

# **Nuvoton Technology Corporation**

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

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Nuvoton Technology Corporation

### Opinion

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2025 and 2024, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

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

### Key Audit Matters

Key audit matter is this matter that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2025. This matter was addressed in the context of our audit of the parent company only 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 Company 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 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 parent company only 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.

### **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence

obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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



Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 11, 2026

Notice to Readers

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

*For the convenience of readers, the independent auditors' report and the accompanying parent company only 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 parent company only financial statements shall prevail.*

# NUVOTON TECHNOLOGY CORPORATION

## PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2025 AND 2024

(In Thousands of New Taiwan Dollars)

ASSETS	2025		2024	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,268,871	10	\$ 966,717	5
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	627	-	-	-
Accounts receivable, net (Notes 4 and 8)	1,196,171	5	924,929	4
Accounts receivable from related parties, net (Notes 4, 8 and 29)	1,415,663	6	1,615,988	7
Other receivables (Note 29)	81,854	-	83,929	1
Inventories (Notes 4 and 9)	3,139,435	14	3,337,492	15
Other current assets	<u>425,301</u>	<u>2</u>	<u>505,771</u>	<u>2</u>
Total current assets	<u>8,527,922</u>	<u>37</u>	<u>7,434,826</u>	<u>34</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 10)	740,840	3	1,382,936	6
Investments accounted for using equity method (Notes 4 and 11)	12,401,643	53	11,785,340	53
Property, plant and equipment (Notes 4 and 12)	920,317	4	847,483	4
Right-of-use assets (Notes 4, 13 and 29)	163,600	1	111,089	-
Intangible assets (Notes 4 and 14)	412,404	2	345,972	2
Deferred tax assets (Notes 4 and 22)	28,275	-	51,000	-
Refundable deposits (Notes 29 and 30)	<u>112,905</u>	<u>-</u>	<u>112,834</u>	<u>1</u>
Total non-current assets	<u>14,779,984</u>	<u>63</u>	<u>14,636,654</u>	<u>66</u>
<b>TOTAL</b>	<u>\$ 23,307,906</u>	<u>100</u>	<u>\$ 22,071,480</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	\$ 4,177	-	\$ 6,316	-
Accounts payable	1,057,573	4	961,157	4
Accounts payable to related parties (Note 29)	728,681	3	858,174	4
Other payables (Notes 17 and 29)	1,848,509	8	1,654,622	8
Current tax liabilities (Notes 4 and 22)	128,061	1	205,098	1
Lease liabilities - current (Notes 4, 13 and 29)	44,864	-	25,801	-
Current portion of long-term borrowings (Note 16)	-	-	285,714	1
Other current liabilities (Note 18)	<u>1,098,458</u>	<u>5</u>	<u>1,234,515</u>	<u>6</u>
Total current liabilities	<u>4,910,323</u>	<u>21</u>	<u>5,231,397</u>	<u>24</u>
<b>NON-CURRENT LIABILITIES</b>				
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 7)	10,277	-	-	-
Bonds payable (Notes 4 and 15)	4,865,294	21	-	-
Long-term borrowings (Note 16)	-	-	571,429	3
Products guarantee based on commitment (Note 4)	101,891	1	101,891	-
Lease liabilities - non-current (Notes 4, 13 and 29)	100,647	-	64,471	-
Net defined benefit liabilities - non-current (Notes 4 and 19)	153,127	1	202,983	1
Guarantee deposits (Notes 4, 20 and 29)	35,085	-	222,846	1
Other non-current liabilities	<u>13,426</u>	<u>-</u>	<u>13,426</u>	<u>-</u>
Total non-current liabilities	<u>5,279,747</u>	<u>23</u>	<u>1,177,046</u>	<u>5</u>
Total liabilities	<u>10,190,070</u>	<u>44</u>	<u>6,408,443</u>	<u>29</u>
<b>EQUITY</b>				
Share capital (Note 21)	4,197,653	18	4,197,653	19
Capital surplus (Note 21)	7,099,820	30	6,997,593	32
Retained earnings (Note 21)				
Legal reserve	1,714,521	8	1,693,267	8
Special reserve	1,214,038	5	1,190,819	5
Unappropriated earnings	496,714	2	2,797,743	13
Exchange differences on translation of financial statements of foreign operations (Notes 4 and 21)	(2,015,710)	(9)	(1,617,353)	(8)
Unrealized gains on financial assets at fair value through other comprehensive income (Notes 4 and 21)	<u>410,800</u>	<u>2</u>	<u>403,315</u>	<u>2</u>
Total equity	<u>13,117,836</u>	<u>56</u>	<u>15,663,037</u>	<u>71</u>
<b>TOTAL</b>	<u>\$ 23,307,906</u>	<u>100</u>	<u>\$ 22,071,480</u>	<u>100</u>

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

# NUVOTON TECHNOLOGY CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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

	2025		2024	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 29)	\$ 18,993,451	100	\$ 19,051,813	100
OPERATING COST (Notes 9 and 29)	<u>12,749,580</u>	<u>67</u>	<u>13,078,484</u>	<u>69</u>
GROSS PROFIT	<u>6,243,871</u>	<u>33</u>	<u>5,973,329</u>	<u>31</u>
OPERATING EXPENSES (Notes 23 and 29)				
Selling expenses	297,094	2	266,819	1
General and administrative expenses	827,298	4	744,112	4
Research and development expenses	4,465,968	24	4,163,189	22
Expected credit loss (gain)	<u>4,553</u>	<u>-</u>	<u>80</u>	<u>-</u>
Total operating expenses	<u>5,594,913</u>	<u>30</u>	<u>5,174,200</u>	<u>27</u>
PROFIT FROM OPERATIONS	<u>648,958</u>	<u>3</u>	<u>799,129</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES (Note 29)				
Finance costs	(117,471)	-	(21,560)	-
Share of (loss) profit of subsidiaries and associates accounted for using equity method	(1,898,770)	(10)	(521,115)	(3)
Interest income	113,803	1	50,308	-
Dividend income	60,842	-	61,621	1
Other gains and losses	16,495	-	22,183	-
Gains (losses) on disposal of property, plant and equipment	1,231	-	(850)	-
Gains on disposal of intangible assets	1,153	-	-	-
Foreign exchange gains (losses)	(339,516)	(2)	51,158	-
Gains (losses) on financial assets at fair value through profit or loss	<u>(35,369)</u>	<u>-</u>	<u>(53,023)</u>	<u>-</u>
Total non-operating income and expenses	<u>(2,197,602)</u>	<u>(11)</u>	<u>(411,278)</u>	<u>(2)</u>
(LOSS) PROFIT BEFORE INCOME TAX	(1,548,644)	(8)	387,851	2
INCOME TAX EXPENSE (Notes 4 and 22)	<u>(116,000)</u>	<u>(1)</u>	<u>(168,002)</u>	<u>(1)</u>
NET (LOSS) PROFIT FOR THE YEAR	<u>(1,664,644)</u>	<u>(9)</u>	<u>219,849</u>	<u>1</u>

(Continued)

# NUVOTON TECHNOLOGY CORPORATION

## PARENT COMPANY ONLY 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)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 19)	\$ 38,256	-	\$ (9,888)	-
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	(476,449)	(2)	88,364	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	(60,328)	-	(47,906)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	82,000	-	-	-
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>(2)</u>	<u>(61,093)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(814,878)</u>	<u>(4)</u>	<u>(30,523)</u>	<u>-</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	<u>\$ (2,479,522)</u>	<u>(13)</u>	<u>\$ 189,326</u>	<u>1</u>
(LOSSES) EARNINGS PER SHARE (Notes 4 and 24)				
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 parent company only financial statements. (Concluded)

# NUVOTON TECHNOLOGY CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	Ordinary Share	Capital Surplus	Retained Earnings			Other Equity		Total Equity
			Legal Reserve	Special Reserve	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	
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 21)								
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 26)	-	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 21)								
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 10)	-	-	-	-	(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 parent company only financial statements.

