Nuvoton Technology Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of Nuvoton Technology Corporation as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Nuvoton Technology Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

NUVOTON TECHNOLOGY CORPORATION

By

____

YUAN-MOU SU
Chairman

February 5, 2024

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Nuvoton Technology Corporation

Opinion

We have audited the accompanying consolidated financial statements of Nuvoton Technology Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matter

Key audit matter is this matter that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Occurrence of Sales Revenues Recognition

Revenue from the sale of goods is recognized when the customer received the goods and bear the risk. We performed an analytical procedure on the sales revenue in 2023, and some kind of products have relatively high gross margins and certain percentage of annual sales, which has a material impact of the financial report. Therefore, we choose the occurrence of those products sales revenue as a key audit matter for the year ended December 31, 2023. Refer to Note 4 to the consolidated financial statements for the Group's revenue recognition policies.

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

Other Matter

We have also audited the parent company only financial statements of Nuvoton Technology Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matter. We describe this matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Shu Lin Liu

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 5, 2024

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

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

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 6,325,394	20	$ 10,398,185	28
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	22,422	-	2,894	-
Accounts receivable, net (Notes 4 and 8)	4,092,482	13	3,610,131	10
Accounts receivable from related parties, net (Notes 4, 8 and 32)	29,523	-	768,711	2
Finance lease receivables - current (Notes 4, 9 and 32)	92,088	-	96,731	-
Other receivables (Notes 10 and 32)	412,575	1	327,265	1
Inventories (Notes 4 and 11)	7,756,366	24	8,458,827	23
Other current assets	468,615	2	452,383	1
Total current assets	19,199,465	60	24,115,127	65
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	76,763	-	121,775	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 12)	1,348,557	4	1,234,748	3
Investments accounted for using equity method (Notes 4 and 13)	1,824,673	6	1,710,869	5
Property, plant and equipment (Notes 4, 14, 32 and 33)	5,785,697	18	5,764,085	16
Right-of-use assets (Notes 4, 15 and 32)	520,912	2	623,867	2
Investment properties (Notes 4, 16 and 33)	1,549,000	5	1,798,160	5
Intangible assets (Notes 4 and 17)	550,894	2	722,757	2
Deferred tax assets (Notes 4 and 25)	226,001	1	198,727	1
Refundable deposits (Notes 6, 32 and 33)	275,294	1	337,862	1
Finance lease receivables - non-current (Notes 4, 9 and 32)	23,289	-	123,451	-
Other non-current assets	359,649	1	100,312	-
Total non-current assets	12,540,729	40	12,736,613	35
TOTAL	$ 31,740,194	100	$ 36,851,740	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18, 32 and 33)	$ 1,064,280	3	$ 1,069,040	3
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	786	-	7,412	-
Accounts payable	1,304,407	4	2,401,020	7
Accounts payable to related parties (Note 32)	778,160	3	747,717	2
Other payables (Notes 19 and 32)	3,969,136	13	4,464,260	12
Current tax liabilities (Notes 4 and 25)	305,031	1	712,005	2
Provisions - current (Note 20)	-	-	132,473	-
Lease liabilities - current (Notes 4, 15 and 32)	156,298	1	169,896	1
Long-term borrowings - current (Notes 18, 32 and 33)	142,857	-	71,429	-
Other current liabilities	459,853	1	1,192,434	3
Total current liabilities	8,180,808	26	10,967,686	30
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 18, 32 and 33)	857,143	3	1,428,571	4
Provisions - non-current (Note 20)	2,235,033	7	2,491,287	7
Deferred tax liabilities (Notes 4 and 25)	77,953	-	13,209	-
Lease liabilities - non-current (Notes 4, 15 and 32)	384,600	1	491,363	1
Net defined benefit liabilities - non-current (Notes 4 and 21)	1,370,333	4	1,492,573	4
Guarantee deposits (Notes 4, 22 and 32)	1,845,998	6	2,351,028	6
Other non-current liabilities	57,282	-	50,085	-
Total non-current liabilities	6,828,342	21	8,318,116	22
Total liabilities	15,009,150	47	19,285,802	52
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital (Note 23)	4,197,653	14	4,197,653	11
Capital surplus (Note 23)	6,995,630	22	6,871,827	19
Retained earnings (Note 23)				
Legal reserve	1,447,316	5	958,560	3
Special reserve	710,979	2	-	-
Unappropriated earnings	4,570,285	14	6,248,877	17
Exchange differences on translation of financial statements of foreign operations (Notes 4 and 23)	(1,556,260)	(5)	(1,005,611)	(3)
Unrealized gains on financial assets at fair value through other comprehensive income (Notes 4 and 23)	365,441	1	294,632	1
Total equity	16,731,044	53	17,565,938	48
TOTAL	$ 31,740,194	100	$ 36,851,740	100

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 24 and 32)	$ 35,348,149	100	$ 41,872,426	100
OPERATING COST (Notes 11, 26 and 32)	21,005,496	59	24,378,097	58
GROSS PROFIT	14,342,653	41	17,494,329	42
OPERATING EXPENSES (Notes 26 and 32)				
Selling expenses	972,814	3	1,162,124	3
General and administrative expenses	2,545,425	7	2,749,443	6
Research and development expenses	9,124,732	26	9,104,501	22
Expected credit loss (gain)	9,499	-	352	-
Total operating expenses	12,652,470	36	13,016,420	31
PROFIT FROM OPERATIONS	1,690,183	5	4,477,909	11
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 32)				
Finance costs	(45,759)	-	(35,230)	-
Share of profit (loss) of associates	162,270	-	126,861	-
Interest income	190,134	1	89,583	-
Dividend income	71,728	-	80,422	-
Other gains and losses	40,651	-	50,404	-
Gains (losses) on disposal of property, plant and equipment	646,211	2	304,132	1
Foreign exchange gains (losses)	77,808	-	143,614	-
Gains (losses) on financial assets at fair value through profit or loss	(106,622)	-	(130,675)	-
Total non-operating income and expenses	1,036,421	3	629,111	1
PROFIT BEFORE INCOME TAX	2,726,604	8	5,107,020	12
INCOME TAX EXPENSE (Notes 4 and 25)	(306,170)	(1)	(886,247)	(2)
NET PROFIT FOR THE YEAR	2,420,434	7	4,220,773	10

(Continued)

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS) (Note 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 21)	$ 41,748	-	$ 109,511	-
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	70,809	-	(253,744)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	(2,682)	-	(5,812)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(550,649)	(1)	39,330	-
Other comprehensive income (loss) for the year, net of income tax	(440,774)	(1)	(110,715)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,979,660	6	$ 4,110,058	10
EARNINGS PER SHARE (Notes 4 and 27)				
From continuing operations				
Basic	$ 5.77		$ 10.06	
Diluted	$ 5.75		$ 9.99	

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company								
				Retained Earnings			Other Equity		
	Ordinary Share	Certificates of Bond-to-stock Conversion	Capital Surplus	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	Total Equity
BALANCE AT JANUARY 1, 2022	$ 4,172,101	$ 25,552	$ 6,871,811	$ 655,515	$ -	$ 3,763,192	$ (1,044,941)	$ 1,111,460	$ 15,554,690
Appropriation of 2021 earnings (Note 23)									
Legal reserve	-	-	-	303,045	-	(303,045)	-	-	-
Cash dividends	-	-	-	-	-	(2,098,826)	-	-	(2,098,826)
Total appropriation earnings	-	-	-	303,045	-	(2,401,871)	-	-	(2,098,826)
Net profit for the year ended December 31, 2022	-	-	-	-	-	4,220,773	-	-	4,220,773
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	103,699	39,330	(253,744)	(110,715)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	4,324,472	39,330	(253,744)	4,110,058
Convertible bonds converted to ordinary shares (Note 23)	25,552	(25,552)	-	-	-	-	-	-	-
Unclaimed dividends from claims extinguished by prescriptions	-	-	16	-	-	-	-	-	16
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Notes 12 and 23)	-	-	-	-	-	563,084	-	(563,084)	-
BALANCE AT DECEMBER 31, 2022	4,197,653	-	6,871,827	958,560	-	6,248,877	(1,005,611)	294,632	17,565,938
Appropriation of 2022 earnings (Note 23)									
Legal reserve	-	-	-	488,756	-	(488,756)	-	-	-
Special reserve	-	-	-	-	710,979	(710,979)	-	-	-
Cash dividends	-	-	-	-	-	(2,938,357)	-	-	(2,938,357)
Total appropriation earnings	-	-	-	488,756	710,979	(4,138,092)	-	-	(2,938,357)
Net profit for the year ended December 31, 2023	-	-	-	-	-	2,420,434	-	-	2,420,434
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	39,066	(550,649)	70,809	(440,774)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	2,459,500	(550,649)	70,809	1,979,660
Unclaimed dividends from claims extinguished by prescriptions	-	-	22	-	-	-	-	-	22
Share-based payment transaction (Note 28)	-	-	3,380	-	-	-	-	-	3,380
Disposal of subsidiaries (Note 29)	-	-	120,401	-	-	-	-	-	120,401
BALANCE AT DECEMBER 31, 2023	$ 4,197,653	$ -	$ 6,995,630	$ 1,447,316	$ 710,979	$ 4,570,285	$ (1,556,260)	$ 365,441	$ 16,731,044

