

**Winbond Electronics Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2021 and 2020 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Winbond Electronics Corporation

Introduction

We have reviewed the accompanying consolidated financial statements of Winbond Electronics Corporation and its subsidiaries (the Group) as of September 30, 2021 and 2020, and the consolidated statements of comprehensive income for the three-month periods ended September 30, 2021 and 2020 and for the nine-month periods ended September 30, 2021 and 2020, as well as the consolidated statements of changes in equity and cash flows for the nine-month periods ended September 30, 2021 and 2020, and the notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2021 and 2020, its consolidated financial performance for the three-month periods ended September 30, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the nine-month periods then ended September 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Kenny Hong and Wen-Yea Shyu.



Deloitte & Touche
Taipei, Taiwan
Republic of China

November 4, 2021

Notice to Readers

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

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2021 (Reviewed)		December 31, 2020 (Audited)		September 30, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 22,340,398	16	\$ 11,744,306	9	\$ 9,235,795	8
Current financial assets at fair value through profit or loss (Note 7)	125,499	-	51,603	-	61,858	-
Current financial assets at fair value through other comprehensive income (Note 8)	10,096,228	7	8,837,227	7	6,710,352	5
Notes and accounts receivable, net (Note 9)	12,253,370	9	9,707,378	8	10,398,096	9
Accounts receivable due from related parties, net (Note 31)	690,593	-	77,760	-	64,333	-
Other receivables (Note 10)	1,285,313	1	1,973,584	2	2,663,086	2
Inventories (Note 11)	15,270,998	11	14,141,414	11	14,356,530	12
Other current assets	1,093,596	1	997,529	1	1,722,007	1
Total current assets	<u>63,155,995</u>	<u>45</u>	<u>47,530,801</u>	<u>38</u>	<u>45,212,057</u>	<u>37</u>
NON-CURRENT ASSETS						
Non-current financial assets at fair value through other comprehensive income (Note 8)	3,098,821	2	2,239,987	2	2,252,823	2
Investments accounted for using equity method (Note 12)	7,032,663	5	6,241,789	5	3,982,876	3
Property, plant and equipment (Note 13)	59,995,867	43	61,452,516	49	61,884,457	51
Right-of-use assets (Note 14)	2,872,507	2	3,200,332	2	3,246,266	3
Investment properties (Note 15)	2,112,852	1	2,466,667	2	2,501,693	2
Intangible assets (Note 16)	985,304	1	891,380	-	877,284	1
Deferred income tax assets (Note 4)	748,316	1	908,560	1	981,407	1
Other non-current assets (Note 6)	645,165	-	1,111,208	1	544,419	-
Total non-current assets	<u>77,491,495</u>	<u>55</u>	<u>78,512,439</u>	<u>62</u>	<u>76,271,225</u>	<u>63</u>
TOTAL	<u>\$ 140,647,490</u>	<u>100</u>	<u>\$ 126,043,240</u>	<u>100</u>	<u>\$ 121,483,282</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 17)	\$ 1,550,788	1	\$ 1,821,210	2	\$ 1,591,112	1
Current financial liabilities at fair value through profit or loss (Note 7)	2,634	-	3,191	-	-	-
Notes and accounts payable	6,709,402	5	6,571,429	5	6,449,218	5
Accounts payable due to related parties (Note 31)	1,440,205	1	1,666,003	1	1,633,906	2
Payables on machinery and equipment	3,333,318	2	2,197,953	2	2,330,495	2
Other payables	8,167,558	6	6,123,460	5	6,244,867	5
Current tax liabilities (Note 4)	1,957,079	1	252,309	-	339,536	-
Provisions - current (Note 19)	551,784	-	928,719	1	927,168	1
Lease liabilities - current (Note 14)	344,789	-	388,401	-	389,904	1
Long-term borrowings - current portion (Note 17)	3,685,000	3	5,000,000	4	4,000,000	3
Other current liabilities	698,676	1	522,331	-	307,470	-
Total current liabilities	<u>28,441,233</u>	<u>20</u>	<u>25,475,006</u>	<u>20</u>	<u>24,213,676</u>	<u>20</u>
NON-CURRENT LIABILITIES						
Bonds payable (Note 18)	10,051,910	7	11,151,668	9	11,625,027	10
Long-term borrowings (Notes 17 and 27)	10,285,283	7	9,381,845	7	12,732,993	10
Provisions - non-current (Note 19)	3,030,583	2	3,293,313	3	3,286,589	3
Lease liabilities - non-current (Note 14)	2,766,172	2	3,119,221	3	3,181,656	3
Net defined benefit liabilities - non-current (Note 4)	2,557,492	2	2,722,544	2	2,702,539	2
Other non-current liabilities	484,684	1	306,956	-	250,977	-
Total non-current liabilities	<u>29,176,124</u>	<u>21</u>	<u>29,975,547</u>	<u>24</u>	<u>33,779,781</u>	<u>28</u>
Total liabilities	<u>57,617,357</u>	<u>41</u>	<u>55,450,553</u>	<u>44</u>	<u>57,993,457</u>	<u>48</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 21)						
Share capital	39,800,002	28	39,800,002	32	39,800,002	33
Capital surplus	7,874,633	6	7,770,865	6	7,602,083	6
Retained earnings						
Legal reserve	2,074,570	1	1,913,317	2	1,913,317	2
Unappropriated earnings	16,612,199	12	8,094,753	6	7,704,680	6
Exchange differences on translation of foreign financial statements	(734,711)	-	(271,328)	-	(254,729)	-
Unrealized gains on financial assets measured at fair value through other comprehensive income	10,484,473	7	8,141,510	6	3,648,328	3
Total equity attributable to owners of the parent	<u>76,111,166</u>	<u>54</u>	<u>65,449,119</u>	<u>52</u>	<u>60,413,681</u>	<u>50</u>
NON-CONTROLLING INTERESTS	<u>6,918,967</u>	<u>5</u>	<u>5,143,568</u>	<u>4</u>	<u>3,076,144</u>	<u>2</u>
Total equity	<u>83,030,133</u>	<u>59</u>	<u>70,592,687</u>	<u>56</u>	<u>63,489,825</u>	<u>52</u>
TOTAL	<u>\$ 140,647,490</u>	<u>100</u>	<u>\$ 126,043,240</u>	<u>100</u>	<u>\$ 121,483,282</u>	<u>100</u>

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

	Three Months Ended September 30				Nine Months Ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Note 22)	\$ 27,014,730	100	\$ 16,033,721	100	\$ 73,574,247	100	\$ 40,335,319	100
OPERATING COSTS (Note 11)	<u>14,917,539</u>	<u>55</u>	<u>11,710,690</u>	<u>73</u>	<u>42,813,489</u>	<u>58</u>	<u>29,487,664</u>	<u>73</u>
GROSS PROFIT	<u>12,097,191</u>	<u>45</u>	<u>4,323,031</u>	<u>27</u>	<u>30,760,758</u>	<u>42</u>	<u>10,847,655</u>	<u>27</u>
OPERATING EXPENSES								
Selling expenses	681,379	2	428,878	3	1,959,431	3	1,051,462	3
General and administrative expenses	1,525,987	6	999,832	6	4,228,530	6	2,093,921	5
Research and development expenses	3,936,358	15	2,742,806	17	11,636,011	16	6,631,978	17
Expected credit (gain) loss (Note 9)	<u>5,024</u>	<u>-</u>	<u>38,972</u>	<u>-</u>	<u>70,291</u>	<u>-</u>	<u>50,142</u>	<u>-</u>
Total operating expenses	<u>6,148,748</u>	<u>23</u>	<u>4,210,488</u>	<u>26</u>	<u>17,894,263</u>	<u>25</u>	<u>9,827,503</u>	<u>25</u>
INCOME FROM OPERATIONS	<u>5,948,443</u>	<u>22</u>	<u>112,543</u>	<u>1</u>	<u>12,866,495</u>	<u>17</u>	<u>1,020,152</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	13,660	-	9,091	-	41,364	-	38,323	-
Dividend income (Note 8)	342,364	1	159,840	1	404,364	1	227,534	1
Gain from bargain purchase (Note 28)	-	-	218,968	1	-	-	218,968	1
Other income (Notes 14 and 27)	94,649	-	68,794	-	376,108	1	97,866	-
Share of profit (loss) of associates	180,743	1	27,436	-	199,860	-	64,752	-
Gains (losses) on disposal of property, plant and equipment	2,407	-	4,115	-	166,004	-	(5,889)	-
Gains (losses) on disposals of intangible assets	(4,803)	-	-	-	(4,803)	-	-	-
Gains (losses) on disposal of investments	-	-	-	-	(436)	-	-	-
Gains (losses) on disposal of non-current held for sale assets	-	-	-	-	30,371	-	-	-
Gains (losses) on foreign exchange (Note 35)	22,693	-	(2,120)	-	(92,904)	-	(51,120)	-
Gains (losses) on financial instruments at fair value through profit or loss	(387)	-	29,610	-	25,956	-	50,071	-
Interest expense (Notes 14 and 27)	(42,561)	-	(73,339)	-	(183,178)	-	(209,233)	(1)
Other expenses	(100,777)	-	(64,966)	-	(377,416)	(1)	(144,366)	-
Impairment loss recognized on property, plant and equipment	<u>(692,003)</u>	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>(782,949)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>(184,015)</u>	<u>(1)</u>	<u>377,429</u>	<u>2</u>	<u>(197,659)</u>	<u>-</u>	<u>286,906</u>	<u>1</u>

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WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

	Three Months Ended September 30				Nine Months Ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 5,764,428	21	\$ 489,972	3	\$ 12,668,836	17	\$ 1,307,058	3
INCOME TAX EXPENSE (Notes 4 and 25)	<u>977,254</u>	<u>3</u>	<u>112,979</u>	<u>-</u>	<u>2,393,037</u>	<u>3</u>	<u>173,338</u>	<u>-</u>
NET INCOME	<u>4,787,174</u>	<u>18</u>	<u>376,993</u>	<u>3</u>	<u>10,275,799</u>	<u>14</u>	<u>1,133,720</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME (LOSS)								
Components of other comprehensive income (loss) that will not be reclassified to profit or loss:								
Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	(2,568,537)	(10)	427,524	3	2,141,144	3	(575,012)	(2)
Share of other comprehensive income (loss) of associates accounted for using the equity method	(1,941,596)	(7)	390,606	2	645,866	1	(539,394)	(1)
Components of other comprehensive income (loss) that will be reclassified to profit or loss:								
Exchange differences on translation of foreign financial statements	<u>(71,604)</u>	<u>-</u>	<u>(125,198)</u>	<u>(1)</u>	<u>(781,967)</u>	<u>(1)</u>	<u>(182,733)</u>	<u>-</u>
Other comprehensive income (loss)	<u>(4,581,737)</u>	<u>(17)</u>	<u>692,932</u>	<u>4</u>	<u>2,005,043</u>	<u>3</u>	<u>(1,297,139)</u>	<u>(3)</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 205,437</u>	<u>1</u>	<u>\$ 1,069,925</u>	<u>7</u>	<u>\$ 12,280,842</u>	<u>17</u>	<u>\$ (163,419)</u>	<u>-</u>
NET INCOME								
ATTRIBUTABLE TO:								
Owners of the parent	\$ 4,478,033	17	\$ 331,124	2	\$ 9,400,565	13	\$ 953,609	2
Non-controlling interests	<u>309,141</u>	<u>1</u>	<u>45,869</u>	<u>-</u>	<u>875,234</u>	<u>1</u>	<u>180,111</u>	<u>1</u>
	<u>\$ 4,787,174</u>	<u>18</u>	<u>\$ 376,993</u>	<u>2</u>	<u>\$ 10,275,799</u>	<u>14</u>	<u>\$ 1,133,720</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME (LOSS)								
ATTRIBUTABLE TO:								
Owners of the parent	\$ (85,745)	-	\$ 1,068,551	7	\$ 11,354,279	16	\$ (274,628)	-
Non-controlling interests	<u>291,182</u>	<u>1</u>	<u>1,374</u>	<u>-</u>	<u>926,563</u>	<u>1</u>	<u>111,209</u>	<u>-</u>
	<u>\$ 205,437</u>	<u>1</u>	<u>\$ 1,069,925</u>	<u>7</u>	<u>\$ 12,280,842</u>	<u>17</u>	<u>\$ (163,419)</u>	<u>-</u>
EARNINGS PER SHARE (Note 26)								
Basic	<u>\$ 1.13</u>		<u>\$ 0.08</u>		<u>\$ 2.36</u>		<u>\$ 0.24</u>	
Diluted	<u>\$ 1.12</u>		<u>\$ 0.08</u>		<u>\$ 2.36</u>		<u>\$ 0.24</u>	

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

(Concluded)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Equity Attributable to Owners of the Parent					Other Equity		Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings		Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income	Total		
			Legal Reserve	Unappropriated Earnings					
BALANCE, JANUARY 1, 2020	\$ 39,800,002	\$ 7,536,396	\$ 1,798,091	\$ 6,995,451	\$ (119,246)	\$ 5,009,928	\$ 61,020,622	\$ 2,836,565	\$ 63,857,187
Appropriation of 2019 earnings (Note 21)									
Legal reserve	-	-	115,226	(115,226)	-	-	-	-	-
Cash dividends	-	-	-	(398,000)	-	-	(398,000)	-	(398,000)
Total appropriations	-	-	115,226	(513,226)	-	-	(398,000)	-	(398,000)
Net income for the nine months ended September 30, 2020	-	-	-	953,609	-	-	953,609	180,111	1,133,720
Other comprehensive income (loss) for the nine months ended September 30, 2020	-	-	-	-	(135,483)	(1,092,754)	(1,228,237)	(68,902)	(1,297,139)
Total comprehensive income (loss) for the nine months ended September 30, 2020	-	-	-	953,609	(135,483)	(1,092,754)	(274,628)	111,209	(163,419)
Changes in ownership interests in subsidiaries	-	65,687	-	-	-	-	65,687	261,035	326,722
Disposal of investments in equity instruments designated at fair value through other comprehensive income (Notes 8 and 21)	-	-	-	268,846	-	(268,846)	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	(132,665)	(132,665)
BALANCE, SEPTEMBER 30, 2020	<u>\$ 39,800,002</u>	<u>\$ 7,602,083</u>	<u>\$ 1,913,317</u>	<u>\$ 7,704,680</u>	<u>\$ (254,729)</u>	<u>\$ 3,648,328</u>	<u>\$ 60,413,681</u>	<u>\$ 3,076,144</u>	<u>\$ 63,489,825</u>
BALANCE, JANUARY 1, 2021	\$ 39,800,002	\$ 7,770,865	\$ 1,913,317	\$ 8,094,753	\$ (271,328)	\$ 8,141,510	\$ 65,449,119	\$ 5,143,568	\$ 70,592,687
Appropriation of 2020 earnings (Note 21)									
Legal reserve appropriated	-	-	161,253	(161,253)	-	-	-	-	-
Cash dividends	-	-	-	(796,000)	-	-	(796,000)	-	(796,000)
Total appropriations	-	-	161,253	(957,253)	-	-	(796,000)	-	(796,000)
Net income for the nine months ended September 30, 2021	-	-	-	9,400,565	-	-	9,400,565	875,234	10,275,799
Other comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	(463,383)	2,417,097	1,953,714	51,329	2,005,043
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	9,400,565	(463,383)	2,417,097	11,354,279	926,563	12,280,842
Changes in ownership interests in subsidiaries	-	103,768	-	-	-	-	103,768	997,624	1,101,392
Disposal of investments in equity instruments designated at fair value through other comprehensive income (Notes 8 and 21)	-	-	-	74,134	-	(74,134)	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	(148,788)	(148,788)
BALANCE, SEPTEMBER 30, 2021	<u>\$ 39,800,002</u>	<u>\$ 7,874,633</u>	<u>\$ 2,074,570</u>	<u>\$ 16,612,199</u>	<u>\$ (734,711)</u>	<u>\$ 10,484,473</u>	<u>\$ 76,111,166</u>	<u>\$ 6,918,967</u>	<u>\$ 83,030,133</u>

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Nine Months Ended September 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 12,668,836	\$ 1,307,058
Adjustments for:		
Depreciation expense	8,405,591	6,781,646
Amortization expense	213,992	152,765
Expected credit (gain) loss recognized on accounts receivable	70,291	50,142
Interest expense	183,178	209,233
Interest income	(41,364)	(38,323)
Dividend income	(404,364)	(227,534)
Gain from bargain purchase	-	(218,968)
Share of (profit) loss of associates	(199,860)	(64,752)
(Gains) losses on disposal of property, plant and equipment	(166,004)	5,889
(Gains) losses on disposal of non-current held for sale assets	(30,371)	-
(Gains) losses on financial assets or liabilities at fair value through profit or loss	84	-
Impairment loss on property, plant and equipment	782,949	-
(Gains) loss on disposal of intangible assets	4,803	-
(Gains) losses on other items	-	(5)
Changes in operating assets and liabilities		
(Increase) decrease in financial assets and liabilities at fair value through profit or loss	21,631	17,336
(Increase) decrease in notes and accounts receivable	(2,601,690)	(1,115,621)
(Increase) decrease in accounts receivable due from related parties	(612,832)	7,776
(Increase) decrease in other receivables	228,715	(118,930)
(Increase) decrease in inventories	(1,129,584)	588,715
(Increase) decrease in other current assets	(355,291)	61,238
(Increase) decrease in other non-current assets	(1,142)	(2,970)
Increase (decrease) in notes and accounts payable	137,973	(156,079)
Increase (decrease) in accounts payable due to related parties	(225,798)	(807,886)
Increase (decrease) in other payables	2,120,481	105,684
Increase (decrease) in other current liabilities	176,345	79,100
Increase (decrease) in other non-current liabilities	(258,072)	(40,472)
Cash flows generated by (used in) operations	18,988,497	6,575,042
Interest received	36,461	44,547
Dividends received	404,364	227,534
Interest paid	(364,734)	(338,247)
Income taxes paid	(529,856)	(80,845)
Net cash flows generated by (used in) operating activities	<u>18,534,732</u>	<u>6,428,031</u>