# NUVOTON TECHNOLOGY CORPORATION

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

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) profit before income tax	\$ (1,548,644)	\$ 387,851
Adjustments for:		
Depreciation expense	257,183	246,956
Amortization expense	177,808	258,086
Expected credit loss recognized on accounts receivable	4,553	80
Finance costs	117,471	21,560
Interest income	(113,803)	(50,308)
Dividend income	(60,842)	(61,621)
Compensation costs of share-based payment transaction	-	1,943
Share of loss (profit) of subsidiaries and associates	1,898,770	521,115
Unrealized (loss) gain	(1,069)	751
(Gains) losses on disposal of property, plant and equipment	(1,231)	850
Gains on disposal of intangible assets	(1,153)	-
Government grants	(59,429)	(11,473)
Changes in operating assets and liabilities		
(Increase) decrease in financial assets at fair value through profit or loss	(791)	12,286
(Increase) decrease in accounts receivable	(376,376)	(477,940)
(Increase) decrease in accounts receivable from related parties	200,325	(24,119)
(Increase) decrease in other receivables	(5,329)	(7,946)
(Increase) decrease in inventories	198,057	(50,662)
(Increase) decrease in other current assets	80,470	(100,328)
Increase (decrease) in accounts payable	96,416	227,478
Increase (decrease) in accounts payable to related parties	(129,493)	(182,297)
Increase (decrease) in other payables	183,314	20,683
Increase (decrease) in other current liabilities	(199,404)	(149,173)
Increase (decrease) in net defined benefit liabilities	(11,600)	(13,556)
Cash flows generated from (used in) operations	<u>705,203</u>	<u>570,216</u>
Interest received	113,054	52,362
Interest paid	(14,772)	(21,651)
Income tax paid	(88,312)	(153,823)
Dividend received	<u>60,842</u>	<u>61,621</u>
Net cash flows generated from (used in) operating activities	<u>776,015</u>	<u>508,725</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	-	(30,000)
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
Acquisition of investments accounted for using equity method	(3,067,500)	(36,783)

(Continued)

# NUVOTON TECHNOLOGY CORPORATION

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

	2025	2024
Dividends received from investments accounted for using equity method	\$ 2,373	\$ 10,134
Proceeds from liquidation of a subsidiary, net	81,634	-
Acquisition of property, plant and equipment	(226,109)	(286,890)
Disposal of property, plant and equipment	1,231	117
Acquisition of intangible assets	(277,692)	(170,570)
Increase in refundable deposits paid	(71)	(2,950)
Government subsidies	<u>54,000</u>	<u>21,000</u>
Net cash flows used in investing activities	<u>(3,266,487)</u>	<u>(465,492)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of long-term borrowings	(857,143)	(142,857)
Repayments of guarantee deposits received	(23,833)	(63,937)
Proceeds from issuance of bonds	4,883,290	-
Repayments of the principal portion of lease liabilities	(41,782)	(44,845)
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>3,792,626</u>	<u>(1,510,935)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,302,154	(1,467,702)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>966,717</u>	<u>2,434,419</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 2,268,871</u>	<u>\$ 966,717</u>

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

# NUVOTON TECHNOLOGY CORPORATION

## NOTES TO PARENT COMPANY ONLY 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 both 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 parent company only financial statements were approved by the 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 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 Company’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 Company can choose to derecognize the financial liability before the settlement date if, and only if, the Company has initiated a payment instruction that resulted in:

- The Company having no practical ability to withdraw, stop or cancel the payment instruction;
- The Company 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 parent company only financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company’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 Company 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 Company 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 Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company 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 Company as a whole, the Company 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 Company 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 Company shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Company 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 parent company only financial statements were authorized for issue, the Company is continuously assessing the other impacts of the above amended standards and interpretations on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Statement of Compliance**

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

##### **Basis of Preparation**

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

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

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

Current assets include:

- a. Assets held primarily for the purpose of trading;
- b. Assets expected to be realized within 12 months after the reporting period; and
- c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- a. Liabilities held primarily for the purpose of trading;
- b. Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- c. Liabilities for which the Company does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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

## **Foreign Currencies**

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

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

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

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

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

## **Cash Equivalents**

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

## **Financial Instruments**

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

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

### **a. Financial assets**

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

#### Measurement categories

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

1) Financial asset at FVTPL

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

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

2) Financial assets at amortized cost

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

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

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

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

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

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

- a) Significant financial difficulty of the issuer or the borrower;
- b) Breach of contract, such as a default;
- c) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- d) The disappearance of an active market for that financial asset because of financial difficulties.

3) Investments in equity instruments at FVTOCI

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

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

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

#### Impairment of financial assets

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

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

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

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

#### Derecognition of financial assets

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

#### b. Financial liabilities

##### 1) Subsequent measurement

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

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

## 2) Derecognition of financial liabilities

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

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

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

## **Inventories**

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

## **Investments Accounted for Using Equity Method**

### Investment in subsidiaries

Subsidiaries are the entities controlled by the Company.

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

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

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

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

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

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

### **Property, Plant and Equipment**

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

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

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

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

### **Intangible Assets**

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

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

### **Impairment of Tangible and Intangible Assets**

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

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

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

### **Products Guarantee Based on Commitment**

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

### **Guarantee Deposit**

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

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

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

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

## **Leases**

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

### **a. The Company as lessor**

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

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

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

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

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

### **b. The Company as lessee**

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

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

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

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

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

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

### **Government Grants**

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

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

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

### **Employee Benefits**

#### **a. Short-term employee benefits**

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

#### **b. Retirement benefits**

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

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

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

## **Taxation**

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

### **a. Current tax**

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

### **b. Deferred tax**

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

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

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

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

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

When developing material accounting estimates, the Company 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>	
	<u>2025</u>	<u>2024</u>
Cash and cash in bank	\$ 2,103,871	\$ 891,717
Repurchase agreements collateralized by bonds	<u>165,000</u>	<u>75,000</u>
	<u>\$ 2,268,871</u>	<u>\$ 966,717</u>

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

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

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Financial assets - current</u>		
Held for trading		
Foreign exchange forward contracts	<u>\$ 627</u>	<u>\$ -</u>
<u>Financial liabilities - current</u>		
Held for trading		
Foreign exchange forward contracts	<u>\$ 4,177</u>	<u>\$ 6,316</u>
<u>Financial liabilities - non-current</u>		
Redemption and put option of convertible bonds (Note 15)	<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:

	<b>Currencies</b>	<b>Maturity Date</b>	<b>Contract Amount (In Thousands)</b>
<u>December 31, 2025</u>			
Sell forward exchange contracts	USD/NTD	2026.01.08-2026.01.29	USD33,000/NTD1,033,548
<u>December 31, 2024</u>			
Sell forward exchange contracts	USD/NTD	2025.01.21-2025.02.21	USD13,500/NTD436,277

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

## 8. ACCOUNTS RECEIVABLE, NET

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Accounts receivable (including related parties)</u>		
At amortized cost		
Gross carrying amount	\$ 2,637,001	\$ 2,561,531
Less: Allowance for impairment loss	<u>(25,167)</u>	<u>(20,614)</u>
	<u>\$ 2,611,834</u>	<u>\$ 2,540,917</u>

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

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

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

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

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

December 31, 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	\$ 2,617,381	\$ 19,616	\$ 4	\$ -	\$ -	\$ 2,637,001
Loss allowance (lifetime ECL)	<u>(24,775)</u>	<u>(392)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,167)</u>
Amortized cost	<u>\$ 2,592,606</u>	<u>\$ 19,224</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,611,834</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	\$ 2,556,897	\$ 1,374	\$ 1,076	\$ 796	\$ 1,388	\$ 2,561,531
Loss allowance (lifetime ECL)	<u>(19,626)</u>	<u>(27)</u>	<u>(108)</u>	<u>(159)</u>	<u>(694)</u>	<u>(20,614)</u>
Amortized cost	<u>\$ 2,537,271</u>	<u>\$ 1,347</u>	<u>\$ 968</u>	<u>\$ 637</u>	<u>\$ 694</u>	<u>\$ 2,540,917</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	\$ 20,614	\$ 20,534
Expected credit loss recognized	<u>4,553</u>	<u>80</u>
Balance at December 31	<u>\$ 25,167</u>	<u>\$ 20,614</u>

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

**9. INVENTORIES**

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Raw materials and supplies	\$ 184,023	\$ 201,776
Work-in-process	1,913,739	2,027,595
Finished goods	1,034,012	1,062,843
Inventories in transit	<u>7,661</u>	<u>45,278</u>
	<u>\$ 3,139,435</u>	<u>\$ 3,337,492</u>

The operating cost for the years ended December 31, 2025 and 2024 was NT\$12,749,580 thousand and NT\$13,078,484 thousand, respectively. The net losses of inventory write-downs, obsolescence and disposal of inventories for the years ended December 31, 2025 and 2024 were NT\$7,510 thousand and NT\$29,927 thousand, respectively.