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 2,726,604	$ 5,107,020
Adjustments for:		
Depreciation expense	1,152,906	1,039,876
Amortization expense	341,176	291,785
Expected credit loss recognized on accounts receivable	9,499	352
Finance costs	45,759	35,230
Interest income	(190,134)	(89,583)
Dividend income	(71,728)	(80,422)
Compensation costs of share-based payment transaction	3,380	-
Share of (profit) loss of associates	(162,270)	(126,861)
Gains on disposal of property, plant and equipment	(646,211)	(304,132)
Gain on lease modification	(25,693)	(110,866)
Other adjustment to reconcile losses (profit)	591	(90)
Changes in operating assets and liabilities		
(Increase) decrease in financial assets at fair value through profit or loss	(26,142)	(1,426)
(Increase) decrease in accounts receivable	(1,099,561)	(180,029)
(Increase) decrease in accounts receivable from related parties	739,188	(111,973)
(Increase) decrease in other receivables	(145,632)	480,595
(Increase) decrease in inventories	146,920	(1,599,361)
(Increase) decrease in other current assets	(19,467)	(113,769)
(Increase) decrease in other non-current assets	(259,337)	(96,007)
(Increase) decrease in notes payable	-	(38,753)
Increase (decrease) in accounts payable	(1,034,931)	(233,356)
Increase (decrease) in accounts payable to related parties	30,443	281,044
Increase (decrease) in other payables	(464,364)	(52,249)
Increase (decrease) in provisions	(232,836)	(407,467)
Increase (decrease) in other current liabilities	(178,152)	313,262
Increase (decrease) in net defined benefit liabilities	562	(2,193)
Increase (decrease) in other non-current liabilities	7,197	3,696
Cash flows generated from operations	647,767	4,004,323
Interest received	185,020	86,735
Interest paid	(43,966)	(33,826)
Income tax paid	(728,462)	(715,976)
Dividend received	71,728	80,422
Net cash flows generated from operating activities	132,087	3,421,678
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	2,000	1,000
Acquisition of financial assets at fair value through profit or loss	-	(45,000)
Acquisition of investments accounted for using equity method	(59,586)	(358,772)
Proceeds from disposal of subsidiaries	196,798	-

(Continued)

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
Decrease in payable for investment	$ -	$ (362,643)
Decrease in finance lease receivables	94,491	71,848
Decrease in other receivables - time deposits	48,830	128,267
Acquisition of property, plant and equipment	(1,042,315)	(1,351,626)
Proceeds from disposal of property, plant and equipment	696,675	314,662
Acquisition of intangible assets	(320,122)	(374,144)
Proceeds from intangible assets	-	356
Decrease in refundable deposits paid	(5,981)	(188,382)
Net cash flows used in investing activities	(389,210)	(2,164,434)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	6,148,050	1,069,040
Repayment of short-term borrowings	(6,077,970)	-
Repayment of long-term borrowings	(500,000)	-
Proceeds from guarantee deposits received	64,823	433,932
Repayments of the principal portion of lease liabilities	(184,100)	(225,233)
Dividends paid to owners of the Company	(2,938,357)	(2,098,826)
Net cash flows generated from (used in) financing activities	(3,487,554)	(821,087)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(328,114)	262,997
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,072,791)	699,154
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	10,398,185	9,699,031
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 6,325,394	$ 10,398,185

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(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 51% of the ownership interest in the Company as of December 31, 2023 and 2022.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's Board of Directors and authorized for issue on February 5, 2024.

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

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

   Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies:

   <u>Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules"</u>

   The amendments introduce a temporary exception to the requirements in IAS 12 by stipulating that the Group should neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments also require the Group to disclose that it has applied the exception and separately disclose its current tax expense (income) related to Pillar Two income taxes. In addition, for periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, the Group should disclose qualitative and quantitative information that helps users of financial statements understand the Group's exposure to Pillar Two income taxes. The requirement that the Group apply the exception and the requirement to disclose that fact are applied immediately and retrospectively upon issuance of the amendments. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

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

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Preparation

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

Basis of Consolidation

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

Subsidiary included in the consolidated financial statements:

			Percentage of Ownership (%)	
			December 31	
Investor	**Investee**	**Main Business**	**2023**	**2022**
The Company	Nuvoton Electronics Technology (H.K.) Limited (“NTHK”)	Sales of semiconductor	100	100
	Marketplace Management Limited (“MML”)	Investment holding	100	100
	Nuvoton Investment Holding Ltd. (“NIH”)	Investment holding	100	100
	Song Yong Investment Corporation (“SYI”)	Investment holding	100	100
	Nuvoton Technology India Private Limited (“NTIPL”)	Design, sales and after-sales service of semiconductor	100	100
	Nuvoton Technology Corporation America (“NTCA”)	Design, sales and after-sales service of semiconductor	100	100
	Nuvoton Technology Holdings Japan (“NTHJ”)	Investment holding	100	100
	Nuvoton Technology Singapore Pte. Ltd (“NTSG”)	Design, sales and after-sales service of semiconductor	100	100
	Nuvoton Technology Korea Limited (“NTKL”)	Design, sales and after-sales service of semiconductor	100	100
	Nuvoton Technology Germany GmbH (“NTG”) (Note 1)	Customer service and technical support of semiconductor	100	-
NTHK	Nuvoton Electronics Technology (Shenzhen) Limited (“NTSZ”)	Computer software service (except I.C. design), wholesale business for computer, supplement and software	100	100
MML	Goldbond LLC (“GLLC”)	Investment holding	100	100
GLLC	Nuvoton Electronics Technology (Shanghai) Limited (“NTSH”)	Provides projects for sale in China and repairing, testing and consulting of software and leasing business	100	100
	Winbond Electronics (Nanjing) Ltd. (“WENJ”) (Note 2)	Computer software service (except I.C. design)	-	100
NTSH	Song Zhi Electronics Technology (Suzhou) (“Song Zhi Suzhou”)	Provide development of semiconductor and technology, consult service and equipment lease	100	100
NIH	Nuvoton Technology Israel Ltd. (“NTIL”)	Design and service of semiconductor	100	100
NTHJ	Nuvoton Technology Corporation Japan (“NTCJ”)	Design, sales and after-sales service of semiconductor	100	100
NTCJ	Atfields Manufacturing Technology Corporation (“AMTC”) (Note 3)	Design and service of semiconductor	-	100

Note 1: The Group established NTG in Germany in December 2023 and acquired 100% of ownership.

Note 2: WENJ has completed the cancellation and liquidation process in May 2023.

Note 3: NTCJ has sold all of its shares of AMTC to WEC in January 2023, refer to Note 29 to the consolidated financial statements.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

a. Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

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

c. Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

Business Combinations

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

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

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

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

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

Foreign Currencies

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

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

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

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

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

Cash Equivalents

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

Financial Instruments

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

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

a. Financial assets

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

Measurement categories

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

1) Financial asset at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 31 to the consolidated financial statements.

2) Financial assets at amortized cost

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

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

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

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

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

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

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

3) Investments in equity instruments at FVTOCI

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

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

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

Impairment of financial assets

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

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

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

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

Derecognition of financial assets

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

b. Financial liabilities

1) Subsequent measurement

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

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

2) Derecognition of financial liabilities

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

c. Derivative financial instruments

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

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

Inventories

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

Investments in Associates

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

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

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

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

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

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

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

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

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

Property, Plant and Equipment

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

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

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

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

Investment Properties

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

Intangible Assets

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

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

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

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

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

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

Products Guarantee Based on Commitment

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

Guarantee Deposit

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

Revenue Recognition

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

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

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

Leases

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

a. The Group as lessor

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

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

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

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

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

b. The Group as lessee

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

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

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

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

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

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

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

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

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

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

Taxation

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

a. Current tax

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

b. Deferred tax

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

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

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Write-down of Inventories

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash and deposits in banks	$ 6,161,894	$ 10,348,185
Repurchase agreements collateralized by bonds	163,500	50,000
	$ 6,325,394	$ 10,398,185

a. Please refer to Note 33 to the consolidated financial statements for the amount of refundable deposits pledged to secure land leases, customs tariff obligations and borrowings.

b. The Group has time deposits which are not held for the purpose of meeting short-term cash commitments and are reclassified to "other receivables" as follows (Note 10 to the consolidated financial statements):

	December 31	
	2023	2022
Time deposits	$ 7,384	$ 56,214

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
Financial assets - current		
Held for trading		
Foreign exchange forward contracts	$ 22,422	$ 2,894
Financial assets - non-current		
Mandatorily measured at FVTPL		
Domestic and oversea warrants	$ 76,763	$ 121,775
Financial liabilities - current		
Held for trading		
Foreign exchange forward contracts	$ 786	$ 7,412

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

	Currency	Maturity Date	Contract Amount (In Thousands)
December 31, 2023			
Sell forward exchange contracts	USD/NTD	2024.01.03-2024.01.23	USD21,000/NTD653,226
	USD/JPY	2024.01.12-2024.02.14	USD28,200/JPY4,041,691
December 31, 2022			
Sell forward exchange contracts	USD/NTD	2023.01.06-2023.03.03	USD30,000/NTD915,452
	USD/JPY	2023.01.23-2023.02.21	USD17,400/JPY2,300,582

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

8. ACCOUNTS RECEIVABLE, NET

	December 31	
	2023	2022
Accounts receivable (including related parties)		
At amortized cost		
Gross carrying amount	$ 4,165,734	$ 4,412,957
Less: Allowance for impairment loss	(43,729)	(34,115)
	$ 4,122,005	$ 4,378,842

