Statement Account | Related Party | Maximum Balance for the Period (Note 1) | Ending Balance (Note 1) | Amount Actually Drawn | Interest Rate (%) | Nature of Financing | Transaction Amount | Reasons for Short-term Financing | Allowance for Bad Debt | Collateral | | Financing Limit for Each Borrower (Note 2) | Financing Company's Total Financing Amount Limits (Note 2) |
|-----|-------------------|--------------|--|---------------|---|-------------------------|-----------------------|-------------------|-----------------------------------|--------------------|----------------------------------|------------------------|------------|-------|--|--|
| | | | | | | | | | | | | | Item | Value | | |
| 1 | NTSZ | NTNJ | Other receivables from related parties | Yes | \$ 67,440 | \$ 67,440 | \$ 13,488 | 3 | The need for short-term financing | \$ - | Operating capital | \$ - | - | \$ - | \$ 260,213 | \$ 260,213 |

Note 1: The maximum balance for the period and ending balance represent the amounts approved by the NTSZ Board of Directors.

Note 2: The aggregate amount available for lending to others by NTSZ shall not exceed the net worth of NTSZ nor 40% of the net worth of the company as shown in its latest financial statements, and shall be limited to the lower of the two.

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2025**
(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 | \$ 13,117,836 | \$ 2,619,150 | \$ 2,619,150 | \$ 629,924 | \$ - | 19.97 | \$ 13,117,836 | Y | N | N |

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

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

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

SIGNIFICANT MARKETABLE SECURITIES HELD

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

| Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2025 | | | | Note |
|--------------|--|---|---|-------------------|-----------------|-----------------------------|------------|------|
| | | | | Shares/Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| The Company | <u>Shares</u> United Industrial Gases Co., Ltd. | The held company as the investee's director | Non-current financial assets at fair value through other comprehensive income | 8,800,000 | \$ 677,600 | 4 | \$ 677,600 | |

Note: Significant marketable securities refer to those held by the Company and its investees, for which the fair value of NT\$100 million or more, which are required to be disclosed.

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2025

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

(In Thousands of New Taiwan Dollars and Foreign Currencies)

| Company Name | Related Party | Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/Accounts Payable or Receivable | | Note |
|--------------|---------------|-------------------|---------------------|----------------|------------|-------------------------------|----------------------|---------------|--------------------------------------|------------|------|
| | | | Purchase/Sale | Amount | % of Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % to Total | |
| The Company | NTHK | Subsidiary | Sales | \$ 7,654,629 | 40 | Net 50 days from invoice date | N/A | N/A | \$ 1,259,226 | 48 | |
| | NTCA | Subsidiary | Sales | 152,229 | 1 | Net 50 days from invoice date | N/A | N/A | 33,970 | 1 | |
| | NTSG | Subsidiary | Sales | 293,795 | 2 | Net 8 days end of the month | N/A | N/A | 44,349 | 2 | |
| | NTCJ | Subsidiary | Sales | 909,380 | 5 | Net 8 days end of the month | N/A | N/A | 53,963 | 2 | |
| | NTSG | Subsidiary | Purchases | 390,934 | 5 | Net 8 days end of the month | N/A | N/A | (22,708) | 1 | |
| | NTCJ | Subsidiary | Purchases | 4,631,047 | 54 | Net 8 days end of the month | N/A | N/A | (273,906) | 15 | |
| | WEC | Parent company | Purchases | 179,364 | 2 | Net 30 days from invoice date | N/A | N/A | (37,606) | 2 | |
| NTSG | NTCJ | Fellow subsidiary | Sales | US\$ 58,447 | 54 | Net 10 days end of the month | N/A | N/A | US\$ 4,795 | 45 | |
| | NTHK | Fellow subsidiary | Sales | US\$ 8,251 | 8 | Net 10 days end of the month | N/A | N/A | US\$ 545 | 5 | |
| NTCJ | NTSG | Fellow subsidiary | Sales | JPY 8,916,019 | 12 | Net 10 days end of the month | N/A | N/A | JPY 765,113 | 7 | |
| | NTHK | Fellow subsidiary | Sales | JPY 14,388,986 | 20 | Net 10 days end of the month | N/A | N/A | JPY 1,614,298 | 14 | |
| | TPSCo. | Associate | Purchases | JPY 16,625,541 | 46 | Net 10 days end of the month | N/A | N/A | JPY (2,047,672) | 43 | |