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

Investments in equity instruments at FVTOCI:

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Listed shares and emerging market shares		
Brightek Optoelectronic Co., Ltd.	\$ 1,510	\$ 1,706
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.	<u>56,250</u>	<u>56,250</u>
	<u>\$ 740,840</u>	<u>\$ 1,382,936</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management decided to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company'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 Company disposed of all its ordinary shares in AionChip Technologies Co., Ltd. for NT\$30,000 thousand.

The Company recognized dividends of NT\$60,842 thousand and NT\$61,621 thousand during 2025 and 2024, respectively.

## 11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Investments in subsidiaries	<u>\$ 12,401,643</u>	<u>\$ 11,785,340</u>

	December 31			
	2025		2024	
	Carrying Value	Percentage of Ownership	Carrying Value	Percentage of Ownership
<u>Non-listed companies</u>				
Marketplace Management Ltd. (“MML”) (Note 1)	\$ -	-	\$ 89,439	100
Nuvoton Technology Corporation America (“NTCA”)	256,151	100	247,427	100
Nuvoton Investment Holding Ltd. (“NIH”)	575,986	100	454,608	100
Nuvoton Electronics Technology (H.K.) Limited (“NTHK”)	942,602	100	853,738	100
Song Yong Investment Corporation (“SYI”)	82,582	100	103,705	100
Nuvoton Technology India Private Ltd. (“NTIPL”)	21,127	100	22,775	100
Nuvoton Technology Holdings Japan (“NTHJ”)	5,653,643	100	7,667,604	100
Nuvoton Technology Corporation Japan (“NTCJ”) (Note 2)	2,401,088	24	-	-
Nuvoton Technology Singapore Pte. Ltd. (“NTSG”)	2,342,152	100	2,229,357	100
Nuvoton Technology Korea Limited (“NTKL”)	52,493	100	49,849	100
Nuvoton Technology Germany GmbH (“NTG”)	<u>73,819</u>	100	<u>66,838</u>	100
	<u>\$ 12,401,643</u>		<u>\$ 11,785,340</u>	

Note 1: MML completed the deregistration and liquidation process in September 2025.

Note 2: 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%.

## 12. PROPERTY, PLANT AND EQUIPMENT

	December 31					
	2025			2024		
Land	\$ 34,120			\$ 34,120		
Buildings	303,079			274,561		
Machinery and equipment	536,416			497,620		
Other equipment	42,367			33,670		
Construction in progress and prepayments for purchase of equipment	<u>4,335</u>			<u>7,512</u>		
	<u>\$ 920,317</u>			<u>\$ 847,483</u>		
				<b>Construction in Progress and Prepayments for Purchase of Equipment</b>		
	<b>Land</b>	<b>Buildings</b>	<b>Machinery and Equipment</b>	<b>Other Equipment</b>		<b>Total</b>
<u>Cost</u>						
Balance at January 1, 2025	\$ 34,120	\$ 3,849,880	\$ 11,689,032	\$ 236,973	\$ 7,512	\$ 15,817,517
Additions	-	45,718	197,981	21,422	20,438	285,559
Disposals	-	(35,820)	(73,401)	(23,549)	-	(132,770)
Reclassified	-	23,503	112	-	(23,615)	-
Balance at December 31, 2025	<u>34,120</u>	<u>3,883,281</u>	<u>11,813,724</u>	<u>234,846</u>	<u>4,335</u>	<u>15,970,306</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments for Purchase of Equipment	Total
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2025	\$ -	\$ 3,575,319	\$ 11,191,412	\$ 203,303	\$ -	\$ 14,970,034
Disposals	-	(35,820)	(73,401)	(23,549)	-	(132,770)
Depreciation expense	-	40,703	159,297	12,725	-	212,725
Balance at December 31, 2025	<u>-</u>	<u>3,580,202</u>	<u>11,277,308</u>	<u>192,479</u>	<u>-</u>	<u>15,049,989</u>
Carrying amounts at December 31, 2025	<u>\$ 34,120</u>	<u>\$ 303,079</u>	<u>\$ 536,416</u>	<u>\$ 42,367</u>	<u>\$ 4,335</u>	<u>\$ 920,317</u>
<u>Cost</u>						
Balance at January 1, 2024	\$ 34,120	\$ 3,787,891	\$ 11,616,705	\$ 226,779	\$ 22,012	\$ 15,687,507
Additions	-	52,174	137,175	10,860	25,299	225,508
Disposals	-	(29,984)	(64,848)	(666)	-	(95,498)
Reclassified	-	39,799	-	-	(39,799)	-
Balance at December 31, 2024	<u>34,120</u>	<u>3,849,880</u>	<u>11,689,032</u>	<u>236,973</u>	<u>7,512</u>	<u>15,817,517</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2024	-	3,569,077	11,101,579	192,234	-	14,862,890
Disposals	-	(29,017)	(64,848)	(666)	-	(94,531)
Depreciation expense	-	35,259	154,681	11,735	-	201,675
Balance at December 31, 2024	<u>-</u>	<u>3,575,319</u>	<u>11,191,412</u>	<u>203,303</u>	<u>-</u>	<u>14,970,034</u>
Carrying amounts at December 31, 2024	<u>\$ 34,120</u>	<u>\$ 274,561</u>	<u>\$ 497,620</u>	<u>\$ 33,670</u>	<u>\$ 7,512</u>	<u>\$ 847,483</u>

(Concluded)

### 13. 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	73,295	734
Other equipment	<u>10,634</u>	<u>2,839</u>
	<u>\$ 163,600</u>	<u>\$ 111,089</u>
<u>For the Year Ended December 31</u>		
	<u>2025</u>	<u>2024</u>
Additions to right-of-use assets	<u>\$ 99,627</u>	<u>\$ 9,674</u>

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Depreciation for right-of-use assets		
Land	\$ 25,187	\$ 26,110
Buildings	16,144	13,475
Other equipment	<u>3,127</u>	<u>5,696</u>
	<u>\$ 44,458</u>	<u>\$ 45,281</u>
Income from the subleasing of right-of-use assets (presented in other income)	<u>\$ 3,742</u>	<u>\$ 6,116</u>
		(Concluded)

b. Lease liabilities

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
<u>Carrying amounts</u>		
Current	<u>\$ 44,864</u>	<u>\$ 25,801</u>
Non-current	<u>\$ 100,647</u>	<u>\$ 64,471</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Land	1.76%-2.06%	1.76%-2.06%
Buildings	1.86%-2.09%	1.86%
Other equipment	0.88%-2.09%	0.88%-1.76%

For the years ended December 31, 2025 and 2024, the interest expense under lease liabilities amounted to NT\$3,033 thousand and NT\$1,845 thousand, respectively.

c. Material lease-in activities and terms

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

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

The Company leased some of the offices part in Taiwan, and the lease terms will expire between 2026 and 2030 which can be extended after the expiration of the lease periods.

d. Subleases

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

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

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Year 1	\$ 2,035	\$ 3,282
Year 2	1,974	1,974
Year 3	-	-
Year 4	-	-
Year 5	-	-
Year 5 onwards	<u>-</u>	<u>-</u>
	<u>\$ 4,009</u>	<u>\$ 5,256</u>

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

e. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Expenses relating to short-term leases	<u>\$ 15,421</u>	<u>\$ 19,751</u>
Total cash outflow for leases	<u>\$ (60,184)</u>	<u>\$ (66,489)</u>