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WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Nine Months Ended September 30	
	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through profit or loss	\$ (55,129)	\$ -
Acquisitions of financial assets at fair value through other comprehensive income	(169,189)	(535,772)
Proceeds from disposal of financial assets at fair value through other comprehensive income	235,167	656,226
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	4,500	2,250
Net cash flow from acquisition of subsidiaries	(77,934)	(6,928,207)
Proceeds from disposal of non-current held for sale assets	279,897	-
Acquisitions of property, plant and equipment	(6,947,199)	(6,332,205)
Proceeds from disposal of property, plant and equipment	948,527	15,349
(Increase) decrease in refundable deposits	465,752	7,338
(Increase) decrease in other receivables - time deposits	3,188	146,046
Acquisitions of intangible assets	<u>(200,645)</u>	<u>(372,421)</u>
Net cash flows generated by (used in) investing activities	<u>(5,513,065)</u>	<u>(13,341,396)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(270,422)	591,112
Proceeds from long-term borrowings	1,700,000	5,100,000
Repayments of long-term borrowings	(2,100,000)	(2,247,040)
Cash dividends paid	(796,000)	(398,000)
Proceeds from issuing bonds	-	1,998,428
Change in non-controlling interests	(148,788)	(132,665)
Repayments of lease liabilities	<u>(287,258)</u>	<u>(171,564)</u>
Net cash flows generated by (used in) financing activities	<u>(1,902,468)</u>	<u>4,740,271</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(523,107)</u>	<u>(59,018)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,596,092	(2,232,112)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>11,744,306</u>	<u>11,467,907</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 22,340,398</u>	<u>\$ 9,235,795</u>

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

(Concluded)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Winbond Electronics Corporation (the “Company”) was incorporated in the Republic of China (ROC) on September 29, 1987 and is engaged in the design, development, manufacture and marketing of Very Large Scale Integration (VLSI) integrated circuits (ICs) used in a variety of microelectronic applications.

The Company’s shares have been listed on the Taiwan Stock Exchange Corporation since October 18, 1995. Walsin Lihwa Corporation is a major shareholder of the Company and held approximately 22% ownership interest in the Company as of September 30, 2021 and 2020.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on November 4, 2021.

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

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	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 "Insurance Contracts"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities Arising from a Single Transaction"

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group will recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and recognize the cumulative effect of initial application in retained earnings at that date. The Group will apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the following significant accounting policies, please refer to the consolidated financial statements for the year ended December 31, 2020.

Statement of Compliance

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

Basis of Preparation

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

Basis of Consolidation

a. Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. 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.

Attribution of total comprehensive income to non-controlling interests

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

b. Subsidiaries included in consolidated financial statements

Investor	Investee	Main Business	% of Ownership		
			September 30, 2021	December 31, 2020	September 30, 2020
The Company	Winbond International Corporation (“WIC”)	Investment holding	100.00	100.00	100.00
WIC	Winbond Electronics Corporation America (“WECA”)	Design, sales and service of semiconductor	100.00	100.00	100.00
The Company	Landmark Group Holdings Ltd. (“Landmark”)	Investment holding	100.00	100.00	100.00
Landmark	Winbond Electronics Corporation Japan (“WECJ”)	Research, development, sales and after-sales service of semiconductor	100.00	100.00	100.00
Landmark	Peaceful River Corp. (“PRC”) (Note 1)	Investment holding	-	-	100.00
The Company	Winbond Electronics (HK) Limited (“WEHK”)	Sales of semiconductor and investment holding	100.00	100.00	100.00
WEHK	Winbond Electronics (Suzhou) Limited (“WECN”)	Design, development and marketing of VLSI integrated ICs	100.00	100.00	100.00
The Company	Pine Capital Investment Limited (“PCI”)	Investment holding	100.00	100.00	100.00
The Company	Winbond Technology LTD (“WTL”)	Design and service of semiconductor	100.00	100.00	100.00
The Company	Callisto Holdings Limited (“Callisto”)	Electronic commerce and investment holding	100.00	100.00	100.00
Callisto	Callisto Technology Limited (“CTL”)	Electronic commerce and investment holding	100.00	100.00	100.00
The Company	Winbond Electronics Germany GmbH (“WEG”)	Marketing service of semiconductor	100.00	100.00	100.00
The Company	Great Target Development Ltd. (“GTD”)	Investment holding	100.00	100.00	100.00
GTD	GLMTD Technology Private Limited (“GLMTD”)	Sales and service of semiconductor	99.99	99.99	99.99
The Company	Nuvoton Technology Corporation (“NTC”) (Note 2)	Research, design, development, manufacture and marketing of Logic IC, 6 inch wafer product, test, and OEM	52.00	55.00	60.00
NTC	Marketplace Management Limited (“MML”)	Investment holding	100.00	100.00	100.00
MML	Goldbond LLC (“GLLC”)	Investment holding	100.00	100.00	100.00
GLLC	Nuvoton Electronics Technology (Shanghai) Limited (“NTSH”)	Provide project of sale in China and repairing, testing and consulting of software and leasing business	100.00	100.00	100.00
GLLC	Winbond Electronics (Nanjing) Ltd. (“WENJ”)	Computer software service (except I.C. design)	100.00	100.00	100.00
NTSH	Song Zhi Electronics Technology (Suzhou) (“Song Zhi Suzhou”)	Provide development, consult and equipment lease of semiconductor	100.00	-	-
NTC	Nuvoton Technology Corp. America (“NTCA”)	Design, sales and service of semiconductor	100.00	100.00	100.00
NTC	Nuvoton Investment Holding Ltd. (“NIH”)	Investment holding	100.00	100.00	100.00
NIH	Nuvoton Technology Israel Ltd. (“NTIL”)	Design and service of semiconductor	100.00	100.00	100.00
NTC	Nuvoton Electronics Technology (H.K.) Limited (“NTHK”)	Sales of semiconductor	100.00	100.00	100.00
NTHK	Nuvoton Electronics Technology (Shenzhen) Limited (“NTSZ”)	Computer software service (except I.C. design), wholesale business for computer, supplement and software	100.00	100.00	100.00
NTC	Song Yong Investment Corporation (“SYI”)	Investment holding	100.00	100.00	100.00
NTC	Nuvoton Technology India Private Limited (“NTIPL”)	Design, sales and service of semiconductor	100.00	100.00	100.00
NTC	Nuvoton Technology Singapore Pte. Ltd. (“NTSPL”)	Design, sales and service of semiconductor	100.00	100.00	100.00
NTC	Nuvoton Technology Korea Limited (“NTKR”)	Design, sales and service of semiconductor	100.00	100.00	100.00
NTC	Nuvoton Technology Holdings Japan (“NTHJ”) (Note 3)	Investment holding	100.00	100.00	100.00
NTHJ	Nuvoton Technology Corporation Japan (“NTCJ”, former “PSCS”) (Note 3)	Design, sales and service of semiconductor	100.00	100.00	100.00
NTCJ	Atfields Manufacturing Technology Corporation (“AMTC”, former “PIDE”) (Note 3)	Design and service of semiconductor	100.00	100.00	100.00
NTCJ	Miraxia Edge Technology Corporation (“METC”, former “PIDST”) (Note 3)	Design and service of semiconductor	100.00	100.00	100.00

Note 1: PRC completed the liquidation and legal procedures in November 2020. The date of dissolution was on November 26, 2020.

Note 2: In May 2020, NTC issued 20 thousand units of unsecured convertible bonds in Taiwan. During 2021, due to the conversion of unsecured convertible bonds by the bondholders, the ownership directly held by the Company dropped to 52% as of September 30, 2021.

Note 3: NTC purchased the semiconductor business of Panasonic Corporation on September 1, 2020 and held NTHJ, NTCJ (former “PSCS”), AMTC (former “PIDE”), and METC (former “PIDST”) with 100% ownership. Refer to Note 28 to the consolidated financial statements.

Other Significant Accounting Policies

a. Retirement benefits

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

b. Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group considers the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates in cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The Group's critical accounting judgments and key sources of estimation uncertainty are referenced to the consolidated financial statements for the year ended December 31, 2020.

6. CASH AND CASH EQUIVALENTS

	September 30, 2021	December 31, 2020	September 30, 2020
Cash and deposits in banks	\$ 19,657,391	\$ 9,311,306	\$ 8,679,595
Repurchase agreements collateralized by bonds	<u>2,683,007</u>	<u>2,433,000</u>	<u>556,200</u>
	<u>\$ 22,340,398</u>	<u>\$ 11,744,306</u>	<u>\$ 9,235,795</u>

- a. The Group has time deposits pledged to secure land and building leases, customs tariff obligations, borrowings and sales deposits which are reclassified to "other non-current assets". Time deposits pledged as security at the end of the reporting period were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Time deposits	<u>\$ 233,656</u>	<u>\$ 773,119</u>	<u>\$ 218,246</u>

- b. The Group has partial time deposits which were not held for the purpose of meeting short-term cash commitments and are reclassified to “other receivables”. These partial time deposits at the end of the reporting period were as follows (refer to Note 10 to the consolidated financial statements):

	September 30, 2021	December 31, 2020	September 30, 2020
Time deposits	<u>\$ 194,301</u>	<u>\$ 197,489</u>	<u>\$ 301,679</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial assets at FVTPL - current</u>			
Derivative financial assets (not under hedge accounting)			
Forward exchange contracts	\$ 12,948	\$ 33,531	\$ 50,260
Foreign exchange swap contracts	-	8,977	4,066
Right of redemption of convertible bonds (Note 18)	1,806	9,095	7,532
Non-derivative financial assets			
Overseas unlisted stocks	55,700	-	-
Mutual funds	<u>55,045</u>	<u>-</u>	<u>-</u>
	<u>\$ 125,499</u>	<u>\$ 51,603</u>	<u>\$ 61,858</u>

Financial liabilities at FVTPL - current

Derivative financial assets (not under hedge accounting)			
Forward exchange contracts	<u>\$ 2,634</u>	<u>\$ 3,191</u>	<u>\$ -</u>

- a. At the date of balance sheet, the outstanding derivative foreign exchange contracts not under hedge accounting were as follows:

	Currencies	Maturity Date	Contract Amount (In Thousands)
<u>September 30, 2021</u>			
Sell forward exchange contracts	USD to NTD	2021.10.01-2021.12.17	USD382,000/NTD10,625,766
Sell forward exchange contracts	RMB to NTD	2021.10.15-2021.10.29	RMB47,000/NTD201,875
<u>December 31, 2020</u>			
Sell forward exchange contracts	USD to NTD	2021.01.08-2021.03.26	USD187,000/NTD5,307,824
Sell forward exchange contracts	RMB to NTD	2021.01.08-2021.02.19	RMB54,000/NTD232,017
Buy forward exchange contracts	NTD to USD	2021.01.27-2021.03.17	NTD1,361,320/USD49,000
Foreign exchange swap contracts	USD to NTD	2021.01.15-2021.03.19	USD65,000/NTD1,847,107
<u>September 30, 2020</u>			
Sell forward exchange contracts	USD to NTD	2020.10.05-2020.12.18	USD211,000/NTD6,178,065
Sell forward exchange contracts	RMB to NTD	2020.10.16-2020.12.18	RMB294,500/NTD1,245,399
Buy forward exchange contracts	NTD to USD	2020.10.16-2020.12.08	NTD1,425,030/USD49,000
Foreign exchange swap contracts	USD to NTD	2020.11.06-2020.12.04	USD36,000/NTD1,046,930

- b. The redemption right of convertible bonds was the result of the issuance of unsecured bonds by NTC in the second quarter of 2020, refer to Note 18 to the consolidated financial statements.
- c. The Group entered into derivative financial instruments contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. The derivative financial instruments contracts entered into by the Group did not meet the criteria of hedge accounting; therefore, the Group did not apply hedge accounting treatment.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Equity instruments at FVTOCI:

	September 30, 2021	December 31, 2020	September 30, 2020
Domestic listed and emerging stocks			
Walsin Lihwa Corporation	\$ 5,594,400	\$ 4,284,600	\$ 3,563,100
Walsin Technology Corporation	1,315,818	1,982,327	1,328,718
Hannstar Display Corporation	2,280,003	1,845,003	1,272,002
Walton Advanced Engineering Inc.	858,574	690,864	491,615
Nyquest Technology Co., Ltd.	245,025	80,685	56,843
Brightek Optoelectronic Co., Ltd.	1,767	894	801
Domestic unlisted stocks			
United Industrial Gases Co., Ltd.	422,400	396,000	422,400
Yu-Ji Venture Capital Co., Ltd.	10,193	14,479	11,992
Harbinger III Venture Capital Corp.	113	107	106
Others	19,580	17,970	17,450
Overseas listed stocks			
Tower Semiconductor LTD.	-	232,110	469,902
Everspin Technologies, Inc.	47,433	34,433	54,917
Overseas unlisted stocks			
Autotalks Ltd. - Preferred E. Share	557,000	569,600	582,000
Tower Partners Semiconductor Co., Ltd. ("TPSCo.")	1,250,726	512,812	450,882
JVP VIII, L.P.	413,660	239,869	228,608
JVP X Funds	167,100	106,800	-
Kneron Holding Company	-	56,960	-
TEGNA Electronics Private Limited	11,257	11,701	11,839
Symetrix Corporation - preferred A shares	-	-	-
	<u>\$ 13,195,049</u>	<u>\$ 11,077,214</u>	<u>\$ 8,963,175</u>
Current	\$ 10,096,228	\$ 8,837,227	\$ 6,710,352
Non-current	<u>3,098,821</u>	<u>2,239,987</u>	<u>2,252,823</u>
	<u>\$ 13,195,049</u>	<u>\$ 11,077,214</u>	<u>\$ 8,963,175</u>

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

For the nine months ended September 30, 2021 and 2020, the Group disposed the shares for the adjustment of the investment position. The unrealized gains on financial assets at fair value through other comprehensive income of NT\$74,134 thousand and NT\$268,846 thousand were transferred to retained earnings, respectively.

For the three months ended and nine months ended September 30, 2021 and 2020, the dividend income were NT\$342,364 thousand and NT\$159,840 thousand, NT\$404,364 thousand and NT\$227,534 thousand, respectively. The dividend income were all related to investments held at September 30, 2021 and 2020.

NTC acquired the Preferred A Shares of the Symetrix Corporation through the combination of Panasonic semiconductor business on September 1, 2020. The entitled rights of the Preferred A Shares were as follows:

- a. Each Preferred A Share grants its holder a number of votes equal to the number of votes per ordinary share.
- b. In the event of liquidation, the Preferred A Shares shall be prior to ordinary shares.
- c. The investor shall have the right to nominate board directors.
- d. The conversion rights (Each Preferred A Share converts ten ordinary shares).

9. NOTES AND ACCOUNTS RECEIVABLE

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Notes receivable</u>	\$ -	\$ 262	\$ -
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	12,575,828	9,973,875	10,577,178
Less: Allowance for impairment loss	<u>(322,458)</u>	<u>(266,759)</u>	<u>(179,082)</u>
	<u>\$ 12,253,370</u>	<u>\$ 9,707,378</u>	<u>\$ 10,398,096</u>

The average credit period of sales of goods was 30 to 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. Credit rating information is supplied by independent rating agencies where available and, if not available, 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 and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved 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 action is 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 debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group estimates expected credit losses based on past due days. 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 based on the Group's provision matrix.

