

**Winbond Electronics Corporation and  
Subsidiaries**

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2022 and 2021 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 March 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2022 and 2021, 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.

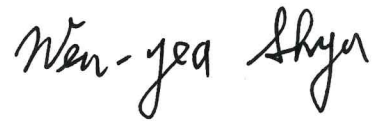
### Scope of Review

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 March 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the three-month periods ended March 31, 2022 and 2021 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

May 5, 2022

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   | March 31, 2022<br>(Reviewed) |            | December 31, 2021<br>(Audited) |            | March 31, 2021<br>(Reviewed) |            |
|--|------------------------------|------------|--------------------------------|------------|------------------------------|------------|
|  | Amount                       | %          | Amount                         | %          | Amount                       | %          |
| <b>CURRENT ASSETS</b>  |                              |            |                                |            |                              |            |
| Cash and cash equivalents (Note 6)   | \$ 30,153,294                | 18         | \$ 30,914,427                  | 20         | \$ 13,084,635                | 10         |
| Current financial assets at fair value through profit or loss (Note 7)                         | 215,317                      | -          | 215,748                        | -          | 9,788                        | -          |
| Current financial assets at fair value through other comprehensive income (Note 8)             | 10,901,566                   | 7          | 10,977,904                     | 7          | 9,422,112                    | 7          |
| Notes and accounts receivable, net (Note 9)  | 11,722,329                   | 7          | 11,515,593                     | 8          | 10,735,215                   | 9          |
| Accounts receivable due from related parties, net (Note 30)                                    | 487,748                      | -          | 639,262                        | -          | 69,184                       | -          |
| Other receivables (Note 10)  | 1,369,505                    | 1          | 1,267,026                      | 1          | 2,267,467                    | 2          |
| Inventories (Note 11)  | 17,558,927                   | 10         | 15,940,688                     | 10         | 14,480,093                   | 11         |
| Other current assets   | 1,119,579                    | 1          | 1,036,085                      | 1          | 811,534                      | 1          |
| Total current assets   | <u>73,528,265</u>            | <u>44</u>  | <u>72,506,733</u>              | <u>47</u>  | <u>50,880,028</u>            | <u>40</u>  |
| <b>NON-CURRENT ASSETS</b>  |                              |            |                                |            |                              |            |
| Non-current financial assets at fair value through profit or loss (Note 7)                     | 116,563                      | -          | 69,200                         | -          | -                            | -          |
| Non-current financial assets at fair value through other comprehensive income (Note 8)         | 3,541,606                    | 2          | 3,481,435                      | 2          | 2,507,725                    | 2          |
| Investments accounted for using equity method (Note 12)  | 7,976,598                    | 5          | 8,286,463                      | 5          | 6,726,685                    | 5          |
| Property, plant and equipment (Note 13)  | 75,593,696                   | 45         | 61,079,605                     | 40         | 60,161,942                   | 47         |
| Right-of-use assets (Note 14)  | 2,864,921                    | 2          | 2,796,920                      | 2          | 3,056,532                    | 2          |
| Investment properties (Note 15)  | 1,928,478                    | 1          | 2,005,598                      | 1          | 2,263,820                    | 2          |
| Intangible assets (Note 16)  | 1,042,864                    | 1          | 1,072,985                      | 1          | 861,213                      | 1          |
| Deferred income tax assets (Note 4)  | 863,373                      | -          | 774,072                        | 1          | 651,204                      | -          |
| Other non-current assets (Note 6)  | 736,877                      | -          | 667,273                        | 1          | 967,876                      | 1          |
| Total non-current assets   | <u>94,664,976</u>            | <u>56</u>  | <u>80,233,551</u>              | <u>53</u>  | <u>77,196,997</u>            | <u>60</u>  |
| <b>TOTAL</b>   | <u>\$ 168,193,241</u>        | <u>100</u> | <u>\$ 152,740,284</u>          | <u>100</u> | <u>\$ 128,077,025</u>        | <u>100</u> |
| <b>LIABILITIES AND EQUITY</b>  |                              |            |                                |            |                              |            |
| <b>CURRENT LIABILITIES</b>   |                              |            |                                |            |                              |            |
| Short-term borrowings (Note 17)  | \$ 1,427,358                 | 1          | \$ 1,430,417                   | 1          | \$ 1,359,503                 | 1          |
| Current financial liabilities at fair value through profit or loss (Note 7)                    | 125,179                      | -          | -                              | -          | 107,656                      | -          |
| Notes and accounts payable   | 6,540,701                    | 4          | 6,256,539                      | 4          | 6,462,882                    | 5          |
| Accounts payable due to related parties (Note 30)  | 1,491,019                    | 1          | 1,344,195                      | 1          | 1,807,512                    | 2          |
| Payables on machinery and equipment  | 12,295,718                   | 7          | 4,462,326                      | 3          | 1,903,862                    | 2          |
| Other payables   | 15,988,424                   | 10         | 9,946,855                      | 6          | 6,471,860                    | 5          |
| Current tax liabilities (Note 4)   | 3,971,006                    | 3          | 2,704,871                      | 2          | 445,455                      | -          |
| Provisions - current (Note 19)   | 521,425                      | -          | 532,948                        | -          | 887,501                      | 1          |
| Lease liabilities - current (Note 14)  | 353,779                      | -          | 333,791                        | -          | 371,582                      | -          |
| Long-term borrowings - current portion (Note 17)   | 1,570,000                    | 1          | 785,000                        | 1          | 5,000,000                    | 4          |
| Other current liabilities  | 601,833                      | -          | 847,989                        | 1          | 372,721                      | -          |
| Total current liabilities  | <u>44,886,442</u>            | <u>27</u>  | <u>28,644,931</u>              | <u>19</u>  | <u>25,190,534</u>            | <u>20</u>  |
| <b>NON-CURRENT LIABILITIES</b>   |                              |            |                                |            |                              |            |
| Bonds payable (Note 18)  | 9,959,162                    | 6          | 9,956,086                      | 6          | 11,070,213                   | 9          |
| Long-term borrowings (Notes 17 and 26)   | 12,632,635                   | 7          | 13,348,865                     | 9          | 9,393,662                    | 7          |
| Provisions - non-current (Note 19)   | 2,911,462                    | 2          | 2,966,575                      | 2          | 3,091,488                    | 3          |
| Lease liabilities - non-current (Note 14)  | 2,715,677                    | 2          | 2,682,609                      | 2          | 2,957,732                    | 2          |
| Net defined benefit liabilities, non-current (Note 4)  | 2,466,050                    | 1          | 2,621,015                      | 2          | 2,584,721                    | 2          |
| Other non-current liabilities  | 2,879,292                    | 2          | 2,486,691                      | 1          | 251,806                      | -          |
| Total non-current liabilities  | <u>33,564,278</u>            | <u>20</u>  | <u>34,061,841</u>              | <u>22</u>  | <u>29,349,622</u>            | <u>23</u>  |
| Total liabilities  | <u>78,450,720</u>            | <u>47</u>  | <u>62,706,772</u>              | <u>41</u>  | <u>54,540,156</u>            | <u>43</u>  |
| <b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 21)</b>                                   |                              |            |                                |            |                              |            |
| Share capital  | 39,800,002                   | 24         | 39,800,002                     | 26         | 39,800,002                   | 31         |
| Capital surplus  | 7,786,124                    | 5          | 7,786,124                      | 5          | 7,782,373                    | 6          |
| Retained earnings  |                              |            |                                |            |                              |            |
| Legal reserve  | 2,074,570                    | 1          | 2,074,570                      | 1          | 1,913,317                    | 1          |
| Unappropriated earnings  | 21,312,196                   | 13         | 20,733,450                     | 14         | 9,756,977                    | 8          |
| Exchange differences on translation of foreign financial statements                            | (821,826)                    | (1)        | (861,389)                      | (1)        | (548,851)                    | -          |
| Unrealized gains on financial assets measured at fair value through other comprehensive income | 12,497,503                   | 7          | 12,911,356                     | 9          | 9,451,469                    | 7          |
| Total equity attributable to owners of the parent  | <u>82,648,569</u>            | <u>49</u>  | <u>82,444,113</u>              | <u>54</u>  | <u>68,155,287</u>            | <u>53</u>  |
| <b>NON-CONTROLLING INTERESTS</b>   | <u>7,093,952</u>             | <u>4</u>   | <u>7,589,399</u>               | <u>5</u>   | <u>5,381,582</u>             | <u>4</u>   |
| Total equity   | <u>89,742,521</u>            | <u>53</u>  | <u>90,033,512</u>              | <u>59</u>  | <u>73,536,869</u>            | <u>57</u>  |
| <b>TOTAL</b>   | <u>\$ 168,193,241</u>        | <u>100</u> | <u>\$ 152,740,284</u>          | <u>100</u> | <u>\$ 128,077,025</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 March 31 |           |                   |            |
|--|-----------------------------|-----------|-------------------|------------|
|  | 2022                        |           | 2021              |            |
|  | Amount                      | %         | Amount            | %          |
| OPERATING REVENUE (Note 22)  | \$ 26,513,851               | 100       | \$ 21,325,358     | 100        |
| OPERATING COSTS (Note 11)  | <u>13,636,815</u>           | <u>51</u> | <u>13,314,740</u> | <u>62</u>  |
| GROSS PROFIT   | <u>12,877,036</u>           | <u>49</u> | <u>8,010,618</u>  | <u>38</u>  |
| OPERATING EXPENSES   |                             |           |                   |            |
| Selling expenses   | 632,325                     | 2         | 588,985           | 3          |
| General and administrative expenses  | 2,051,643                   | 8         | 1,296,039         | 6          |
| Research and development expenses  | 3,890,271                   | 15        | 3,808,743         | 18         |
| Expected credit (gain) loss (Note 9)   | <u>(2,197)</u>              | <u>-</u>  | <u>21,030</u>     | <u>-</u>   |
| Total operating expenses   | <u>6,572,042</u>            | <u>25</u> | <u>5,714,797</u>  | <u>27</u>  |
| INCOME FROM OPERATIONS   | <u>6,304,994</u>            | <u>24</u> | <u>2,295,821</u>  | <u>11</u>  |
| NON-OPERATING INCOME AND EXPENSES  |                             |           |                   |            |
| Interest income  | 16,796                      | -         | 7,681             | -          |
| Dividend income (Note 8)   | 700                         | -         | -                 | -          |
| Other income (Notes 14 and 26)   | 98,717                      | -         | 168,634           | 1          |
| Share of profit (loss) of associates   | 263                         | -         | (1,706)           | -          |
| Gains (losses) on disposal of property, plant and equipment                  | 15,869                      | -         | (11,322)          | -          |
| Gains (losses) on disposal of non-current held for sale assets               | -                           | -         | 30,371            | -          |
| Gains (losses) on foreign exchange (Note 34)                                 | 352,892                     | 1         | 42,309            | -          |
| Gains (losses) on financial instruments at fair value through profit or loss | (273,485)                   | (1)       | (153,711)         | (1)        |
| Interest expense (Notes 14 and 26)   | (16,793)                    | -         | (75,660)          | -          |
| Other expenses   | <u>(129,804)</u>            | <u>-</u>  | <u>(108,819)</u>  | <u>(1)</u> |
| Total non-operating income and expenses                                      | <u>65,155</u>               | <u>-</u>  | <u>(102,223)</u>  | <u>(1)</u> |
| INCOME BEFORE INCOME TAX   | 6,370,149                   | 24        | 2,193,598         | 10         |
| INCOME TAX EXPENSE (Notes 4 and 24)  | <u>1,224,291</u>            | <u>5</u>  | <u>484,496</u>    | <u>2</u>   |
| NET INCOME   | <u>5,145,858</u>            | <u>19</u> | <u>1,709,102</u>  | <u>8</u>   |