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

#### 14. INTANGIBLE ASSETS

	<b>December 31</b>		
	<b>2025</b>	<b>2024</b>	
Deferred technical assets	\$ 327,817	\$ 304,175	
Other intangible assets	<u>84,587</u>	<u>41,797</u>	
	<u>\$ 412,404</u>	<u>\$ 345,972</u>	
	<b>Deferred Technical Assets</b>	<b>Other Intangible Assets</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2025	\$ 2,072,838	\$ 231,696	\$ 2,304,534
Additions	189,772	67,368	257,140
Disposals	(51,255)	-	(51,255)
Reclassified	<u>1,670</u>	<u>-</u>	<u>1,670</u>
Balance at December 31, 2025	<u>2,213,025</u>	<u>299,064</u>	<u>2,512,089</u>

(Continued)

	<b>Deferred Technical Assets</b>	<b>Other Intangible Assets</b>	<b>Total</b>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2025	\$ 1,768,663	\$ 189,899	\$ 1,958,562
Amortization expense	141,318	24,578	165,896
Disposals	<u>(24,773)</u>	<u>-</u>	<u>(24,773)</u>
Balance at December 31, 2025	<u>1,885,208</u>	<u>214,477</u>	<u>2,099,685</u>
Carrying amounts at December 31, 2025	<u>\$ 327,817</u>	<u>\$ 84,587</u>	<u>\$ 412,404</u>

Cost

Balance at January 1, 2024	\$ 1,844,665	\$ 216,916	\$ 2,061,581
Additions	<u>228,173</u>	<u>14,780</u>	<u>242,953</u>
Balance at December 31, 2024	<u>2,072,838</u>	<u>231,696</u>	<u>2,304,534</u>

Accumulated amortization and impairment

Balance at January 1, 2024	1,569,906	134,262	1,704,168
Amortization expense	<u>198,757</u>	<u>55,637</u>	<u>254,394</u>
Balance at December 31, 2024	<u>1,768,663</u>	<u>189,899</u>	<u>1,958,562</u>

Carrying amounts at December 31, 2024	<u>\$ 304,175</u>	<u>\$ 41,797</u>	<u>\$ 345,972</u> (Concluded)
---------------------------------------	-------------------	------------------	----------------------------------

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 25 to the parent company only financial statements.

## 15. 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>

## 16. BORROWINGS

### 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>-</u>	<u>(285,714)</u>
			<u>\$ -</u>	<u>\$ 571,429</u>

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

## 17. OTHER PAYABLES

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Payable for salaries or employee benefits	\$ 385,933	\$ 446,604
Payable for royalties	369,332	395,165
Payable for software	234,211	159,391
Payable for subsidiaries service fees (Note 29)	219,803	174,737
Payable for service	195,813	119,589
Payable for purchase of equipment	136,720	77,270
Payable for carbon	839	-
Others	<u>305,858</u>	<u>281,866</u>
	<u>\$ 1,848,509</u>	<u>\$ 1,654,622</u>

## 18. OTHER CURRENT LIABILITIES

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Capacity guarantee	\$ 731,052	\$ 822,052
Receipts in advance	356,396	393,407
Receipts under custody	2,965	19,056
Others	<u>8,045</u>	<u>-</u>
	<u>\$ 1,098,458</u>	<u>\$ 1,234,515</u>

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

## 19. RETIREMENT BENEFIT PLANS

### a. Defined contribution plan

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

### b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average of monthly salaries of the 6 months before retirement. In 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 amounts included in the balance sheets in respect of the Company's defined benefit plans are as follows:

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Present value of defined benefit obligation	\$ 910,101	\$ 924,873
Fair value of plan assets	<u>(756,974)</u>	<u>(721,890)</u>
Net defined benefit liabilities	<u>\$ 153,127</u>	<u>\$ 202,983</u>

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

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Asset)</b>
Balance at January 1, 2024	<u>\$ 903,205</u>	<u>\$ (696,554)</u>	<u>\$ 206,651</u>
Service cost			
Current service cost	2,664	-	2,664
Net interest expense (income)	<u>12,213</u>	<u>(9,422)</u>	<u>2,791</u>
Recognized in profit or loss	<u>14,877</u>	<u>(9,422)</u>	<u>5,455</u>
Remeasurement			
Actuarial (gain) loss - the discount rate greater (less) than the realized rate of return	-	(61,370)	(61,370)
Actuarial (gain) loss - changes in financial assumptions	39,361	-	39,361
Actuarial (gain) loss - experience adjustments	<u>31,897</u>	<u>-</u>	<u>31,897</u>
Recognized in other comprehensive income	<u>71,258</u>	<u>(61,370)</u>	<u>9,888</u>
Contributions from the employer	-	(15,363)	(15,363)
Plan asset payments	(60,819)	60,819	-
Benefits paid	<u>(3,648)</u>	<u>-</u>	<u>(3,648)</u>
Balance at December 31, 2024	<u>924,873</u>	<u>(721,890)</u>	<u>202,983</u>
Service cost			
Current service cost	2,350	-	2,350
Net interest expense (income)	<u>14,256</u>	<u>(11,139)</u>	<u>3,117</u>
Recognized in profit or loss	<u>16,606</u>	<u>(11,139)</u>	<u>5,467</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	11,686	-	11,686
Actuarial (gain) loss - demographic assumptions adjustments	3,351	-	3,351
Actuarial (gain) loss - experience adjustments	<u>(906)</u>	<u>-</u>	<u>(906)</u>
Recognized in other comprehensive income	<u>(14,131)</u>	<u>(52,387)</u>	<u>(38,256)</u>
Contributions from the employer	-	(17,067)	(17,067)
Plan asset payments	<u>(45,509)</u>	<u>45,509</u>	<u>-</u>
Balance at December 31, 2025	<u>\$ 910,101</u>	<u>\$ (756,974)</u>	<u>\$ 153,127</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Analysis by function		
Operating cost	\$ 2,266	\$ 2,380
Selling expenses	157	148
General and administrative expenses	546	484
Research and development expenses	<u>2,498</u>	<u>2,443</u>
	<u>\$ 5,467</u>	<u>\$ 5,455</u>

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

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

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

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Discount rate(s)	1.4%	1.6%
Expected rate(s) of salary increase	2.0%-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:

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Discount rate(s)		
0.25% increase	<u>\$ (14,571)</u>	<u>\$ (15,092)</u>
0.25% decrease	<u>\$ 14,948</u>	<u>\$ 15,493</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 14,665</u>	<u>\$ 15,234</u>
0.25% decrease	<u>\$ (14,370)</u>	<u>\$ (14,916)</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.

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Expected contributions to the plans for the next year	<u>\$ 19,614</u>	<u>\$ 16,350</u>
Average duration of the defined benefit obligation	6.6 years	6.7 years

## 20. GUARANTEE DEPOSITS

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Capacity guarantee	\$ -	\$ 185,742
Others	<u>35,085</u>	<u>37,104</u>
	<u>\$ 35,085</u>	<u>\$ 222,846</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 18 to the parent company only financial statements.

## 21. 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 dividend policy

The shareholders held their regular meeting on May 29, 2020 and resolved the amendments to the Company's dividend distribution policy in the Company's Articles of Incorporation (the "Articles"). Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The board of directors shall be authorized to distribute the profit, the legal reserve, and the capital plus in cash upon resolution by a majority vote at a board meeting attended by two-thirds or more of the directors, and shall report the same to the shareholders' meeting. In principle, not less than 10% of the total shareholders' bonus shall be distributed in the form of cash. For the policies on the distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors in Note 23 to the parent company only financial statements.

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

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

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>For Year 2024</u>	<u>For Year 2023</u>	<u>For Year 2024</u>	<u>For Year 2023</u>
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 Company'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

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
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.