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

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

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

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

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

December 31, 2023

	Not Overdue	Overdue under 30 Days	Overdue 31 to 90 Days	Overdue 91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.1%-2%	2%	10%	20%	50%	
Gross carrying amount	$ 4,138,023	$ 24,878	$ 860	$ 1,973	$ -	$ 4,165,734
Loss allowance (lifetime ECL)	(42,750)	(498)	(86)	(395)	-	(43,729)
Amortized cost	$ 4,095,273	$ 24,380	$ 774	$ 1,578	$ -	$ 4,122,005

December 31, 2022

	Not Overdue	Overdue under 30 Days	Overdue 31 to 90 Days	Overdue 91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0.1%-2%	2%	10%	20%	50%	
Gross carrying amount	$ 4,393,253	$ 6,176	$ 1,678	$ 11,850	$ -	$ 4,412,957
Loss allowance (lifetime ECL)	(31,453)	(124)	(168)	(2,370)	-	(34,115)
Amortized cost	$ 4,361,800	$ 6,052	$ 1,510	$ 9,480	$ -	$ 4,378,842

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 34,115	$ 32,854
Add: Net remeasurement of loss allowance	9,499	352
Foreign currency exchange gains and losses	115	909
Balance at December 31	$ 43,729	$ 34,115

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

9. FINANCE LEASE RECEIVABLES

	December 31	
	2023	2022
Undiscounted lease payments		
Year 1	$ 93,586	$ 100,135
Year 2	23,397	100,135
Year 3	-	25,034
	116,983	225,304
Less: Unearned finance income	(1,606)	(5,122)
Finance lease receivables	$ 115,377	$ 220,182
Current	$ 92,088	$ 96,731
Non-current	23,289	123,451
	$ 115,377	$ 220,182

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

10. OTHER RECEIVABLES

	December 31	
	2023	2022
Time deposits (Note 6)	$ 7,384	$ 56,214
Business tax refund receivable	293,243	28,436
Others	111,948	242,615
	$ 412,575	$ 327,265

11. INVENTORIES

	December 31	
	2023	2022
Raw materials and supplies	$ 521,147	$ 574,856
Work-in-process	4,944,496	6,025,839
Finished goods	2,288,440	1,857,865
Inventories in transit	2,283	267
	$ 7,756,366	$ 8,458,827

The operating cost for the years ended December 31, 2023 and 2022 was NT$21,005,496 thousand and NT$24,378,097 thousand, respectively. The inventory write-downs, obsolescence and abandonment of inventories for the years ended December 31, 2023 and 2022 were NT$385,214 thousand and NT$201,712 thousand, respectively.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31	
	2023	2022
Listed shares and emerging market shares		
Nyquest Technology Co., Ltd.	$ 132,660	$ 116,985
Brightek Optoelectronic Co., Ltd.	1,423	919
Unlisted shares		
United Industrial Gases Co., Ltd.	536,800	492,800
Yu-Ji Venture Capital Co., Ltd.	7,324	9,844
Autotalks Ltd. - Preferred E. Share	614,100	614,200
Allxon Inc.	56,250	-
Symetrix Corporation - Preferred A. Share	-	-
	$ 1,348,557	$ 1,234,748

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

In June 2023, The Group executes the Allxon Inc. stock warrants conversion to acquired 5,625 thousand preferred shares and expected to profit through long-term investments. Therefore, it was reclassification of financial assets at fair value through profit or loss to the financial assets at fair value through other comprehensive income.

The Group changed its accounting treatment of investment in TPSCo. to the equity method since April 2022, refer to Note 13 to the consolidated financial statements for related information; accordingly, the related other equity - unrealized gain or loss on financial assets at fair value through other comprehensive income or loss of NT$563,084 thousand was transferred to retained earnings. Refer to Note 23 to the consolidated financial statements for related information.

The Group recognized dividends of NT$71,728 thousand and NT$80,422 thousand during 2023 and 2022, respectively.

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Associates

	December 31	
	2023	2022
Tower Partners Semiconductor Co., Ltd. ("TPSCo.")	$ 1,824,673	$ 1,710,869

Under the business acquisition agreement, if TPSCo. turns net profit during the period of the effective date of the acquisition (September 1, 2020) to March 31, 2022, the Group is required to pay Panasonic Corporation the net profit based on its ownership share. Thus, the Group has no significant influence over TPSCo. during the period aforementioned. TPSCo. was recognized as non-current financial assets at fair value through other comprehensive income. Starting from April 2022, the Group has been released the restriction and has significant influence over TPSCo., accordingly, TPSCo. has been accounted for under equity method. As of December 31, 2022, NTCJ has held TPSCo.'s 45,619 shares. For the three months ended March 31, 2023, NTCJ subscribed for 3,920 shares issued in the cash capital increased by TPSCo. As of December 31, 2023, NTCJ has held TPSCo.'s 49,539 shares with a direct shareholding of 49%.

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

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

The investments accounted for using equity method and the shares of profit or loss of these investments for the year ended December 31, 2023 and 2022 were based on the associates' financial statements audited by independent auditors.

14. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2023	2022
Land	$ 1,801,369	$ 1,890,924
Buildings	1,740,796	1,908,905
Machinery and equipment	1,595,440	1,470,965
Other equipment	309,192	276,558
Construction in progress and prepayments for purchase of equipment	338,900	216,733
	$ 5,785,697	$ 5,764,085

	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments for Purchase of Equipment	Total
Cost						
Balance at January 1, 2023	$ 1,890,924	$ 20,490,249	$ 54,320,817	$ 3,341,453	$ 216,733	$ 80,260,176
Additions	34,120	52,094	253,019	30,987	869,773	1,239,993
Disposals	-	(21,328)	(8,232,830)	(288,379)	-	(8,542,537)
Disposals of subsidiaries	-	-	-	(6,813)	-	(6,813)
Reclassified	-	56,605	505,148	186,128	(746,508)	1,373
Effects of foreign currency exchange differences	(123,675)	(1,095,707)	(2,829,247)	(191,217)	(1,098)	(4,240,944)
Balance at December 31, 2023	1,801,369	19,481,913	44,016,907	3,072,159	338,900	68,711,248

(Continued)

	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments for Purchase of Equipment	Total
Accumulated depreciation and impairment						
Balance at January 1, 2023	$ -	$ 18,581,344	$ 52,849,852	$ 3,064,895	$ -	$ 74,496,091
Disposals	-	(20,355)	(8,186,476)	(285,242)	-	(8,492,073)
Depreciation expense	-	166,118	512,752	169,129	-	847,999
Disposal of subsidiaries	-	-	-	(4,837)	-	(4,837)
Effects of foreign currency exchange differences	-	(985,990)	(2,754,661)	(180,978)	-	(3,921,629)
Balance at December 31, 2023	-	17,741,117	42,421,467	2,762,967	-	62,925,551
Carrying amounts at December 31, 2023	$ 1,801,369	$ 1,740,796	$ 1,595,440	$ 309,192	$ 338,900	$ 5,785,697
Cost						
Balance at January 1, 2022	$ 1,918,115	$ 20,895,264	$ 55,766,204	$ 3,323,174	$ 101,297	$ 82,004,054
Additions	24,667	57,851	143,191	41,909	1,167,048	1,434,666
Disposals	-	(19,722)	(785,157)	(166,385)	-	(971,264)
Reclassified	12,248	131,444	668,033	236,727	(1,048,452)	-
Effects of foreign currency exchange differences	(64,106)	(574,588)	(1,471,454)	(93,972)	(3,160)	(2,207,280)
Balance at December 31, 2022	1,890,924	20,490,249	54,320,817	3,341,453	216,733	80,260,176
Accumulated depreciation and impairment						
Balance at January 1, 2022	-	18,952,769	54,708,690	3,094,082	-	76,755,541
Disposals	-	(19,722)	(775,208)	(93,271)	-	(888,201)
Depreciation expense	-	165,750	388,297	152,655	-	706,702
Reclassified	-	-	(3)	3	-	-
Effects of foreign currency exchange differences	-	(517,453)	(1,471,924)	(88,574)	-	(2,077,951)
Balance at December 31, 2022	-	18,581,344	52,849,852	3,064,895	-	74,496,091
Carrying amounts at December 31, 2022	$ 1,890,924	$ 1,908,905	$ 1,470,965	$ 276,558	$ 216,733	$ 5,764,085

(Concluded)

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

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

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amounts		
Land	$ 127,725	$ 150,211
Buildings	247,567	313,972
Machinery and equipment	118,495	139,758
Other equipment	27,125	19,926
	$ 520,912	$ 623,867

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

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 84,076	$ 214,534
Depreciation for right-of-use assets		
Land	$ 25,333	$ 25,170
Buildings	114,804	118,682
Machinery and equipment	12,398	32,999
Other equipment	16,349	17,560
	$ 168,884	$ 194,411
Income from the subleasing of right-of-use assets (presented in other income)	$ 7,390	$ 7,329

b. Lease liabilities

	December 31	
	2023	2022
Carrying amounts		
Current	$ 156,298	$ 169,896
Non-current	$ 384,600	$ 491,363

Range of discount rate for lease liabilities was as follows:

	December 31	
	2023	2022
Land	1.76%-2.06%	1.76%-2.06%
Buildings	0.14%-5.24%	0.14%-3.03%
Machinery and equipment	0.48%-0.80%	0.48%-0.80%
Other equipment	0.14%-5.10%	0.14%-2.44%

For the years ended December 31, 2023 and 2022, the interest expense under lease liabilities amounted to NT$9,708 thousand and NT$11,857 thousand, respectively.

c. Material lease-in activities and terms

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

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

The Group leased some of the offices spaces in the United States, China, Israel, India, Korea and Taiwan, and the lease terms will expire between 2023 and 2026 which can be extended after the expiration of the lease periods.

d. Subleases

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

	December 31	
	2023	**2022**
Year 1	$ 6,816	$ 7,429
Year 2	2,105	5,824
Year 3	-	4,041
Year 4	-	-
Year 5	-	-
Year 5 onwards	-	-
	$ 8,921	$ 17,294

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

e. Other lease information

	For the Year Ended December 31	
	2023	**2022**
Expenses relating to short-term leases	$ 218,322	$ 161,211
Total cash outflow for leases	$ (410,316)	$ (397,940)

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

16. INVESTMENT PROPERTIES

	December 31	
	2023	2022
Investment properties, net	$ 1,549,000	$ 1,798,160

The fair value of investment properties held by the Company was NT$2,443,494 thousand as of December 31, 2022, of which was assessed by independent qualified professional appraisers was NT$2,243,494 thousand. The Group's management evaluated the fair value of the remaining investment properties with valuation model commonly used by market participants, and the fair value was measured using Level 3 inputs. The Group's management evaluated and determined that the fair value of the investment properties had not changed significantly, compared to the fair value of the investment properties as of December 31, 2023.