September 30, 2021

	Not Overdue	Overdue under 30 Days	Overdue 31-90 Days	Overdue 91-180 Days	Over 180 Days	Total
Expected credit loss rate	0.1-2%	2%	10%	20%	50-100%	
Gross carrying amount	\$ 12,319,339	\$ 120,530	\$ 6,873	\$ 29	\$ 129,057	\$ 12,575,828
Loss allowance (Lifetime ECL)	<u>(198,423)</u>	<u>(2,411)</u>	<u>(687)</u>	<u>(6)</u>	<u>(120,931)</u>	<u>(322,458)</u>
Amortized cost	<u>\$ 12,120,916</u>	<u>\$ 118,119</u>	<u>\$ 6,186</u>	<u>\$ 23</u>	<u>\$ 8,126</u>	<u>\$ 12,253,370</u>

December 31, 2020

	Not Overdue	Overdue under 30 Days	Overdue 31-90 Days	Overdue 91-180 Days	Over 180 Days	Total
Expected credit loss rate	0.1-2%	2%	10%	20%	50-100%	
Gross carrying amount	\$ 9,663,403	\$ 143,331	\$ 41,969	\$ -	\$ 125,172	\$ 9,973,875
Loss allowance (Lifetime ECL)	<u>(134,523)</u>	<u>(2,867)</u>	<u>(4,197)</u>	<u>-</u>	<u>(125,172)</u>	<u>(266,759)</u>
Amortized cost	<u>\$ 9,528,880</u>	<u>\$ 140,464</u>	<u>\$ 37,772</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,707,116</u>

September 30, 2020

	Not Overdue	Overdue under 30 Days	Overdue 31-90 Days	Overdue 91-180 Days	Over 180 Days	Total
Expected credit loss rate	0.1-2%	2%	10%	20%	50-100%	
Gross carrying amount	\$ 10,393,036	\$ 44,656	\$ 70,510	\$ 68,976	\$ -	\$ 10,577,178
Loss allowance (Lifetime ECL)	<u>(157,343)</u>	<u>(893)</u>	<u>(7,051)</u>	<u>(13,795)</u>	<u>-</u>	<u>(179,082)</u>
Amortized cost	<u>\$ 10,235,693</u>	<u>\$ 43,763</u>	<u>\$ 63,459</u>	<u>\$ 55,181</u>	<u>\$ -</u>	<u>\$ 10,398,096</u>

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

	Nine Months Ended September 30	
	2021	2020
Balance at January 1	\$ 266,759	\$ 148,353
Add: Acquisitions through business combinations	-	806
Add: Recognized impairment loss	70,291	50,142
Less: Amounts written off	-	(18,844)
Effect of exchange rate changes	<u>(14,592)</u>	<u>(1,375)</u>
Balance at September 30	<u>\$ 322,458</u>	<u>\$ 179,082</u>

Refer to Note 30 to the consolidated financial statements for details of NTC's factoring agreements for accounts receivable.

10. OTHER RECEIVABLES

	September 30, 2021	December 31, 2020	September 30, 2020
Business tax refund receivable	\$ 359,660	\$ 367,130	\$ 553,422
Time deposits (Note 6)	194,301	197,489	301,679
Technical service receivables	137,975	175,667	181,891
Royalty receivables	116,893	425,453	334,783
Receivables for acquisition price adjustment	-	520,890	520,890
Pension payments on behalf of another party	-	-	286,411
Others	<u>476,484</u>	<u>286,955</u>	<u>484,010</u>
	<u>\$ 1,285,313</u>	<u>\$ 1,973,584</u>	<u>\$ 2,663,086</u>

11. INVENTORIES

	September 30, 2021	December 31, 2020	September 30, 2020
Finished goods	\$ 3,534,301	\$ 3,214,933	\$ 3,797,739
Work-in-process	10,772,178	9,988,731	9,662,472
Raw materials and supplies	952,413	931,989	896,319
Inventories in transit	<u>12,106</u>	<u>5,761</u>	<u>-</u>
	<u>\$ 15,270,998</u>	<u>\$ 14,141,414</u>	<u>\$ 14,356,530</u>

- a. Operating costs for the three months ended and nine months ended September 30, 2021 and 2020 included inventory (reversal of) write-downs for the decline in market value, obsolescence and scrap of inventories were NT\$(54,673) thousand, NT\$(35,077) thousand, NT\$742,097 thousand and NT\$(212,369) thousand, respectively.
- b. Unallocated fixed manufacturing costs recognized as cost of sales for the three months ended and nine months ended, September 30, 2021 and 2020, were NT\$193,860 thousand, NT\$192,708 thousand, NT\$460,466 thousand and NT\$538,030 thousand, respectively.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Associates

	September 30, 2021	December 31, 2020	September 30, 2020
Associates that are not individually material			
Chin Xin Investment Co., Ltd.	\$ 7,003,833	\$ 6,211,869	\$ 3,982,169
Hwa Bao Botanic Conservation Corp.	<u>28,830</u>	<u>29,920</u>	<u>707</u>
	<u>\$ 7,032,663</u>	<u>\$ 6,241,789</u>	<u>\$ 3,982,876</u>

On September 24, 2020, the board of directors of Hwa Bao Botanic Conservation Corp. (“Hwa Bao”) resolved to issue 19,500 thousand ordinary shares, which increased the share capital issued. The Company subscribed 2,925 thousand shares of the ordinary shares with a par value of NT\$10. As of September 30, 2021, the Company held 3,000 thousand shares of Hwa Bao and owned 15% of directly ownership interest; because the main shareholders of Hwa Bao is Chin Xin Investment Co., Ltd., and its ownership interest were 70%. The Company accounted for the equity investment in Hwa Bao using equity method for its consolidated ownership interest of Hwa Bao was 41%.

As of September 30, 2021, the Company held 182,841 thousand shares of Chin Xin Investment Co., Ltd. with a 38% ownership interest.

The Group’s investments accounted for using equity method and the shares of profit or loss and other comprehensive income of those investments for the nine months ended September 30, 2021 and 2020 were based on the associates’ financial statements reviewed by independent auditors.

13. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2021	December 31, 2020	September 30, 2020
Land	\$ 3,103,107	\$ 3,322,387	\$ 3,318,326
Buildings	12,221,149	13,339,927	13,642,968
Machinery and equipment	28,476,950	34,238,232	35,322,385
Other equipment	949,468	947,273	971,491
Construction in progress and prepayments for purchase of equipment	<u>15,245,193</u>	<u>9,604,697</u>	<u>8,629,287</u>
	<u>\$ 59,995,867</u>	<u>\$ 61,452,516</u>	<u>\$ 61,884,457</u>

	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments for Purchase of Equipment	Total
<u>Cost</u>						
Balance at January 1, 2021	\$ 3,322,387	\$ 50,113,861	\$ 182,256,279	\$ 7,750,795	\$ 9,639,168	\$ 253,082,490
Additions	-	228,042	1,827,984	326,062	5,873,706	8,255,794
Business combinations - subsequent adjustment of fair values	-	-	437,628	-	-	437,628
Disposals	-	(8,297)	(1,822,705)	(97,131)	-	(1,928,133)
Reclassified	-	106,919	133,608	11,078	(251,605)	-
Effect of exchange rate changes	<u>(219,280)</u>	<u>(1,955,931)</u>	<u>(5,059,402)</u>	<u>(359,072)</u>	<u>(16,076)</u>	<u>(7,609,761)</u>
Balance at September 30, 2021	<u>\$ 3,103,107</u>	<u>\$ 48,484,594</u>	<u>\$ 177,773,392</u>	<u>\$ 7,631,732</u>	<u>\$ 15,245,193</u>	<u>\$ 252,238,018</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments for Purchase of Equipment	Total
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2021	\$ -	\$ 36,773,934	\$ 148,018,047	\$ 6,803,522	\$ 34,471	\$ 191,629,974
Depreciation expense	-	1,242,469	6,509,074	286,294	-	8,037,837
Disposals	-	(8,272)	(1,056,978)	(80,360)	-	(1,145,610)
Impairment loss	-	-	782,949	-	-	782,949
Reclassified	-	79	31,168	428	(31,675)	-
Effect of exchange rate changes	-	(1,744,765)	(4,987,818)	(327,620)	(2,796)	(7,062,999)
Balance at September 30, 2021	<u>\$ -</u>	<u>\$ 36,263,445</u>	<u>\$ 149,296,442</u>	<u>\$ 6,682,264</u>	<u>\$ -</u>	<u>\$ 192,242,151</u>
<u>Cost</u>						
Balance at January 1, 2020	\$ 1,122,431	\$ 29,554,461	\$ 126,895,051	\$ 4,101,447	\$ 7,573,498	\$ 169,246,888
Acquisitions through business combinations	2,223,578	19,948,652	52,749,498	3,592,196	110,089	78,624,013
Additions	-	474,413	3,567,283	209,144	2,686,827	6,937,667
Disposals	-	(7,940)	(754,641)	(56,342)	-	(818,923)
Reclassified	-	290,287	244,765	5,671	(1,704,968)	(1,164,245)
Effect of exchange rate changes	(27,683)	(236,866)	(608,236)	(48,705)	(1,682)	(923,172)
Balance at September 30, 2020	<u>\$ 3,318,326</u>	<u>\$ 50,023,007</u>	<u>\$ 182,093,720</u>	<u>\$ 7,803,411</u>	<u>\$ 8,663,764</u>	<u>\$ 251,902,228</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2020	\$ -	\$ 17,948,607	\$ 90,955,957	\$ 3,365,210	\$ -	\$ 112,269,774
Acquisitions through business combinations	-	17,667,303	51,732,718	3,384,282	36,176	72,820,479
Depreciation expense	-	980,508	5,419,392	174,044	-	6,573,944
Disposals	-	(7,722)	(741,977)	(47,986)	-	(797,685)
Reclassified	-	-	1,294	-	(1,294)	-
Effect of exchange rate changes	-	(208,657)	(596,049)	(43,630)	(405)	(848,741)
Balance at September 30, 2020	<u>\$ -</u>	<u>\$ 36,380,039</u>	<u>\$ 146,771,335</u>	<u>\$ 6,831,920</u>	<u>\$ 34,477</u>	<u>\$ 190,017,771</u>

(Concluded)

a. As of September 30, 2021, December 31, 2020 and September 30, 2020, the carrying amounts of NT\$20,707,726 thousand, NT\$22,133,327 thousand and NT\$23,067,601 thousand of property, plant and equipment were pledged to secure long-term borrowings and corporate bonds.

b. Information about capitalized interest

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Capitalized interest amounts	\$ 65,960	\$ 47,553	\$ 173,230	\$ 123,988
Capitalized interest rates	1.79%	1.79%	1.79%	1.79%

c. In the third quarter of 2021, the Group recognized an impairment loss of NT\$782,949 thousand for certain machinery and equipment which will not be used in the future after evaluation.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2021	December 31, 2020	September 30, 2020	
<u>Carrying amounts</u>				
Land	\$ 1,744,964	\$ 1,825,502	\$ 1,835,215	
Buildings	296,304	382,761	395,476	
Machinery and equipment	797,489	940,670	956,753	
Other equipment	<u>33,750</u>	<u>51,399</u>	<u>58,822</u>	
	<u>\$ 2,872,507</u>	<u>\$ 3,200,332</u>	<u>\$ 3,246,266</u>	
	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	2021	2020	2021	2020
Additions to right-of-use assets				
Additions	\$ -	\$ 56,185	\$ 24,966	\$ 159,999
Acquisitions through business combinations	<u>-</u>	<u>997,787</u>	<u>-</u>	<u>997,787</u>
	<u>\$ -</u>	<u>\$ 1,053,972</u>	<u>\$ 24,966</u>	<u>\$ 1,157,786</u>
Depreciation charge for right-of-use assets				
Land	\$ 26,845	\$ 26,558	\$ 80,537	\$ 79,675
Buildings	30,201	26,660	91,375	78,441
Machinery and equipment	16,957	6,231	52,165	6,231
Other equipment	<u>8,131</u>	<u>8,602</u>	<u>24,410</u>	<u>24,821</u>
	<u>\$ 82,134</u>	<u>\$ 68,051</u>	<u>\$ 248,487</u>	<u>\$ 189,168</u>
Income from the subleasing of right-of-use assets (recorded as "other income")	<u>\$ 509</u>	<u>\$ 67</u>	<u>\$ 1,543</u>	<u>\$ 1,224</u>

b. Lease liabilities

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Carrying amounts</u>			
Current	<u>\$ 344,789</u>	<u>\$ 388,401</u>	<u>\$ 389,904</u>
Non-current	<u>\$ 2,766,172</u>	<u>\$ 3,119,221</u>	<u>\$ 3,181,656</u>

Range of discount rate for lease liabilities are as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Land	1.76%-2.47%	1.76%-2.47%	1.76%-2.47%
Buildings	0.33%-3.75%	0.33%-3.75%	0.33%-3.75%
Machinery and equipment	0.26%-0.80%	0.33%-0.80%	0.33%-0.80%
Other equipment	0.26%-3.61%	0.26%-3.61%	0.33%-3.61%

For the three months ended and nine months ended September 30, 2021 and 2020, the interest expense under lease liabilities amounted to NT\$14,085 thousand, NT\$13,181 thousand, NT\$43,491 thousand and NT\$39,782 thousand, respectively.

c. Material lease-in activities and terms

NTC leased low-voltage protection equipments in Japan, and the lease terms will expire in 2021 to 2035.

The Company and NTC leased lands from Science Park Bureau, and the lease term will expire in 2023, 2027 and 2037, respectively, which can be extended after the expiration of the lease periods.

NTC leased a land from Taiwan Sugar Corporation under a twenty-year term from October 2014 to September 2034, which can be extended after expiration of the lease periods. The chairman of NTC is a joint guarantor of such lease, refer to Note 31 to the consolidated financial statements.

The Group leased some of the offices in the United States, China, Hong Kong, Japan, Israel, India, Korea and part in Taiwan, and the lease terms will expire between 2021 and 2029 which can be extended after the expiration of the lease periods.

d. Subleases

NTC subleases its right-of-use assets for buildings under operating leases with lease terms of 5 years.

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

	September 30, 2021	December 31, 2020	September 30, 2020
Year 1	\$ 2,076	\$ 1,632	\$ 1,632
Year 2	2,076	1,632	1,632
Year 3	<u>519</u>	<u>1,223</u>	<u>1,631</u>
	<u>\$ 4,671</u>	<u>\$ 4,487</u>	<u>\$ 4,895</u>

To reduce the residual asset risk related to the subleased asset at the end of the relevant sublease, the lease contract between NTC 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

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Expenses relating to short-term leases	<u>\$ 64,572</u>	<u>\$ 7,896</u>	<u>\$ 176,904</u>	<u>\$ 13,803</u>
Expenses relating to low-value asset leases	<u>\$ 163</u>	<u>\$ 221</u>	<u>\$ 474</u>	<u>\$ 607</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 4,059</u>	<u>\$ 5,245</u>	<u>\$ 11,929</u>	<u>\$ 17,715</u>
Total cash outflow for leases	<u>\$ 175,828</u>	<u>\$ 94,564</u>	<u>\$ 520,584</u>	<u>\$ 243,357</u>

The Group leases certain building qualify as short-term leases and certain other equipment qualify as low-value lease. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

Lease-out arrangements under operating leases for investment properties are set out in Note 15 to the consolidated financial statements.

15. INVESTMENT PROPERTIES

	September 30, 2021	December 31, 2020	September 30, 2020
Investment properties, net	<u>\$ 2,112,852</u>	<u>\$ 2,466,667</u>	<u>\$ 2,501,693</u>

NTC acquired investment properties in Niigata and Toyama, Japan through business combinations on September 1, 2020. The fair value of such investment properties were NT\$2,503,591 thousand based on the purchase price allocation report. As of September 30, 2021, NTC's management team evaluated the fair value of investment properties and determined that the fair value of the investment properties had not changed significantly.

NTC's other investment properties is in Shen-Zhen, China. As of December 31, 2020 and 2019, the fair value of such investment properties were both approximately NT\$200,000 thousand, which was referred by the neighborhood transactions. As of September 30, 2021 and 2020, NTC's management team evaluated the fair value of investment properties and determined that the fair value of the investment properties had not changed significantly.

	September 30	
	2021	2020
<u>Cost</u>		
Balance at January 1	\$ 9,090,968	\$ 98,511
Acquisitions through business combinations	-	9,072,159
Disposals	(1,176)	-
Effect of exchange rate changes	<u>(889,937)</u>	<u>(104,952)</u>
Balance at September 30	<u>8,199,855</u>	<u>9,065,718</u>

(Continued)

	<u>September 30</u>	
	<u>2021</u>	<u>2020</u>
<u>Accumulated depreciation and impairment</u>		
Balance at January 1	\$ 6,624,301	\$ 54,304
Acquisitions through business combinations	-	6,568,568
Disposals	(1,176)	-
Depreciation expense	117,834	17,101
Effect of exchange rate changes	<u>(653,956)</u>	<u>(75,948)</u>
Balance at September 30	<u>6,087,003</u>	<u>6,564,025</u>
Investment properties, net	<u>\$ 2,112,852</u>	<u>\$ 2,501,693</u> (Concluded)

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.

As of September 30, 2021, the carrying amounts of NT\$448,699 thousand of investment properties of NTC were pledged to secure long-term borrowings.