## 22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

### a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	<u>For the Year Ended December 31</u>	
	2025	2024
Current tax		
In respect of the current year	\$ 11,275	\$ 120,000
Adjustment for prior years' tax and effects of estimated difference	-	2
Deferred tax		
In respect of the current year	<u>104,725</u>	<u>48,000</u>
Income tax expense recognized in profit or loss	<u>\$ 116,000</u>	<u>\$ 168,002</u>

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

	<u>For the Year Ended December 31</u>	
	2025	2024
Income tax expense from continuing operations at the statutory rate	\$ (310,000)	\$ 77,000
Tax effect of adjustment item		
Permanent differences	9,000	(12,000)
Others	<u>417,000</u>	<u>142,000</u>
Current income tax	116,000	207,000
Unused investment credits	-	(39,000)
Adjustment for prior year's income tax	<u>-</u>	<u>2</u>
Income tax expense recognized in profit or loss	<u>\$ 116,000</u>	<u>\$ 168,002</u>

### c. Income tax recognized in other comprehensive income

Major components of income tax expense were as follows:

	<u>For the Year Ended December 31</u>	
	2025	2024
Deferred income tax		
Change in current year	<u>\$ 82,000</u>	<u>\$ -</u>
Income tax benefit recognized in other comprehensive income	<u>\$ 82,000</u>	<u>\$ -</u>

### d. Current tax liabilities

	<u>December 31</u>	
	2025	2024
Income tax payable	<u>\$ 128,061</u>	<u>\$ 205,098</u>

e. Deferred tax assets

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Deferred tax assets		
Allowance for inventory valuation and obsolescence loss and others	<u>\$ 28,275</u>	<u>\$ 51,000</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.

### 23. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION

	<b>For the Year Ended December 31</b>					
	<b>2025</b>			<b>2024</b>		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits expense						
Short-term employment benefits	\$ 820,038	\$ 1,723,652	\$ 2,543,690	\$ 846,481	\$ 1,649,264	\$ 2,495,745
Post-employment benefits	31,214	67,603	98,817	31,365	65,322	96,687
Remuneration to directors	-	9,000	9,000	-	13,170	13,170
Share-based payment	-	-	-	190	1,753	1,943
Depreciation	166,382	90,801	257,183	156,822	90,134	246,956
Amortization	-	165,896	165,896	-	254,394	254,394

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 of directors for the years ended December 31, 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:

	<b>For the Year Ended December 31</b>			
	<b>2024</b>		<b>2023</b>	
	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 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.

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

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.

## 25. 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 the years ended December 31, 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:

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
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>

## 26. SHARE-BASED PAYMENT 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:

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

## 27. CAPITAL MANAGEMENT

The Company's manages its capital to ensure it maintains the necessary financial resources and operational plan so that it can cope with the next twelve months working capital requirements, capital expenditures, research and development expenses, debt repayments and dividends payments.

## 28. FINANCIAL INSTRUMENT

### a. Categories of financial instruments

	December 31			
	2025		2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial assets</u>				
Financial assets at amortized cost (Note 1)	\$ 5,075,464	\$ 5,075,464	\$ 3,704,397	\$ 3,704,397
Financial assets at FVTPL				
Derivative financial assets	627	627	-	-
Financial assets at FVTOCI				
Investment in equity instruments	740,840	740,840	1,382,936	1,382,936
<u>Financial liabilities</u>				
Financial liabilities at amortized cost (Note 2)	9,266,194	9,266,194	5,375,994	5,375,994
Financial liabilities at FVTPL				
Derivative financial liabilities	4,177	4,177	6,316	6,316

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

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

### b. Fair value information

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

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

2) Fair value measurements recognized in the balance sheets

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

- b) The fair value of the financial instruments at fair value through profit or loss is based on Level 2 inputs, either directly or indirectly. The fair value of foreign-currency derivative financial instrument could be determined by reference to the price and discount rate of currency swap quoted by financial institutions. Foreign exchange forward contracts are measured using individual maturity rate to calculate the fair value of each contract.
- c) Domestic unlisted equity instruments at FVTOCI were all measured based on Level 3 fair value. Fair values of such equity instruments were determined using discounted cash flow of income approach and comparable listed company approach, by referring to strike price of similar business in active market, implied value multiple of the price and relevant information. Significant unobservable inputs included P/E ratio, value multiple and market liquidity discount. As the discounted cash flow method was used, the discount rate used for the lack of marketability was 29%, which increase by 1% while all the other variables are held constant, the fair value of investments will decrease by NT\$10,390 thousand 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

	<b>December 31, 2025</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<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

	<b>December 31, 2025</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTPL</u>				
Derivative financial assets	-	627	-	627
<u>Financial assets at FVTOCI</u>				
Domestic listed shares and emerging market shares	\$ 1,510	\$ -	\$ -	\$ 1,510
Domestic and overseas unlisted shares	\$ -	\$ -	\$ 739,330	\$ 739,330
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities	\$ -	\$ 4,177	\$ 10,277	\$ 14,454

	<b>December 31, 2024</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTOCI</u>				
Domestic listed shares and emerging market shares	<u>\$ 1,706</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,706</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>\$ 6,316</u>	<u>\$ -</u>	<u>\$ 6,316</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:

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Balance at January 1	\$ 1,381,230	\$ 1,291,237
Additions	-	30,000
Disposals	(164,847)	(30,000)
Refund of capital reduction of investments	(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 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:

	<b>For the Year Ended December 31, 2025</b>
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 Company's policies approved by the board of directors, which provide written principles on foreign currency risk, and the use of financial derivatives. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis.

## 1) Market risk

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

### a) Foreign currency risk

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

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 32 to the parent company only 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\$(13,970) thousand decrease (increase) and NT\$5,892 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 Company's interest rate risk arises primarily from floating rate deposits and bank loans.

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

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Cash flow interest rate risk		
Financial assets	\$ -	\$ 5,713
Financial liabilities	-	857,143

The sensitivity analysis of cash flows based on the Company's exposure to interest rates of variable-rate non-derivative instruments at the end of the year showed that if market interest rates had been higher by 100 basis points, the Company's cash outflows for the year ended December 31, 2024 would have increased by NT\$8,514 thousand, respectively.

## 2) Credit risk

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

### 3) Liquidity risk

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

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

	<b>December 31, 2025</b>			<b>Total</b>
	<b>Within 1 Year</b>	<b>1-2 Years</b>	<b>Over 2 Years</b>	
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 4,365,815	\$ 35,085	\$ -	\$ 4,400,900
Lease liabilities	47,932	47,058	57,163	152,153
Fixed interest rate liabilities	-	-	5,334,035	5,334,035
	<u>\$ 4,413,747</u>	<u>\$ 82,143</u>	<u>\$ 5,391,198</u>	<u>\$ 9,887,088</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 2 Years</b>	<b>2-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
<u>Non-derivative financial liabilities</u>				
Lease liabilities	<u>\$ 94,990</u>	<u>\$ 49,861</u>	<u>\$ 7,302</u>	<u>\$ 152,153</u>

	<b>December 31, 2024</b>			<b>Total</b>
	<b>Within 1 Year</b>	<b>1-2 Years</b>	<b>Over 2 Years</b>	
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 4,296,005	\$ 222,846	\$ -	\$ 4,518,851
Lease liabilities	27,648	26,820	39,103	93,571
Variable interest rate liabilities	285,714	571,429	-	857,143
	<u>\$ 4,609,367</u>	<u>\$ 821,095</u>	<u>\$ 39,103</u>	<u>\$ 5,469,565</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 2 Years</b>	<b>2-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
<u>Non-derivative financial liabilities</u>				
Lease liabilities	<u>\$ 54,468</u>	<u>\$ 29,904</u>	<u>\$ 9,199</u>	<u>\$ 93,571</u>