	For the Year Ended December 31	
	2023	2022
Cost		
Balance at January 1	$ 7,662,122	$ 7,924,196
Effect of foreign currency exchange differences	(496,392)	(262,074)
Balance at December 31	7,165,730	7,662,122
Accumulated depreciation and impairment		
Balance at January 1	5,863,962	5,918,598
Depreciation expense	136,023	138,763
Effect of foreign currency exchange differences	(383,255)	(193,399)
Balance at December 31	5,616,730	5,863,962
Carrying amount at December 31	$ 1,549,000	$ 1,798,160

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

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

	December 31	
	2023	2022
Year 1	$ 146,532	$ 171,129
Year 2	143,790	152,691
Year 3	143,872	149,898
Year 4	143,894	149,898
Year 5	140,886	149,898
Year 5 onwards	455,304	637,067
	$ 1,174,278	$ 1,410,581

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

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

17. INTANGIBLE ASSETS

	December 31	
	2023	2022
Deferred technical assets	$ 357,994	$ 550,613
Other intangible assets	192,900	172,144
	$ 550,894	$ 722,757

	Deferred Technical Assets	Other Intangible Assets	Total
Cost			
Balance at January 1, 2023	$ 2,062,573	$ 1,136,379	$ 3,198,952
Additions	29,588	148,437	178,025
Disposals	-	(71,767)	(71,767)
Disposal of subsidiaries	-	(7,243)	(7,243)
Reclassification	41,255	(42,628)	(1,373)
Effects of foreign currency exchange differences	(8,012)	(61,028)	(69,040)
Balance at December 31, 2023	2,125,404	1,102,150	3,227,554
Accumulated amortization and impairment			
Balance at January 1, 2023	1,511,960	964,235	2,476,195
Amortization expense	260,311	80,865	341,176
Disposals	-	(71,176)	(71,176)
Disposal of subsidiaries	-	(6,703)	(6,703)
Effects of foreign currency exchange differences	(4,861)	(57,971)	(62,832)
Balance at December 31, 2023	1,767,410	909,250	2,676,660
Carrying amounts at December 31, 2023	$ 357,994	$ 192,900	$ 550,894
Cost			
Balance at January 1, 2022	$ 1,892,805	$ 1,305,198	$ 3,198,003
Additions	170,807	85,079	255,886
Disposals	-	(206,023)	(206,023)
Effects of foreign currency exchange differences	(1,039)	(47,875)	(48,914)
Balance at December 31, 2022	2,062,573	1,136,379	3,198,952
Accumulated amortization and impairment			
Balance at January 1, 2022	1,292,193	922,481	2,214,674
Amortization expense	219,914	71,871	291,785
Disposals	-	(901)	(901)
Effects of foreign currency exchange differences	(147)	(29,216)	(29,363)
Balance at December 31, 2022	1,511,960	964,235	2,476,195
Carrying amounts at December 31, 2022	$ 550,613	$ 172,144	$ 722,757

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

18. BORROWINGS

a. Short-term borrowings

	December 31			
	2023		2022	
	Interest Rate	Amount	Interest Rate	Amount
Secured borrowings				
Chinatrust Commercial Bank Co., Ltd.	1.17%-1.18%	$ 847,080	1.15%	$ 952,840
Unsecured borrowings				
Chinatrust Commercial Bank Co., Ltd.	1.00%-1.01%	217,200	1.02%	116,200
		$ 1,064,280		$ 1,069,040

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

b. Long-term borrowings

			December 31	
	Period	Interest Rate	2023	2022
Unsecured borrowings				
The Export-Import Bank of ROC	2019.09.20-2026.09.21	0.92%-1.34%	$ -	$ 500,000
The Export-Import Bank of ROC	2020.08.25-2027.08.25	0.92%-1.94%	1,000,000	1,000,000
			1,000,000	1,500,000
Less: Current portion			(142,857)	(71,429)
			$ 857,143	$ 1,428,571

The proceeds of the Group’s unsecured loan was invested in Autotalks Ltd. and acquired Panasonic’s semiconductor business in Japan. Partial loans have been completed early repayment in the third quarter of 2023.

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

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

19. OTHER PAYABLES

	December 31	
	2023	2022
Payable for salaries or employee benefits	$ 1,115,611	$ 1,632,490
Payable for royalties	372,295	510,272
Payable for purchase of equipment	349,296	151,618
Payable for maintenance	239,369	257,092
Payable for service	130,706	99,345
Payable for software	74,190	104,241
Payable for utilities	70,005	73,009
Payable for professional service	26,892	52,126
Others	1,590,772	1,584,067
	$ 3,969,136	$ 4,464,260

20. PROVISIONS

	December 31	
	2023	2022
Current		
Decommissioning costs	$ -	$ 132,473
Non-current		
Employee benefits	$ 1,360,661	$ 1,485,268
Decommissioning costs	477,406	510,815
Warranties	396,966	495,204
	$ 2,235,033	$ 2,491,287

	De-commissioning Costs	Employee Benefits	Warranties	Total
Balance at January 1, 2023	$ 643,288	$ 1,485,268	$ 495,204	$ 2,623,760
Decreased	(133,148)	(27,208)	(72,480)	(232,836)
Effects of foreign currency exchange differences	(32,734)	(97,399)	(25,758)	(155,891)
Balance at December 31, 2023	$ 477,406	$ 1,360,661	$ 396,966	$ 2,235,033

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

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

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

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average of monthly salaries of the 6 months before retirement. In 2023 and 2022, the Company contributed amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee of the Company. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

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

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

	December 31	
	2023	**2022**
Present value of defined benefit obligation	$ 2,680,172	$ 2,744,500
Fair value of plan assets	(1,309,839)	(1,251,927)
Net defined benefit liabilities, non-current	$ 1,370,333	$ 1,492,573

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

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities (Assets)**
Balance at January 1, 2022	$ 2,851,529	$ (1,209,668)	$ 1,641,861
Service cost			
Current service cost	51,982	-	51,982
Net interest expense (income)	25,350	(19,333)	6,017
Recognized in profit or loss	77,332	(19,333)	57,999

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Remeasurement			
Actuarial (gain) loss - the discount rate greater (less) than the realized rate of return	$ -	$ (53,296)	$ (53,296)
Actuarial (gain) loss - changes in financial assumptions	(183,608)	21,254	(162,354)
Actuarial (gain) loss - experience adjustments	103,244	2,895	106,139
Recognized in other comprehensive income	(80,364)	(29,147)	(109,511)
Contributions from the employer	-	(53,552)	(53,552)
Benefits paid	(50,369)	49,496	(873)
Effects of foreign currency exchange differences	(53,628)	10,277	(43,351)
Balance at December 31, 2022	2,744,500	(1,251,927)	1,492,573
Service cost			
Current service cost	43,988	-	43,988
Net interest expense (income)	45,539	(29,955)	15,584
Recognized in profit or loss	89,527	(29,955)	59,572
Remeasurement			
Actuarial (gain) loss - the discount rate greater (less) than the realized rate of return	-	(2,861)	(2,861)
Actuarial (gain) loss - changes in financial assumptions	15,227	26	15,253
Actuarial (gain) loss - experience adjustments	(13,920)	(40,220)	(54,140)
Recognized in other comprehensive income	1,307	(43,055)	(41,748)
Contributions from the employer	-	(58,181)	(58,181)
Benefits paid	(57,414)	56,585	(829)
Effects of foreign currency exchange differences	(97,748)	16,694	(81,054)
Balance at December 31, 2023	$ 2,680,172	$ (1,309,839)	$ 1,370,333

(Concluded)

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

	For the Year Ended December 31	
	2023	2022
Analysis by function		
Operating cost	$ 3,928	$ 4,339
Selling expenses	207	122
General and administrative expenses	10,253	13,147
Research and development expenses	45,184	40,391
	$ 59,572	$ 57,999

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

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

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

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

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

	December 31	
	2023	**2022**
Discount rate(s)	1.40%-3.30%	1.25%-2.62%
Expected rate(s) of salary increase	1.5%-2.5%	1.5%-2.5%

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

	December 31	
	2023	**2022**
Discount rate(s)		
0.25% increase	$ (16,888)	$ (26,774)
0.25% decrease	$ 19,799	$ 30,956
Expected rate(s) of salary increase		
0.25% increase	$ 17,935	$ 27,497
0.25% decrease	$ (16,545)	$ (24,950)

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

	December 31	
	2023	**2022**
Expected contributions to the plans for the next year	$ 90,503	$ 100,501
The average duration of the defined benefit obligation	7.0-11.6 years	7.5-11.84 years

22. GUARANTEE DEPOSITS

	December 31	
	2023	2022
Capacity guarantee	$ 1,783,150	$ 2,294,914
Others	62,848	56,114
	$ 1,845,998	$ 2,351,028

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

23. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	2022
Shares authorized (in thousands of shares)	500,000	500,000
Shares authorized	$ 5,000,000	$ 5,000,000
Shares issued and fully paid (in thousands of shares)	419,765	419,765
Shares issued and fully paid	$ 4,197,653	$ 4,197,653
Par value (in New Taiwan dollars)	$ 10	$ 10

As of December 31, 2021, the Company has issued 31,372 thousand shares of ordinary shares due to the conversion of unsecured convertible bonds, the registration of all ordinary shares issuance has been completed on March 31, 2022.