The maturity analysis of NTC's lease payments receivable under operating leases of investment properties is as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Year 1	\$ 203,997	\$ 265,390	\$ 266,560
Year 2	160,605	203,485	226,271
Year 3	160,605	178,214	179,181
Year 4	160,605	159,218	179,181
Year 5	160,605	102,231	179,181
More than five years	<u>883,328</u>	<u>741,175</u>	<u>-</u>
	<u>\$ 1,729,745</u>	<u>\$ 1,649,713</u>	<u>\$ 1,030,374</u>

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

16. INTANGIBLE ASSETS

	September 30, 2021	December 31, 2020	September 30, 2020
Deferred technical assets, net	\$ 623,189	\$ 561,869	\$ 671,966
Other intangible assets, net	<u>362,115</u>	<u>329,511</u>	<u>205,318</u>
	<u>\$ 985,304</u>	<u>\$ 891,380</u>	<u>\$ 877,284</u>

	Deferred Technical Assets	Other Intangible Assets	Total
<u>Cost</u>			
Balance at January 1, 2021	\$ 19,550,666	\$ 1,452,139	\$ 21,002,805
Additions	210,786	97,605	308,391
Disposals	(5,592)	-	(5,592)
Effect of exchange rate changes	<u>(5,774)</u>	<u>(129,498)</u>	<u>(135,272)</u>
Balance at September 30, 2021	<u>\$ 19,750,086</u>	<u>\$ 1,420,246</u>	<u>\$ 21,170,332</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2021	\$ 18,988,797	\$ 1,122,628	\$ 20,111,425
Amortization expenses	142,753	45,199	187,952
Disposals	(789)	-	(789)
Effect of exchange rate changes	<u>(3,864)</u>	<u>(109,696)</u>	<u>(113,560)</u>
Balance at September 30, 2021	<u>\$ 19,126,897</u>	<u>\$ 1,058,131</u>	<u>\$ 20,185,028</u>
<u>Cost</u>			
Balance at January 1, 2020	\$ 19,088,675	\$ 58,896	\$ 19,147,571
Additions	415,625	100,576	516,201
Acquisitions through business combinations	-	1,200,865	1,200,865
Disposals	-	(2,972)	(2,972)
Effect of exchange rate changes	<u>(6,129)</u>	<u>(14,132)</u>	<u>(20,261)</u>
Balance at September 30, 2020	<u>\$ 19,498,171</u>	<u>\$ 1,343,233</u>	<u>\$ 20,841,404</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2020	\$ 18,717,601	\$ 22,248	\$ 18,739,849
Amortization expenses	113,020	13,705	126,725
Acquisitions through business combinations	-	1,117,819	1,117,819
Disposals	-	(2,972)	(2,972)
Effect of exchange rate changes	<u>(4,416)</u>	<u>(12,885)</u>	<u>(17,301)</u>
Balance at September 30, 2020	<u>\$ 18,826,205</u>	<u>\$ 1,137,915</u>	<u>\$ 19,964,120</u>

The amounts of deferred technical assets were the technical transfer fees in connection with certain technical transfer agreements. The above technical assets pertained to different products or process technology. The assets were depreciated on a straight-line basis from the commencement of production or over the estimated useful life of the assets. The estimated useful lives of technical assets were based on the economic benefits generated from the assets or the terms of the technical asset contracts.

17. BORROWINGS

a. Short-term borrowings

	September 30, 2021		December 31, 2020		September 30, 2020	
	Interest Rate %	Amount	Interest Rate %	Amount	Interest Rate %	Amount
<u>Secured borrowings</u>						
Bank of Taiwan (Note 6)	-	\$ -	4.35	\$ 1,544,910	4.35	\$ 1,291,112
CTBC Bank Co., Ltd.	1.29	74,700	1.29	276,300	-	-
		<u>\$ 74,700</u>		<u>\$ 1,821,210</u>		<u>\$ 1,291,112</u>
<u>Unsecured borrowings</u>						
DBS Bank (Taiwan) Ltd.	0.31-0.33	\$ 805,256	-	\$ -	-	\$ -
CTBC Bank Co., Ltd.	0.35-0.40	451,056	-	-	-	-
Taishin International Bank Co., Ltd.	0.45	188,933	-	-	-	-
Hua Nan Commercial Bank, Ltd.	0.48	30,843	-	-	-	-
Taiwan Cooperative Bank	-	-	-	-	1.00	300,000
		<u>\$ 1,476,088</u>		<u>\$ -</u>		<u>\$ 300,000</u>

The secured borrowings of CTBC Bank Co., Ltd. are secured and guaranteed by the Company to NTCJ. According to the contract, the Company is required to maintain specific financial covenants, including current ratio, debt ratio and total equity shall not be less than a specific amount every half year. Additionally, the principal and interest coverage ratio should be also maintained every half year. The computations of financial ratios mentioned above will be based on the audited (reviewed) consolidated financial statements.

b. Long-term borrowings

	Period	Interest Rate	September 30, 2021	December 31, 2020	September 30, 2020
<u>Secured borrowings</u>					
Bank of Taiwan syndicated loan (IV)	2016.08.15-2021.12.29	1.79%-1.81%	\$ 2,900,000	\$ 5,000,000	\$ 7,000,000
Bank of Taiwan syndicated loan (V)	2019.01.14-2026.09.19	1.89%	7,850,000	7,050,000	6,550,000
<u>Unsecured borrowings</u>					
The Export - Import Bank of ROC	2019.09.20-2026.09.21	0.92%	500,000	500,000	500,000
The Export - Import Bank of ROC	2020.08.25-2027.08.25	0.92%	1,000,000	1,000,000	1,000,000
Taiwan Cooperative Bank (Note 27)	2020.12.28-2027.12.15	0.50%	1,000,000	1,000,000	-
Chang Hwa Bank (Note 27)	2021.06.29-2028.06.15	0.5%-0.70%	900,000	-	-
CTBC Bank Co., Ltd.	2020.08.24-2022.08.24	1.58%	-	-	800,000
Bank of Taiwan	2020.08.24-2023.08.24	1.42%	-	-	1,000,000
			<u>14,150,000</u>	<u>14,550,000</u>	<u>16,850,000</u>
Less: Current portion			(3,685,000)	(5,000,000)	(4,000,000)
Less: Syndication agreement management fee			(82,287)	(108,327)	(117,007)
Less: Government loan discount (Note 27)			<u>(97,430)</u>	<u>(59,828)</u>	<u>-</u>
			<u>\$ 10,285,283</u>	<u>\$ 9,381,845</u>	<u>\$ 12,732,993</u>

1) Bank of Taiwan Syndicated Loan (IV)

- a) On August 15, 2016, the Company entered into a syndicated loan, with a group of financial institutions, to procure equipment for 12-inch fab, repay bank loans and augment medium-term working capital. The credit line was divided into part A and B, which amounted to NT\$10 billion and NT\$2 billion, respectively; and the total line of credit amounted to NT\$12 billion.

- b) Part A will be repaid every six months from December 29, 2019 until maturity, and part B will be repaid every six months from December 29, 2018 until maturity.
 - c) Refer to Note 13 to the consolidated financial statements for collateral on bank borrowings.
 - d) The Company is required to maintain certain financial covenants, including current ratio, debt ratio and tangible net equity, on June 30 and December 31 during the tenors of the loans. Additionally, the principal and interest coverage should be also maintained on June 30 and December 31 during the tenors of the loans. The computations of financial ratios mentioned above are done based on the audited (reviewed) consolidated financial statements.
- 2) Bank of Taiwan Syndicated Loan (V)
- a) On January 14, 2019, the Company entered into a syndicated loan, with a group of financial institutions, to procure equipment for fab. The credit line amounted to NT\$42 billion. The principal will be repaid every six months from September 19, 2022 until maturity.
 - b) Refer to Note 13 to the consolidated financial statements for collateral on bank borrowings.
 - c) The Company is required to maintain certain financial covenants, including current ratio, debt ratio and total equity, on June 30 and December 31 during the tenors of the loans. Additionally, the principal and interest coverage should be also maintained on June 30 and December 31 during the tenors of the loans. The computations of financial ratios mentioned above are done based on the audited (reviewed) consolidated financial statements.
- 3) The proceeds of the unsecured borrowings from the Export-Import Bank of ROC, CTBC Bank Co., Ltd. and Bank of Taiwan were provided NTC for investing in Autotalks Ltd. and acquiring Panasonic Semiconductor Solutions., Co., Ltd.
- 4) The Taiwan Cooperative Bank medium-term loan is a government grant discounted interest loan. Refer to Note 27 to the consolidated financial statements. The principal will be repaid every month from January 15, 2024 until maturity.
- 5) The Chang Hwa Bank medium-term loan is a government grant discounted interest loan. Refer to Note 27 to the consolidated financial statements. The principal will be repaid every month from July 15, 2024 until maturity.
- 6) On May 17, 2021, NTCJ signed a syndicated loan with CTBC and a group of financial institutions to pay outstanding debt and enrich operating capital, and the line of credit amounted to JYP\$30 billion. This syndicated loan have the Company as a joint guarantor and promise to maintain a certain operational control as stated in the agreement. Additionally, NTCJ and the Company is required to maintain certain financial covenants. The computations of financial ratios mentioned above are done based on the audited (reviewed) consolidated financial statements. As of September 30, 2021, the syndicated loan is undrawn.
- 7) According to the contract of the CTBC Bank loan, NTC is required to maintain specific financial covenants, including current ratio, debt ratio and tangible net equity shall not be less than a specific amount every half year. The computations of financial ratios mentioned above are done based on the audited (reviewed) consolidated financial statements.

18. BONDS PAYABLE

	September 30, 2021	December 31, 2020	September 30, 2020
Domestic secured bonds	\$ 9,953,009	\$ 9,943,848	\$ 9,940,805
Domestic unsecured bonds	<u>98,901</u>	<u>1,207,820</u>	<u>1,684,222</u>
	<u>\$ 10,051,910</u>	<u>\$ 11,151,668</u>	<u>\$ 11,625,027</u>

- a. On July 10, 2018, the Company was approved by the FSC to offer and issue the first secured corporate bonds of 2018, with an aggregate principal amount of NT\$10 billion. The terms of issuance, amounts and interest rate as follows:

Issuance Date	Period	Amount	Coupon Rate	Repayment and Interest Payment
2018.07.17	7 years	\$10 billion	1%	The principal will be repaid upon maturity. The interest is payable once a year at the coupon rate accrued annually on a simple basis starting from the issue date.

Refer to Note 13 to the consolidated financial statements for collateral of 12-inch Fab Manufacturing facilities on corporate bonds.

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

Issuance Date	Period	Amount	Coupon Rate	Repayment and Interest Payment
2020.05.20	7 years	\$2 billion	0%	The principal will be repaid in cash upon maturity at a rate of 109.09% (annual rate of return 1.25% upon maturity).

- 1) The conversion price was set at NT\$39.9 per share at the time of issuance. When meeting certain criteria, adjustments on the conversion price are made in accordance with the terms and conditions. Since NTC distributed cash dividends in August 2021, the conversion price should be adjusted according to the issuance and conversion measures, so the conversion price has been adjusted to NT\$38 since August 22, 2021.
- 2) After the first three months of the issuance and forty days before the maturity date, if the closing price of NTC's common shares listed on the Taiwan Stock Exchange exceeds or equals 30% of the conversion price or the outstanding balance of the bonds is less than 10% in principal amount of the bonds originally outstanding for thirty consecutive business days, NTC may redeem the bonds in cash at the principal amount.
- 3) After the bonds has been issued for over five years, the bondholders may request NTC to redeem the bonds at 106.41% of the principal amount (annual rate of return 1.25%). The right of the redemption was recognized as financial instruments at fair value through profit or loss - current. The fair value were NT\$1,806 thousand, NT\$9,095 thousand and NT\$7,532 thousand on September 30, 2021, December 31, 2020 and September 30, 2020, respectively. Refer to Note 7 to the consolidated financial statements.

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

The effective interest rate of the liability component of the convertible bond was 1.22% per annum on the initial recognition.

Proceeds from issuance (less transaction costs of \$6,426 thousand)	\$ 1,998,428
Redemption	<u>5,200</u>
Liability component at the date of issue	2,003,628
Convertible bonds converted into ordinary shares	(1,925,558)
Interest charged at an effective interest rate of 1.22%	<u>20,831</u>
Liability component at September 30, 2021	<u><u>\$ 98,901</u></u>

19. PROVISIONS

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Current</u>			
Decommissioning liabilities	\$ 551,784	\$ 612,281	\$ 610,730
Employee benefits	<u>-</u>	<u>316,438</u>	<u>316,438</u>
	<u>\$ 551,784</u>	<u>\$ 928,719</u>	<u>\$ 927,168</u>
<u>Non-current</u>			
Employee benefits	\$ 1,591,359	\$ 1,765,833	\$ 1,761,359
Warranties	762,442	776,497	776,149
Decommissioning liabilities	<u>676,782</u>	<u>750,983</u>	<u>749,081</u>
	<u>\$ 3,030,583</u>	<u>\$ 3,293,313</u>	<u>\$ 3,286,589</u>

NTC purchased the semiconductor business of Panasonic Corporation in September 2020. The expected decommissioning costs and personnel costs from shutting down some fabs were recognized as the decommissioning liabilities and employee benefits provisions.

20. RETIREMENT BENEFIT PLANS

The employee benefit expense in respect of the Group's defined benefit retirement plans was calculated using the actuarially determined pension cost discount rate as of December 31, 2020 and 2019, and recognized NT\$29,330 thousand, NT\$24,070 thousand, NT\$70,348 thousand and NT\$67,725 thousand for the three months ended and the nine months ended September 30, 2021 and 2020, respectively.

21. EQUITY

a. Share capital

	September 30, 2021	December 31, 2020	September 30, 2020
Number of shares authorized (in thousands)	<u>6,700,000</u>	<u>6,700,000</u>	<u>6,700,000</u>
Share authorized	<u>\$ 67,000,000</u>	<u>\$ 67,000,000</u>	<u>\$ 67,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>3,980,000</u>	<u>3,980,000</u>	<u>3,980,000</u>
Share issued	<u>\$ 39,800,002</u>	<u>\$ 39,800,002</u>	<u>\$ 39,800,002</u>

As of September 30, 2021, December 31, 2020 and September 30, 2020, the balance of the Company's capital account amounted to NT\$39,800,002 thousand, divided into 3,980,000 thousand shares with a par value of NT\$10.

b. Capital surplus

	September 30, 2021	December 31, 2020	September 30, 2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital			
Arising from issuance of share capital	\$ 4,787,673	\$ 4,787,673	\$ 4,787,673
Arising from treasury share transactions	2,342,036	2,342,036	2,342,036
Arising from conversion of bonds	136,352	136,352	136,352
<u>May be used to offset a deficit only</u>			
Arising from changes in percentage of ownership interest in subsidiaries	340,235	236,467	67,685
Arising from share of changes in capital surplus of associates	29,137	29,137	29,137
Cash capital increase reserved for employee share options	208,451	208,451	208,451
Others	<u>30,749</u>	<u>30,749</u>	<u>30,749</u>
	<u>\$ 7,874,633</u>	<u>\$ 7,770,865</u>	<u>\$ 7,602,083</u>

The capital surplus generated from the excess of the issuance price over the par value of capital stock (including the stock issued for new capital, mergers and convertible bonds) 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 stock dividends up to a certain percentage of the Company's paid-in capital. The capital surplus from share of changes in equities of subsidiaries and associates may be used to offset a deficit; however, when generated from issuance of restricted shares for employees, such capital surplus may not be used for any purpose.

c. Retained earnings and dividend policy

The shareholders held their regular meeting on August 12, 2021 and resolved the amendments to the Company's Articles of Incorporation. The amendments of the Company's dividend distribution policy as follows:

From the pre-tax net profit of the current year, before deducting remuneration of employees and remuneration of directors, no more than 1% shall be allocated as remuneration of directors and no less than 1% as remuneration of employees. The remuneration of employees may be distributed in stock or cash upon resolution of the board of directors and may be distributed to the employees of subsidiaries of the Company meeting certain criteria.

However, if the Company has accumulated losses, the Company shall first set aside an amount for making up losses, and then allocate remuneration of employees and remuneration of directors according to the percentage set forth in the preceding paragraph.

The Company purchases its stock for transferring such treasury shares, issues employee options, provides pre-emptive right for employees' subscription upon issuing new shares, issues new restricted employee shares, and distributes employee remuneration, to employees of the Company's controlling or subordinated companies who meet certain criteria, which shall be determined and resolved by the board of directors.

If the Company has pre-tax profits at the end of the current fiscal year, after paying all taxes and covering all accumulated losses, the Company shall set aside 10% of said earnings as legal reserve. However, legal reserve need not be made when the accumulated legal reserve equals the paid-in capital of the Company. After setting aside or reversing special reserve pursuant to applicable laws and regulations and orders of competent authorities or based on the business needs of the Company, if there is any balance, the board of directors may submit a proposal for allocation of the remaining balance and the accumulated undistributed earnings to the shareholders meeting for resolution of distributing bonuses and dividends to shareholders.

The board of directors shall be authorized to distribute the profit, the legal reserve and the capital reserve mentioned in the preceding paragraph 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.

The Company's dividend distribution policy is made in accordance with the Company Act and the Articles of Incorporation in consideration of factors including capital and financial structure, operating status, retained earnings, industry characteristics and economic cycle. The dividends shall be distributed in a steady manner. With respect to distribution of dividends, in consideration of future operation scale and cash flow needs, no less than 30% of the remaining amount of the net profit after tax of the current year, after covering the accumulative losses and setting aside the legal reserve and the special reserve, shall be distributed to shareholders as dividends (The Company shall not issue dividends if the dividend is less than NT\$0.1.), which may be distributed in stock dividend or cash dividend, and the distribution of cash dividend shall not be less than 50% of total dividends, so as to maintain continuous growth.