## 29. RELATED PARTY TRANSACTIONS

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

<u>Related Party Name</u>	<u>Relationship with the Company</u>
Winbond Electronics Corporation (“WEC”)	Parent company
Nuvoton Electronics Technology (H.K.) Limited (“NTHK”)	Subsidiary
Nuvoton Electronics Technology (Shenzhen) Limited (“NTSZ”)	Subsidiary
Nuvoton Electronics Technology (Shanghai) Limited (“NTSH”)	Subsidiary
Nuvoton Electronics Technology (Nanjing) Limited (“NTNJ”)	Subsidiary
Nuvoton Technology Corporation America (“NTCA”)	Subsidiary
Nuvoton Technology Israel Ltd. (“NTIL”)	Subsidiary
Song Yong Investment Corporation (“SYI”)	Subsidiary
Nuvoton Technology India Private Limited (“NTIPL”)	Subsidiary
Nuvoton Technology Corporation Japan (“NTCJ”)	Subsidiary
Nuvoton Technology Singapore Pte. Ltd. (NTSG)	Subsidiary
Nuvoton Technology Korea Limited (“NTKL”)	Subsidiary
Nuvoton Technology Germany GmbH (NTG)	Subsidiary
Winbond Electronics Corporation Japan (“WECJ”)	Associate
Miraxia Edge Technology Corporation (METC)	Associate
Winbond Electronics Germany GmbH (“WEG”)	Associate
Callisto Holding Limited	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
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		
Subsidiary		
NTHK	\$ 7,654,629	\$ 8,106,700
Others	1,460,427	1,762,291
Related party in substance	<u>68,438</u>	<u>91,782</u>
	<u>\$ 9,183,494</u>	<u>\$ 9,960,773</u>

Price and terms were determined in accordance with mutual agreements.

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
2) Purchases of goods		
Subsidiary		
NTCJ	\$ 4,631,047	\$ 4,854,218
Others	390,934	527,920
Parent company	179,364	153,423
Related party in substance	<u>101</u>	<u>4,184</u>
	<u>\$ 5,201,446</u>	<u>\$ 5,539,745</u>

Price and terms were determined in accordance with mutual agreements.

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
3) Manufacturing expenses		
Related party in substance		
Waltech	\$ 1,564,434	\$ 1,781,205
Parent company	<u>1,099</u>	<u>1,241</u>
	<u>\$ 1,565,533</u>	<u>\$ 1,782,446</u>
4) Operating expenses		
Subsidiary		
NTIL	\$ 1,583,282	\$ 1,365,330
NTCA	450,747	454,749
Others	57,314	61,496
Parent company	142,879	137,635
Related party in substance	3,809	11,425
Associate	<u>379</u>	<u>6,625</u>
	<u>\$ 2,238,410</u>	<u>\$ 2,037,260</u>
5) Dividend income		
Related party in substance		
United Industrial Gases Co., Ltd.	<u>\$ 59,840</u>	<u>\$ 59,840</u>
6) Other income (loss)		
Parent company	<u>\$ 535</u>	<u>\$ 1,739</u>

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
7) Accounts receivable from related parties		
Subsidiary		
NTHK	\$ 1,259,226	\$ 1,373,695
NTCJ	53,963	112,646
NTCA	33,970	68,706
Others	63,831	60,915
Related party in substance	<u>4,673</u>	<u>26</u>
	<u>\$ 1,415,663</u>	<u>\$ 1,615,988</u>
8) Other receivables		
Subsidiary		
NTCJ	\$ 26,722	\$ 22,595
Others	355	466
Associate	3,236	2,380
Parent company	<u>-</u>	<u>356</u>
	<u>\$ 30,313</u>	<u>\$ 25,797</u>
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
Subsidiary		
NTCJ	273,906	265,019
NTSG	22,708	45,970
Parent company	<u>37,606</u>	<u>24,872</u>
	<u>\$ 728,681</u>	<u>\$ 858,174</u>
11) Other payables		
Subsidiary		
NTIL	\$ 191,419	\$ 150,001
Others	29,365	24,049
Parent company	75,304	80,564
Associate	<u>-</u>	<u>505</u>
	<u>\$ 296,088</u>	<u>\$ 255,119</u>

	<u>December 31</u>	
	2025	2024
12) Other current liabilities - advance receipts		
Nyquest	\$ 98,482	\$ 166,820
13) Guarantee deposits		
Parent company	\$ -	\$ 545
c. Lease arrangements - Company is lessee		

	<u>December 31</u>	
	2025	2024
1) Lease liabilities		
Parent company	\$ 82,827	\$ -
	<b><u>For the Year Ended December 31</u></b>	
	<b>2025</b>	<b>2024</b>
2) Finance costs		
Parent company	\$ 1,671	\$ 51
3) Acquisition of right-of-use assets		
Parent company	\$ 99,628	\$ -
d. Lease arrangements - Company is lessor/sublease arrangements		

Sublease arrangements under operating leases

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

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

	<u>December 31</u>	
	2025	2024
Parent company	\$ -	\$ 383
Subsidiary	<u>5</u>	<u>5</u>
	<u>\$ 5</u>	<u>\$ 388</u>

2) Future lease payment receivables was as follows:

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Parent company	\$ -	\$ 1,247
Subsidiary	<u>60</u>	<u>60</u>
	<u>\$ 60</u>	<u>\$ 1,307</u>

3) Lease income was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Parent company	\$ 1,625	\$ 4,087
Subsidiary	<u>60</u>	<u>60</u>
	<u>\$ 1,685</u>	<u>\$ 4,147</u>

e. Acquisition of financial assets

For the year ended December 31, 2025

<b>Related Party Category</b>	<b>Project</b>	<b>Number of Shares</b>	<b>Target</b>	<b>Amount Obtained</b>
Subsidiary NTCJ	Investments accounted for using equity method	3,000	NTCJ ordinary share	<u>\$ 3,067,500</u>

For the year ended December 31, 2024

<b>Related Party Category</b>	<b>Project</b>	<b>Number of Shares</b>	<b>Target</b>	<b>Amount Obtained</b>
Subsidiary NTKL	Investments accounted for using equity method	155,000	NTKL ordinary share	<u>\$ 36,783</u>

f. Endorsements and guarantees

Endorsements and guarantees provided by the Company

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

For the years ended December 31, 2025 and 2024, the Company will provide endorsement guarantees and property guarantees for NTCJ, for their financing to financial institutions. For details regarding the endorsement and guarantee arrangements for the year ended December 31, 2025, please refer to Table 2.

g. Compensation of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
Short-term employee benefits	\$ 70,670	\$ 74,120
Post-employment benefits	951	860
Share-based payment	<u>-</u>	<u>1,396</u>
	<u>\$ 71,621</u>	<u>\$ 76,376</u>

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

**30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY**

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

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
Time deposits (accounted as refundable deposits)	<u>\$ 108,351</u>	<u>\$ 107,545</u>

**31. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE**

**32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES**

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

	<b>December 31</b>					
	<b>2025</b>			<b>2024</b>		
	<b>Foreign Currencies (Thousand)</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars (Thousand)</b>	<b>Foreign Currencies (Thousand)</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars (Thousand)</b>
<u>Financial assets</u>						
Monetary items						
USD	\$ 101,924	31.43	\$ 3,203,471	\$ 99,810	32.785	\$ 3,272,271
ILS	14,363	9.88	141,906	15,167	8.9682	136,020
JPY	112,525	0.20	22,505	166,362	0.2099	34,919
EUR	617	36.90	22,767	987	34.14	33,694
CNY	4,645	4.50	20,903	4,994	4.478	22,361
Investments accounted for using equity method						
USD	112,660	31.430	3,540,905	102,240	32.785	3,351,938
INR	60,415	0.3497	21,127	59,449	0.3831	22,775
KRW	2,419,037	0.0217	52,493	2,245,444	0.0222	49,849
JPY	40,113,198	0.2008	8,054,731	36,529,795	0.2099	7,667,604
EUR	2,001	36.90	73,819	1,958	34.14	66,838

(Continued)

	December 31					
	2025			2024		
	Foreign Currencies (Thousand)	Exchange Rate	New Taiwan Dollars (Thousand)	Foreign Currencies (Thousand)	Exchange Rate	New Taiwan Dollars (Thousand)
<u>Financial liabilities</u>						
Monetary items						
USD	\$ 57,326	31.43	\$ 1,801,757	\$ 83,392	32.785	\$ 2,734,067
ILS	19,369	9.88	191,419	16,726	8.9682	150,001
JPY	45,732	0.20	9,146	78,726	0.2099	16,525
EUR	302	36.90	11,144	252	34.14	8,610
						(Concluded)

For the years ended December 31, 2025 and 2024, realized and unrealized net foreign exchange (losses) gains were NT\$(339,516) thousand and NT\$51,158 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Company.