(Continued)

# 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 March 31 |            |                     |            |
|---|-----------------------------|------------|---------------------|------------|
|   | 2022                        |            | 2021                |            |
|   | Amount                      | %          | Amount              | %          |
| 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 | \$ (137,598)                | (1)        | \$ 1,140,223        | 5          |
| Share of other comprehensive income (loss) of associates accounted for using the equity method                    | (310,128)                   | (1)        | 486,603             | 2          |
| Components of other comprehensive income (loss) that will be reclassified to profit or loss:                      |                             |            |                     |            |
| Exchange differences on translation of foreign financial statements   | <u>14,930</u>               | <u>-</u>   | <u>(479,244)</u>    | <u>(2)</u> |
| Other comprehensive income (loss)   | <u>(432,796)</u>            | <u>(2)</u> | <u>1,147,582</u>    | <u>5</u>   |
| TOTAL COMPREHENSIVE INCOME  | <u>\$ 4,713,062</u>         | <u>18</u>  | <u>\$ 2,856,684</u> | <u>13</u>  |
| NET INCOME ATTRIBUTABLE TO:   |                             |            |                     |            |
| Owners of the parent  | \$ 4,558,746                | 17         | \$ 1,586,163        | 7          |
| Non-controlling interests   | <u>587,112</u>              | <u>2</u>   | <u>122,939</u>      | <u>1</u>   |
|   | <u>\$ 5,145,858</u>         | <u>19</u>  | <u>\$ 1,709,102</u> | <u>8</u>   |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:   |                             |            |                     |            |
| Owners of the parent  | \$ 4,184,456                | 16         | \$ 2,694,660        | 12         |
| Non-controlling interests   | <u>528,606</u>              | <u>2</u>   | <u>162,024</u>      | <u>1</u>   |
|   | <u>\$ 4,713,062</u>         | <u>18</u>  | <u>\$ 2,856,684</u> | <u>13</u>  |
| EARNINGS PER SHARE (Note 25)  |                             |            |                     |            |
| Basic   | <u>\$ 1.15</u>              |            | <u>\$ 0.40</u>      |            |
| Diluted   | <u>\$ 1.14</u>              |            | <u>\$ 0.40</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, 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 |
| Net income for the three months ended March 31, 2021   | -   | -               | -                 | 1,586,163               | -   | -   | 1,586,163     | 122,939                   | 1,709,102     |
| Other comprehensive income (loss) for the three months ended March 31, 2021  | -   | -               | -                 | -                       | (277,523)   | 1,386,020   | 1,108,497     | 39,085                    | 1,147,582     |
| Total comprehensive income (loss) for the three months ended March 31, 2021  | -   | -               | -                 | 1,586,163               | (277,523)   | 1,386,020   | 2,694,660     | 162,024                   | 2,856,684     |
| Changes in ownership interests in subsidiaries   | -   | 11,508          | -                 | -                       | -   | -   | 11,508        | 75,990                    | 87,498        |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income (Notes 8 and 21) | -   | -               | -                 | 76,061                  | -   | (76,061)  | -             | -                         | -             |
| BALANCE, MARCH 31, 2021  | \$ 39,800,002                               | \$ 7,782,373    | \$ 1,913,317      | \$ 9,756,977            | \$ (548,851)  | \$ 9,451,469  | \$ 68,155,287 | \$ 5,381,582              | \$ 73,536,869 |
| BALANCE, JANUARY 1, 2022   | \$ 39,800,002                               | \$ 7,786,124    | \$ 2,074,570      | \$ 20,733,450           | \$ (861,389)  | \$ 12,911,356   | \$ 82,444,113 | \$ 7,589,399              | \$ 90,033,512 |
| Appropriation of 2021 earnings (Note 21)<br>Cash dividends   | -   | -               | -                 | (3,980,000)             | -   | -   | (3,980,000)   | -                         | (3,980,000)   |
| Net income for the three months ended March 31, 2022   | -   | -               | -                 | 4,558,746               | -   | -   | 4,558,746     | 587,112                   | 5,145,858     |
| Other comprehensive income (loss) for the three months ended March 31, 2022  | -   | -               | -                 | -                       | 39,563  | (413,853)   | (374,290)     | (58,506)                  | (432,796)     |
| Total comprehensive income (loss) for the three months ended March 31, 2022  | -   | -               | -                 | 4,558,746               | 39,563  | (413,853)   | 4,184,456     | 528,606                   | 4,713,062     |
| Changes in non-controlling interests   | -   | -               | -                 | -                       | -   | -   | -             | (1,024,053)               | (1,024,053)   |
| BALANCE, MARCH 31, 2022  | \$ 39,800,002                               | \$ 7,786,124    | \$ 2,074,570      | \$ 21,312,196           | \$ (821,826)  | \$ 12,497,503   | \$ 82,648,569 | \$ 7,093,952              | \$ 89,742,521 |

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)

|  | <b>Three Months Ended March 31</b> |                  |
|--|------------------------------------|------------------|
|  | <b>2022</b>                        | <b>2021</b>      |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                                    |                  |
| Income before income tax   | \$ 6,370,149                       | \$ 2,193,598     |
| Adjustments for:   |                                    |                  |
| Depreciation expense   | 2,559,883                          | 2,495,055        |
| Amortization expense   | 81,633                             | 72,546           |
| Expected credit (gain) loss recognized on accounts receivable                                | (2,197)                            | 21,030           |
| Interest expense   | 16,793                             | 75,660           |
| Interest income  | (16,796)                           | (7,681)          |
| Dividend income  | (700)                              | -                |
| Share of (profit) loss of associates   | (263)                              | 1,706            |
| (Gains) losses on disposal of property, plant and equipment                                  | (15,869)                           | 11,322           |
| (Gains) losses on disposal of non-current held for sale assets                               | -                                  | (30,371)         |
| (Gains) losses on financial assets and liabilities at fair value through profit or loss      | 3,939                              | -                |
| Gain on lease modification   | (8)                                | -                |
| Changes in operating assets and liabilities  |                                    |                  |
| (Increase) decrease in financial assets and liabilities at fair value through profit or loss | 176,867                            | 145,701          |
| (Increase) decrease in notes and accounts receivable   | (203,358)                          | (1,039,664)      |
| (Increase) decrease in accounts receivable due from related parties                          | 151,514                            | 8,576            |
| (Increase) decrease in other receivables   | (136,292)                          | (313,273)        |
| (Increase) decrease in inventories   | (1,618,239)                        | (338,679)        |
| (Increase) decrease in other current assets  | (83,493)                           | (63,533)         |
| (Increase) decrease in other non-current assets  | (98,883)                           | (4,297)          |
| Increase (decrease) in notes and accounts payable  | 284,162                            | (108,546)        |
| Increase (decrease) in accounts payable due to related parties                               | 146,824                            | 141,509          |
| Increase (decrease) in other payables  | 1,002,386                          | 308,442          |
| Increase (decrease) in other current liabilities   | (246,156)                          | (149,610)        |
| Increase (decrease) in other non-current liabilities   | (145,122)                          | (132,832)        |
| Cash flows generated by (used in) operations   | <u>8,226,774</u>                   | <u>3,286,659</u> |
| Interest received  | 14,457                             | 6,181            |
| Dividends received   | 700                                | -                |
| Interest paid  | (76,474)                           | (94,310)         |
| Income taxes paid  | <u>(27,746)</u>                    | <u>(36,830)</u>  |
| Net cash flows generated by (used in) operating activities                                   | <u>8,137,711</u>                   | <u>3,161,700</u> |

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# WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

|   | <b>Three Months Ended March 31</b> |                      |
|---|------------------------------------|----------------------|
|   | <b>2022</b>                        | <b>2021</b>          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                                    |                      |
| Acquisition of financial assets at fair value through profit or loss                        | \$ (96,958)                        | \$ -                 |
| Acquisition of financial assets at fair value through other comprehensive income            | -                                  | (25,682)             |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | -                                  | 235,167              |
| Proceeds from disposal of non-current held for sale assets                                  | -                                  | 279,897              |
| Acquisition of property, plant and equipment  | (9,125,146)                        | (1,635,805)          |
| Proceeds from disposal of property, plant and equipment                                     | 24,782                             | 2,659                |
| Acquisition of right-of-use assets  | (3,714)                            | -                    |
| (Increase) decrease in refundable deposits  | 28,801                             | 147,152              |
| (Increase) decrease in other receivables - time deposits                                    | (6,543)                            | 18,515               |
| Acquisition of intangible assets  | <u>(153,657)</u>                   | <u>(110,299)</u>     |
| Net cash flows generated by (used in) investing activities                                  | <u>(9,332,435)</u>                 | <u>(1,088,396)</u>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                                    |                      |
| Increase (decrease) in short-term borrowings  | (3,059)                            | (461,708)            |
| Repayments of lease liabilities   | (95,309)                           | (98,254)             |
| Increase (decrease) in guarantee deposits   | <u>468,380</u>                     | <u>(9,340)</u>       |
| Net cash flows generated by (used in) financing activities                                  | <u>370,012</u>                     | <u>(569,302)</u>     |
| <b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>                         | <u>63,579</u>                      | <u>(163,673)</u>     |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                                 | (761,133)                          | 1,340,329            |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>                             | <u>30,914,427</u>                  | <u>11,744,306</u>    |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>                                   | <u>\$ 30,153,294</u>               | <u>\$ 13,084,635</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 THREE MONTHS ENDED MARCH 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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### 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 March 31, 2022 and 2021.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on May 5, 2022.

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

| <b>New IFRSs</b>   | <b>Effective Date<br/>Announced by IASB (Note 1)</b> |
|--|--|
| 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 IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”                              | 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 for deferred taxes that 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.

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, please refer to the consolidated financial statements for the year ended December 31, 2021.

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

The 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 that are measured at fair value. 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 Group. 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 interests of the Group 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 |                   |                |
|-------------|--|--|----------------|-------------------|----------------|
|             |  |  | March 31, 2022 | December 31, 2021 | March 31, 2021 |
| 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 ("WE CJ")              | Research, development, sales and after-sales service of semiconductor  | 100.00         | 100.00            | 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 | Miraxia Edge Technology Corporation ("METC") (Note 2)        | Software and hardware integration design of semiconductor  | 100.00         | 100.00            | -              |
| The Company | Nuvoton Technology Corporation ("NTC") (Note 1)              | Research, development, design, manufacture and marketing of Logic IC, 6-inch wafer product, test, and OEM            | 51.00          | 51.00             | 55.00          |
| NTC         | Marketplace Management Ltd. ("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, consulting of software and equipment lease of semiconductor | 100.00         | 100.00            | 100.00         |
| GLLC        | Winbond Electronics (Nanjing) Ltd. ("WENJ")                  | Computer software service (except IC 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         | 100.00            | -              |

(Continued)

| Investor | Investee   | Main Business  | % of Ownership |                   |                |
|----------|--|--|----------------|-------------------|----------------|
|          |  |  | March 31, 2022 | December 31, 2021 | March 31, 2021 |
| 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 IC 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”)                 | Investment holding   | 100.00         | 100.00            | 100.00         |
| NTHJ     | Nuvoton Technology Corporation Japan (“NTCJ”)              | Design, sales and service of semiconductor   | 100.00         | 100.00            | 100.00         |
| NTCJ     | Atfields Manufacturing Technology Corporation (“AMTC”)     | Design and service of semiconductor  | 100.00         | 100.00            | 100.00         |
| NTCJ     | Miraxia Edge Technology Corporation (“METC”)(Note 2)       | Design and service of semiconductor  | -              | -                 | 100.00         |

(Concluded)

Note 1: In May 2020, NTC issued 20 thousand units of unsecured convertible bonds. During 2021, due to the conversion of all unsecured convertible bonds by the bondholders, the ownership directly held by the Company dropped to 51% as of December 31, 2021. The ownership remains unchanged as of March 31, 2022.