The Company may distribute its profit or make up its losses at the end of each half of a fiscal year. The business report, the financial statements, and the proposal for distribution of earnings or making up loss shall be prepared by and then resolved by the board of directors.

The Company, in distributing its profit according to the preceding paragraph, shall estimate and reserve employee and director remuneration and any taxes payable as well as cover any losses and set aside the legal reserve in accordance with the law; however, provided that the legal reserve amounts to the total paid-in capital, the legal reserve need not be set aside. Where the Company distributes the profit in cash, such distribution shall be resolved by the board of directors, but where the profit is distributed in the form of newly issued shares, such distribution shall be resolved by the shareholders' meeting.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset a deficit. 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.

Pursuant to existing regulations, the Company is required to set aside additional special capital reserve equivalent to the net debit balance of the other components of shareholders' equity, such as the accumulated balance of foreign currency translation reserve, unrealized valuation gain (loss) from available-for-sale financial assets, net amount of fair value below the cost of the Company's ordinary shares held by subsidiaries, etc. For the subsequent decrease in the deduction amount to shareholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

The appropriations of earnings and the dividends per share for 2020 and 2019 were approved in the shareholders' meeting on August 12, 2021 and June 12, 2020, respectively.

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>For Year 2020</u>	<u>For Year 2019</u>	<u>For Year 2020</u>	<u>For Year 2019</u>
Legal reserve appropriated	\$ 161,253	\$ 115,226		
Cash dividends	<u>796,000</u>	<u>398,000</u>	\$ 0.2	\$ 0.1
	<u>\$ 957,253</u>	<u>\$ 513,226</u>		

For information about the accrual basis of the employees' compensation and remuneration of directors and the actual appropriations, refer to Note 23 to the consolidated financial statements on employee benefits expenses.

d. Other equity items

1) Exchange differences on translation of foreign financial statements

	<u>Nine Months Ended September 30</u>	
	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ (271,328)	\$ (119,246)
Exchange differences arising on translating the financial statements of foreign operations	<u>(463,383)</u>	<u>(135,483)</u>
Balance at September 30	<u>\$ (734,711)</u>	<u>\$ (254,729)</u>

The exchange differences arising on translation of foreign operation's net assets from its functional currency to the Group's presentation currency are recognized directly in other comprehensive income and also accumulated in the foreign currency translation reserve.

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

	Nine Months Ended September 30	
	2021	2020
Balance at January 1	\$ 8,141,510	\$ 5,009,928
Unrealized gains (losses) on revaluation of financial assets at FVTOCI	1,771,231	(553,360)
Share of unrealized gains (losses) on revaluation of financial assets at FVTOCI of associates accounted for using equity method	645,866	(539,394)
Disposal of investments in equity instruments designated at FVTOCI	<u>(74,134)</u>	<u>(268,846)</u>
Balance at September 30	<u>\$ 10,484,473</u>	<u>\$ 3,648,328</u>

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

e. Non-controlling interests

	Nine Months Ended September 30	
	2021	2020
Balance at January 1	\$ 5,143,568	\$ 2,836,565
Share attributable to non-controlling interests		
Profit for the period	875,234	180,111
Exchange differences on translation of foreign financial statements	(318,584)	(47,250)
Unrealized gains (losses) on financial assets measured at FVTOCI	369,913	(21,652)
Cash dividends issued by subsidiaries to non-controlling interests	(148,788)	(132,665)
Changes in ownership interests in subsidiaries	<u>997,624</u>	<u>261,035</u>
Balance at September 30	<u>\$ 6,918,967</u>	<u>\$ 3,076,144</u>

22. REVENUE

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

23. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION, AND AMORTIZATION

	Three Months Ended September 30, 2021			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Short-term employee benefits	<u>\$ 1,248,894</u>	<u>\$ 3,507,469</u>	<u>\$ -</u>	<u>\$ 4,756,363</u>
Post-employment benefits	<u>\$ 37,843</u>	<u>\$ 182,006</u>	<u>\$ -</u>	<u>\$ 219,849</u>
Depreciation	<u>\$ 2,724,321</u>	<u>\$ 313,230</u>	<u>\$ 39,776</u>	<u>\$ 3,077,327</u>
Amortization	<u>\$ 4,604</u>	<u>\$ 59,598</u>	<u>\$ 8,680</u>	<u>\$ 72,882</u>

Three Months Ended September 30, 2020				
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Short-term employee benefits	<u>\$ 695,202</u>	<u>\$ 1,677,580</u>	<u>\$ -</u>	<u>\$ 2,372,782</u>
Post-employment benefits	<u>\$ 36,617</u>	<u>\$ 118,641</u>	<u>\$ -</u>	<u>\$ 155,258</u>
Depreciation	<u>\$ 2,008,324</u>	<u>\$ 272,012</u>	<u>\$ 16,428</u>	<u>\$ 2,296,764</u>
Amortization	<u>\$ 8,562</u>	<u>\$ 44,749</u>	<u>\$ 8,680</u>	<u>\$ 61,991</u>

Nine Months Ended September 30, 2021				
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Short-term employee benefits	<u>\$ 3,322,202</u>	<u>\$ 9,637,968</u>	<u>\$ -</u>	<u>\$ 12,960,170</u>
Post-employment benefits	<u>\$ 103,239</u>	<u>\$ 509,495</u>	<u>\$ -</u>	<u>\$ 612,734</u>
Depreciation	<u>\$ 7,169,962</u>	<u>\$ 1,113,529</u>	<u>\$ 122,100</u>	<u>\$ 8,405,591</u>
Amortization	<u>\$ 20,182</u>	<u>\$ 167,770</u>	<u>\$ 26,040</u>	<u>\$ 213,992</u>

Nine Months Ended September 30, 2020				
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Short-term employee benefits	<u>\$ 2,056,409</u>	<u>\$ 4,440,864</u>	<u>\$ -</u>	<u>\$ 6,497,273</u>
Post-employment benefits	<u>\$ 103,304</u>	<u>\$ 276,733</u>	<u>\$ -</u>	<u>\$ 380,037</u>
Depreciation	<u>\$ 5,982,807</u>	<u>\$ 777,373</u>	<u>\$ 21,466</u>	<u>\$ 6,781,646</u>
Amortization	<u>\$ 25,243</u>	<u>\$ 101,482</u>	<u>\$ 26,040</u>	<u>\$ 152,765</u>

The remuneration policies of the Company were as follows:

a. Directors:

In accordance with the Article 22 of the Company's Articles of Incorporation, the distribution of the remuneration of directors shall be appropriated at the rates no more than 1% of net profit before income tax before deducting remuneration to employees and directors. The Remuneration Committee will recommend remuneration to directors in accordance with the Company's Articles of Incorporation, the internal Rules for Remuneration of Directors and Performance Assessment of The Board of Directors, board members' self-assessment results, and annual profit deduct the accumulative losses. The remuneration was resolved by the board of directors and reported to the shareholders' meeting.

b. Managers:

The remuneration of the managers, which depends on responsibilities and performance of individuals to encourage managers to take responsibilities and achieve performance, shall be competitive to attract external talent and stabilize internal talent. The managers have the responsibilities for operating performance, the encouragement shall be taken both short-term and long-term performance into account.

c. Employees:

Employees' compensation, including fixed and variable compensation, was taken both internal fairness and external competitiveness into consideration. The Company gives bonus immediately and shares operating performance with the employees to attract, encourage and retain the talent. In accordance with the Articles of Incorporation, it stipulates distribution of the compensation of employees at the rates no less than 1% of net profit before income tax before deducting remuneration to employees and directors. Personal salary is determined by responsibilities and professional skills. Bonus and compensation are in relation to individual's performance and contribution.

For the three months ended and nine months ended September 30, 2021 and 2020, the employees' compensation and remuneration of directors were as follows:

	Three Months Ended September 30				Nine Months Ended September 30			
	2021		2020		2021		2020	
	Amounts	Accrual Rate	Amounts	Accrual Rate	Amounts	Accrual Rate	Amounts	Accrual Rate
Employees' compensation	<u>\$ 106,703</u>	2%	<u>\$ 7,013</u>	2%	<u>\$ 229,921</u>	2%	<u>\$ 18,689</u>	2%
Remuneration of directors	<u>\$ 53,352</u>	1%	<u>\$ 3,506</u>	1%	<u>\$ 114,961</u>	1%	<u>\$ 9,344</u>	1%

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

The compensation to employees and remuneration to the directors of 2020 and 2019 were approved by the Company's board of directors on March 16, 2021 and April 30, 2020, respectively, were as below:

	For the Year Ended December 31	
	2020	2019
Employees' compensation	<u>\$ 27,831</u>	<u>\$ 28,038</u>
Remuneration of directors	<u>\$ 13,916</u>	<u>\$ 14,019</u>

There was 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, 2020 and 2019.

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

24. SHARE-BASED PAYMENT ARRANGEMENTS

NTC's board of directors resolved to reserve 10% of the shares from the issuance of 80,000 thousand shares approved by the FSC on September 25, 2020 to be subscribed for by its employees. The number of shares subscribed for by the employees was affirmed on October 21 2020. The fair value of such share options subscribed for by NTC's employees on the grant date was measured using the Black-Scholes Option Pricing Model and amounted to NT\$62,240 thousand which was recorded as compensation costs.

- a. As of December 31, 2020, NTC's Share-based payments agreements was as follows:

Agreement	Grant Date	Number of Shares Grant	Vesting Conditions
Cash capital increase reserved for employee share options	2020.10.21	8,000 thousand shares	Vested immediately

- b. The fair value of share options acquired by employees on grant day, October 21, 2020, was measured by using Black-Scholes Option Pricing Model. Relevant information was as follows:

Share Price (NT\$)	Exercise Price (NT\$)	Expected Price Volatility	Expected Vesting Period	Expected Dividend Yield Rate	Risk-free Interest Rate	Fair Value Per Share (NT\$)
\$45.6	\$38.0	34.80%	48 days	0.00%	0.18%	\$7.78

25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

- a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Current income tax				
Current tax expense	\$ 1,128,982	\$ 93,573	\$ 2,221,185	\$ 231,260
Adjustment for prior year	(919)	(45)	11,609	(99,483)
Deferred income tax				
Current tax expense	<u>(150,809)</u>	<u>19,451</u>	<u>160,243</u>	<u>41,561</u>
Income tax expense recognized in profit or loss	<u>\$ 977,254</u>	<u>\$ 112,979</u>	<u>\$ 2,393,037</u>	<u>\$ 173,338</u>

Based on the Income Tax Act in the ROC, the corporate income tax rate is 20%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

- b. The Company's tax returns through 2018 have been assessed by the tax authorities.

26. EARNINGS PER SHARE

	Three Months Ended September 30					
	2021			2020		
	Amounts (Numerator) After Income Tax (Attributable to Owners of the Parent)	Shares (Denominator) (In Thousands)	Earnings Per Share (NT\$) After Income Tax (Attributable to Owners of the Parent)	Amounts (Numerator) After Income Tax (Attributable to Owners of the Parent)	Shares (Denominator) (In Thousands)	Earnings Per Share (NT\$) After Income Tax (Attributable to Owners of the Parent)
Basic earnings per share						
Net income attributed to common shareholders	\$ 4,478,033	3,980,000	<u>\$ 1.13</u>	\$ 331,124	3,980,000	<u>\$ 0.08</u>
Effect of dilutive potential common share						
Employees' compensation	-	4,027		-	503	
Diluted earnings per share						
Net income attributed to common shareholders	<u>\$ 4,478,033</u>	<u>3,984,027</u>	<u>\$ 1.12</u>	<u>\$ 331,124</u>	<u>3,980,503</u>	<u>\$ 0.08</u>
	Nine Months Ended September 30					
	2021			2020		
	Amounts (Numerator) After Income Tax (Attributable to Owners of the Parent)	Shares (Denominator) (In Thousands)	Earnings Per Share (NT\$) After Income Tax (Attributable to Owners of the Parent)	Amounts (Numerator) After Income Tax (Attributable to Owners of the Parent)	Shares (Denominator) (In Thousands)	Earnings Per Share (NT\$) After Income Tax (Attributable to Owners of the Parent)
Basic earnings per share						
Net income attributed to common shareholders	\$ 9,400,565	3,980,000	<u>\$ 2.36</u>	\$ 953,609	3,980,000	<u>\$ 0.24</u>
Effect of dilutive potential common share						
Employees' compensation	-	8,676		-	1,340	
Diluted earnings per share						
Net income attributed to common shareholders	<u>\$ 9,400,565</u>	<u>3,988,676</u>	<u>\$ 2.36</u>	<u>\$ 953,609</u>	<u>3,981,340</u>	<u>\$ 0.24</u>

If the Company offered to settle the compensation or bonuses paid to employees by 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 earnings per share (EPS), if the shares have a dilutive effect. 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.

27. GOVERNMENT GRANTS

As of September 30, 2021, the Company received government loan of NT\$1.9 billion at a below-market rate of interest, which is 0.3%-0.5%. It will be used in purchase of machinery and equipments. The loan is repayable over a seven-year period. Using prevailing market interest rates for an equivalent loan of 1.79%, the fair value of the loan was estimated at NT\$1,790,815 thousand on initial recognition. The difference of NT\$109,185 thousand between the proceeds and the fair value of the loan is the benefit derived from the below-market rate of interest which has been recognized as deferred revenue. The deferred revenue will be recognized as other income during the loan period accordingly. For the three months and nine months ended September 30, 2021, the other income under government grants were amounts of NT\$5,642 thousand and NT\$11,755 thousand, respectively, and the interest expense under loans were amounts of NT\$8,261 thousand and NT\$16,948 thousand, respectively.

28. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Panasonic Semiconductor Solutions Co., Ltd.	Semiconductor business	September 1, 2020	100	<u>\$ 8,432,481</u>

NTC acquired the semiconductor business of Panasonic Corporation on September 1, 2020, including the acquisition of 100% equity in NTHJ, NTCJ (formerly PSCS), AMTC (formerly PIDE) and METC (formerly PIDST), Panasonic Semiconductor (Suzhou) Co., Ltd. (referred to as PSCSZ) related semiconductor business equipment and inventory, and Panasonic Industrial Devices Semiconductor Asia (referred to as PIDSCA) assets and liabilities projects and contracts and other specific operating assets.

b. Consideration transferred

	Panasonic Semiconductor Solutions Co., Ltd.
Cash	\$ 8,358,041
Contingent consideration agreement (Note 1)	<u>74,440</u>
	<u>\$ 8,432,481</u>

Note: Under the contingent consideration arrangement, if TPSCo., which NTCJ held approximately 49% ownership interest, turns net profit during the period of the effective date of the acquisition to March 31, 2022, NTCJ is required to pay Panasonic Corporation the net profit based on ownership ratio.

c. Assets acquired and liabilities assumed at the date of acquisition

	Panasonic Semiconductor Solutions Co., Ltd.
Current assets	
Cash and cash equivalents	\$ 1,102,882
Accounts receivable and other receivables	4,469,464
Inventories	4,613,102
Prepayments	216,082
Non-current assets	
Financial assets at fair value through other comprehensive income	960,800
Property, plant and equipment	6,241,162
Investment properties	2,503,591
Right-of-use assets	997,787
Intangible assets	83,046
	(Continued)

	Panasonic Semiconductor Solutions Co., Ltd.
Deferred income tax assets	\$ 103,259
Other non-current assets	<u>4,639</u>
Total assets	<u>\$ 21,295,814</u>
Current liabilities	
Accounts payable and other payables	\$ 5,999,366
Current tax liabilities	86,320
Provisions - current	617,821
Lease liabilities - current	176,138
Other current liabilities	57,635
Non-current liabilities	
Provisions - non-current	2,539,589
Net defined benefit liabilities - non-current	1,473,458
Deferred income tax liabilities	89,169
Warranties	506,301
Lease liabilities - non-current	<u>1,156,925</u>
Total liabilities	<u>\$ 12,702,722</u>
Net assets	<u>\$ 8,593,092</u>

(Concluded)

d. Non-controlling interests

The non-controlling interest recognized at the acquisition date of Panasonic Semiconductor Solutions Co., Ltd. and its subsidiaries was measured by reference to the fair value of the non-controlling interest.

e. Bargain purchase gain recognized on acquisition

	Panasonic Semiconductor Solutions Co., Ltd.
Fair value of identifiable net assets acquired	\$ 8,593,092
Less: Consideration transferred	<u>(8,432,481)</u>
Gain on the bargain purchase	<u>\$ 160,611</u>

NTC has completed to measure and allocate aforementioned assets and liabilities at fair value for the acquisition of Panasonic semiconductor business on June 16, 2021, NT\$(58,357) thousand was recognized in non-operating income and expenses to decrease gain on the bargain purchase in 2021.

f. Net cash outflow on the acquisition of subsidiaries

	Panasonic Semiconductor Solutions Co., Ltd.
Consideration paid in cash	\$ 8,432,481
Less: Cash and cash equivalent balances acquired	<u>(1,102,882)</u>
	7,329,599
Acquisition price adjustment	
Investment payable	(74,440)
Business tax refund receivable	133,101
Other payable for contract (presented in provisions)	(316,438)
Effect of foreign currency exchange difference	<u>(7,324)</u>
	<u>\$ 7,064,498</u>

g. Impact of acquisitions on the results of the Group

The financial results of the acquirees from the acquisition date (September 1, 2020) to December 31, 2020, which are included in the consolidated statements of comprehensive income, are as follows:

	Panasonic Semiconductor Solutions Co., Ltd.
<u>From September 1, 2020 to December 31, 2020</u>	
Revenue	<u>\$ 8,993,175</u>
Net loss	<u>\$ (460,607)</u>

Because of NTC's acquisition includes equipment and inventory related to semiconductor business of PSCSZ and assets and liabilities of PIDSCA, rather than a stand-alone entity, it is impractical to disclose the pro-forma revenue and the pro-forma profit.