### 33. SEGMENT INFORMATION

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

### 34. ADDITIONAL DISCLOSURE

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)	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)	<p>Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports.</p> <p>a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.</p> <p>b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.</p> <p>c) The amount of property transactions and the amount of the resultant gains or losses.</p> <p>d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.</p> <p>e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.</p> <p>f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.</p>	Table 7

**NUVOTON TECHNOLOGY CORPORATION**

**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**

**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**

**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.

**TABLE 4****NUVOTON TECHNOLOGY CORPORATION**

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

**(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**

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

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

**NUVOTON TECHNOLOGY CORPORATION**

**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  
(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	
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**

**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 of the Consolidated Financial Statements for significant transactions with the investee in mainland China directly and indirectly through investing in companies in the third area.
4. Handling endorsement, guarantee and collateral to the investee in Mainland China directly and indirectly through investing in companies in the third area: None.
5. 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

## THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

---

Item	Statement Index	Page
Major Accounting Items in Assets, Liabilities and Equity		
Statement of cash and cash equivalents	1	70
Statement of financial assets at fair value through profit or loss - current	Note 7	29
Statement of accounts receivable	2	71
Statement of other receivables	3	72
Statement of inventories	4	73
Statement of other current assets	5	74
Statement of financial assets at fair value through other comprehensive income - non-current	6	75
Statement of changes in investments accounted for using the equity method	7	76
Statement of changes in property, plant and equipment	Note 12	33
Statement of changes in intangible assets	Note 14	35-36
Statement of deferred tax assets	Note 22	44-45
Statement of changes in right-of-use assets	8	77
Statement of refundable deposits	9	78
Statement of accounts payable	10	79
Statement of other payables	Note 17	38
Statement of other current liabilities	Note 18	38
Statement of guarantee deposits	Note 20	41
Statement of long-term borrowings	Note 16	37-38
Statement of lease liabilities	11	80
Major Accounting Items in Profit or Loss		
Statement of operating revenue	12	81
Statement of operating cost	13	82
Statement of selling expenses	14	83
Statement of general and administrative expenses	15	84
Statement of research and development expenses	16	85
Statement of employee benefits expense, depreciation and amortization by function	17	86

**NUVOTON TECHNOLOGY CORPORATION****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars, Unless Foreign Currencies)**

---

<b>Item</b>	<b>Description</b>	<b>Amount</b>
Cash on hand		\$ 180
	Check accounts	484
	Demand deposits - NT\$	83,100
	Foreign currency deposits - US\$17,750 @31.43	557,892
	Foreign currency deposits - JPY105,083 @0.2008	21,101
	Foreign currency deposits - ILS14,363 @9.883	141,953
	Foreign currency deposits - RMB312 @4.496	1,402
	Foreign currency deposits - EUR617 @36.9	22,759
	Time deposits	1,275,000
Cash equivalents	Repurchase agreements collateralized by bond - expired from January 2, 2026 to January 16, 2026, interest rates at 0.93%-0.97%	<u>165,000</u>
		<u>\$ 2,268,871</u>

**NUVOTON TECHNOLOGY CORPORATION**

**STATEMENT OF ACCOUNTS RECEIVABLE**

**DECEMBER 31, 2025**

**(In Thousands of New Taiwan Dollars)**

---

<b>Client Name</b>	<b>Description</b>	<b>Amount</b>
Client V	Third parties, sales payments	\$ 701,996
Client C	Third parties, sales payments	118,919
Client S	Third parties, sales payments	66,283
Others (Note)	Third parties, sales payments	616,838
Less: Allowance for return and rebate		(282,698)
Less: Loss allowance		<u>(25,167)</u>
		<u>\$ 1,196,171</u>

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

**NUVOTON TECHNOLOGY CORPORATION**

**STATEMENT OF OTHER RECEIVABLES**

**DECEMBER 31, 2025**

**(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Amount</b>
Business tax refund receivable	\$ 36,833
Receivables from related parties	30,313
Grants receivable - government	10,262
Others (Note)	<u>4,446</u>
	<u>\$ 81,854</u>

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

**NUVOTON TECHNOLOGY CORPORATION****STATEMENT OF INVENTORIES****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars)**

<b>Item</b>	<b>Amount</b>	
	<b>Cost</b>	<b>Net Realized Value</b>
Raw materials and supplies	\$ 288,386	\$ 184,023
Work-in-process	2,176,452	1,913,739
Finished goods	1,259,049	1,034,012
Inventory in-transit	7,661	7,661
Less: Allowance for inventory valuation and obsolescence losses	<u>(592,113)</u>	<u>-</u>
	<u>\$ 3,139,435</u>	<u>\$ 3,139,435</u>

**NUVOTON TECHNOLOGY CORPORATION**

**STATEMENT OF OTHER CURRENT ASSETS**

**DECEMBER 31, 2025**

**(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Amount</b>
Prepaid expenses for software	\$ 194,890
Prepaid expenses for mask	98,091
Prepayments to suppliers	57,854
Prepaid expenses for bonus	16,726
Others (Note)	<u>57,740</u>
	<u>\$ 425,301</u>

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

**NUVOTON TECHNOLOGY CORPORATION**

**STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(In Thousands of New Taiwan Dollars)**

Name of Securities	As of January 1, 2025		Increase		Decrease		As of December 31, 2025		Collateral
	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	
Listed shares and emerging market shares									
Brightek Optoelectronic Co., Ltd.	34,680	\$ 1,706	-	\$ -	-	\$ 196 (Note 1)	34,680	\$ 1,510	None
Unlisted shares									
United Industrial Gases Co., Ltd.	8,800,000	580,800	-	96,800 (Note 1)	-	-	8,800,000	677,600	"
Yu-Ji Venture Capital Co., Ltd.	330,000	6,517	-	-	80,000	1,037 (Note 2)	250,000	5,480	"
Autotalks Ltd.	4,189,825	737,663	-	-	4,189,825	737,663 (Note 3)	-	-	"
Allxon Inc.	5,625,000	56,250	-	-	-	-	5,625,000	56,250	"
		<u>1,381,230</u>		<u>96,800</u>		<u>738,700</u>		<u>739,330</u>	
		<u>\$ 1,382,936</u>		<u>\$ 96,800</u>		<u>\$ 738,896</u>		<u>\$ 740,840</u>	

Note 1: Unrealized fair value measurement.

Note 2: Capital reduction of investments of NT\$800 thousand and unrealized losses of NT\$237 thousand.

Note 3: 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.

**NUVOTON TECHNOLOGY CORPORATION**

**STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2025**

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

Name	Balance at January 1, 2025		Increase		Decrease		Balance at December 31, 2025			Market Value or Net Assets Value	Collateral
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	%	Amount		
Nuvoton Electronics Technology (H.K.) Limited	107,400,000	\$ 853,738	-	\$ 88,864	1	\$ -	107,399,999	100	\$ 942,602	\$ 942,602	None
Marketplace Management Ltd. (Note)	8,897,789	89,439	-	-	8,897,789	89,439	-	-	-	-	"
Nuvoton Technology Corporation America	60,500	247,427	-	8,724	-	-	60,500	100	256,151	256,151	"
Nuvoton Investment Holding Ltd.	15,633,361	454,608	-	121,378	-	-	15,633,361	100	575,986	575,986	"
Song Yong Investment Corporation	3,850,000	103,705	-	3,855	-	24,978	3,850,000	100	82,582	82,582	"
Nuvoton Technology India Private Limited	600,000	22,775	-	-	-	1,648	600,000	100	21,127	21,127	"
Nuvoton Technology Holdings Japan	100	7,667,604	-	-	-	2,013,961	100	100	5,653,643	5,653,643	"
Nuvoton Technology Korea Limited	280,000	49,849	-	2,644	-	-	280,000	100	52,493	52,493	"
Nuvoton Technology Singapore Pte. Ltd.	45,100,000	2,229,357	-	112,795	-	-	45,100,000	100	2,342,152	2,342,152	"
Nuvoton Technology Germany GmbH	2,000,000	66,838	-	6,981	-	-	2,000,000	100	73,819	73,819	"
Nuvoton Technology Corporation Japan	-	-	3,000	2,401,088	-	-	3,000	24	2,401,088	2,401,088	"
		<u>\$ 11,785,340</u>		<u>\$ 2,746,329</u>		<u>\$ 2,130,026</u>			<u>\$ 12,401,643</u>	<u>\$ 12,401,643</u>	

Note: The company completed the cancellation and liquidation procedures in September 2025.