As of December 31, 2023 and 2022, the balance of the Company's capital account amounted to NT$4,197,653 thousand, divided into 419,765 thousand ordinary shares with a par value of NT$10.

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Additional paid-in capital	$ 5,203,712	$ 5,200,332
Conversion of bonds	1,481,180	1,481,180
May only be used to offset a deficit		
Overdue dividends unclaimed	100	78
Share of changes in capital surplus of associates or joint ventures (disposals of subsidiaries)	310,638	190,237
	$ 6,995,630	$ 6,871,827

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

c. Retained earnings and dividends policy

The shareholders held their regular meeting on May 29, 2020 and resolved the amendments to the Company's dividend distribution policy in the Company's Articles of Incorporation (the "Articles"). Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The board of directors shall be authorized to distribute the profit, the legal reserve, and the capital plus in cash upon resolution by a majority vote at a board meeting attended by two-thirds or more of the directors, and shall report the same to the shareholders' meeting. In principle, not less than 10% of the total shareholders' bonus shall be distributed in the form of cash. For the policies on the distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors in Note 26 to the consolidated financial statements.

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

The appropriation of earnings for 2022 and 2021 were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For Year 2022	**For Year 2021**	**For Year 2022**	**For Year 2021**
Legal reserve	$ 488,756	$ 303,045		
Special reserve	710,979	-		
Cash dividends	2,938,357	2,098,826	$7.00	$5.00
	$ 4,138,092	$ 2,401,871		

When the Group'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 IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

Expect for the cash dividends were distributed by the Company's board meeting on and March 7, 2023 and March 15, 2022, respectively, the rest of the 2022 and 2021 appropriation of earnings were proposed by the Company's board meeting and were resolved by the shareholders regular meeting on May 26, 2023 and June 2, 2022, respectively.

The appropriation of earnings for 2023 was not initiated in the Company's board meeting as of February 5, 2024.

d. Other equity items

1) The exchange differences arising on translation of foreign operations' net assets from its functional currency to the Group's presentation currency (New Taiwan dollar) are recognized directly in other comprehensive income. For the years ended December 31, 2023 and 2022, other comprehensive gain (loss) was NT$(550,649) thousand and NT$39,330 thousand, respectively.

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

	For the Year End December 31	
	2023	**2022**
Balance at January 1	$ 294,632	$ 1,111,460
Recognized for the period	70,809	(253,744)
Cumulative unrealized gains (losses) of equity instruments transferred to retained earnings due to disposal	-	(563,084)
Balance at December 31	$ 365,441	$ 294,632

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.

24. REVENUE

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

25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Year Ended December 31	
	2023	**2022**
Current tax		
In respect of the current year	$ 291,062	$ 998,789
Adjustment for prior years' tax	(8,564)	20,540
Deferred tax		
In respect of the current year	23,672	(133,082)
Income tax expense recognized in profit or loss	$ 306,170	$ 886,247

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

	For the Year Ended December 31	
	2023	**2022**
Income tax expense from continuing operations at the statutory rate	$ 642,394	$ 1,262,449
Tax effect of adjustment item		
Permanent differences	7,659	68,879
Tax-exempt income	(14,453)	(15,900)
Others	(285,866)	(341,721)
Current income tax	349,734	973,707
Unused investment credits	(35,000)	(108,000)
Adjustment for prior year's income tax	(8,564)	20,540
Income tax expense recognized in profit or loss	$ 306,170	$ 886,247

c. Current tax assets and liabilities

	December 31	
	2023	**2022**
Tax refund receivables	$ 1,262	$ 14,263
Income tax payables	$ 305,031	$ 712,005

d. Deferred tax assets

	December 31	
	2023	**2022**
Deferred tax assets		
Allowance for inventory valuation and obsolescence loss and others	$ 226,001	$ 198,727

e. Deferred tax liabilities

	December 31	
	2023	**2022**
Deferred tax liabilities		
Unrealized valuation gains or losses	$ 77,953	$ 13,209

f. Income tax assessments

The Company's income tax returns through 2021 have been assessed and approved by the tax authorities.

g. Information about investment credits

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

h. Pillar Two Income Tax Act

In March 2023, the local government of the country where the NTCJ was registered had substantively legislated the Pillar Two Income Tax Act, which came into effect on April 1, 2024. Since the act has not yet taken effect as of the end of the reporting period, there is no relevant current income tax impact on the Group.

Under the Act, NTCJ is required to pay supplementary tax in Japan on profits taxed below the effective tax rate of 15%. As of December 31, 2023, no country has yet entered into force its Pillar Two income tax act, so there is no major jurisdiction that may be exposed to this income tax risk. However, the Group also continues to review the impact of the Pillar Two Income Tax Act on its future financial performance.

26. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION

	For the Year Ended December 31							
	2023				2022			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Employee benefits expense								
Short-term employment benefits	$ 967,406	$ 6,875,256	$ -	$ 7,842,662	$ 1,229,737	$ 7,371,356	$ -	$ 8,601,093
Post-employment benefits	41,877	451,151	-	493,028	44,155	464,481	-	508,636
Share-based payment	461	2,919	-	3,380	-	-	-	-
Depreciation	588,709	425,108	139,089	1,152,906	529,043	371,585	139,248	1,039,876
Amortization	6,815	334,361	-	341,176	5,362	286,423	-	291,785

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

The employees’ compensation and remuneration of directors for the year ended December 31, 2023 were as follows:

	For the Year Ended December 31 2023	
	Amount	%
Employees’ cash compensation	$ 167,459	6
Remuneration of directors	27,910	1

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

The employees’ compensation and remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company’s board of directors on March 7, 2023 and February 10, 2022, respectively, were as follows:

	For the Year Ended December 31			
	2022		2021	
	Amount	%	Amount	%
Employees’ cash compensation	$ 306,214	6	$ 212,242	6
Remuneration of directors	51,036	1	35,374	1

There is no difference between the actual amounts of employees’ compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

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.

27. EARNINGS PER SHARE

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

	For the Year Ended December 31					
	2023			2022		
	Amounts (Numerator) After Income Tax (Attributable to Owners of the Company)	Shares (Denominator) (In Thousands)	Earnings Per Share (NT$) After Income Tax (Attributable to Owners of the Company)	Amounts (Numerator) After Income Tax (Attributable to Owners of the Company)	Shares (Denominator) (In Thousands)	Earnings Per Share (NT$) After Income Tax (Attributable to Owners of the Company)
Basic earnings per share						
Net profit attributed to owners of the Company	$ 2,420,434	419,765	$ 5.77	$ 4,220,773	419,765	$ 10.06
Effect of potentially dilutive ordinary shares						
Employees' compensation	-	1,545		-	2,829	
Diluted earnings per share						
Net profit attributed to owners of the Company	$ 2,420,434	421,310	$ 5.75	$ 4,220,773	422,594	$ 9.99

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.

28. SHARE-BASED PAYMENT TRANSACTION ARRANGEMENTS

WEC was approved by the Securities and Futures Bureau (FSC) on September 25, 2023 to issue 200,000 thousand shares for its cash capital increase. The board of directors resolved to retain 10% of the issued shares for employees' subscription. On November 2, 2023, the number of shares retained for employees' subscription and the subscription price were confirmed. The Company recognized the capital surplus of NT$3,380 thousand on the grant date at the fair value computed based on the Black-Scholes option evaluation model. Relevant information is as follows:

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

29. DISPOSAL OF SUBSIDIARIES

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

a. Consideration received from disposals

	AMTC
Cash and cash equivalents	$ 394,661

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

	AMTC
Current assets	
Cash and cash equivalents	$ 197,863
Accounts receivable and other receivables	104,826
Inventories	11,310
Other current assets	3,235
Non-current assets	
Property, plant and equipment	1,976
Intangible assets	540
Deferred tax assets	13,798
Total assets	$ 333,548
Current liabilities	
Accounts payable and other payables	$ 86,298
Other current liabilities	10,198
Total liabilities	$ 96,496
Net assets disposed of	$ 237,052

c. Net cash inflow on disposals of subsidiaries

	AMTC
Consideration received in cash and cash equivalents	$ 394,661
Less: Cash and cash equivalent balances disposed of	(197,863)
	$ 196,798

30. CAPITAL MANAGEMENT

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

31. FINANCIAL INSTRUMENT

a. Categories of financial instruments

	December 31			
	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Financial assets at amortized cost (Note 1)	$ 11,250,645	$ 11,250,645	$ 15,662,336	$ 15,662,336
Financial assets at FVTPL				
Derivative financial assets	99,185	99,185	124,669	124,669
Financial assets at FVTOCI				
Investment in equity instruments	1,348,557	1,348,557	1,234,748	1,234,748
Financial liabilities				
Financial liabilities at amortized cost (Note 2)	9,961,981	9,961,981	12,533,065	12,533,065
Financial liabilities at FVTPL				
Derivative financial liabilities	786	786	7,412	7,412

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

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

b. Fair value information

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

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

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

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

2) Fair value measurements recognized in the consolidated balance sheets

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

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

c) Domestic unlisted equity instruments at FVTOCI were all measured based on Level 3 fair value. Fair values of such equity instruments were determined using discounted cash flow of income approach and comparable listed company approach, by referring to strike price of similar business in active market, implied value multiple of the price and relevant information. Significant unobservable inputs included P/E ratio, value multiple and market liquidity discount. As the discounted cash flow method was used, the discount rate used for 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$8,649 thousand and NT$8,651 thousand as of December 31, 2023 and 2022, respectively.