29. 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 activities, debt repayments and dividends payments.

30. FINANCIAL INSTRUMENT

a. Fair value of financial instruments

1) Valuation techniques and assumptions used in fair value measurement

The fair values of financial assets and financial liabilities are determined as follows:

- 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 publicly traded stock and mutual funds).

- The fair values of derivative foreign exchange contracts are measured using quoted middle and discount rates of foreign exchange contracts matching the foreign exchange rate on the maturity date of the contracts.
- Domestic and overseas unlisted equity instrument at FVTPL and FVTOCI were all measured based on Level 3. Fair values of the above equity instruments were determined using comparable listed company approach, refer to strike price of similar business at active market, implied value multiple of the price and relevant information. Significant unobservable inputs included PE ratio, value multiple and market liquidity discount.

2) Fair value measurements recognized in the consolidated balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

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

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

Fair value hierarchy as at September 30, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>				
Financial liabilities measured at amortized cost				
Bonds payable (secured)	\$ -	\$ 9,953,009	\$ -	\$ 9,953,009
Bonds payable (unsecured)	<u>353,444</u>	<u>-</u>	<u>-</u>	<u>353,444</u>
	<u>\$ 353,444</u>	<u>\$ 9,953,009</u>	<u>\$ -</u>	<u>\$ 10,306,453</u>

Fair value hierarchy as at December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>				
Financial liabilities measured at amortized cost				
Bonds payable (secured)	\$ -	\$ 9,943,848	\$ -	\$ 9,943,848
Bonds payable (unsecured)	<u>1,483,908</u>	<u>-</u>	<u>-</u>	<u>1,483,908</u>
	<u>\$ 1,483,908</u>	<u>\$ 9,943,848</u>	<u>\$ -</u>	<u>\$ 11,427,756</u>

Fair value hierarchy as at September 30, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>				
Financial liabilities measured at amortized cost				
Bonds payable (secured)	\$ -	\$ 9,940,805	\$ -	\$ 9,940,805
Bonds payable (unsecured)	<u>1,864,613</u>	<u>-</u>	<u>-</u>	<u>1,864,613</u>
	<u>\$ 1,864,613</u>	<u>\$ 9,940,805</u>	<u>\$ -</u>	<u>\$ 11,805,418</u>

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

Fair value hierarchy as at September 30, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
<u>Financial assets at FVTPL</u>				
Derivative financial assets (not under hedge accounting)	\$ -	\$ 14,754	\$ -	\$ 14,754
Non-derivative financial assets	<u>55,045</u>	<u>-</u>	<u>55,700</u>	<u>110,745</u>
	<u>\$ 55,045</u>	<u>\$ 14,754</u>	<u>\$ 55,700</u>	<u>\$ 125,499</u>
<u>Financial assets at FVTOCI</u>				
Equity securities				
Domestic listed and emerging securities	\$ 10,295,587	\$ -	\$ -	\$ 10,295,587
Overseas listed securities	47,433	-	-	47,433
Domestic and overseas unlisted securities	<u>-</u>	<u>19,580</u>	<u>2,832,449</u>	<u>2,852,029</u>
	<u>\$ 10,343,020</u>	<u>\$ 19,580</u>	<u>\$ 2,832,449</u>	<u>\$ 13,195,049</u>
<u>Financial liabilities</u>				
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities (not under hedge accounting)	<u>-</u>	<u>2,634</u>	<u>-</u>	<u>2,634</u>

Fair value hierarchy as at December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
<u>Financial assets at FVTPL</u>				
Derivative financial assets (not under hedge accounting)	\$ _____	\$ <u>51,603</u>	\$ _____	\$ <u>51,603</u>
<u>Financial assets at FVTOCI</u>				
Equity securities				
Domestic listed and emerging securities	\$ 8,884,373	\$ -	\$ -	\$ 8,884,373
Overseas listed securities	266,543	-	-	266,543
Domestic and overseas unlisted securities	_____	17,970	1,908,328	1,926,298
	<u>\$ 9,150,916</u>	<u>\$ 17,970</u>	<u>\$ 1,908,328</u>	<u>\$ 11,077,214</u>
<u>Financial liabilities</u>				
<u>Financial liabilities at FVTPL</u>				
Derivative financial liabilities (not under hedge accounting)	\$ _____	\$ <u>3,191</u>	\$ _____	\$ <u>3,191</u>

Fair value hierarchy as at September 30, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
<u>Financial assets at FVTPL</u>				
Derivative financial assets (not under hedge accounting)	\$ _____	\$ <u>61,858</u>	\$ _____	\$ <u>61,858</u>
<u>Financial assets at FVTOCI</u>				
Equity securities				
Domestic listed and emerging securities	\$ 6,713,079	\$ -	\$ -	\$ 6,713,079
Overseas listed securities	524,819	-	-	524,819
Domestic and overseas unlisted securities	_____	17,450	1,707,827	1,725,277
	<u>\$ 7,237,898</u>	<u>\$ 17,450</u>	<u>\$ 1,707,827</u>	<u>\$ 8,963,175</u>

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

The financial assets measured at Level 3 fair value were non-derivative financial assets classified as financial assets at FVTPL and equity investments classified as financial assets at FVTOCI. Reconciliations for the nine months ended September 30, 2021 and 2020 were as follows:

	<u>Nine Months Ended September 30</u>	
	2021	2020
Balance at January 1	\$ 1,908,328	\$ 1,423,311
Acquisitions through business combinations	-	450,882
Additions	169,189	78,570
Disposals	-	(209,321)
Proceeds from capital reduction of investment	(4,500)	(2,250)
Recognized in other comprehensive income	824,504	(28,752)
Effect of exchange rate changes	<u>(9,372)</u>	<u>(4,613)</u>
Balance at September 30	<u>\$ 2,888,149</u>	<u>\$ 1,707,827</u>

b. Categories of financial instruments

Fair values of financial assets and liabilities were summarized as follows:

	<u>September 30, 2021</u>		<u>December 31, 2020</u>		<u>September 30, 2020</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
<u>Financial assets</u>						
Measured at amortized cost						
Cash and cash equivalents	\$ 22,340,398	\$ 22,340,398	\$ 11,744,306	\$ 11,744,306	\$ 9,235,795	\$ 9,235,795
Notes and accounts receivable (included related parties)	12,943,963	12,943,963	9,785,138	9,785,138	10,462,429	10,462,429
Other receivables	1,285,313	1,285,313	1,973,584	1,973,584	2,663,086	2,663,086
Refundable deposits (recorded in other non-current assets)	506,337	506,337	972,089	972,089	404,019	404,019
Financial assets at fair value through profit or loss	125,499	125,499	51,603	51,603	61,858	61,858
Financial assets at fair value through other comprehensive income (current and non-current)	13,195,049	13,195,049	11,077,214	11,077,214	8,963,175	8,963,175
<u>Financial liabilities</u>						
Measured at amortized cost						
Short-term borrowings	1,550,788	1,550,788	1,821,210	1,821,210	1,591,112	1,591,112
Notes and accounts payable (included related parties)	8,149,607	8,149,607	8,237,432	8,237,432	8,083,124	8,083,124
Payable on equipment and other payables	11,500,876	11,500,876	8,321,413	8,321,413	8,575,362	8,575,362
Bonds payable	10,051,910	10,306,453	11,151,668	11,427,756	11,625,027	11,805,418
Long-term borrowings (included current portion)	14,150,000	14,150,000	14,550,000	14,550,000	16,850,000	16,850,000
Guarantee deposits (recorded in other non-current liabilities)	269,999	269,999	90,248	90,248	78,300	78,300
Financial liabilities at fair value through profit or loss	2,634	2,634	3,191	3,191	-	-

c. Financial risk management objectives and policies

The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, and 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 expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group uses forward foreign exchange contracts to hedge the foreign currency risk on export.

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group uses forward foreign exchange contracts to hedge the exchange rate risk within approved policy parameters utilizing forward foreign exchange contracts.

The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period and 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 U.S. dollars, there would be impact on net income increase in the amounts of NT\$19,601 thousand, decrease in the amounts of NT\$1,783 thousand, increase in the amounts of NT\$103,414 thousand and NT\$41,459 thousand for the three months ended and nine months ended September 30, 2021 and 2020, respectively. For a 1% weakening of New Taiwan dollars against EURO, there would be impact on net income decrease in the amounts of NT\$140 thousand, increase in the amounts of NT\$65 thousand, decrease in the amounts of NT\$14,733 thousand and NT\$183 thousand for the three months ended and nine months ended September 30, 2021 and 2020, respectively.

b) Interest rate risk

The Group's interest rate risk arises primarily from floating rate borrowings.

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

	September 30, 2021	December 31, 2020	September 30, 2020
Cash flow interest rate risk			
Financial assets	\$ 8,413	\$ 7,749	\$ 108,313
Financial liabilities	15,406,313	16,371,210	21,441,112

The sensitivity analyses below were determined based on the Group's exposure to interest rates for fair value of variable-rate derivatives instruments at the end of the reporting period. If interest rates had been higher by one percentage point, the Group's cash flows for the three months ended and nine months ended September 30, 2021 and 2020 would have increased by NT\$37,833 thousand, NT\$6,401 thousand, NT\$115,484 thousand and \$71,109 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In order to minimize credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of each individual accounts receivables at the end of the reporting period to ensure that adequate impairment losses are recognized for irrecoverable amounts. In this regard, the directors 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 were as follows:

	September 30, 2021			
	Within 1 Year	1-2 Years	Over 2 Years	Total
Non-interest bearing	\$ 19,650,483	\$ 269,999	\$ -	\$ 19,920,482
Lease liabilities	389,456	332,151	2,820,713	3,542,320
Variable interest rate liabilities	4,941,313	1,570,000	8,895,000	15,406,313
Fixed interest rate liabilities	<u>294,476</u>	<u>-</u>	<u>10,105,926</u>	<u>10,400,402</u>
	<u>\$ 25,275,728</u>	<u>\$ 2,172,150</u>	<u>\$ 21,821,639</u>	<u>\$ 49,269,517</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 2 Years	2-5 Years	Over 5 Years
Lease liabilities	<u>\$ 721,607</u>	<u>\$ 730,533</u>	<u>\$ 2,090,180</u>

	December 31, 2020			
	Within 1 Year	1-2 Years	Over 2 Years	Total
Non-interest bearing	\$ 16,558,845	\$ 90,248	\$ -	\$ 16,649,093
Lease liabilities	443,531	388,324	3,186,034	4,017,889
Variable interest rate liabilities	6,821,210	705,000	8,845,000	16,371,210
Fixed interest rate liabilities	<u>-</u>	<u>-</u>	<u>11,305,480</u>	<u>11,305,480</u>
	<u>\$ 23,823,586</u>	<u>\$ 1,183,572</u>	<u>\$ 23,336,514</u>	<u>\$ 48,343,672</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 2 Years	2-5 Years	Over 5 Years
Lease liabilities	<u>\$ 831,855</u>	<u>\$ 859,929</u>	<u>\$ 2,326,105</u>

	September 30, 2020			
	Within 1 Year	1-2 Years	Over 2 Years	Total
Non-interest bearing Lease liabilities	\$ 16,658,486	\$ 78,300	\$ -	\$ 16,736,786
Variable interest rate liabilities	440,126	395,059	3,214,634	4,049,819
Fixed interest rate liabilities	4,000,000	3,655,000	9,195,000	16,850,000
	<u>1,591,112</u>	<u>-</u>	<u>11,825,948</u>	<u>13,417,060</u>
	<u>\$ 22,689,724</u>	<u>\$ 4,128,359</u>	<u>\$ 24,235,582</u>	<u>\$ 51,053,665</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 2 Years	2-5 Years	Over 5 Years
Lease liabilities	<u>\$ 835,185</u>	<u>\$ 861,637</u>	<u>\$ 2,352,997</u>

4) Transfers of financial assets

NTC's factored accounts receivables that are not yet overdue at the end of the period were as follows:

September 30, 2021

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

December 31, 2020

Counterparty	Receivables Factoring Proceeds	Advances Received - Unused	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
Sumitomo Mitsui Banking Corporation	<u>\$ 230,449</u>	<u>\$ -</u>	<u>\$ 230,449</u>	<u>0.9</u>

September 30, 2020

Counterparty	Receivables Factoring Proceeds	Advances Received - Unused	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
Sumitomo Mitsui Banking Corporation	<u>\$ 251,611</u>	<u>\$ -</u>	<u>\$ 251,611</u>	<u>0.9</u>

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

31. RELATED PARTY TRANSACTIONS

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

<u>Related Party</u>	<u>Relationship with the Group</u>
Walsin Lihwa Corporation	Investor that exercises significant influence over the Group
Hwa Bao Botanic Conservation Corp.	Associate
Chin Xin Investment Co., Ltd.	Associate
Tower Partners Semiconductor Co., Ltd. ("TPSCo.")	Related party in substance
Nyquest Technology Co., Ltd.	Related party in substance
Walton Advanced Engineering Inc.	Related party in substance
Walton Advanced Engineering Ltd. (Suzhou)	Related party in substance
Chin Cherng Construction Co., Ltd.	Related party in substance
Walsin Technology Corporation	Related party in substance
United Industrial Gases Co., Ltd.	Related party in substance
Harbinger III Venture Capital Corp.	Related party in substance
Glorystone Inc.	Related party in substance
Waltech Advanced Engineering (Suzhou) Ltd.	Related party in substance
Hannstar Display Corporation	Related party in substance
TDC	Subsidiary (June 10, 2019 as the date of liquidation and completed the liquidation and legal procedures on April 1, 2021)

b. Operating activities

	<u>Three Months Ended</u> <u>September 30</u>		<u>Nine Months Ended</u> <u>September 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
1) Operating revenue				
Related party in substance	\$ <u>1,322,054</u>	\$ <u>77,530</u>	\$ <u>2,865,844</u>	\$ <u>163,022</u>
2) Purchases of goods				
Related party in substance				
TPSCo.	\$ 1,580,420	\$ 771,855	\$ 4,943,642	\$ 771,855
Others	<u>33,962</u>	<u>-</u>	<u>62,653</u>	<u>-</u>
	<u>\$ 1,614,382</u>	<u>\$ 771,855</u>	<u>\$ 5,006,295</u>	<u>\$ 771,855</u>

(Continued)

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
3) Manufacturing expenses				
Related party in substance				
Walton Advanced Engineering Inc.	\$ 865,793	\$ 885,468	\$ 2,433,930	\$ 2,435,400
Others	<u>649,908</u>	<u>146,082</u>	<u>1,967,767</u>	<u>411,268</u>
	<u>\$ 1,515,701</u>	<u>\$ 1,031,550</u>	<u>\$ 4,401,697</u>	<u>\$ 2,846,668</u>
4) Operating expenses				
Investor that exercises significant influence over the Group	\$ 3,265	\$ 3,962	\$ 9,437	\$ 9,389
Related party in substance	<u>117,569</u>	<u>47,738</u>	<u>346,778</u>	<u>53,128</u>
	<u>\$ 120,834</u>	<u>\$ 51,700</u>	<u>\$ 356,215</u>	<u>\$ 62,517</u>
5) Dividend income				
Investor that exercises significant influence over the Group				
Walsin Lihwa Corporation	\$ 199,800	\$ 112,351	\$ 199,800	\$ 112,351
Related party in substance				
Hannstar Display Corporation	75,000	-	75,000	-
United Industrial Gases Co., Ltd.	-	-	62,000	64,394
Walsin Technology Corporation	51,707	47,301	51,707	47,301
Others	<u>15,788</u>	<u>188</u>	<u>15,788</u>	<u>3,488</u>
	<u>\$ 342,295</u>	<u>\$ 159,840</u>	<u>\$ 404,295</u>	<u>\$ 227,534</u>
6) Other income				
Related party in substance	\$ -	\$ -	\$ 1,311	\$ 2,345
Associate	<u>30</u>	<u>30</u>	<u>60</u>	<u>60</u>
	<u>\$ 30</u>	<u>\$ 30</u>	<u>\$ 1,371</u>	<u>\$ 2,405</u>

(Concluded)