Note 2: The company acquired 100% of ownership interest of METC from its sub-subsidiary, NTCJ, on November 1, 2021. The reorganization transaction was under common control. Refer to Note 27 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 the 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 on 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 the world 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 the same as the consolidated financial statements for the year ended December 31, 2021.

## 6. CASH AND CASH EQUIVALENTS

|   | <b>March 31, 2022</b> | <b>December 31,<br/>2021</b> | <b>March 31, 2021</b> |
|---|-----------------------|------------------------------|-----------------------|
| Cash and deposits in banks                    | \$ 27,912,094         | \$ 27,374,370                | \$ 11,265,835         |
| Repurchase agreements collateralized by bonds | <u>2,241,200</u>      | <u>3,540,057</u>             | <u>1,818,800</u>      |
|   | <u>\$ 30,153,294</u>  | <u>\$ 30,914,427</u>         | <u>\$ 13,084,635</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:

|               | <b>March 31, 2022</b> | <b>December 31,<br/>2021</b> | <b>March 31, 2021</b> |
|---------------|-----------------------|------------------------------|-----------------------|
| Time deposits | <u>\$ 236,879</u>     | <u>\$ 234,269</u>            | <u>\$ 587,212</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):

|               | <b>March 31, 2022</b> | <b>December 31,<br/>2021</b> | <b>March 31, 2021</b> |
|---------------|-----------------------|------------------------------|-----------------------|
| Time deposits | <u>\$ 191,024</u>     | <u>\$ 184,481</u>            | <u>\$ 178,973</u>     |

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

|  | March 31, 2022    | December 31,<br>2021 | March 31, 2021  |
|--|-------------------|----------------------|-----------------|
| <u>Financial assets at FVTPL - current</u>               |                   |                      |                 |
| Derivative financial assets (not under hedge accounting) |                   |                      |                 |
| Forward exchange contracts                               | \$ -              | \$ 51,688            | \$ -            |
| Foreign exchange swap contracts                          | -                 | -                    | 800             |
| Right of redemption of convertible bonds (Note 18)       | -                 | -                    | 8,988           |
| Non-derivative financial assets                          |                   |                      |                 |
| Domestic listed and emerging stocks                      | 51,066            | -                    | -               |
| Overseas unlisted stocks                                 | 57,250            | 55,360               | -               |
| Mutual funds   | <u>107,001</u>    | <u>108,700</u>       | <u>-</u>        |
|  | <u>\$ 215,317</u> | <u>\$ 215,748</u>    | <u>\$ 9,788</u> |

### Financial assets at FVTPL - non-current

|                               |                   |                  |             |
|-------------------------------|-------------------|------------------|-------------|
| Mandatorily measured at FVTPL |                   |                  |             |
| Foreign Warrants              | <u>\$ 116,563</u> | <u>\$ 69,200</u> | <u>\$ -</u> |

### Financial liabilities at FVTPL - current

|   |                   |             |                   |
|---|-------------------|-------------|-------------------|
| Derivative financial liabilities (not under hedge accounting) |                   |             |                   |
| Forward exchange contracts                                    | \$ 91,832         | \$ -        | \$ 92,121         |
| Foreign exchange swap contracts                               | <u>33,347</u>     | <u>-</u>    | <u>15,535</u>     |
|   | <u>\$ 125,179</u> | <u>\$ -</u> | <u>\$ 107,656</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<br>(In Thousands) |
|---------------------------------|------------|-----------------------|-----------------------------------|
| <u>March 31, 2022</u>           |            |                       |                                   |
| Sell forward exchange contracts | USD to NTD | 2022.04.01-2022.05.20 | USD277,420/NTD7,779,798           |
| Buy forward exchange contracts  | NTD to USD | 2022.04.07-2022.05.17 | NTD2,081,045/USD75,000            |
| Foreign exchange swap contracts | USD to NTD | 2021.04.08-2022.05.27 | USD92,000/NTD2,595,854            |
| <u>December 31, 2021</u>        |            |                       |                                   |
| Sell forward exchange contracts | USD to NTD | 2022.01.06-2022.03.04 | USD286,000/NTD7,949,136           |
| Sell forward exchange contracts | RMB to NTD | 2022.01.14-2022.01.21 | RMB75,000/NTD325,655              |
| Buy forward exchange contracts  | NTD to USD | 2022.02.17-2022.02.25 | NTD965,550/USD35,000              |
| <u>March 31, 2021</u>           |            |                       |                                   |
| Sell forward exchange contracts | USD to NTD | 2021.04.01-2021.06.18 | USD265,000/NTD7,440,484           |
| Sell forward exchange contracts | RMB to NTD | 2021.04.09-2021.04.29 | RMB46,000/NTD199,164              |
| Buy forward exchange contracts  | NTD to USD | 2021.05.18-2021.06.08 | NTD1,410,180/USD50,000            |
| Foreign exchange swap contracts | USD to NTD | 2021.04.23-2021.06.04 | USD52,000/NTD1,465,089            |

- 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:

|                                     | March 31, 2022       | December 31,<br>2021 | March 31, 2021       |
|-------------------------------------|----------------------|----------------------|----------------------|
| Domestic listed and emerging stocks | \$ 11,155,506        | \$ 11,235,587        | \$ 9,539,983         |
| Domestic unlisted stocks            | 585,124              | 638,326              | 500,175              |
| Overseas listed stocks              | -                    | -                    | 45,000               |
| Overseas unlisted stocks            | 1,911,413            | 1,820,415            | 1,451,996            |
| Mutual Funds                        | <u>791,129</u>       | <u>765,011</u>       | <u>392,683</u>       |
|                                     | <u>\$ 14,443,172</u> | <u>\$ 14,459,339</u> | <u>\$ 11,929,837</u> |
| Current                             | \$ 10,901,566        | \$ 10,977,904        | \$ 9,422,112         |
| Non-current                         | <u>3,541,606</u>     | <u>3,481,435</u>     | <u>2,507,725</u>     |
|                                     | <u>\$ 14,443,172</u> | <u>\$ 14,459,339</u> | <u>\$ 11,929,837</u> |

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected 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 three months ended March 31, 2021, 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\$76,061 thousand were transferred to retained earnings.

For the three months ended March 31, 2022 and 2021, the dividend income were NT\$700 thousand and NT\$0 thousand, respectively. The dividend income were all derived from investments still held at the end of the period.

## 9. NOTES AND ACCOUNTS RECEIVABLE

|                                     | March 31, 2022       | December 31,<br>2021 | March 31, 2021       |
|-------------------------------------|----------------------|----------------------|----------------------|
| <u>Accounts receivable</u>          |                      |                      |                      |
| At amortized cost                   |                      |                      |                      |
| Gross carrying amount               | \$ 12,022,743        | \$ 11,819,385        | \$ 11,013,765        |
| Less: Allowance for impairment loss | <u>(300,414)</u>     | <u>(303,792)</u>     | <u>(278,550)</u>     |
|                                     | <u>\$ 11,722,329</u> | <u>\$ 11,515,593</u> | <u>\$ 10,735,215</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.

March 31, 2022

|                               | <b>Not Overdue</b>   | <b>Overdue<br/>under 30 Days</b> | <b>Overdue<br/>31-90 Days</b> | <b>Overdue<br/>91-180 Days</b> | <b>Over 180 Days</b> | <b>Total</b>         |
|-------------------------------|----------------------|----------------------------------|-------------------------------|--------------------------------|----------------------|----------------------|
| Expected credit loss rate     | 0.1-2%               | 2%                               | 10%                           | 20%                            | 50-100%              |                      |
| Gross carrying amount         | \$ 11,605,424        | \$ 305,700                       | \$ 5,021                      | \$ -                           | \$ 106,598           | \$ 12,022,743        |
| Loss allowance (lifetime ECL) | <u>(187,200)</u>     | <u>(6,114)</u>                   | <u>(502)</u>                  | <u>-</u>                       | <u>(106,598)</u>     | <u>(300,414)</u>     |
| Amortized cost                | <u>\$ 11,418,224</u> | <u>\$ 299,586</u>                | <u>\$ 4,519</u>               | <u>\$ -</u>                    | <u>\$ -</u>          | <u>\$ 11,722,329</u> |

December 31, 2021

|                               | Not Overdue          | Overdue<br>under 30 Days | Overdue<br>31-90 Days | Overdue<br>91-180 Days | Over 180 Days    | Total                |
|-------------------------------|----------------------|--------------------------|-----------------------|------------------------|------------------|----------------------|
| Expected credit loss rate     | 0.1-2%               | 2%                       | 10%                   | 20%                    | 50-100%          |                      |
| Gross carrying amount         | \$ 11,396,793        | \$ 303,344               | \$ 10,282             | \$ 13                  | \$ 108,953       | \$ 11,819,385        |
| Loss allowance (lifetime ECL) | <u>(187,741)</u>     | <u>(6,067)</u>           | <u>(1,028)</u>        | <u>(3)</u>             | <u>(108,953)</u> | <u>(303,792)</u>     |
| Amortized cost                | <u>\$ 11,209,052</u> | <u>\$ 297,277</u>        | <u>\$ 9,254</u>       | <u>\$ 10</u>           | <u>\$ -</u>      | <u>\$ 11,515,593</u> |

March 31, 2021

|                               | Not Overdue          | Overdue<br>under 30 Days | Overdue<br>31-90 Days | Overdue<br>91-180 Days | Over 180 Days    | Total                |
|-------------------------------|----------------------|--------------------------|-----------------------|------------------------|------------------|----------------------|
| Expected credit loss rate     | 0.1-2%               | 2%                       | 10%                   | 20%                    | 50-100%          |                      |
| Gross carrying amount         | \$ 10,695,073        | \$ 171,541               | \$ 12,734             | \$ 17,672              | \$ 116,745       | \$ 11,013,765        |
| Loss allowance (lifetime ECL) | <u>(153,567)</u>     | <u>(3,431)</u>           | <u>(1,273)</u>        | <u>(3,534)</u>         | <u>(116,745)</u> | <u>(278,550)</u>     |
| Amortized cost                | <u>\$ 10,541,506</u> | <u>\$ 168,110</u>        | <u>\$ 11,461</u>      | <u>\$ 14,138</u>       | <u>\$ -</u>      | <u>\$ 10,735,215</u> |

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

|  | <u>Three Months Ended March 31</u> |                   |
|--|------------------------------------|-------------------|
|  | <u>2022</u>                        | <u>2021</u>       |
| Balance at January 1                           | \$ 303,792                         | \$ 266,759        |
| Less: Recognized (reversal of) impairment loss | (2,197)                            | 21,030            |
| Effect of exchange rate changes                | <u>(1,181)</u>                     | <u>(9,239)</u>    |
| Balance at March 31                            | <u>\$ 300,414</u>                  | <u>\$ 278,550</u> |

Refer to Note 29 to the consolidated financial statements for details of NTC's factoring agreements for accounts receivable.