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

	December 31, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 22,422	$ 76,763	$ 99,185
Financial assets at FVTOCI				
Domestic listed shares and emerging market shares	$ 134,083	$ -	$ -	$ 134,083
Domestic and overseas unlisted shares	$ -	$ -	$ 1,214,474	$ 1,214,474
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 786	$ -	$ 786

	December 31, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 2,894	$ 121,775	$ 124,669
Financial assets at FVTOCI				
Domestic listed shares and emerging market shares	$ 117,904	$ -	$ -	$ 117,904
Domestic and overseas unlisted shares	$ -	$ -	$ 1,116,844	$ 1,116,844
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 7,412	$ -	$ 7,412

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

The financial assets measured at Level 3 fair value were financial assets at FVTPL and equity investments classified as financial assets at FVTOCI. Reconciliations for the years ended December 31, 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	**2022**
Balance at January 1	$ 1,238,619	$ 2,487,691
Additions	-	45,000
Refund of capital reduction	(2,000)	(1,000)
Recognized in other comprehensive income	54,630	(10,968)
Recognized in profit or loss	(12)	7,575
Transferred to investments accounted for using the equity method	-	(1,289,679)
Balance at December 31	$ 1,291,237	$ 1,238,619

c. Financial risk management objectives and policies

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

1) Market risk

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

a) Foreign currency risk

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

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

The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period and assuming an increase in net income and equity if New Taiwan dollars strengthen by 1% against foreign currencies. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be impact on net income in the amounts of NT$14,974 thousand decrease and NT$13,042 thousand decrease for the years ended December 31, 2023 and 2022, respectively. The amounts used in the 1% weakening of New Taiwan dollars against the relevant currency did not consider the impact of hedge contracts and hedged item.

b) Interest rate risk

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

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

	December 31	
	2023	**2022**
Cash flow interest rate risk		
Financial assets	$ 8,413	$ 8,413
Financial liabilities	2,064,280	2,569,040

The sensitivity analysis of cash flows based on the Group's exposure to interest rates for fair value of variable-rate non-derivative instruments at the end of the reporting period. If interest rates increased by 1%, the Group's cash outflows for the years ended December 31, 2023 and 2022 would have increased by NT$20,559 thousand and NT$25,606 thousand, respectively.

2) Credit risk

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

3) Liquidity risk

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

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

	December 31, 2023			
	Within 1 Year	**1-2 Years**	**Over 2 Years**	**Total**
Non-derivative financial liabilities				
Non-interest bearing	$ 6,051,703	$ -	$ -	$ 6,051,703
Lease liabilities	165,301	127,188	269,323	561,812
Variable interest rate liabilities	1,207,137	285,714	571,430	2,064,281
	$ 7,424,141	$ 412,902	$ 840,753	$ 8,677,796

Additional information about the maturity analysis of lease liabilities:

	Less than 2 Years	**2-5 Years**	**Over 5 Years**	**Total**
Non-derivative financial liabilities				
Lease liabilities	$ 292,489	$ 153,869	$ 115,454	$ 561,812

	December 31, 2022			
	Within 1 Year	1-2 Years	Over 2 Years	Total
Non-derivative financial liabilities				
Non-interest bearing	$ 7,612,997	$ -	$ -	$ 7,612,997
Lease liabilities	180,503	140,228	381,071	701,802
Variable interest rate liabilities	1,140,469	285,714	1,142,857	2,569,040
	$ 8,933,969	$ 425,942	$ 1,523,928	$ 10,883,839

Additional information about the maturity analysis of lease liabilities:

	Less than 2 Years	2-5 Years	Over 5 Years	Total
Non-derivative financial liabilities				
Lease liabilities	$ 320,731	$ 231,766	$ 149,305	$ 701,802

32. RELATED PARTIES TRANSACTIONS

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

Related Party Name	Related Party Categories
Winbond Electronics Corporation (“WEC”)	The Company’s parent
Winbond Electronics (HK) Limited (“WEHK”)	Associate
Winbond Electronics Corporation America (“WECA”)	Associate
Winbond Electronics Corporation Japan (“WECJ”)	Associate
Callisto Holding Limited	Associate
AMTC	Associate (Note 1)
Miraxia Edge Technology Corporation (“METC”)	Associate
TPSCo.	Associate (Note 2)
Winbond Electronics Germany GmbH (“WEG”)	Associate
Nyquest Technology Co., Ltd. (“Nyquest”)	Related party in substance
Walton Advanced Engineering Inc.	Related party in substance
Chin Cherng Construction Co., Ltd.	Related party in substance
United Industrial Gases Co., Ltd.	Related party in substance
Waltech Advanced Engineering (Suzhou), Inc. (“Waltech”)	Related party in substance

Note 1: The Group has disposed of AMTC to Winbond Electronics Corporation in January 2023, therefore AMTC has been reclassified from subsidiary to associate. Refer to Note 29 to the consolidated financial statements.

Note 2: The Group has significant influence over TPSCo. Starting from April 2022, therefore TPSCo. has been reclassified from related party in substance to associate. Refer to Note 13 to the consolidated financial statements.

b. Operating activities

	For the Year Ended December 31	
	2023	2022
1) Operating revenue		
Related party in substance	$ 141,953	$ 3,506,494
Associate	99,937	401,706
	$ 241,890	$ 3,908,200
2) Purchases of goods		
Associate		
TPSCo.	$ 3,822,301	$ 3,099,787
Others	-	9,884
Related party in substance		
TPSCo.	-	1,498,020
Parent company	97,226	189,136
	$ 3,919,527	$ 4,796,827
3) Manufacturing expenses		
Associate		
TPSCo.	$ 1,865,936	$ 1,408,002
Others	59,547	-
Related party in substance		
TPSCo.	-	475,284
Waltech	2,118,859	1,076,208
Parent company	1,595	1,088
	$ 4,045,937	$ 2,960,582
4) Operating expenses		
Associate	$ 398,695	$ 578,351
Related party in substance	30,186	124,134
Parent company	219,336	75,958
	$ 648,217	$ 778,443
5) Dividend income		
Related party in substance		
United Industrial Gases Co., Ltd.	$ 59,840	$ 67,118
Nyquest	10,725	13,200
	$ 70,565	$ 80,318
6) Other income (loss)		
Related party in substance	$ (81,633)	$ 649
Associate	(2,569)	12,119
	$ (84,202)	$ 12,768

	December 31	
	2023	2022
7) Accounts receivable from related parties		
Related party in substance		
Nyquest	$ 18,433	$ 15,704
Waltech	2,165	684,713
Others	27	20
Associate	8,898	68,274
	$ 29,523	$ 768,711
8) Other receivables		
Associate		
TPSCo.	$ 36,518	$ 54,318
Others	9,713	7,202
Parent company	1,598	597
Related party in substance	555	340
	$ 48,384	$ 62,457

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

	December 31	
	2023	2022
9) Refundable deposits		
Parent company	$ 1,780	$ 1,780
Related party in substance	1,722	1,722
	$ 3,502	$ 3,502
10) Accounts payable to related parties		
Associate		
TPSCo.	$ 385,860	$ 252,642
Related party in substance		
Waltech	373,818	474,247
Parent company	18,482	20,828
	$ 778,160	$ 747,717
11) Other payables		
Associate	$ 216,715	$ 241,319
Parent company	94,651	48,200
Related party in substance	248,339	137,410
	$ 559,705	$ 426,929

	December 31	
	2023	2022

12) Guarantee deposits

	2023	2022
Related party in substance		
Nyquest	$ 244,800	$ 250,594
Parent company	545	545
	$ 245,345	$ 251,139

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

13) Acquisition of property, plant and equipment

	Acquisition Price For the Year Ended December 31	
	2023	2022
Associate	$ 57,001	$ 112,128
Related party in substance	-	31,725
	$ 57,001	$ 143,853

14) Disposal of property, plant and equipment

	Proceeds For the Year Ended December 31		Gain (Loss) on Disposal For the Year Ended December 31	
	2023	2022	2023	2022
Associate	$ -	$ 72,749	$ -	$ 155

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

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

15) Disposal of intangible assets

	Proceeds For the Year Ended December 31		Gain (Loss) on Disposal For the Year Ended December 31	
Related Party Category	2023	2022	2023	2022
Associate				
TPSCo.	$ -	$ 204,873	$ -	$ 16

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

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

c. Lease arrangements - Group is lessee

	December 31	
	2023	2022
1) Lease liabilities		
Parent company	$ 12,188	$ 24,245
Associate	24,290	32,131
	$ 36,478	$ 56,376

	For the Year Ended December 31	
	2023	2022
2) Finance costs		
Associate	$ 460	$ 563
Parent company	182	312
Related party in substance	-	84
	$ 642	$ 959

d. Lease arrangements - Group is lessor/sublease arrangements

Sublease arrangements under operating leases

For the years ended December 31, 2023 and 2022, the Group subleases its right-of-use assets to its associate companies WEC, WEHK and TPSCo. under operating leases with lease terms between 1 and 12 years, and the rental is based on similar asset’s market rental rates and fixed lease payments are received monthly.