	September 30, 2021	December 31, 2020	September 30, 2020
7) Accounts receivable due from related parties			
Related party in substance	\$ <u>690,593</u>	\$ <u>77,760</u>	\$ <u>64,333</u>
8) Accounts payable due to related parties			
Related party in substance			
Walton Advanced Engineering Inc.	\$ 855,558	\$ 782,278	\$ 646,762
TPSCo.	478,657	788,043	842,316
Others	<u>105,990</u>	<u>95,682</u>	<u>144,828</u>
	<u>\$ 1,440,205</u>	<u>\$ 1,666,003</u>	<u>\$ 1,633,906</u>
9) Other receivables and other current assets			
Related party in substance			
TPSCo.	\$ 266,292	\$ 255,453	\$ 288,662
Others	10,501	-	-
Associate	54,916	-	91,421
Investor that exercises significant influence over the Group	16	-	261
Subsidiary	<u>-</u>	<u>16,552</u>	<u>16,552</u>
	<u>\$ 331,725</u>	<u>\$ 272,005</u>	<u>\$ 396,896</u>
10) Other payables			
Related party in substance	\$ 95,890	\$ 77,738	\$ 92,711
Investor that exercises significant influence over the Group	<u>2,294</u>	<u>-</u>	<u>2,122</u>
	<u>\$ 98,184</u>	<u>\$ 77,738</u>	<u>\$ 94,833</u>
11) Refundable deposits (recorded as “other non-current assets”)			
Related party in substance	\$ 1,722	\$ 1,722	\$ 1,722
Investor that exercises significant influence over the Group	<u>203</u>	<u>203</u>	<u>203</u>
	<u>\$ 1,925</u>	<u>\$ 1,925</u>	<u>\$ 1,925</u>

The Group’s transactions with the related party were conducted under normal terms.

c. Property, plant and equipment

	<u>Disposal Price</u>		<u>Gain (Loss) on Disposal</u>	
	<u>Three Months Ended</u>		<u>Three Months Ended</u>	
	<u>September 30</u>		<u>September 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Related party in substance				
Waltech Advanced				
Engineering (Suzhou) Ltd.	\$ 886	\$ -	\$ 886	\$ -
Others	<u>150</u>	<u>-</u>	<u>117</u>	<u>-</u>
	<u>\$ 1,036</u>	<u>\$ -</u>	<u>\$ 1,003</u>	<u>\$ -</u>
	<u>Disposal Price</u>		<u>Gain (Loss) on Disposal</u>	
	<u>Nine Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 30</u>		<u>September 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Related party in substance				
Waltech Advanced				
Engineering (Suzhou) Ltd.	\$ 886,862	\$ -	\$ 144,679	\$ -
Others	<u>628</u>	<u>-</u>	<u>595</u>	<u>-</u>
	<u>\$ 887,490</u>	<u>\$ -</u>	<u>\$ 145,274</u>	<u>\$ -</u>

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

d. Lease arrangements

	<u>September 30,</u>	<u>December 31,</u>	<u>September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2020</u>	
1) Lease liabilities				
Related party in substance	\$ 14,116	\$ 22,450	\$ 25,070	
Investor that exercises significant influence over the Group	<u>665</u>	<u>2,642</u>	<u>3,276</u>	
	<u>\$ 14,781</u>	<u>\$ 25,092</u>	<u>\$ 28,346</u>	
	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 30</u>		<u>September 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
2) Interest expense				
Related party in substance	\$ 60	\$ 104	\$ 215	\$ 344
Investor that exercises significant influence over the Group	<u>4</u>	<u>13</u>	<u>19</u>	<u>48</u>
	<u>\$ 64</u>	<u>\$ 117</u>	<u>\$ 234</u>	<u>\$ 392</u>

e. Sublease arrangements

Lease arrangements - sublease arrangement under operating leases

On September 1, 2020, NTC subleased its right-of-use asset to TPSCo. under operating lease with lease term of 12 years, and the rental is based on similar asset's market rental rates and fixed lease payments are received monthly.

	September 30, 2021	December 31, 2020	September 30, 2020	
1) Operating lease receivables				
Related party in substance	<u>\$ -</u>	<u>\$ 23,504</u>	<u>\$ -</u>	
	September 30, 2021	September 31, 2020	September 30, 2020	
2) Future lease payment receivables				
Related party in substance	<u>\$ 1,721,586</u>	<u>\$ 1,635,005</u>	<u>\$ 1,013,831</u>	
	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
3) Lease income				
Related party in substance				
TPSCo.	<u>\$ 58,720</u>	<u>\$ 21,483</u>	<u>\$ 180,187</u>	<u>\$ 21,483</u>

f. Guarantee

The chairman of NTC is a joint guarantor of the land-leasing from Taiwan Sugar Corporation. Refer to Note 14 to the consolidated financial statements.

g. Compensation of key management personnel

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Short-term employment benefits	\$ 98,110	\$ 70,219	\$ 280,877	\$ 197,286
Post-employment benefits	<u>2,000</u>	<u>3,471</u>	<u>23,609</u>	<u>28,250</u>
	<u>\$ 100,110</u>	<u>\$ 73,690</u>	<u>\$ 304,486</u>	<u>\$ 225,536</u>

The remuneration of directors and key management personnel was suggested by the remuneration committee having regard to the performance of individuals and market trends. And the remuneration was resolved by the board of directors.

32. PLEDGED AND COLLATERALIZED ASSETS

Refer to Notes 6, 13 and 15 to the consolidated financial statements.

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

- a. Amounts available under unused letters of credit as of September 30, 2021 and 2020 were approximately US\$6,637 thousand and US\$7,644 thousand, JPY271,900 thousand and JPY495,160 thousand, respectively.
- b. Signed construction contract

	Total Contract Price	Payment as of September 30, 2020
TASA Construction Corporation	<u>\$ 8,829,621</u>	<u>\$ 8,167,710</u>

- c. L Company filed a complaint in the U.S. District Court for the District of Delaware on April 29, 2021. The plaintiff alleged that NTCA (and NTCA only) infringes one of its patents. On June 22, 2021, NTCA signed the authorization and settlement agreement. According to the agreement, L Company then withdraw the complaint in the U.S. District Court for the District of Delaware on June 30, 2021.
- d. NTC and NTCA received a complaint served by the court on June 29, 2020. The plaintiff charged in the California High Court that the gasoline generator produced by HD POWER SYSTEMS INC., exploded during use and caused damage to it. At the same time, NTC, NTCA and other related companies shall bear the relevant compensation liabilities. The plaintiff applied to withdraw the complaint against NTC in the Court on June 29, 2021, and applied to withdraw the complaint against NTCA in the Court on July 7, 2021. The court has issued a Dismissal Order, the case was closed.

34. OTHER ITEMS

The novel viral pneumonia (Covid-19 pandemic) spread all over the world, causing subsidiaries, customers and suppliers in some regions to implement quarantine and travel restrictions. The Group has evaluated that there is no significant impact on the overall business operation and financial position of the Group. There are no concerns about the ability of the Group's going concern, assets impairment and fund-raising risks.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Group entities and the exchange rates between foreign currencies and respective functional currencies were disclosed.

The significant assets and liabilities denominated in foreign currencies were as follows:

	September 30, 2021			December 31, 2020			September 30, 2020		
	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)	New Taiwan Dollars (In Thousands)	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)	New Taiwan Dollars (In Thousands)	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)	New Taiwan Dollars (In Thousands)
Financial assets									
Monetary items									
USD	\$ 498,275	27.85	\$ 13,876,970	\$ 269,426	28.48	\$ 7,673,245	\$ 275,139	29.10	\$ 8,006,541
USD	32,351	111.85	900,974	24,365	103.08	693,912	22,747	105.59	661,949
		(Note 2)			(Note 2)			(Note 2)	
EUR	1,730	32.32	55,911	2,342	35.02	82,028	2,973	34.15	101,518
JPY	2,129,539	0.2490	530,255	1,570,680	0.2763	433,979	1,908,345	0.2756	525,940
RMB	80,447	4.305	346,325	82,515	4.377	361,168	345,994	4.269	1,477,049
ILS	23,492	8.6542	203,300	23,042	8.8712	204,409	18,870	8.4314	159,099
Financial liabilities									
Monetary items									
USD	130,524	27.85	3,635,102	110,623	28.48	3,150,531	128,595	29.10	3,742,109
USD	24,960	111.85	695,141	14,973	103.08	426,430	15,822	105.59	460,415
		(Note 2)			(Note 2)			(Note 2)	
EUR	47,483	32.32	1,534,636	2,803	35.02	98,166	3,215	34.15	109,799
JPY	3,404,578	0.2490	847,740	1,444,374	0.2763	399,080	1,477,508	0.2756	398,933
ILS	28,547	8.6542	247,049	21,479	8.8712	190,547	19,959	8.4314	168,284

Note 1: Except as otherwise noted, exchange rate represents the number of New Taiwan dollars for which one unit of foreign currency could be exchanged.

Note 2: The exchange rate represents the number of JPY for which one US dollar could be exchanged.

Refer to the consolidated statements of comprehensive income for the total of realized and unrealized net foreign exchange gains (losses) for the three months ended and nine months ended September 30, 2021 and 2020, 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 group entities.

36. ADDITIONAL DISCLOSURE

a. Following are the additional disclosures for material transactions:

1)	Financings provided	None
2)	Endorsements/guarantees provided	Table 1
3)	Marketable securities held (excluding investments in subsidiaries and associates)	Table 2
4)	Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital	None
5)	Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital	Table 3
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

b. Information on investments: Refer to Table 6 attached.

c. Information on investment in mainland China

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

d. Information on major shareholders: Refer to Table 9 attached.

37. SEGMENT INFORMATION

a. Basic information about operating segment

1) Classification of operating segments

The Group's reportable segments under IFRS 8 "Operating Segments" and IAS 34 "Interim Financial Reporting" was as follows:

a) Segment of DRAM IC product

The DRAM IC product segment engages mainly in the manufacturing, selling, researching, designing and after-sales service of Mobile RAM and Specialty DRAM.

b) Segment of Flash Memory product

The Flash Memory product segment engages mainly in the manufacturing, selling, researching, designing and after-sales service of Flash Memory product.

c) Segment of Logic IC product

The Logic IC product segment engages mainly in the manufacturing, selling, researching, designing and after-sales service of Logic IC product.

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. Individual segment assets are disclosed as zero since those measures are not reviewed by the chief operating decision maker. 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 was an analysis of the Group's revenue from continuing operations by reportable segments.

	Segment Revenue		Segment Profit and Loss	
	Nine Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
DRAM IC product	\$ 19,269,171	\$ 12,956,612	\$ 5,619,177	\$ (671,331)
Flash Memory product	23,509,033	16,705,862	9,682,101	3,870,202
Logic IC product	<u>30,792,167</u>	<u>10,672,677</u>	<u>5,448,576</u>	<u>1,734,691</u>
Total of segment revenue	73,570,371	40,335,151	20,749,854	4,933,562
Other revenue	<u>3,876</u>	<u>168</u>	3,876	168
Operating revenue	<u>\$ 73,574,247</u>	<u>\$ 40,335,319</u>		
Unallocated expenditure				
Administrative and supporting expenses			(4,228,530)	(2,093,906)
Sales and other common expenses			<u>(3,658,705)</u>	<u>(1,819,672)</u>
Income from operations			<u>12,866,495</u>	<u>1,020,152</u>
Non-operating income and expenses				
Interest income			41,364	38,323
Dividend income			404,364	227,534
Gain from bargain purchase			-	218,968
Other income			376,108	97,866
Share of profit (loss) of associates			199,860	64,752
Gains (losses) on disposal of property, plant and equipment			166,004	(5,889)
Gains (losses) on disposals of intangible assets			(4,803)	-
Gains (losses) on disposal of investments			(436)	-
Gains (losses) on disposal of non-current held for sale assets			30,371	-
Gains (losses) on foreign exchange			(92,904)	(51,120)

(Continued)

	<u>Segment Revenue</u>		<u>Segment Profit and Loss</u>	
	<u>Nine Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 30</u>		<u>September 30</u>	
	2021	2020	2021	2020
Gains (losses) on financial instruments at fair value through profit or loss			\$ 25,956	\$ 50,071
Interest expense			(183,178)	(209,233)
Other expenses			(377,416)	(144,366)
Impairment loss recognized on property, plant and equipment			<u>(782,949)</u>	<u>-</u>
Income before income tax			<u>\$ 12,668,836</u>	<u>\$ 1,307,058</u> (Concluded)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	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	Note
		Name	Relationship											
0	Winbond Electronics Corporation ("WEC")	NTCJ	NTC's indirect subsidiary with 100% ownership	\$ 16,375,542 (Note 1)	\$ 11,471,679 (JPY 46,071,000) (Note 3)	\$ 11,471,679 (JPY 46,071,000) (Note 3)	\$ 74,700 (JPY 300,000)	\$ -	15.07	\$ 38,055,583 (Note 5)	Y	N	N	
1	NTC	NTSH	Subsidiary	14,272,361 (Note 2)	2,281,650 (RMB 530,000) (Note 4)	- (Note 4)	-	-	-	14,272,361 (Note 6)	Y	N	Y	
		NTCJ	Subsidiary	14,272,361 (Note 2)	2,484,450 (JPY 8,300,000) and (USD 15,000) (Note 4)	1,451,100 (JPY 4,150,000) and (USD 15,000) (Note 4)	161,230 (JPY 642,000) and (USD 49) (Note 4)	-	10.17	14,272,361 (Note 6)	Y	N	N	

Note 1: WEC's maximum amount endorsed are limited to 30% of the net equity in latest financial statements of WEC or 150% of the net value of the endorsee company, whichever is lower. WEC's limitation of maximum endorse amount as described are not limited to subsidiaries that directly or indirectly hold 100% of voting shares.

Note 2: NTC's maximum amount endorsed are limited to 20% of the net equity in latest financial statements of NTC or the net value of the endorsee company, whichever is lower. NTC'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 3: The ending balance is approved by the boards of directors of WEC.

Note 4: The ending balance is approved by the boards of directors of NTC.

Note 5: WEC's total maximum amount endorsed are limited to 50% of the net equity in latest financial statements of WEC.

Note 6: NTC's maximum amount endorsed are based on the net equity in the latest financial statements of NTC.

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2021

(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2021				Note	
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value		
WEC	<u>Shares</u> Walsin Lihwa Corporation	The investee's chairman are relatives within the second degree of relationship of WEC's chairman. As WEC's corporate director, the investee held 22% ownership interest in WEC.	Current financial assets at fair value through other comprehensive income	222,000,000	\$ 5,594,400	6	\$ 5,594,400		
	Walsin Technology Corporation	The investee's chairman are relatives within the second degree of relationship of WEC's chairman.	"	8,600,117	1,315,818	2	1,315,818		
	Hannstar Display Corporation	The investee's chairman are relatives within the second degree of relationship of WEC's chairman.	"	150,000,210	2,280,003	5	2,280,003		
	Walton Advanced Engineering Inc.	The investee chairman are relatives within the second degree of relationship of WEC's chairman. WEC as the investee's director.	"	50,062,641	858,574	10	858,574		
	<u>Shares</u> His Chu Golf Country Club	None	Non-current financial assets at fair value through other comprehensive income	3	10,830	-	10,830		
	Linkou Golf Course	"	"	1	8,750	-	8,750		
	Smart Catch International Co., Ltd.	"	"	4,000,000	-	16	-		
	Harbinger III Venture Capital Corp.	WEC as the investee's supervisor.	"	5,440	113	5	113		
	WECA	<u>Shares</u> Kneron Holding Company	None	Current financial assets at fair value through profit or loss	377,808	USD 2,000	1	USD 2,000	
		Everspin Technologies, Inc.	"	Current financial assets at fair value through other comprehensive income	262,834	USD 1,703	1	USD 1,703	
Vanguard Short-Term Corporate Bond ETF (VCSH)		"	"	12,000	USD 989	-	USD 989		
iShares National Muni Bond ETF (MUB)		"	"	8,500	USD 987	-	USD 987		

(Continued)

Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2021				Note
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
WECA	<u>Funds</u> JVP VIII, L.P.	None	Non-current financial assets at fair value through other comprehensive income	-	USD 14,853	7	USD 14,853	
	JVP X Funds	"	"	-	USD 6,000	4	USD 6,000	
WECJ	<u>Shares</u> Nihon Computer Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	10	JPY -	1	JPY -	
GLMTD	<u>Shares</u> TEGNA Electronics Private Limited	The held company as the investee's director	Non-current financial assets at fair value through other comprehensive income	3,001,000	INR 30,010	10	INR 30,010	
NTC	<u>Shares</u> Yu-Ji Venture Capital Co., Ltd.	The held company as the investee's director	Non-current financial assets at fair value through other comprehensive income	675,000	10,193	5	10,193	
	Brightek Optoelectronic Co., Ltd.	None	"	34,680	1,767	-	1,767	
	United Industrial Gases Co., Ltd.	The held company as the investee's director	"	8,800,000	422,400	4	422,400	
	Autotalks Ltd. - Preferred E. Share	None	"	3,932,816	557,000	9	557,000	
SYI	<u>Shares</u> Nyquest Technology Co., Ltd.	The held company as the investee's director	Non-current financial assets at fair value through other comprehensive income	1,650,000	245,025	5	245,025	
NTCJ	<u>Shares</u> Symetrix Corporation	None	Non-current financial assets at fair value through other comprehensive income	50,268	-	1	-	
	Tower Partners Semiconductor Co., Ltd. ("TPSCo.")	Related party in substance	"	14,700	1,250,726	49	1,250,726	Note 1

Note 1: Under the business combination arrangement, if TPSCo. turns net profit during the period of the effective date of the acquisition to March 31, 2022, NTCJ is required to pay Panasonic Corporation the net profit based on ownership share. Thus, NTC has no significant influence over TPSCo. during the period of the effective date of the acquisition to March 31, 2022. TPSCo. was recognized as non-current financial assets at fair value through other comprehensive income.