**10. OTHER RECEIVABLES**

|  | <u>March 31, 2022</u> | <u>December 31, 2021</u> | <u>March 31, 2021</u> |
|--|-----------------------|--------------------------|-----------------------|
| Business tax refund receivable               | \$ 334,543            | \$ 291,030               | \$ 363,746            |
| Technical service receivable                 | 222,066               | 136,345                  | 203,569               |
| Time deposits (Note 6)                       | 191,024               | 184,481                  | 178,973               |
| Royalty receivable                           | 110,461               | 370,327                  | 501,761               |
| Tax refund receivable                        | 78,677                | 121,337                  | -                     |
| Receivables for acquisition price adjustment | -                     | -                        | 520,890               |
| Others                                       | <u>432,734</u>        | <u>163,506</u>           | <u>498,528</u>        |
|  | <u>\$ 1,369,505</u>   | <u>\$ 1,267,026</u>      | <u>\$ 2,267,467</u>   |

## 11. INVENTORIES

|                            | <b>March 31, 2022</b> | <b>December 31,<br/>2021</b> | <b>March 31, 2021</b> |
|----------------------------|-----------------------|------------------------------|-----------------------|
| Finished goods             | \$ 4,009,945          | \$ 2,034,079                 | \$ 3,065,429          |
| Work-in-process            | 12,049,747            | 11,238,945                   | 10,533,102            |
| Raw materials and supplies | 1,480,302             | 2,652,854                    | 837,344               |
| Inventories in transit     | <u>18,933</u>         | <u>14,810</u>                | <u>44,218</u>         |
|                            | <u>\$ 17,558,927</u>  | <u>\$ 15,940,688</u>         | <u>\$ 14,480,093</u>  |

- a. Operating costs for the three months ended March 31, 2022 and 2021 included inventory write-downs (reversal of) for the decline in market value, obsolescence and scrap of inventories were NT\$438,185 thousand and NT\$(634,182) thousand, respectively.
- b. Unallocated fixed manufacturing costs recognized as cost of sales for the three months ended March 31, 2022 and 2021 were NT\$70,564 thousand and NT\$86,785 thousand, respectively.

## 12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

### Investments in Associates

|   | <b>March 31, 2022</b> | <b>December 31,<br/>2021</b> | <b>March 31, 2021</b> |
|---|-----------------------|------------------------------|-----------------------|
| Associates that are not individually material |                       |                              |                       |
| Chin Xin Investment Co., Ltd.                 | \$ 7,948,193          | \$ 8,257,867                 | \$ 6,696,781          |
| Hwa Bao Botanic Conservation Corp.            | <u>28,405</u>         | <u>28,596</u>                | <u>29,904</u>         |
|   | <u>\$ 7,976,598</u>   | <u>\$ 8,286,463</u>          | <u>\$ 6,726,685</u>   |

As of March 31, 2022, the Company held 3,000 thousand shares of Hwa Bao and owned 15% of directly ownership interest; because Chin Xin Investment Co., Ltd., held 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 March 31, 2022, 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 three months ended March 31, 2022 and 2021 were based on the associates' financial statements reviewed by independent auditors.

### 13. PROPERTY, PLANT AND EQUIPMENT

|  | March 31, 2022       | December 31,<br>2021 | March 31, 2021       |
|--|----------------------|----------------------|----------------------|
| Land   | \$ 3,042,355         | \$ 3,069,658         | \$ 3,174,177         |
| Buildings  | 11,385,390           | 11,783,125           | 12,914,967           |
| Machinery and equipment  | 26,811,346           | 28,397,574           | 32,618,753           |
| Other equipment  | 1,064,773            | 1,030,036            | 975,977              |
| Construction in progress and prepayments for purchase of equipment | <u>33,289,832</u>    | <u>16,799,212</u>    | <u>10,478,068</u>    |
|  | <u>\$ 75,593,696</u> | <u>\$ 61,079,605</u> | <u>\$ 60,161,942</u> |

|  | Land                | Buildings            | Machinery and<br>Equipment | Other Equipment     | Construction in<br>Progress and<br>Prepayments for<br>Purchase of<br>Equipment | Total                 |
|--|---------------------|----------------------|----------------------------|---------------------|--|-----------------------|
| <u>Cost</u>                                    |                     |                      |                            |                     |  |                       |
| Balance at January 1, 2022                     | \$ 3,069,658        | \$ 47,939,867        | \$ 177,909,476             | \$ 7,586,418        | \$ 16,799,212  | \$ 253,304,631        |
| Additions                                      | -                   | 37,691               | 8,498,735                  | 123,105             | 8,388,475  | 17,048,006            |
| Disposals                                      | -                   | (3,889)              | (361,751)                  | (23,257)            | -  | (388,897)             |
| Reclassified                                   | 12,182              | 31,241               | (8,166,314)                | 15,147              | 8,107,744  | -                     |
| Effect of exchange rate changes                | <u>(39,485)</u>     | <u>(363,977)</u>     | <u>(942,533)</u>           | <u>(57,325)</u>     | <u>(5,599)</u>   | <u>(1,408,919)</u>    |
| Balance at March 31, 2022                      | <u>\$ 3,042,355</u> | <u>\$ 47,640,933</u> | <u>\$ 176,937,613</u>      | <u>\$ 7,644,088</u> | <u>\$ 33,289,832</u>   | <u>\$ 268,554,821</u> |
| <u>Accumulated depreciation and impairment</u> |                     |                      |                            |                     |  |                       |
| Balance at January 1, 2022                     | \$ -                | \$ 36,156,742        | \$ 149,511,902             | \$ 6,556,382        | \$ -   | \$ 192,225,026        |
| Depreciation expense                           | -                   | 429,329              | 1,905,763                  | 100,025             | -  | 2,435,117             |
| Disposals                                      | -                   | (2,378)              | (354,519)                  | (23,087)            | -  | (379,984)             |
| Reclassified                                   | -                   | -                    | -                          | -                   | -  | -                     |
| Effect of exchange rate changes                | <u>-</u>            | <u>(328,150)</u>     | <u>(936,879)</u>           | <u>(54,005)</u>     | <u>-</u>   | <u>(1,319,034)</u>    |
| Balance at March 31, 2022                      | <u>\$ -</u>         | <u>\$ 36,255,543</u> | <u>\$ 150,126,267</u>      | <u>\$ 6,579,315</u> | <u>\$ -</u>  | <u>\$ 192,961,125</u> |
| <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                                      | -                   | 73,915               | 351,549                    | 145,875             | 894,541  | 1,465,880             |
| Disposals                                      | -                   | (1,995)              | (287,680)                  | (75,003)            | -  | (364,678)             |
| Reclassified                                   | -                   | 3,321                | 5,340                      | 3,639               | (12,300)   | -                     |
| Effect of exchange rate changes                | <u>(148,210)</u>    | <u>(1,328,290)</u>   | <u>(3,453,809)</u>         | <u>(239,526)</u>    | <u>(11,613)</u>  | <u>(5,181,448)</u>    |
| Balance at March 31, 2021                      | <u>\$ 3,174,177</u> | <u>\$ 48,860,812</u> | <u>\$ 178,871,679</u>      | <u>\$ 7,585,780</u> | <u>\$ 10,509,796</u>   | <u>\$ 249,002,244</u> |
| <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                           | -                   | 357,832              | 1,920,580                  | 91,549              | -  | 2,369,961             |
| Disposals                                      | -                   | (1,994)              | (287,125)                  | (61,578)            | -  | (350,697)             |
| Reclassified                                   | -                   | -                    | -                          | 428                 | (428)  | -                     |
| Effect of exchange rate changes                | <u>-</u>            | <u>(1,183,927)</u>   | <u>(3,398,576)</u>         | <u>(224,118)</u>    | <u>(2,315)</u>   | <u>(4,808,936)</u>    |
| Balance at March 31, 2021                      | <u>\$ -</u>         | <u>\$ 35,945,845</u> | <u>\$ 146,252,926</u>      | <u>\$ 6,609,803</u> | <u>\$ 31,728</u>   | <u>\$ 188,840,302</u> |

- a. As of March 31, 2022, December 31, 2021 and March 31, 2021, the carrying amounts of NT\$11,068,131 thousand, NT\$11,619,296 thousand and NT\$21,199,516 thousand of property, plant and equipment were pledged to secure long-term borrowings and corporate bonds.

b. Information about capitalized interest

|                              | <u>Three Months Ended March 31</u> |           |
|------------------------------|------------------------------------|-----------|
|                              | 2022                               | 2021      |
| Capitalized interest amounts | \$ 89,468                          | \$ 49,402 |
| Capitalized interest rates   | 1.89%                              | 1.79%     |

#### 14. LEASE ARRANGEMENTS

a. Right-of-use assets

|                         | March 31, 2022      | December 31,<br>2021 | March 31, 2021      |
|-------------------------|---------------------|----------------------|---------------------|
| <u>Carrying amounts</u> |                     |                      |                     |
| Land                    | \$ 1,748,573        | \$ 1,717,843         | \$ 1,798,656        |
| Buildings               | 350,975             | 289,439              | 351,569             |
| Machinery and equipment | 722,136             | 754,180              | 859,936             |
| Other equipment         | <u>43,237</u>       | <u>35,458</u>        | <u>46,371</u>       |
|                         | <u>\$ 2,864,921</u> | <u>\$ 2,796,920</u>  | <u>\$ 3,056,532</u> |

|  | <u>Three Months Ended March 31</u> |                  |
|--|------------------------------------|------------------|
|  | 2022                               | 2021             |
| Additions to right-of-use assets   | <u>\$ 169,887</u>                  | <u>\$ 14,907</u> |
| Depreciation charge for right-of-use assets                                    |                                    |                  |
| Land   | \$ 27,690                          | \$ 26,846        |
| Buildings  | 36,049                             | 30,895           |
| Machinery and equipment  | 16,118                             | 18,019           |
| Other equipment  | <u>7,760</u>                       | <u>8,136</u>     |
|  | <u>\$ 87,617</u>                   | <u>\$ 83,896</u> |
| Income from the subleasing of right-of-use assets (recorded as "other income") | <u>\$ 476</u>                      | <u>\$ 453</u>    |

b. Lease liabilities

|                         | March 31, 2022      | December 31,<br>2021 | March 31, 2021      |
|-------------------------|---------------------|----------------------|---------------------|
| <u>Carrying amounts</u> |                     |                      |                     |
| Current                 | <u>\$ 353,779</u>   | <u>\$ 333,791</u>    | <u>\$ 371,582</u>   |
| Non-current             | <u>\$ 2,715,677</u> | <u>\$ 2,682,609</u>  | <u>\$ 2,957,732</u> |

Range of discount rate for lease liabilities are as follows:

|                         | <b>March 31, 2022</b> | <b>December 31,<br/>2021</b> | <b>March 31, 2021</b> |
|-------------------------|-----------------------|------------------------------|-----------------------|
| Land                    | 1.76%-2.47%           | 1.76%-2.47%                  | 1.76%-2.47%           |
| Buildings               | 0.14%-3.75%           | 0.33%-3.75%                  | 0.33%-3.75%           |
| Machinery and equipment | 0.26%-0.80%           | 0.26%-0.80%                  | 0.33%-0.80%           |
| Other equipment         | 0.14%-2.97%           | 0.44%-2.97%                  | 0.26%-3.61%           |