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

	December 31	
Related Party Category	**2023**	**2022**
Associate		
TPSCo.	$ 12,842	$ 19,770
Others	230	230
Parent company	401	340
	$ 13,473	$ 20,340

2) Future lease payment receivables are as follows:

Related Party Category	December 31 2023	December 31 2022
Associate		
TPSCo.	$ 1,155,776	$ 1,402,999
Others	458	1,830
Parent company	4,254	12,151
	$ 1,160,488	$ 1,416,980

3) Lease income were as follows:

Related Party Category	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Associate		
TPSCo.	$ 175,386	$ 155,271
Others	1,393	1,395
Related party in substance		
TPSCo.	-	55,912
Parent company	4,050	4,041
	$ 180,829	$ 216,619

Lease arrangements under finance leases

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

As of December 31, 2023 and 2022, the balance of finance lease receivables were NT$115,377 thousand and NT$220,182 thousand, respectively, and no impairment loss was recognized for the year ended December 31, 2023 and 2022. There was also no gain (loss) on the disposal of equipment and intangible assets. The amount of interest income under finance leases for the year ended December 31, 2023 and 2022 were NT$3,236 thousand and NT$3,552 thousand, respectively.

e. Disposal of right-of-use assets

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

f. Acquisition of financial assets

December 31, 2023

Related Party Category	**Project**	**Number of Shares**	**Target**	**Amount Obtained**
Associate				
TPSCo.	Investments accounted for using equity method	3,920	TPSCo. Ordinary share	$ 59,586

December 31, 2022

Related Party Category	**Project**	**Number of Shares**	**Target**	**Amount Obtained**
Associate				
TPSCo.	Investments accounted for using equity method	30,919	TPSCo. Ordinary share	$ 358,772

g. Endorsements and guarantees

Endorsements and guarantees provided by the Group

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

Endorsements and guarantees given by related parties

Related Party Category	**December 31**	
	2023	**2022**
Parent company		
Amount endorsed	$ 6,516,000	$ 6,972,000
Amount utilized (reported as secured bank loans)	$ 847,080	$ 952,840

h. Compensation of key management personnel

	For the Year Ended December 31	
	2023	**2022**
Short-term employee benefits	$ 278,334	$ 308,890
Post-employment benefits	3,508	3,623
Share-based payment	3,174	-
	$ 285,016	$ 312,513

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

i. Other transactions with related parties

The Group has sold all of its shares of AMTC to WEC in January 2023, refer to Note 29 to the consolidated financial statements.

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2023	2022
Land	$ 1,021,639	$ 1,104,321
Buildings	519,543	612,959
Investment properties	324,873	381,219
Time deposits (accounted as refundable deposits)	109,268	107,227
	$ 1,975,323	$ 2,205,726

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The board of directors of the Company agreed to sell all preferred shares of Autotalks Ltd. of 4,500,553 (including shares which converted from SAFE warrants), the transaction price is estimated to be US$23,925 thousand, which will vary by the adjustment mechanism contained in the contract on the date of trade. Settlement of this transaction will be effective within 5 working days or on a date to be mutually agreed upon by the parties, subject to the success of the conditions precedent set forth in the contract.

35. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

On 1 January 2024, an earthquake of magnitude 7.6 centered on the Noto Peninsula, Ishikawa Prefecture, Japan. The Group's plants located in Toyama, Japan, including the front-end wafer fab of TPSCo., which is a joint venture with Tower and the Company’s back-end semiconductor packaging and testing plant had been activated the emergency safety procedures. Currently it has been confirmed that all employees are safe, the office and factory buildings have not been significantly damaged, subsequent repair and other related costs are still being evaluated.

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	December 31					
	2023			2022		
	Foreign Currencies (Thousand)	Exchange Rate (Note)	New Taiwan Dollars (Thousand)	Foreign Currencies (Thousand)	Exchange Rate (Note)	New Taiwan Dollars (Thousand)
Financial assets						
Monetary items						
USD	$ 178,715	30.7050	$ 5,487,438	$ 182,038	30.71	$ 5,590,375
ILS	10,874	8.4694	92,097	9,720	8.7301	84,860
RMB	5,906	4.3270	25,555	5,675	4.4080	25,014
JPY	217,862	0.2172	47,320	267,375	0.2324	62,138
EUR	604	33.98	20,536	178	32.72	5,834

(Continued)

	December 31					
	2023			2022		
	Foreign Currencies (Thousand)	Exchange Rate (Note)	New Taiwan Dollars (Thousand)	Foreign Currencies (Thousand)	Exchange Rate (Note)	New Taiwan Dollars (Thousand)
Financial liabilities						
Monetary items						
USD	$ 131,320	30.7050	$ 4,032,168	$ 142,250	30.71	$ 4,368,483
ILS	13,070	8.4694	110,694	10,532	8.7301	91,949
RMB	4,495	4.3270	19,452	6,602	4.4080	29,102
JPY	3,283	0.2172	713	56,304	0.2324	13,085

(Concluded)

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

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains (losses) were NT$77,808 thousand and NT$143,614 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

37. SEGMENT INFORMATION

a. Basic information about operating segment

1) Classification of operating segments

The Group’s reportable segments under IFRS 8 “Operating Segments” were as follows:

a) General IC product segment

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

b) Foundry service segment

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

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

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

b. Segment revenues and operating results

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

	Segment Revenue For the Year Ended December 31		Segment Profit and Loss For the Year Ended December 31	
	2023	2022	2023	2022
General IC products	$ 32,365,005	$ 36,745,221	$ 4,277,083	$ 5,722,355
Foundry service	2,447,858	3,368,080	884,345	1,863,466
Total of segment revenue	34,812,863	40,113,301	5,161,428	7,585,821
Other revenue	535,286	1,759,125	321,620	1,103,362
Operating revenue	$ 35,348,149	$ 41,872,426	5,483,048	8,689,183
Unallocated expenditure				
Administrative and supporting expenses			(2,545,425)	(2,749,443)
Sales and other common expenses			(1,247,440)	(1,461,831)
Total operating profit			1,690,183	4,477,909
Finance costs			(45,759)	(35,230)
Interest income			190,134	89,583
Dividend income			71,728	80,422
Other gains and losses			40,651	50,404
Gains (losses) on disposal of property, plant and equipment			646,211	304,132
Foreign exchange gains (losses)			77,808	143,614
Gains (losses) on financial instruments at fair value through profit or loss			(106,622)	(130,675)
Share of profit (loss) of associates			162,270	126,861
Profit before income tax			$ 2,726,604	$ 5,107,020

c. Geographical information

The Group operates in three principal geographical area - Asia, the United States and Europe.

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

	Revenue from External Customers For the Year Ended December 31		Non-current Assets December 31	
	2023	2022	2023	2022
Asia	$ 34,124,603	$ 40,737,361	$ 10,532,950	$ 10,646,633
United States	296,521	624,117	57,875	73,417
Europe	926,688	499,827	-	-
Others	337	11,111	-	-
	$ 35,348,149	$ 41,872,426	$ 10,590,825	$ 10,720,050

d. Information about major customer

Single customers contributing 10% or more to the Group's operating revenue for the years ended December 31, 2023 and 2022 were as follows:

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
Customer S	$ 4,400,516	12	$ 5,684,588	14
Customer V	2,959,218	8	13,740,477	33
	$ 7,359,734	20	$ 19,425,065	47

38. ADDITIONAL DISCLOSURE

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

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

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

b. Information on investment in mainland China

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

c. Information of major shareholders: Refer to Table 9 attached.

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 2)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 2)	Actual Borrowing Amount (In Thousands of Foreign Currencies)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Company	NTCJ	Subsidiary	$ 16,731,044	$ 2,185,365	$ 2,185,365	$ 196,922	$ -	13.06	$ 16,731,044	Y	N	N

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

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

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

TABLE 2

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Shares							
	Yu-Ji Venture Capital Co., Ltd.	The held company as the investee's director	Non-current financial assets at fair value through other comprehensive income	375,000	$ 7,324	5	$ 7,324	
	Brightek Optoelectronic Co., Ltd.	None	〃	34,680	1,423	-	1,423	
	United Industrial Gases Co., Ltd.	The held company as the investee's director	〃	8,800,000	536,800	4	536,800	
	Autotalks Ltd. - Preferred E. Share	None	〃	3,932,816	614,100	9	614,100	
	Allxon Inc.	None	〃	5,625,000	56,250	15	56,250	
	Warrants							
	Autotalks Ltd.	None	Non-current financial assets at fair value through profit and loss	-	76,763	-	76,763	
SYI	Shares							
	Nyquest Technology Co., Ltd.	The held company as the investee's director	Non-current financial assets at fair value through other comprehensive income	1,650,000	132,660	5	132,660	
NTCJ	Shares							
	Symetrix Corporation	None	〃	50,268	-	1	-	

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
NTCJ	AMTC	Investments accounted for using equity method	WEC	The Company's parent	4,000	$ 233,534	-	$ -	4,000	$ 394,661 (JPY 1,673,000)	$ 237,052	Note	-	$ -

Note: In January 2023, NTCJ sold 100% of the shares of AMTC to WEC at the consideration of JPY1,673,000 thousand since this equity transfer is deemed as a reorganization under joint control, the difference between the sales price and the net equity value after deduction of the relevant income tax expenses was $37,208 thousand, the capital surplus was increased by $120,401 thousand, and the cumulative translation adjustment was $3,518 thousand.