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

DECEMBER 31, 2025

(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 | \$ 1,259,226 (Note 2) | 5.81 | \$ - | - | \$ 559,170 | \$ - |
| NTSG | NTCJ | Fellow subsidiary | US\$ 4,795 (Note 2) | 11.44 | - | - | US\$ 4,795 | - |
| NTCJ | NTSG | Fellow subsidiary | JPY 765,113 (Note 2) | 8.70 | - | - | JPY 765,113 | - |
| | NTHK | Fellow subsidiary | JPY 1,614,298 (Note 2) | 10.15 | - | - | JPY 1,614,298 | - |
| | The Company | Parent company | JPY 1,364,076 (Note 2) | 17.08 | - | - | JPY 1,364,076 | - |
| NTIL | The Company | Parent company | ILS 19,369 (Note 2) | (Note 1) | - | - | ILS 19,369 | - |

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

Note 2: All receivables balances are eliminated.

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2025

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

THE FOLLOWING DISCLOSURE INFORMATION IS ONLY FOR REFERENCE.)

(In Thousands of New Taiwan Dollars)

| Investor Company | Investee Company | Location | Main Businesses and Products | Original Investment Amount | | As of December 31, 2025 | | | Net Income (Loss) of the Investee | Share of Profit (Loss) | Note |
|------------------|------------------|--------------------------|---|----------------------------|-------------------|-------------------------|-----|-----------------|-----------------------------------|------------------------|----------|
| | | | | December 31, 2025 | December 31, 2024 | Number of Shares | % | Carrying Amount | | | |
| The Company | NTHK | Hong Kong | Sales of semiconductor | \$ 427,092 | \$ 427,092 | 107,399,999 | 100 | \$ 942,602 | \$ 105,936 | \$ 105,936 | (Note 3) |
| | MML | British Virgin Islands | Investment holding | - | 274,987 | - | - | - | (7,803) | (7,803) | |
| | NIH | British Virgin Islands | Investment holding | 515,251 | 515,251 | 15,633,161 | 100 | 575,986 | 69,151 | 69,151 | |
| | SYI | Taiwan | Investment holding | 38,500 | 38,500 | 3,850,000 | 100 | 82,582 | 3,855 | 3,855 | |
| | NTIPL | India | Design, sales and service of semiconductor | 30,211 | 30,211 | 600,000 | 100 | 21,127 | 345 | 345 | |
| | NTCA | United States of America | Design, sales and service of semiconductor | 190,862 | 190,862 | 60,500 | 100 | 256,151 | 18,859 | 18,859 | |
| | NTSG | Singapore | Design, sales and service of semiconductor | 1,319,054 | 1,319,054 | 45,100,000 | 100 | 2,342,152 | 202,652 | 202,652 | |
| | NTKL | Korea | Design, sales and service of semiconductor | 67,611 | 67,611 | 280,000 | 100 | 52,493 | 3,766 | 3,766 | |
| | NTHJ | Japan | Investment holding | 5,927,849 | 5,927,849 | 100 | 100 | 5,653,643 | (2,105,056) | (2,105,056) | |
| | NTG | Germany | Customer service and technical support of semiconductor | 67,980 | 67,980 | 2,000,000 | 100 | 73,819 | 1,499 | 1,499 | |
| | NTCJ | Japan | Design, sales and service of semiconductor | 3,067,500 | - | 3,000 | 24 | 2,401,088 | (2,297,156) | (191,974) | |
| NIH | NTIL | Israel | Design and service of semiconductor | 46,905 | 46,905 | 1,000 | 100 | 575,243 | 69,284 | 69,284 | |
| NTHJ | NTCJ | Japan | Design, sales and service of semiconductor | 111,520 | 111,520 | 9,480 | 76 | 5,822,927 | (2,297,156) | (2,105,182) | |
| NTCJ | TPSCo. | Japan | Foundry and sales of semiconductor | 1,708,037 | 1,708,037 | 49,539 | 49 | 1,858,891 | 85,307 | 50,118 | |

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

Note 2: Refer to Table 7 for information on investment in mainland China.