For the three months ended March 31, 2022 and 2021, the interest expense under lease liabilities amounted to NT\$13,798 thousand and NT\$14,936 thousand, respectively.

c. Material lease-in activities and terms

NTC leased low-voltage protection equipments in Japan, and the lease terms will expire in 2022 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 30 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 2022 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:

|        | <b>March 31, 2022</b> | <b>December 31,<br/>2021</b> | <b>March 31, 2021</b> |
|--------|-----------------------|------------------------------|-----------------------|
| Year 1 | \$ 2,080              | \$ 2,080                     | \$ 1,813              |
| Year 2 | 2,080                 | 2,080                        | 1,813                 |
| Year 3 | <u>-</u>              | <u>-</u>                     | <u>1,360</u>          |
|        | <u>\$ 4,160</u>       | <u>\$ 4,160</u>              | <u>\$ 4,986</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

|   | <b>Three Months Ended March 31</b> |                   |
|---|------------------------------------|-------------------|
|   | <b>2022</b>                        | <b>2021</b>       |
| Expenses relating to short-term leases  | \$ 59,047                          | \$ 55,801         |
| Expenses relating to low-value asset leases   | \$ 303                             | \$ 150            |
| Expenses relating to variable lease payments not included in the measurement of lease liabilities | \$ 2,496                           | \$ 4,241          |
| Total cash outflow for leases   | <u>\$ 174,582</u>                  | <u>\$ 173,697</u> |

The Group leases certain building, machinery and equipment, transportation equipment qualify as short-term leases and certain other equipment qualify as low-value lease. The Group has selected 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

|                            | <b>March 31, 2022</b> | <b>December 31, 2021</b> | <b>March 31, 2021</b> |
|----------------------------|-----------------------|--------------------------|-----------------------|
| Investment properties, net | <u>\$ 1,928,478</u>   | <u>\$ 2,005,598</u>      | <u>\$ 2,263,820</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 March 31, 2022 and 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, 2021 and 2020, the fair value of such investment properties were both approximately NT\$200,000 thousand, which was referred by the neighborhood transactions. As of March 31, 2022 and 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.

|  | <b>March 31</b>     |                     |
|--|---------------------|---------------------|
|  | <b>2022</b>         | <b>2021</b>         |
| <u>Cost</u>                                    |                     |                     |
| Balance at January 1                           | \$ 7,924,196        | \$ 9,090,968        |
| Disposals                                      | -                   | (1,176)             |
| Effect of exchange rate changes                | (165,477)           | (605,985)           |
| Balance at March 31                            | <u>7,758,719</u>    | <u>8,483,807</u>    |
| <u>Accumulated depreciation and impairment</u> |                     |                     |
| Balance at January 1                           | 5,918,598           | 6,624,301           |
| Disposals                                      | -                   | (1,176)             |
| Depreciation expense                           | 36,672              | 40,721              |
| Effect of exchange rate changes                | (125,029)           | (443,859)           |
| Balance at March 31                            | <u>5,830,241</u>    | <u>6,219,987</u>    |
| Investment properties, net                     | <u>\$ 1,928,478</u> | <u>\$ 2,263,820</u> |

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

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

|                   | <b>March 31, 2022</b> | <b>December 31,<br/>2021</b> | <b>March 31, 2021</b> |
|-------------------|-----------------------|------------------------------|-----------------------|
| Year 1            | \$ 172,331            | \$ 178,142                   | \$ 248,062            |
| Year 2            | 151,769               | 155,123                      | 169,660               |
| Year 3            | 151,769               | 155,123                      | 166,217               |
| Year 4            | 151,769               | 155,123                      | 130,783               |
| Year 5            | 151,769               | 155,123                      | 95,349                |
| More than 5 years | <u>758,841</u>        | <u>814,391</u>               | <u>667,443</u>        |
|                   | <u>\$ 1,538,248</u>   | <u>\$ 1,613,025</u>          | <u>\$ 1,477,514</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.

As of March 31, 2022, December 31, 2021 and March 31, 2021, the carrying amounts of NT\$408,797 thousand, NT\$425,606 thousand and NT\$0 thousand of investment properties of NTC were pledged to secure long-term borrowings, respectively.

## 16. INTANGIBLE ASSETS

|                                 | <b>March 31, 2022</b>                    | <b>December 31,<br/>2021</b>           | <b>March 31, 2021</b> |
|---------------------------------|--|--|-----------------------|
| Deferred technical assets, net  | \$ 574,465                               | \$ 616,861                             | \$ 524,174            |
| Other intangible assets, net    | <u>468,399</u>                           | <u>456,124</u>                         | <u>337,039</u>        |
|                                 | <u>\$ 1,042,864</u>                      | <u>\$ 1,072,985</u>                    | <u>\$ 861,213</u>     |
|                                 | <b>Deferred<br/>Technical<br/>Assets</b> | <b>Other<br/>Intangible<br/>Assets</b> | <b>Total</b>          |
| <u>Cost</u>                     |  |  |                       |
| Balance at January 1, 2022      | \$ 19,801,638                            | \$ 1,495,795                           | \$ 21,297,433         |
| Additions                       | 10,290                                   | 40,368                                 | 50,658                |
| Effect of exchange rate changes | <u>4,379</u>                             | <u>(27,641)</u>                        | <u>(23,262)</u>       |
| Balance at March 31, 2022       | <u>\$ 19,816,307</u>                     | <u>\$ 1,508,522</u>                    | <u>\$ 21,324,829</u>  |

(Continued)



|  | <b>Deferred<br/>Technical<br/>Assets</b> | <b>Other<br/>Intangible<br/>Assets</b> | <b>Total</b>                        |
|--|--|--|-------------------------------------|
| <u>Accumulated amortization and impairment</u> |  |  |                                     |
| Balance at January 1, 2022                     | \$ 19,184,777                            | \$ 1,039,671                           | \$ 20,224,448                       |
| Amortization expenses                          | 53,085                                   | 21,798                                 | 74,883                              |
| Effect of exchange rate changes                | <u>3,980</u>                             | <u>(21,346)</u>                        | <u>(17,366)</u>                     |
| Balance at March 31, 2022                      | <u>\$ 19,241,842</u>                     | <u>\$ 1,040,123</u>                    | <u>\$ 20,281,965</u>                |
| <u>Cost</u>                                    |  |  |                                     |
| Balance at January 1, 2021                     | \$ 19,550,666                            | \$ 1,452,139                           | \$ 21,002,805                       |
| Additions                                      | 12,919                                   | 35,430                                 | 48,349                              |
| Effect of exchange rate changes                | <u>(5,230)</u>                           | <u>(87,223)</u>                        | <u>(92,453)</u>                     |
| Balance at March 31, 2021                      | <u>\$ 19,558,355</u>                     | <u>\$ 1,400,346</u>                    | <u>\$ 20,958,701</u>                |
| <u>Accumulated amortization and impairment</u> |  |  |                                     |
| Balance at January 1, 2021                     | \$ 18,988,797                            | \$ 1,122,628                           | \$ 20,111,425                       |
| Amortization expenses                          | 48,715                                   | 15,151                                 | 63,866                              |
| Effect of exchange rate changes                | <u>(3,331)</u>                           | <u>(74,472)</u>                        | <u>(77,803)</u>                     |
| Balance at March 31, 2021                      | <u>\$ 19,034,181</u>                     | <u>\$ 1,063,307</u>                    | <u>\$ 20,097,488</u><br>(Concluded) |

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

|                             | <u>March 31, 2022</u> |                     | <u>December 31, 2021</u> |                     | <u>March 31, 2021</u> |                     |
|-----------------------------|-----------------------|---------------------|--------------------------|---------------------|-----------------------|---------------------|
|                             | Interest Rate<br>%    | Amount              | Interest Rate<br>%       | Amount              | Interest Rate<br>%    | Amount              |
| <u>Secured borrowings</u>   |                       |                     |                          |                     |                       |                     |
| Bank loans (Note 6)         | -                     | \$ _____            | -                        | \$ _____            | 4.35%                 | \$ <u>1,359,503</u> |
| <u>Unsecured borrowings</u> |                       |                     |                          |                     |                       |                     |
| Bank lines of credit        | 0.30%-0.50%           | \$ <u>1,427,358</u> | 0.30%-0.48%              | \$ <u>1,430,417</u> | -                     | \$ _____            |

b. Long-term borrowings

|  | Period                | Interest Rate | March 31, 2022       | December 31, 2021    | March 31, 2021      |
|--|-----------------------|---------------|----------------------|----------------------|---------------------|
| <u>Secured borrowings</u>                  |                       |               |                      |                      |                     |
| Bank of Taiwan syndicated loan (IV)        | 2016.08.15-2021.12.29 | 1.79%-1.81%   | \$ -                 | \$ -                 | \$ 5,000,000        |
| Bank of Taiwan syndicated loan (V)         | 2019.01.14-2026.09.19 | 1.89%         | 7,850,000            | 7,850,000            | 7,050,000           |
| <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           |
| Government grants (Note 26)                | 2020.12.28-2028.11.15 | 0.75%-0.95%   | <u>5,131,600</u>     | <u>5,131,600</u>     | <u>1,000,000</u>    |
|  |                       |               | 14,481,600           | 14,481,600           | 14,550,000          |
| Less: Current portion                      |                       |               | (1,570,000)          | (785,000)            | (5,000,000)         |
| Less: Syndication agreement management fee |                       |               | (67,500)             | (74,250)             | (99,647)            |
| Less: Government loan discount (Note 26)   |                       |               | <u>(211,465)</u>     | <u>(273,485)</u>     | <u>(56,691)</u>     |
|  |                       |               | <u>\$ 12,632,635</u> | <u>\$ 13,348,865</u> | <u>\$ 9,393,662</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. On October 25, 2021, the loan had been repaid in advance.
- 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 were provided NTC for investing in Autotalks Ltd. and acquiring Panasonic Semiconductor Solutions., Co., Ltd.

- 4) 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 JYP30 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 March 31, 2022, the syndicated loan was undrawn.

## 18. BONDS PAYABLE

|                          | March 31, 2022      | December 31,<br>2021 | March 31, 2021       |
|--------------------------|---------------------|----------------------|----------------------|
| Domestic secured bonds   | \$ 9,959,162        | \$ 9,956,086         | \$ 9,946,889         |
| Domestic unsecured bonds | <u>-</u>            | <u>-</u>             | <u>1,123,324</u>     |
|                          | <u>\$ 9,959,162</u> | <u>\$ 9,956,086</u>  | <u>\$ 11,070,213</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<br>Date | Period  | Amount       | Coupon<br>Rate | Repayment and Interest Payment   |
|------------------|---------|--------------|----------------|--|
| 2018.07.17       | 7 years | \$10 billion | 1%             | The principal will be repaid upon maturity.<br><br>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<br>Date | Period  | Amount      | Coupon<br>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. As of December 31, 2021, all convertible bonds were converted into ordinary shares.

- 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 was NT\$8,988 thousand on March 31, 2021. 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).