TABLE 4

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(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	$ 7,952,135	42	Net 50 days from invoice date	N/A	N/A	$ 1,213,476	50	
	NTCA	Subsidiary	Sales	125,605	1	Net 50 days from invoice date	N/A	N/A	34,326	1	
	NTSG	Subsidiary	Sales	661,206	3	Net 10 days end of the month	N/A	N/A	88,124	4	
	NTCJ	Subsidiary	Sales	908,377	5	Net 10 days end of the month	N/A	N/A	207,534	9	
	NTSZ	Subsidiary	Sales	191,873	1	Net 50 days from invoice date	N/A	N/A	22,577	1	
	Nyquest	Related party in substance	Sales	127,399	1	Net 45 days from invoice date	N/A	N/A	18,433	1	
	NTSG	Subsidiary	Purchases	596,847	7	Net 8 days end of the month	N/A	N/A	(47,516)	3	
	NTCJ	Subsidiary	Purchases	6,372,549	70	Net 8 days end of the month	N/A	N/A	(600,655)	33	
NTSG	NTCJ	Fellow subsidiary	Sales	US$ 174,949	65	Net 10 days end of the month	N/A	N/A	US$ 9,991	49	
	NTHK	Fellow subsidiary	Sales	US$ 14,528	5	Net 10 days end of the month	N/A	N/A	US$ 1,517	7	
NTCJ	NTSG	Fellow subsidiary	Sales	JPY 23,048,973	25	Net 10 days end of the month	N/A	N/A	JPY 1,260,807	9	
	NTHK	Fellow subsidiary	Sales	JPY 12,988,745	14	Net 10 days end of the month	N/A	N/A	JPY 1,098,239	8	
	TPSCo.	Associate	Purchases	JPY 17,239,206	41	Net 10 days end of the month	N/A	N/A	JPY (1,776,518)	29	

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023
(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	$ 1,213,476 (Note 1)	11.74	$ -	-	$ 730,020	$ -
	NTCJ	Subsidiary	207,534 (Note 1)	8.75	-	-	195,949	-
NTSG	NTCJ	Fellow subsidiary	US$ 9,991 (Note 1)	13.01	-	-	US$ 9,991	-
NTCJ	NTSG	Fellow subsidiary	JPY 1,260,807 (Note 1)	14.72	-	-	JPY 1,260,807	-
	NTHK	Fellow subsidiary	JPY 1,098,239 (Note 1)	23.65	-	-	JPY 1,098,239	-
	The Company	Parent company	JPY 2,767,586 (Note 1)	16.77	-	-	JPY 2,767,586	-
NTIL	The Company	Parent company	ILS 16,642 (Note 1)	(Note 2)	-	-	ILS 16,642	-

Note 1: All receivables balances are eliminated.

Note 2: Mainly related to other receivables, the calculation of turnover days is not applicable.

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
The Company	NTHK	Hong Kong	Sales of semiconductor	$ 427,092	$ 427,092	107,400,000	100	$ 703,987	$ 101,154	$ 101,154	
	MML	British Virgin Islands	Investment holding	274,987	274,987	8,897,789	100	282,496	4,262	4,262	
	NIH	British Virgin Islands	Investment holding	515,251	590,953	15,633,161	100	370,049	71,938	71,938	(Note 3)
	SYI	Taiwan	Investment holding	38,500	38,500	3,850,000	100	161,693	11,260	11,260	
	NTIPL	India	Design, sales and service of semiconductor	30,211	30,211	600,000	100	21,564	30	30	
	NTCA	United States of America	Design, sales and service of semiconductor	190,862	190,862	60,500	100	219,309	8,827	8,827	
	NTSG	Singapore	Design, sales and service of semiconductor	1,319,054	1,319,054	45,100,000	100	2,021,289	59,001	59,001	
	NTKL	Korea	Design, sales and service of semiconductor	30,828	30,828	125,000	100	13,804	1,402	1,402	
	NTHJ	Japan	Investment holding	5,927,849	5,927,849	100	100	8,527,820	1,368,696	1,368,696	
	NTG	Germany	Customer service and technical support of semiconductor	67,980	-	2,000,000	100	67,960	-	-	(Note 4)
MML	GLLC	United States of America	Investment holding	1,473,559	1,473,559	-	100	282,622	4,661	4,661	
NIH	NTIL	Israel	Design and service of semiconductor	46,905	46,905	1,000	100	369,080	69,907	69,907	
NTHJ	NTCJ	Japan	Design, sales and service of semiconductor	111,520	111,520	9,480	100	11,695,970	1,368,454	1,368,454	
NTCJ	AMTC	Japan	Design and service of semiconductor	-	55,760	-	-	-	-	-	(Note 2)
	TPSCo.	Japan	Foundry and sales of semiconductor	1,708,037	1,648,451	49,539	49	1,824,673	363,783	162,270	(Note 1)

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

Note 2: Refer to Note 29 for information of the Company disposal of the subsidiary in January 2023.

Note 3: NIH resolved by the Company’s board meeting on May 29, 2023 to reduce capital by 2,327 thousand shares and return $75,702 thousand in cash.

Note 4: Refer to Note 4 for information of the Company established NTG in Germany in December 2023 and acquired 100% of ownership.

Note 5: Refer to Table 7 for information on investment in mainland China.

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(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, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	% Ownership of Direct or Indirect Investment	Net Income of the Investee	Investment Gain (Note 1)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
NTSH	Provide project of sale in China and repairing, testing and consulting of software and leasing business	$ 68,036 (US$ 2,000)	Through investing in MML in the third area in British Virgin Islands, which then invested in the investee in mainland China indirectly	$ 68,036 (US$ 2,000)	$ -	$ -	$ 68,036 (US$ 2,000)	100	$ 165	$ 165	$ 282,801	$ -
WENJ (Note 2)	Computer software service (except I.C. design)	-	Through investing in MML in the third area in British Virgin Islands, which then invested in the investee in mainland China indirectly	16,429 (US$ 500)	-	-	16,429 (US$ 500)	-	(47)	(47)	- (Note 2)	-
NTSZ	Computer software service (except I.C. design), wholesale business for computer, supplement and software	197,670 (US$ 6,000)	Through investing in NTHK in the third area, which then invested in the investee in mainland China indirectly	197,670 (US$ 6,000)	-	-	197,670 (US$ 6,000)	100	6,366	6,366	229,728	-
Song Zhi (Suzhou)	Provide development of semiconductor and technology, consult service and equipment leasing business	8,688 (RMB 2,000)	Through investing in NTSH in the third area, which then invested in the investee in mainland China indirectly	- (Note 3)	-	-	-	100	(271)	(271)	7,787	-

Note 1: Investment profit or loss for the year ended December 31, 2023 was recognized under the basis of the financial statements audited by the Company’s auditor.

Note 2: WENJ has completed the cancellation and liquidation process in May 2023.

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

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

Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
The Company	NT$282,135 (US$8,500)	NT$282,135 (US$8,500)	NT$10,038,626

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

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

TABLE 8

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No.	Company Name	Related Party	Nature of Relationship	Transaction Details			Percentage of Consolidated Total Gross Sales or Total Assets (%)
				Financial Statement Account	Amount	Terms (Note)	
	2023						
0	The Company	NTHK	Transactions between parent company and subsidiaries	Operating revenue	$ 7,952,135	-	22
		NTHK	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	1,213,476	-	4
		NTCA	Transactions between parent company and subsidiaries	Operating revenue	125,605	-	-
		NTSG	Transactions between parent company and subsidiaries	Operating revenue	661,206	-	2
		NTCJ	Transactions between parent company and subsidiaries	Operating revenue	908,377	-	3
		NTCJ	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	207,534	-	1
		NTSZ	Transactions between parent company and subsidiaries	Operating revenue	191,873	-	1
		NTSG	Transactions between parent company and subsidiaries	Operating cost	596,847	-	2
		NTCJ	Transactions between parent company and subsidiaries	Operating cost	6,372,549	-	18
		NTCJ	Transactions between parent company and subsidiaries	Accounts payable to related parties	600,655	-	2
		NTIL	Transactions between parent company and subsidiaries	Other payables	140,949	-	-
		NTIL	Transactions between parent company and subsidiaries	Operating expense	1,196,938	-	3
		NTCA	Transactions between parent company and subsidiaries	Operating expense	429,561	-	1
1	NTCJ	NTSG	Transactions between subsidiaries	Operating revenue	5,132,532	-	15
		NTSG	Transactions between subsidiaries	Accounts receivable due from related parties	273,847	-	1
		NTHK	Transactions between subsidiaries	Operating revenue	2,867,867	-	8
		NTHK	Transactions between subsidiaries	Accounts receivable due from related parties	238,538	-	1
2	NTSG	NTCJ	Transactions between subsidiaries	Operating revenue	5,436,698	-	15
		NTCJ	Transactions between subsidiaries	Accounts receivable due from related parties	306,787	-	1
		NTHK	Transactions between subsidiaries	Operating revenue	453,014	-	1

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

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

TABLE 9

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

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

Note 1: Table 9 is based on the information on the last business day of the quarter provided by the Taiwan Depository & Clearing Corporation (TDCC). The TDCC calculate the total number of ordinary shares and preferred shares held by shareholders who retain more than 5% of the Company’s share (including treasury shares) that have delivered without physical registration. The number of shares in the Company’s consolidated financial report and the actual number of shares delivered without physical registration may differ due to the different calculation basis.

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