Note 2: Refer to Tables 6 and 7 for information of investment in subsidiaries, investments in associates and investment in Mainland China.

(Concluded)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

**ACQUISITION OF INDIVIDUAL REAL ESTATE PROPERTIES AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars)**

Company Name	Property	Event Date	Transaction Amount	Payment Term	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
WEC	Buildings	2021.01.21-2021.09.22	\$ 1,121,422	Monthly settlement by the construction progress and acceptance	Exyte Taiwan Co., Ltd.	None	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Business purpose	None
	Buildings	2021.01.21-2021.09.22	638,612	Monthly settlement by the construction progress and acceptance	L&K Engineering Co., Ltd.	None	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Business purpose	None
	Buildings	2021.01.21-2021.09.22	495,691	Monthly settlement by the construction progress and acceptance	TASA Construction Corporation	None	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Business purpose	None
	Buildings	2021.05.24-2021.09.10	314,093	Monthly settlement by the construction progress and acceptance	Mega Union Technology Incorporated	None	N/A	N/A	N/A	N/A	Price comparison and price negotiation	Business purpose	None

TABLE 4

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(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	
WEC	WEHK	Direct subsidiary with 100% ownership	Sales	\$ 7,612,825	18	Net 90 days from invoice date	N/A	N/A	\$ 1,094,351	14	
	WECJ	Indirect subsidiary with 100% ownership	Sales	4,234,527	10	Net 90 days from invoice date	N/A	N/A	660,042	9	
	WECN	Indirect subsidiary with 100% ownership	Sales	2,846,840	7	Net 90 days from invoice date	N/A	N/A	46,777	1	
	WECA	Indirect subsidiary with 100% ownership	Sales	1,095,863	3	Net 90 days from invoice date	N/A	N/A	91,899	1	
	NTC	Direct subsidiary with 52% ownership	Sales	284,309	1	Net 30 days from invoice date	N/A	N/A	81,433	1	
WEHK	WEC	Parent company	Purchases	USD 271,795	100	Net 90 days from invoice date	N/A	N/A	USD (39,294)	(100)	
WECJ	WEC	Parent company	Purchases	JPY 16,386,113	99	Net 90 days from invoice date	N/A	N/A	JPY (2,652,453)	(99)	
WECN	WEC	Parent company	Purchases	RMB 660,558	100	Net 90 days from invoice date	N/A	N/A	RMB (10,866)	(100)	
WECA	WEC	Parent company	Purchases	USD 39,241	100	Net 90 days from invoice date	N/A	N/A	USD (3,309)	(100)	
NTC	WEC	Parent company	Purchases	284,627	9	Net 30 days from invoice date	N/A	N/A	(81,251)	(5)	
	NTHK	NTC's direct subsidiary with 100% ownership	Sales	3,628,728	34	Net 90 days from invoice date	N/A	N/A	125,559	8	
NTC	Nyquest Technology Co., Ltd.	Related party in substance	Sales	192,701	2	Net 45 days from invoice date	N/A	N/A	55,640	4	
NTHK	NTC	Parent company	Purchases	USD 129,646	100	Net 90 days from invoice date	N/A	N/A	USD (4,508)	(100)	
NTSPL	NTCJ	NTC's indirect subsidiary with 100% ownership	Sales	USD 72,723	33	Net 10 days end of the month	N/A	N/A	USD 8,162	35	
NTCJ	NTSPL	NTC's direct subsidiary with 100% ownership	Purchases	JPY 8,085,389	22	Net 10 days end of the month	N/A	N/A	JPY (915,131)	(11)	
	NTSPL	NTC's direct subsidiary with 100% ownership	Sales	JPY 15,920,705	24	Net 10 days end of the month	N/A	N/A	JPY 1,952,519	17	
NTSPL	NTCJ	NTC's indirect subsidiary with 100% ownership	Purchases	USD 147,643	68	Net 10 days end of the month	N/A	N/A	USD (17,853)	(71)	
NTCJ	NTSH	NTC's indirect subsidiary with 100% ownership	Sales	JPY 4,168,163	6	Net 15 days end of the month	N/A	N/A	-	-	

(Continued)

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	
NTSH	NTCJ	NTC's indirect subsidiary with 100% ownership	Purchases	JPY 4,168,163	100	Net 15 days end of the month	N/A	N/A	\$ -	-	
	NTCJ	NTC's indirect subsidiary with 100% ownership	Sales	RMB 84,688	21	Net 15 days end of the month	N/A	N/A	-	-	
NTCJ	NTSH	NTC's indirect subsidiary with 100% ownership	Purchases	RMB 84,688	4	Net 15 days end of the month	N/A	N/A	-	-	
	TPSCo. Waltech Advanced Engineering (Suzhou) Ltd.	Related party in substance	Purchases	JPY 19,093,077	52	Net 10 days end of the month	N/A	N/A	JPY (1,922,316)	(23)	
		Related party in substance	Sales	JPY 8,894,146	13	Net 10 days end of the month	N/A	N/A	JPY 2,412,325	21	
NTSH	Waltech Advanced Engineering (Suzhou) Ltd.	Related party in substance	Sales	RMB 33,736	8	Net 15 days end of the month	N/A	N/A	-	-	

(Concluded)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

SEPTEMBER 30, 2021

(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		
WEC	WEHK	Direct subsidiary with 100% ownership	\$ 1,094,351	11.41	\$ -	-	\$ 534,157	\$ -
	WECJ	Indirect subsidiary with 100% ownership	660,042	11.91	-	-	-	-
NTC	NTHK	NTC's direct subsidiary with 100% ownership	125,559	67.63	-	-	125,559	-
NTSPL	NTCJ	NTC's indirect subsidiary with 100% ownership	USD 8,162 (Note 2)	12.65	-	-	USD 8,162	-
NTCJ	NTSPL	NTC's direct subsidiary with 100% ownership	JPY 1,952,519 (Note 2)	12.04	-	-	JPY 1,952,519	-
AMTC	NTCJ	NTC's indirect subsidiary with 100% ownership	JPY 549,106 (Note 2)	7.05	-	-	JPY 549,106	-
NTCJ	Waltech Advanced Engineering (Suzhou) Ltd.	Related party in substance	JPY 2,412,325	9.83	-	-	JPY 2,412,325	-
	TPSCo.	Related party in substance	JPY 1,069,447	(Note 1)	-	-	JPY 1,069,447	-

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

Note 2: All receivables were written-off.

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
Winbond Electronics Corp.	Nuvoton Technology Corporation	Taiwan	Research, design, development, manufacture and marketing of Logic IC, 6 inch wafer product, test, and OEM	\$ 4,436,920	\$ 4,436,920	214,954,635	52.00	\$ 7,282,688	\$ 1,852,052	\$ 980,204	
	Winbond International Corporation	British Virgin Islands	Investment holding	2,758,517	2,758,517	87,960,000	100.00	1,488,628	37,083	37,083	
	Winbond Electronics (HK) Limited	Hong Kong	Sales of semiconductor and investment holding	278,158	278,158	71,150,000	100.00	384,487	115,368	115,367	
	Landmark Group Holdings Ltd.	British Virgin Islands	Investment holding	168,755	168,755	5,343,000	100.00	113,928	(6,611)	(6,611)	
	Great Target Development Ltd.	Seychelles	Investment holding	155,663	155,663	4,470,000	100.00	133,692	(483)	(483)	
	Callisto Holding Limited	Hong Kong	Electronic commerce and investment holding	156,292	156,292	40,000,000	100.00	108,491	(11,258)	(11,258)	
	Winbond Technology Ltd.	Israel	Design and service of semiconductor	21,242	21,242	100,000	100.00	73,869	9,243	9,243	
	Winbond Electronics Germany GmbH	Germany	Marketing service of semiconductor	28,679	28,679	850,000	100.00	24,435	393	393	
	Pine Capital Investment Limited	Hong Kong	Investment holding	2,967	2,967	780,000	100.00	2,941	(227)	(227)	
	Chin Xin Investment Co., Ltd.	Taiwan	Investment holding	1,874,825	1,874,825	182,840,999	38.00	7,003,833	533,154	200,950	
Hwa Bao Botanic Conservation Corp.	Taiwan	Agriculture and forestry botanic conservation	30,000	30,000	3,000,000	15.00	28,830	(7,269)	(1,090)		
Winbond International Corporation	Winbond Electronics Corporation America	United States of America	Design, sales and service of semiconductor	1,683,207	1,683,207	3,067	100.00	1,518,957	37,176	37,176	
Landmark Group Holdings Ltd.	Winbond Electronics Corporation Japan	Yokohama, Japan	Research, development, sales and after-sales service of semiconductor	112,644	112,644	2,970	100.00	125,168	51,329	51,329	
Callisto Holding Limited	Callisto Technology Limited	Hong Kong	Electronic commerce and investment holding	30,895	30,895	1,000,000	100.00	27,780	(129)	(129)	
				USD 1,000	USD 1,000			USD 997	USD (5)	USD (5)	
Great Target Development Ltd.	GLMTD Technology Private Limited	India	Sales and service of semiconductor	135,415	135,415	27,998,400	99.99	104,060	(318)	(318)	
Nuvoton Technology Corporation	Nuvoton Electronics Technology (H.K.) Limited	Hong Kong	Sales of semiconductor	427,092	427,092	107,400,000	100.00	514,581	57,778	57,778	
	Marketplace Management Limited	British Virgin Islands	Investment holding	274,987	273,418	8,897,789	100.00	295,028	176,039	176,039	
	Nuvoton Investment Holding Ltd.	British Virgin Islands	Investment holding	590,953	590,953	17,960,000	100.00	337,290	25,126	25,126	
	Song Yong Investment Corporation	Taiwan	Investment holding	38,500	38,500	3,850,000	100.00	266,739	5,970	5,970	
	Nuvoton Technology India Private Limited	India	Design, sales and service of semiconductor	30,211	30,211	600,000	100.00	20,649	77	77	
	Nuvoton Technology Corporation America	United States of America	Design, sales and service of semiconductor	190,862	190,862	60,500	100.00	182,158	4,246	4,246	
	Nuvoton Technology Singapore Pte. Ltd.	Singapore	Design, sales and service of semiconductor	1,319,054	1,094,134	45,100,000	100.00	1,514,404	234,832	234,832	
	Nuvoton Technology Korea Limited	Korea	Design, sales and service of semiconductor	30,828	30,828	125,000	100.00	16,248	(10,072)	(10,072)	
Nuvoton Technology Holdings Japan	Japan	Investment holding	5,927,849	5,941,896	100	100.00	6,155,594	141,276	(144,760)	(Note 1)	
Marketplace Management Limited	Goldbond LLC	United States of America	Investment holding	1,473,559	1,472,903	-	100.00	294,457	176,338	176,338	
Nuvoton Investment Holding Ltd.	Nuvoton Technology Israel Ltd.	Israel	Design and service of semiconductor	46,905	46,905	1,000	100.00	338,602	25,258	25,258	
Nuvoton Technology Holdings Japan	Nuvoton Technology Corporation Japan	Japan	Design, sales and service of semiconductor	111,520	111,520	9,480	100.00	10,917,028	141,021	141,021	
Nuvoton Technology Corporation Japan	Miraxia Edge Technology Corporation	Japan	Design and service of semiconductor	55,760	55,760	4,000	100.00	391,879	109,929	109,929	
	Atfields Manufacturing Technology Corporation	Japan	Design and service of semiconductor	55,760	55,760	4,000	100.00	260,640	109,974	109,974	

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

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars and Foreign Dollars)

1. Information on any investee company in mainland China, main businesses and procedures, 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:

Investor Company	Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2021	Net Income of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 1)	Carrying Amount as of September 30, 2021	Accumulated Repatriation of Investment Income as of September 30, 2021
						Outward	Inward						
WEC	Winbond Electronics (Suzhou) Limited	Design, development and marketing of VLSI integrated ICs	\$ 276,435 USD 9,000	Through investing in WEHK in the third area, which then invested in the investee in Mainland China indirectly	\$ 276,435 USD 9,000	\$ -	\$ -	\$ 276,435 USD 9,000	\$ 45,003	100	\$ 45,003	\$ 362,642	\$ 35,880
NTC	Nuvoton Electronics Technology (Shanghai) Limited	Provide project of sale in China and repairing, testing and consulting of software and leasing business	68,036 USD 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 USD 2,000	-	-	68,036 USD 2,000	176,661	52	91,016	153,030	-
	Winbond Electronics (Nanjing) Ltd.	Computer software service (except I.C. design)	16,429 USD 500	Through investing in MML in the third area in British Virgin Islands, which then invested in the investee in Mainland China indirectly	16,429 USD 500	-	-	16,429 USD 500	-	52	-	(1,529) (Note 2)	-
	Nuvoton Electronics Technology (Shenzhen) Limited	Computer software service (except I.C. design), wholesale business for computer, supplement and software	197,670 USD 6,000	Through investing in NTHK in the third area, which then invested in the investee in Mainland China indirectly	197,670 USD 6,000	-	-	197,670 USD 6,000	22,515	52	11,600	114,372	-
NTSH	Song Zhi Electronics Technology (Suzhou)	Provide development, consult and equipment lease of semiconductor	8,688 CNY 2,000	Through investing in NTSH in the third area, which then invested in the investee in Mainland China indirectly	- (Note 3)	-	-	-	(625)	52	(322)	4,116	-

Note 1: Investment profit or loss for the nine months ended September 30, 2021 was recognized under the basis of the financial statements reviewed by the Company's auditor.

Note 2: WENJ has a negative net book value as of September 30, 2021, which is reclassified to other non-current liabilities.

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

2. Information on any investee company in mainland China, main businesses and procedures, 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:

Company	Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
WEC	\$ 276,435 (USD9,000)	\$ 276,435 (USD9,000)	\$ 45,666,700
NTC	282,135 (USD8,500)	282,135 (USD8,500)	8,563,417

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

3. Refer to Table 4 for significant transactions with the investee in Mainland China directly and indirectly through investing in companies in the third area.
4. Refer to Table 1 for handling endorsement, guarantee and collateral to the investee in Mainland China directly and indirectly through investing in companies in the third area.
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.

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(In Thousands of New Taiwan Dollars and Foreign Currencies)

No.	Company Name	Related Party	Nature of Relationship	Transaction Details			Percentage of Consolidated Total Gross Sales or Total Assets (%)		
				Financial Statement Account	Amount	Terms			
0	WEC	WEHK	Transactions between parent company and subsidiaries	Operating revenue	\$ 7,612,825	-	10		
		WEHK	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	1,094,351	-	1		
		WECA	Transactions between parent company and subsidiaries	Operating revenue	1,095,863	-	1		
		WECA	Transactions between parent company and subsidiaries	Operating expenses	383,604	-	1		
		WECA	Transactions between parent company and subsidiaries	Other payables	128,656	-	-		
		WECJ	Transactions between parent company and subsidiaries	Operating revenue	4,234,527	-	6		
		WECJ	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	660,042	-	-		
		WECJ	Transactions between parent company and subsidiaries	Operating expenses	217,319	-	-		
		WTL	Transactions between parent company and subsidiaries	Operating expenses	243,208	-	-		
		WECN	Transactions between parent company and subsidiaries	Operating revenue	2,846,840	-	4		
		NTC	Transactions between parent company and subsidiaries	Operating revenue	284,309	-	-		
		1	NTC	NTHK	Transactions between parent company and subsidiaries	Operating revenue	3,628,728	-	5
				NTHK	Transactions between parent company and subsidiaries	Accounts receivable due from related parties	125,559	-	-
NTIL	Transactions between parent company and subsidiaries			Operating expenses	729,068	-	1		
NTIL	Transactions between parent company and subsidiaries			Other payables	216,510	-	-		
NTCA	Transactions between parent company and subsidiaries			Operating expenses	217,991	-	-		
2	NTCJ	NTSPL	Transactions between subsidiaries	Operating revenue	JPY 15,920,705	-	6		
		NTSPL	Transactions between subsidiaries	Accounts receivable due from related parties	JPY 1,952,519	-	-		
		NTSH	Transactions between subsidiaries	Operating revenue	JPY 4,168,163	-	1		
3	NTSPL	NTCJ	Transactions between subsidiaries	Operating revenue	USD 72,723	-	3		
		NTCJ	Transactions between subsidiaries	Accounts receivable due from related parties	USD 8,162	-	-		
4	NTSH	NTCJ	Transactions between subsidiaries	Operating revenue	RMB 84,688	-	-		
5	AMTC	NTCJ	Transactions between subsidiaries	Other operating revenue	JPY 2,086,333	-	1		
		NTCJ	Transactions between subsidiaries	Accounts receivable due from related parties	JPY 549,106	-	-		

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

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

TABLE 9**WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
SEPTEMBER 30, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Walsin Lihwa Corporation	883,848,423	22.20
Chin Xin Investment Co., Ltd.	240,003,072	6.03

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.