## 19. PROVISIONS

|                             | March 31, 2022      | December 31,<br>2021 | March 31, 2021      |
|-----------------------------|---------------------|----------------------|---------------------|
| <u>Current</u>              |                     |                      |                     |
| Decommissioning liabilities | \$ 521,425          | \$ 532,948           | \$ 571,063          |
| Employee benefits           | <u>-</u>            | <u>-</u>             | <u>316,438</u>      |
|                             | <u>\$ 521,425</u>   | <u>\$ 532,948</u>    | <u>\$ 887,501</u>   |
| <u>Non-current</u>          |                     |                      |                     |
| Employee benefits           | \$ 1,503,802        | \$ 1,537,035         | \$ 1,646,961        |
| Warranties                  | 768,115             | 775,861              | 744,099             |
| Decommissioning liabilities | <u>639,545</u>      | <u>653,679</u>       | <u>700,428</u>      |
|                             | <u>\$ 2,911,462</u> | <u>\$ 2,966,575</u>  | <u>\$ 3,091,488</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, 2021 and 2020, and recognized NT\$22,149 thousand and NT\$20,152 thousand for the three months ended March 31, 2022 and 2021, respectively.

## 21. EQUITY

### a. Share capital

|   | March 31, 2022       | December 31,<br>2021 | March 31, 2021       |
|---|----------------------|----------------------|----------------------|
| Number of shares authorized (in thousands)            | <u>6,700,000</u>     | <u>6,700,000</u>     | <u>6,700,000</u>     |
| Shares 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>     |
| Shares issued   | <u>\$ 39,800,002</u> | <u>\$ 39,800,002</u> | <u>\$ 39,800,002</u> |

As of March 31, 2022, December 31, 2021 and March 31, 2021, 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

|   | March 31, 2022      | December 31,<br>2021 | March 31, 2021      |
|---|---------------------|----------------------|---------------------|
| 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 only be used to offset a deficit</u>   |                     |                      |                     |
| Arising from changes in percentage of ownership interest in subsidiaries                        | 251,726             | 251,726              | 247,975             |
| 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>\$ 7,786,124</u> | <u>\$ 7,786,124</u>  | <u>\$ 7,782,373</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 a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

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 dividends per share and earnings for 2021 and 2020 were approved in the board of directors and the shareholders' meeting on March 15, 2022 and August 12, 2021, respectively, as follows:

|                            | <b>Appropriation of Earnings</b> |                      | <b>Cash Dividends Per Share</b> |                      |
|----------------------------|----------------------------------|----------------------|---------------------------------|----------------------|
|                            | <b>For Year 2021</b>             | <b>For Year 2020</b> | <b>(NT\$)</b>                   |                      |
|                            |                                  |                      | <b>For Year 2021</b>            | <b>For Year 2020</b> |
| Legal reserve appropriated | \$ 1,359,595                     | \$ 161,253           |                                 |                      |
| Cash dividends             | <u>3,980,000</u>                 | <u>796,000</u>       | \$ 1.0                          | \$ 0.2               |
|                            | <u>\$ 5,339,595</u>              | <u>\$ 957,253</u>    |                                 |                      |

The appropriation of earnings for 2021 is subject to the resolution of shareholders' meeting to be held on May 31, 2022.

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

|  | <b>Three Months Ended March 31</b> |                     |
|--|------------------------------------|---------------------|
|  | <b>2022</b>                        | <b>2021</b>         |
| Balance at January 1   | \$ (861,389)                       | \$ (271,328)        |
| Exchange differences arising on translating the financial statements of foreign operations | <u>39,563</u>                      | <u>(277,523)</u>    |
| Balance at March 31  | <u>\$ (821,826)</u>                | <u>\$ (548,851)</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

|   | <b>Three Months Ended March 31</b> |                     |
|---|------------------------------------|---------------------|
|   | <b>2022</b>                        | <b>2021</b>         |
| Balance at January 1  | \$ 12,911,356                      | \$ 8,141,510        |
| Unrealized gains (losses) on revaluation of financial assets at FVTOCI  | (103,725)                          | 899,417             |
| Share of unrealized gains (losses) on revaluation of financial assets at FVTOCI of associates accounted for using equity method | (310,128)                          | 486,603             |
| Disposal of investments in equity instruments designated at FVTOCI  | -                                  | (76,061)            |
| Balance at March 31   | <u>\$ 12,497,503</u>               | <u>\$ 9,451,469</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

|   | <b>Three Months Ended March 31</b> |                     |
|---|------------------------------------|---------------------|
|   | <b>2022</b>                        | <b>2021</b>         |
| Balance at January 1  | \$ 7,589,399                       | \$ 5,143,568        |
| Share attributable to non-controlling interests                     |                                    |                     |
| Profit for the period   | 587,112                            | 122,939             |
| Exchange differences on translation of foreign financial statements | (24,633)                           | (201,721)           |
| Unrealized gains (losses) on financial assets measured at FVTOCI    | (33,873)                           | 240,806             |
| Cash dividends issued by subsidiaries to non-controlling interests  | (1,024,053)                        | -                   |
| Changes in ownership interests in subsidiaries                      | -                                  | 75,990              |
| Balance at March 31   | <u>\$ 7,093,952</u>                | <u>\$ 5,381,582</u> |

## 22. REVENUE

Refer to Note 36 to the consolidated financial statements for the Group's revenue.



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

|                              | Three Months Ended March 31, 2022 |                                  |   | Total               |
|------------------------------|-----------------------------------|----------------------------------|---|---------------------|
|                              | Classified as Operating Costs     | Classified as Operating Expenses | Classified as Non-operating Income and Losses |                     |
| Short-term employee benefits | <u>\$ 1,281,077</u>               | <u>\$ 3,770,230</u>              | <u>\$ -</u>                                   | <u>\$ 5,051,307</u> |
| Post-employment benefits     | <u>\$ 38,180</u>                  | <u>\$ 163,340</u>                | <u>\$ -</u>                                   | <u>\$ 201,520</u>   |
| Depreciation                 | <u>\$ 2,244,730</u>               | <u>\$ 277,072</u>                | <u>\$ 38,081</u>                              | <u>\$ 2,559,883</u> |
| Amortization                 | <u>\$ 423</u>                     | <u>\$ 74,460</u>                 | <u>\$ 6,750</u>                               | <u>\$ 81,633</u>    |

|                              | Three Months Ended March 31, 2021 |                                  |   | Total               |
|------------------------------|-----------------------------------|----------------------------------|---|---------------------|
|                              | Classified as Operating Costs     | Classified as Operating Expenses | Classified as Non-operating Income and Losses |                     |
| Short-term employee benefits | <u>\$ 939,666</u>                 | <u>\$ 2,839,863</u>              | <u>\$ -</u>                                   | <u>\$ 3,779,529</u> |
| Post-employment benefits     | <u>\$ 28,099</u>                  | <u>\$ 180,500</u>                | <u>\$ -</u>                                   | <u>\$ 208,599</u>   |
| Depreciation                 | <u>\$ 2,056,767</u>               | <u>\$ 396,136</u>                | <u>\$ 42,152</u>                              | <u>\$ 2,495,055</u> |
| Amortization                 | <u>\$ 8,938</u>                   | <u>\$ 54,928</u>                 | <u>\$ 8,680</u>                               | <u>\$ 72,546</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. The remuneration of employees may be distributed in stock or cash upon resolution of the board of directors and reported to the shareholders' meeting. 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 March 31, 2022 and 2021, the employees' compensation and remuneration of directors were as follows:

|                           | <b>Three Months Ended March 31</b> |                     |                  |                     |
|---------------------------|------------------------------------|---------------------|------------------|---------------------|
|                           | <b>2022</b>                        |                     | <b>2021</b>      |                     |
|                           | <b>Amounts</b>                     | <b>Accrual Rate</b> | <b>Amounts</b>   | <b>Accrual Rate</b> |
| Employees' compensation   | <u>\$ 113,273</u>                  | 2%                  | <u>\$ 39,531</u> | 2%                  |
| Remuneration of directors | <u>\$ 56,637</u>                   | 1%                  | <u>\$ 19,766</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 2021 and 2020 were approved by the Company's board of directors on March 15, 2022 and March 16, 2021, respectively, were as below:

|                           | <b>Year Ended December 31</b> |                  |
|---------------------------|-------------------------------|------------------|
|                           | <b>2021</b>                   | <b>2020</b>      |
| Employees' compensation   | <u>\$ 330,737</u>             | <u>\$ 27,831</u> |
| Remuneration of directors | <u>\$ 165,369</u>             | <u>\$ 13,916</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, 2021 and 2020.

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. INCOME TAXES RELATING TO CONTINUING OPERATIONS

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

Major components of income tax expense are as follows:

|   | <b>Three Months Ended March 31</b> |                   |
|---|------------------------------------|-------------------|
|   | <b>2022</b>                        | <b>2021</b>       |
| Current income tax expense                      |                                    |                   |
| Current tax expense                             | \$ 1,334,880                       | \$ 227,031        |
| Adjustment for prior years                      | 1,837                              | 109               |
| Deferred income tax                             |                                    |                   |
| Current tax expense                             | <u>(112,426)</u>                   | <u>257,356</u>    |
| Income tax expense recognized in profit or loss | <u>\$ 1,224,291</u>                | <u>\$ 484,496</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 2019 have been assessed and approved by the tax authorities.

## 25. EARNINGS PER SHARE

|  | Three Months Ended March 31   |   |   |   |   |   |
|--|---|---|---|---|---|---|
|  | 2022  |   |   | 2021  |   |   |
|  | Amounts<br>(Numerator)<br>After Income<br>Tax<br>(Attributable<br>to Owners of<br>the Parent) | Shares<br>(Denominator)<br>(In Thousands) | Earnings Per<br>Share (NT\$)<br>After Income<br>Tax<br>(Attributable<br>to Owners of<br>the Parent) | Amounts<br>(Numerator)<br>After Income<br>Tax<br>(Attributable<br>to Owners of<br>the Parent) | Shares<br>(Denominator)<br>(In Thousands) | Earnings Per<br>Share (NT\$)<br>After Income<br>Tax<br>(Attributable<br>to Owners of<br>the Parent) |
| Basic earnings per share                     |   |   |   |   |   |   |
| Net income attributed to common shareholders | \$ 4,558,746  | 3,980,000                                 | \$ <u>1.15</u>  | \$ 1,586,163  | 3,980,000                                 | \$ <u>0.40</u>  |
| Effect of dilutive potential common share    |   |   |   |   |   |   |
| Employees' compensation                      | <u>-</u>  | <u>3,631</u>                              |   | <u>-</u>  | <u>1,340</u>                              |   |
| Diluted earnings per share                   |   |   |   |   |   |   |
| Net income attributed to common shareholders | \$ <u>4,558,746</u>   | <u>3,983,631</u>                          | \$ <u>1.14</u>  | \$ <u>1,586,163</u>   | <u>3,981,340</u>                          | \$ <u>0.40</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.

## 26. GOVERNMENT GRANTS

As of March 31, 2022, the Company received a government loan of NT\$5,131,600 thousand at a below-market rate of interest. It will be used in purchase of machinery and equipments and supporting working capital. The loan will be repaid in instalments over a seven-year period. Using prevailing market interest rates for an equivalent loan of 1.79% and 1.89%, the fair value of the loan was estimated at NT\$4,837,630 thousand on initial recognition. The difference of NT\$293,970 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 ended March 31, 2022 and 2021, the other income under government grants were amounts of NT\$14,590 thousand and NT\$3,137 thousand, respectively, and the interest expense under loans were amounts of NT\$22,559 thousand and NT\$4,390 thousand, respectively.

## 27. BUSINESS COMBINATIONS

### a. Subsidiaries acquired

| Subsidiary                                   | Principal Activity  | Date of Acquisition | Proportion of Voting Equity Interests Acquired (%) | Consideration Transferred |
|--|---|---------------------|--|---------------------------|
| Miraxia Edge Technology Corporation ("METC") | Software and hardware integration design of semiconductor | November 1, 2021    | 100  | \$ <u>357,898</u>         |

The Company acquired 100% ownership interest of METC from the sub-subsidiary NTCJ, on November 1, 2021. The reorganization transaction was under common control, and is recognized as an equity transaction.