Note 3: MML completed the deregistration and liquidation process in September 2025.

Note 4: In September 2025, NTCJ completed a cash capital injection that was fully subscribed by the Company, resulting in the Company acquiring a 24% equity interest and reducing NTHJ's ownership in NTCJ to 76%.

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2025
(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, 2025 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2025 | % Ownership of Direct or Indirect Investment | Net Income of the Investee | Investment Gain (Note 1) | Carrying Amount as of December 31, 2025 | Accumulated Repatriation of Investment Income as of December 31, 2025 |
|------------------------------------|--|---------------------------|---|---|---------------------|--------|---|--|----------------------------|--------------------------|---|---|
| | | | | | 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 | \$ 68,036 (US\$ 2,000) | \$ - | \$ - | \$ 68,036 (US\$ 2,000) | 100 | \$ 2,237 | \$ 2,237 | \$ 101,296 | \$ - |
| 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 | 3,564 | 3,564 | 253,548 | - |
| 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 2) | - | - | - | 100 | 2,571 | 2,571 | 24,716 | - |

Note 1: Investment profit or loss for the year ended December 31, 2025 was recognized under the basis of the financial statements audited by the Company's auditor.

Note 2: 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, 2025 (Note 3) | Investment Amounts Authorized by Investment Commission, MOEA (Note 3) | Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4) |
|-------------|--|---|--|
| The Company | NT\$282,135 (US\$8,500) | NT\$282,135 (US\$8,500) | NT\$7,870,702 |

Note 3: 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 4: Upper limit on the amount of 60% of the Company's net book value.

3. Refer to Table 8 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. Refer to Table 1 for financing of funds to investee in mainland China directly and indirectly through investing in companies in the third area.
6. Other transactions with significant influence on profit or loss for the period or financial performance: None.

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

| No. | Company Name | Related Party | Nature of Relationship | Transaction Details | | | Percentage of Consolidated Total Gross Sales or Total Assets (%) |
|-----|---------------------|---------------|--|--|--------------|--------------|--|
| | | | | Financial Statement Account | Amount | Terms (Note) | |
| 0 | 2025 The Company | NTHK | Transactions between parent company and subsidiaries | Operating revenue | \$ 7,654,629 | - | 25 |
| | | NTHK | Transactions between parent company and subsidiaries | Accounts receivable due from related parties | 1,259,226 | - | 4 |
| | | NTCA | Transactions between parent company and subsidiaries | Operating revenue | 152,229 | - | - |
| | | NTSG | Transactions between parent company and subsidiaries | Operating revenue | 293,795 | - | 1 |
| | | NTCJ | Transactions between parent company and subsidiaries | Operating revenue | 909,380 | - | 3 |
| | | NTSG | Transactions between parent company and subsidiaries | Operating cost | 390,934 | - | 1 |
| | | NTCJ | Transactions between parent company and subsidiaries | Operating cost | 4,631,047 | - | 15 |
| | | NTCJ | Transactions between parent company and subsidiaries | Accounts payable to related parties | 273,906 | - | 1 |
| | | NTIL | Transactions between parent company and subsidiaries | Operating expense | 1,583,282 | - | 5 |
| | | NTIL | Transactions between parent company and subsidiaries | Other payables to related parties | 191,419 | - | - |
| | | NTCA | Transactions between parent company and subsidiaries | Operating expense | 450,747 | - | 1 |
| 1 | NTCJ | NTSG | Transactions between subsidiaries | Operating revenue | 1,866,390 | - | 6 |
| | | NTSG | Transactions between subsidiaries | Accounts receivable due from related parties | 153,635 | - | 1 |
| | | NTHK | Transactions between subsidiaries | Operating revenue | 2,984,302 | - | 10 |
| | | NTHK | Transactions between subsidiaries | Accounts receivable due from related parties | 324,151 | - | 1 |
| 2 | NTSG | NTCJ | Transactions between subsidiaries | Operating revenue | 1,832,600 | - | 6 |
| | | NTCJ | Transactions between subsidiaries | Accounts receivable due from related parties | 150,699 | - | 1 |
| | | NTHK | Transactions between subsidiaries | Operating revenue | 258,323 | - | 1 |

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

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