## NUVOTON TECHNOLOGY CORPORATION

### STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS FOR THE YEAR ENDED DECEMBER 31, 2025 (In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2025	Addition	Deduction	Balance at December 31, 2025
Cost				
Land	\$ 259,803	\$ -	\$ 2,658	\$ 257,145
Buildings	59,978	88,705	59,140	89,543
Other equipment	<u>28,528</u>	<u>10,922</u>	<u>13,992</u>	<u>25,458</u>
	<u>\$ 348,309</u>	<u>\$ 99,627</u>	<u>\$ 75,790</u>	<u>\$ 372,146</u>
Accumulated depreciation				
Land	\$ 152,287	\$ 25,187	\$ -	\$ 177,474
Buildings	59,244	16,144	59,140	16,248
Other equipment	<u>25,689</u>	<u>3,127</u>	<u>13,992</u>	<u>14,824</u>
	<u>\$ 237,220</u>	<u>\$ 44,458</u>	<u>\$ 73,132</u>	<u>\$ 208,546</u>
Carrying amount	<u>\$ 111,089</u>			<u>\$ 163,600</u>

**NUVOTON TECHNOLOGY CORPORATION**

**STATEMENT OF REFUNDABLE DEPOSITS**

**DECEMBER 31, 2025**

**(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Description</b>	<b>Amount</b>
Pledged time deposits	Land leases and customs tariff obligations deposit	\$ 108,351
Refundable deposits	Lease deposit	<u>4,554</u>
		<u>\$ 112,905</u>

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

**NUVOTON TECHNOLOGY CORPORATION**

**STATEMENT OF ACCOUNTS PAYABLE**

**DECEMBER 31, 2025**

**(In Thousands of New Taiwan Dollars)**

---

<b>Vender Name</b>	<b>Description</b>	<b>Amount</b>
Vendor G	Third parties, payment for goods	\$ 279,031
Vendor E	"	256,901
Vendor A	"	129,422
Vendor I	"	93,027
Others (Note)		<u>299,192</u>
		<u>\$ 1,057,573</u>

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

**NUVOTON TECHNOLOGY CORPORATION**

**STATEMENT OF LEASE LIABILITIES**

**DECEMBER 31, 2025**

**(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Description</b>	<b>Lease Term</b>	<b>Discount Rate (%)</b>	<b>Balance, End of Year</b>	<b>Note</b>
Land	Science Park Administration and Taiwan Sugar Corporation	2019/01/01-2034/09/30	1.76-2.06	\$ 60,600	
Buildings	Office and Science Park dormitory	2024/10/01-2030/04/30	1.86-2.09	74,172	
Other equipment	Company cars and parking lot	2022/04/14-2030/04/30	0.88-2.09	<u>10,739</u>	
				<u>\$145,511</u>	

**NUVOTON TECHNOLOGY CORPORATION**

**STATEMENT OF OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Quantity</b>	<b>Amount</b>
General IC products	1,637,901 thousand pieces of die	\$ 17,248,215
Foundry service	420 thousand pieces of chip	1,656,840
Others		<u>88,396</u>
		<u>\$ 18,993,451</u>

**NUVOTON TECHNOLOGY CORPORATION****STATEMENT OF OPERATING COST  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Amount</b>
Raw materials, beginning of year	\$ 302,450
Add: Raw material purchased	6,440,922
Less: Transferred to manufacturing expenses, operating expenses and others	(308,300)
Scrapped	(5,300)
Raw materials, end of year	<u>(288,386)</u>
Raw materials used	6,141,386
Direct labor	226,432
Manufacturing expenses	<u>5,015,676</u>
Manufacturing cost	11,383,494
Add: Work-in process, beginning of year	2,339,219
Transferred to manufacturing expenses, operating expenses and others	7,245
Less: Scrapped	(13,286)
Work-in-process, end of year	<u>(2,176,452)</u>
Cost of finished goods	11,540,220
Add: Finished goods, beginning of year	1,273,412
Finished goods purchased	1,043,502
Less: Transferred to manufacturing expenses, operating expenses	(45,469)
Scrapped	(22,143)
Finished goods, end of year	(1,259,049)
Add: Other operating costs	211,597
Loss on the reduction of inventory to LCM and obsolescence	(30,754)
Scrap loss	40,729
Sales of scrap and waste	<u>(2,465)</u>
	<u>\$ 12,749,580</u>

**NUVOTON TECHNOLOGY CORPORATION**

**STATEMENT OF SELLING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2025  
(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Amount</b>
Subsidiaries service fee	\$ 97,843
Payroll expense	73,509
Commission	45,421
Import and export fee	25,487
Travel expenses	18,175
Others (Note)	<u>36,659</u>
	<u>\$ 297,094</u>

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

**NUVOTON TECHNOLOGY CORPORATION**

**STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Amount</b>
Payroll expense	\$ 262,826
Subsidiaries service fee	156,230
Computer system	61,404
Amortization	57,674
Professional service fee	45,084
Others (Note)	<u>244,080</u>
	<u>\$ 827,298</u>

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

**NUVOTON TECHNOLOGY CORPORATION****STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Amount</b>
Subsidiaries service fee	\$ 1,877,542
Payroll expense	1,279,874
Materials for research and development	361,552
Computer system	297,061
Others (Note)	<u>649,939</u>
	<u>\$ 4,465,968</u>

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

## NUVOTON TECHNOLOGY CORPORATION

### STATEMENT OF EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION BY FUNCTION FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025			2024		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Labor cost						
Payroll expense	\$ 754,076	\$ 1,616,209	\$ 2,370,285	\$ 781,621	\$ 1,545,343	\$ 2,326,964
Labor and health insurance	65,962	107,443	173,405	64,860	103,921	168,781
Pension	31,214	67,603	98,817	31,365	65,322	96,687
Remuneration to director	-	9,000	9,000	-	13,170	13,170
Share-based payment arrangements	-	-	-	190	1,753	1,943
	<u>\$ 851,252</u>	<u>\$ 1,800,255</u>	<u>\$ 2,651,507</u>	<u>\$ 878,036</u>	<u>\$ 1,729,509</u>	<u>\$ 2,607,545</u>
Depreciation expense	<u>\$ 166,382</u>	<u>\$ 90,801</u>	<u>\$ 257,183</u>	<u>\$ 156,822</u>	<u>\$ 90,134</u>	<u>\$ 246,956</u>
Amortization expense	<u>\$ -</u>	<u>\$ 165,896</u>	<u>\$ 165,896</u>	<u>\$ -</u>	<u>\$ 254,394</u>	<u>\$ 254,394</u>

Note 1: As of December 31, 2025 and 2024, the Company had 1,606 and 1,594 employees, respectively, of which the number of non-executive directors was 6, for both years.

Note 2: a. Average labor cost for the year ended December 31, 2025 was NT\$1,652 thousand. ((Total labor cost of the current year - Total remuneration to director of the current year)/(Employees of the current year - Non-employee directors of the current year))

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

b. Average payroll and bonus expense for the year ended December 31, 2025 was NT\$1,481 thousand. (Total payroll and bonus expense of the current year/(Employees of the current year - Non-employee directors of the current year))

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

c. There was a 1.1% adjusted change in the average payroll and bonus expense. ((Average payroll and bonus expense of the current year - Average payroll and bonus expense of the prior year)/Average payroll and bonus expense of the prior year)

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

Note 4: The Company's compensation policy:

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

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

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