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

|   | <b>Miraxia Edge<br/>Technology<br/>Corporation</b> |
|---|--|
| Current assets                            |  |
| Cash and cash equivalents                 | \$ 298,304   |
| Accounts receivable and other receivables | 101,201  |
| Inventories                               | 39,835   |
| Prepayments                               | 6,147  |
| Non-current assets                        |  |
| Property, plant and equipment             | 6,146  |
| Intangible assets                         | 14,728   |
| Deferred income tax assets                | <u>65,349</u>                                      |
| Total assets                              | <u>\$ 531,710</u>                                  |
| Current liabilities                       |  |
| Accounts payable and other payables       | \$ 291,280   |
| Current tax liabilities                   | 17,717   |
| Other current liabilities                 | <u>55,053</u>                                      |
| Total liabilities                         | <u>\$ 364,050</u>                                  |
| Net assets                                | <u>\$ 167,660</u>                                  |

c. Equity transaction difference

|  | <b>Miraxia Edge<br/>Technology<br/>Corporation</b> |
|--|--|
| Fair value of identifiable net assets acquired                   | \$ 167,660   |
| Less: Consideration transferred                                  | <u>(357,898)</u>                                   |
| Equity transaction difference                                    | <u>\$ (190,238)</u>                                |
| <u>Equity transaction difference adjustment account</u>          |  |
| Investments accounted for using equity method - NTC              | \$ 97,887  |
| Capital surplus - changes in ownership interests in subsidiaries | <u>92,351</u>                                      |
| Equity transaction difference                                    | <u>\$ 190,238</u>                                  |

The company has completed to measure and allocate aforementioned assets and liabilities at carrying amount of METC held by the sub-subsidiary NTCJ on November 1, 2021, which was NT\$167,660 thousand. The equity transaction difference was recorded in the related accounts.

d. Net cash outflow on the acquisition of subsidiaries

**Miraxia Edge  
Technology  
Corporation**

Consideration paid in cash

\$ 357,898

## 28. 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.

## 29. 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 discounted cash flow of income approach and 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 March 31, 2022

|  | Level 1  | Level 2      | Level 3  | Total        |
|--|----------|--------------|----------|--------------|
| <u>Financial liabilities</u>                     |          |              |          |              |
| Financial liabilities measured at amortized cost |          |              |          |              |
| Bonds payable (secured)                          | \$ _____ | \$ 9,959,162 | \$ _____ | \$ 9,959,162 |

Fair value hierarchy as at December 31, 2021

|  | Level 1  | Level 2      | Level 3  | Total        |
|--|----------|--------------|----------|--------------|
| <u>Financial liabilities</u>                     |          |              |          |              |
| Financial liabilities measured at amortized cost |          |              |          |              |
| Bonds payable (secured)                          | \$ _____ | \$ 9,956,086 | \$ _____ | \$ 9,956,086 |

Fair value hierarchy as at March 31, 2021

|  | Level 1             | Level 2             | Level 3         | Total                |
|--|---------------------|---------------------|-----------------|----------------------|
| <u>Financial liabilities</u>                     |                     |                     |                 |                      |
| Financial liabilities measured at amortized cost |                     |                     |                 |                      |
| Bonds payable (secured)                          | \$ -                | \$ 9,946,889        | \$ -            | \$ 9,946,889         |
| Bonds payable (unsecured)                        | 1,642,208           | -                   | -               | 1,642,208            |
|  | <u>\$ 1,642,208</u> | <u>\$ 9,946,889</u> | <u>\$ _____</u> | <u>\$ 11,589,097</u> |

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

Fair value hierarchy as at March 31, 2022

|  | Level 1           | Level 2         | Level 3           | Total             |
|--|-------------------|-----------------|-------------------|-------------------|
| <u>Financial assets</u>                                  |                   |                 |                   |                   |
| <u>Financial assets at FVTPL</u>                         |                   |                 |                   |                   |
| Derivative financial assets (not under hedge accounting) | \$ -              | \$ -            | \$ 116,563        | \$ 116,563        |
| Non-derivative financial assets                          |                   |                 |                   |                   |
| Domestic listed and emerging securities                  | 51,066            | -               | -                 | 51,066            |
| Overseas unlisted securities                             | -                 | -               | 57,250            | 57,250            |
| Mutual Funds   | 107,001           | -               | -                 | 107,001           |
|  | <u>\$ 158,067</u> | <u>\$ _____</u> | <u>\$ 173,813</u> | <u>\$ 331,880</u> |

(Continued)

|   | Level 1              | Level 2          | Level 3             | Total                |
|---|----------------------|------------------|---------------------|----------------------|
| <u>Financial assets at FVTOCI</u>         |                      |                  |                     |                      |
| Equity securities                         |                      |                  |                     |                      |
| Domestic listed and emerging securities   | \$ 11,155,506        | \$ -             | \$ -                | \$ 11,155,506        |
| Domestic and overseas unlisted securities | -                    | 21,850           | 2,474,687           | 2,496,537            |
| Mutual Funds                              | <u>-</u>             | <u>-</u>         | <u>791,129</u>      | <u>791,129</u>       |
|   | <u>\$ 11,155,506</u> | <u>\$ 21,850</u> | <u>\$ 3,265,816</u> | <u>\$ 14,443,172</u> |

Financial liabilities

Financial liabilities at FVTPL

|   |             |                   |             |                                  |
|---|-------------|-------------------|-------------|----------------------------------|
| Derivative financial liabilities (not under hedge accounting) | <u>\$ -</u> | <u>\$ 125,179</u> | <u>\$ -</u> | <u>\$ 125,179</u><br>(Concluded) |
|---|-------------|-------------------|-------------|----------------------------------|

Fair value hierarchy as at December 31, 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) | \$ -              | \$ 51,688        | \$ 69,200         | \$ 120,888        |
| Non-derivative financial assets                          |                   |                  |                   |                   |
| Domestic and overseas unlisted securities                | -                 | -                | 55,360            | 55,360            |
| Mutual Funds   | <u>108,700</u>    | <u>-</u>         | <u>-</u>          | <u>108,700</u>    |
|  | <u>\$ 108,700</u> | <u>\$ 51,688</u> | <u>\$ 124,560</u> | <u>\$ 284,948</u> |

Financial assets at FVTOCI

|   |                      |                  |                     |                      |
|---|----------------------|------------------|---------------------|----------------------|
| Equity securities                         |                      |                  |                     |                      |
| Domestic listed and emerging securities   | \$ 11,235,587        | \$ -             | \$ -                | \$ 11,235,587        |
| Domestic and overseas unlisted securities | -                    | 21,010           | 2,437,731           | 2,458,741            |
| Mutual Funds                              | <u>-</u>             | <u>-</u>         | <u>765,011</u>      | <u>765,011</u>       |
|   | <u>\$ 11,235,587</u> | <u>\$ 21,010</u> | <u>\$ 3,202,742</u> | <u>\$ 14,459,339</u> |

Fair value hierarchy as at March 31, 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)      | \$ _____            | \$ 9,788         | \$ _____            | \$ 9,788             |
| <u>Financial assets at FVTOCI</u>                             |                     |                  |                     |                      |
| Equity securities   |                     |                  |                     |                      |
| Domestic listed and emerging securities                       | \$ 9,539,983        | \$ -             | \$ -                | \$ 9,539,983         |
| Overseas listed securities                                    | 45,000              | -                | -                   | 45,000               |
| Domestic and overseas unlisted securities                     | -                   | 18,360           | 1,933,811           | 1,952,171            |
| Mutual funds  | -                   | -                | 392,683             | 392,683              |
|   | <u>\$ 9,584,983</u> | <u>\$ 18,360</u> | <u>\$ 2,326,494</u> | <u>\$ 11,929,837</u> |
| <u>Financial liabilities</u>                                  |                     |                  |                     |                      |
| <u>Financial liabilities at FVTPL</u>                         |                     |                  |                     |                      |
| Derivative financial liabilities (not under hedge accounting) | \$ _____            | \$ 107,656       | \$ _____            | \$ 107,656           |

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

The financial assets measured at Level 3 fair value were equity investments classified as financial assets at FVTOCI. Reconciliations for the three months ended March 31, 2022 and 2021 were as follows:

|  | <b>For the Three Months Ended<br/>March 31</b> |                     |
|--|--|---------------------|
|  | <b>2022</b>                                    | <b>2021</b>         |
| Balance at January 1                     | \$ 3,327,302                                   | \$ 1,908,328        |
| Additions                                | 45,000   | 25,682              |
| Recognized in other comprehensive income | 44,641   | 391,707             |
| Recognized in profit or loss             | 2,363  | -                   |
| Effect of exchange rate changes          | <u>20,323</u>                                  | <u>777</u>          |
| Balance at March 31                      | <u>\$ 3,439,629</u>                            | <u>\$ 2,326,494</u> |



b. Categories of financial instruments

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

|   | March 31, 2022  |               | December 31, 2021 |               | March 31, 2021  |               |
|---|-----------------|---------------|-------------------|---------------|-----------------|---------------|
|   | Carrying Amount | Fair Value    | Carrying Amount   | Fair Value    | Carrying Amount | Fair Value    |
| <u>Financial assets</u>   |                 |               |                   |               |                 |               |
| Measured at amortized cost  |                 |               |                   |               |                 |               |
| Cash and cash equivalents   | \$ 30,153,294   | \$ 30,153,294 | \$ 30,914,427     | \$ 30,914,427 | \$ 13,084,635   | \$ 13,084,635 |
| Notes and accounts receivable (included related parties)                                    | 12,210,077      | 12,210,077    | 12,154,855        | 12,154,855    | 10,804,399      | 10,804,399    |
| Other receivables   | 1,369,505       | 1,369,505     | 1,267,026         | 1,267,026     | 2,267,467       | 2,267,467     |
| Refundable deposits (recorded in other non-current assets)                                  | 500,489         | 500,489       | 529,290           | 529,290       | 824,937         | 824,937       |
| Financial assets at fair value through profit or loss (current and non-current)             | 331,880         | 331,880       | 284,948           | 284,948       | 9,788           | 9,788         |
| Financial assets at fair value through other comprehensive income (current and non-current) | 14,443,172      | 14,443,172    | 14,459,339        | 14,459,339    | 11,929,837      | 11,929,837    |
| <u>Financial liabilities</u>  |                 |               |                   |               |                 |               |
| Measured at amortized cost  |                 |               |                   |               |                 |               |
| Short-term borrowings   | 1,427,358       | 1,427,358     | 1,430,317         | 1,430,317     | 1,359,503       | 1,359,503     |
| Notes and accounts payable (included related parties)                                       | 8,031,720       | 8,031,720     | 7,600,734         | 7,600,734     | 8,270,394       | 8,270,394     |
| Payable on equipment and other payables   | 28,284,142      | 28,284,142    | 14,409,181        | 14,409,181    | 8,375,722       | 8,375,722     |
| Bonds payable   | 9,959,162       | 9,959,162     | 9,956,086         | 9,956,086     | 11,070,213      | 11,589,097    |
| Long-term borrowings (included current portion)   | 14,481,600      | 14,481,600    | 14,481,600        | 14,481,600    | 14,550,000      | 14,550,000    |
| Guarantee deposits (recorded in other non-current liabilities)                              | 2,540,827       | 2,540,827     | 2,072,448         | 2,072,448     | 80,908          | 80,908        |
| Financial liabilities at fair value through profit or loss                                  | 125,179         | 125,179       | -                 | -             | 107,656         | 107,656       |

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\$75,230 thousand and NT\$64,273 thousand for the three months ended March 31, 2022 and 2021, respectively. For a 1% weakening of New Taiwan dollars against EURO, there would be impact on net income decrease in the amounts of NT\$14,445 thousand and NT\$0 thousand for the three months ended March 31, 2022 and 2021, 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:

|                              | <b>March 31, 2022</b> | <b>December 31,<br/>2021</b> | <b>March 31, 2021</b> |
|------------------------------|-----------------------|------------------------------|-----------------------|
| Cash flow interest rate risk |                       |                              |                       |
| Financial assets             | \$ 8,413              | \$ 8,413                     | \$ 8,413              |
| Financial liabilities        | 15,722,364            | 15,699,041                   | 15,909,503            |

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 would have increased by NT\$39,285 thousand and NT\$39,753 thousand for the three months ended March 31, 2022 and 2021, 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 account 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:

|                                    | <b>March 31, 2022</b> |                     |                      |                      |
|------------------------------------|-----------------------|---------------------|----------------------|----------------------|
|                                    | <b>Within 1 Year</b>  | <b>1-2 Years</b>    | <b>Over 2 Years</b>  | <b>Total</b>         |
| Non-interest bearing               | \$ 36,315,862         | \$ 2,540,827        | \$ -                 | \$ 38,856,689        |
| Lease liabilities                  | 404,027               | 343,644             | 2,794,341            | 3,542,012            |
| Variable interest rate liabilities | 2,810,764             | 1,632,500           | 11,279,100           | 15,722,364           |
| Fixed interest rate liabilities    | <u>186,594</u>        | <u>-</u>            | <u>10,000,000</u>    | <u>10,186,594</u>    |
|                                    | <u>\$ 39,717,247</u>  | <u>\$ 4,516,971</u> | <u>\$ 24,073,441</u> | <u>\$ 68,307,659</u> |

Additional information about the maturity analysis for lease liabilities:

|                                      | <b>Less than<br/>2 Years</b> | <b>2-5 Years</b>  | <b>Over 5 Years</b> |
|--------------------------------------|------------------------------|-------------------|---------------------|
| Non-derivative financial liabilities |                              |                   |                     |
| Lease liabilities                    | \$ <u>747,671</u>            | \$ <u>771,457</u> | \$ <u>2,022,884</u> |

|                                    | <b>December 31, 2021</b> |                     |                      |                      |
|------------------------------------|--------------------------|---------------------|----------------------|----------------------|
|                                    | <b>Within 1 Year</b>     | <b>1-2 Years</b>    | <b>Over 2 Years</b>  | <b>Total</b>         |
| Non-interest bearing               | \$ 22,009,915            | \$ 2,072,448        | \$ -                 | \$ 24,082,363        |
| Lease liabilities                  | 378,266                  | 330,741             | 2,765,867            | 3,474,874            |
| Variable interest rate liabilities | 2,002,441                | 1,570,000           | 12,126,600           | 15,699,041           |
| Fixed interest rate liabilities    | <u>212,976</u>           | <u>-</u>            | <u>10,000,000</u>    | <u>10,212,976</u>    |
|                                    | <u>\$ 24,603,598</u>     | <u>\$ 3,973,189</u> | <u>\$ 24,892,467</u> | <u>\$ 53,469,254</u> |

Additional information about the maturity analysis for lease liabilities:

|                                      | <b>Less than<br/>2 Years</b> | <b>2-5 Years</b>  | <b>Over 5 Years</b> |
|--------------------------------------|------------------------------|-------------------|---------------------|
| Non-derivative financial liabilities |                              |                   |                     |
| Lease liabilities                    | \$ <u>709,007</u>            | \$ <u>728,362</u> | \$ <u>2,037,505</u> |

|                                    | <b>March 31, 2021</b> |                     |                      |                      |
|------------------------------------|-----------------------|---------------------|----------------------|----------------------|
|                                    | <b>Within 1 Year</b>  | <b>1-2 Years</b>    | <b>Over 2 Years</b>  | <b>Total</b>         |
| Non-interest bearing               | \$ 16,646,116         | \$ 80,908           | \$ -                 | \$ 16,727,024        |
| Lease liabilities                  | 426,955               | 369,418             | 3,039,011            | 3,835,384            |
| Variable interest rate liabilities | 6,359,503             | 1,410,000           | 8,140,000            | 15,909,503           |
| Fixed interest rate liabilities    | <u>-</u>              | <u>-</u>            | <u>11,210,463</u>    | <u>11,210,463</u>    |
|                                    | <u>\$ 23,432,574</u>  | <u>\$ 1,860,326</u> | <u>\$ 22,389,474</u> | <u>\$ 47,682,374</u> |

Additional information about the maturity analysis for lease liabilities:

|                                      | <b>Less than<br/>2 Years</b> | <b>2-5 Years</b>  | <b>Over 5 Years</b> |
|--------------------------------------|------------------------------|-------------------|---------------------|
| Non-derivative financial liabilities |                              |                   |                     |
| Lease liabilities                    | \$ <u>796,373</u>            | \$ <u>811,021</u> | \$ <u>2,227,990</u> |

4) Transfers of financial assets

NTC's factored accounts receivables that are not yet overdue were as follows:

March 31, 2022

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

December 31, 2021

| Counterparty                        | Receivables<br>Factoring<br>Proceeds | Advances<br>Received -<br>Unused | Advances<br>Received -<br>Used | Annual<br>Interest Rates<br>on Advances<br>Received<br>(Used) (%) |
|-------------------------------------|--------------------------------------|----------------------------------|--------------------------------|---|
| Sumitomo Mitsui Banking Corporation | \$ <u>98,885</u>                     | \$ _____                         | \$ <u>98,885</u>               | <u>0.9</u>  |

March 31, 2021

| Counterparty                        | Receivables<br>Factoring<br>Proceeds | Advances<br>Received -<br>Unused | Advances<br>Received -<br>Used | Annual<br>Interest Rates<br>on Advances<br>Received<br>(Used) (%) |
|-------------------------------------|--------------------------------------|----------------------------------|--------------------------------|---|
| Sumitomo Mitsui Banking Corporation | \$ <u>181,209</u>                    | \$ _____ -                       | \$ <u>181,209</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.

### 30. 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.<br>("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  |
| Hannstar Display Corporation                         | Related party in substance  |
| Glorystone Inc.                                      | Related party in substance  |
| Waltech Advanced Engineering (Suzhou) Ltd.           | 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

|  | <b>Three Months Ended March 31</b> |                     |                       |
|--|------------------------------------|---------------------|-----------------------|
|  | <b>2022</b>                        |                     | <b>2021</b>           |
| 1) Operating revenue   |                                    |                     |                       |
| Related party in substance                                   | <u>\$ 1,001,388</u>                |                     | <u>\$ 146,204</u>     |
| 2) Purchases of goods  |                                    |                     |                       |
| Related party in substance<br>TPSCo.                         | <u>\$ 1,498,020</u>                |                     | <u>\$ 1,762,508</u>   |
| 3) Manufacturing expenses                                    |                                    |                     |                       |
| Related party in substance                                   | <u>\$ 1,573,560</u>                |                     | <u>\$ 1,435,988</u>   |
| 4) Operating expenses  |                                    |                     |                       |
| Related party in substance                                   | \$ 89,870                          |                     | \$ 125,041            |
| Investor that exercises significant influence over the Group | <u>3,342</u>                       |                     | <u>2,995</u>          |
|  | <u>\$ 93,212</u>                   |                     | <u>\$ 128,036</u>     |
| 5) Other income and expenses                                 |                                    |                     |                       |
| Related party in substance                                   | <u>\$ (1,138)</u>                  |                     | <u>\$ 561</u>         |
|  |                                    | <b>December 31,</b> |                       |
|  | <b>March 31, 2022</b>              | <b>2021</b>         | <b>March 31, 2021</b> |
| 6) Accounts receivable due from related parties              |                                    |                     |                       |
| Related party in substance                                   | <u>\$ 487,748</u>                  | <u>\$ 639,262</u>   | <u>\$ 69,184</u>      |
| 7) Accounts payable due to related parties                   |                                    |                     |                       |
| Related party in substance                                   | <u>\$ 1,491,019</u>                | <u>\$ 1,344,195</u> | <u>\$ 1,807,512</u>   |
| 8) Other receivables and other current assets                |                                    |                     |                       |
| Related party in substance                                   |                                    |                     |                       |
| TPSCo.   | \$ 255,471                         | \$ 262,957          | \$ 261,249            |
| Others   | 13,038                             | 4,396               | -                     |
| Investor that exercises significant influence over the Group | 20                                 | -                   | 20                    |
| Subsidiary   | <u>-</u>                           | <u>-</u>            | <u>16,552</u>         |
|  | <u>\$ 268,529</u>                  | <u>\$ 267,353</u>   | <u>\$ 277,821</u>     |

|  | <b>March 31, 2022</b> | <b>December 31,<br/>2021</b> | <b>March 31, 2021</b> |
|--|-----------------------|------------------------------|-----------------------|
| 9) Other payables  |                       |                              |                       |
| Related party in substance   | \$ 148,489            | \$ 217,462                   | \$ 116,888            |
| Investor that exercises significant influence over the Group         | <u>1,274</u>          | <u>4</u>                     | <u>1,345</u>          |
|  | <u>\$ 149,763</u>     | <u>\$ 217,466</u>            | <u>\$ 118,233</u>     |
| 10) 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>       |
| 11) Guarantee deposits (recorded as “other non-current liabilities”) |                       |                              |                       |
| Related party in substance   | <u>\$ 233,580</u>     | <u>\$ 225,869</u>            | <u>\$ -</u>           |

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

c. Acquisition of Property, plant and equipment

|                            | <u><b>Purchase Price</b></u>              |   |
|----------------------------|---|---|
|                            | <u><b>Three Months Ended March 31</b></u> | <u><b>Three Months Ended March 31</b></u> |
|                            | <b>2022</b>                               | <b>2021</b>                               |
| Related party in substance | <u>\$ 31,725</u>                          | <u>\$ -</u>                               |

d. Disposal of property, plant and equipment

|                            | <u><b>Disposal Price</b></u>              |              | <u><b>Gain (Loss) on Disposal</b></u>     |              |
|----------------------------|---|--------------|---|--------------|
|                            | <u><b>Three months Ended March 31</b></u> |              | <u><b>Three months Ended March 31</b></u> |              |
|                            | <b>2022</b>                               | <b>2021</b>  | <b>2022</b>                               | <b>2021</b>  |
| Related party in substance | <u>\$ 68</u>                              | <u>\$ 68</u> | <u>\$ 68</u>                              | <u>\$ 68</u> |

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

e. Lease arrangements

|  | <u><b>Three Months Ended March 31</b></u> |             |
|--|---|-------------|
|  | <b>2022</b>                               | <b>2021</b> |
| 1) Acquisition of right of use assets                        |   |             |
| Investor that exercises significant influence over the Group | <u>\$ 1,033</u>                           | <u>\$ -</u> |

|   | <b>March 31, 2022</b>    | <b>December 31,<br/>2021</b>       | <b>March 31, 2021</b>     |
|---|--------------------------|------------------------------------|---------------------------|
| 2) Lease liabilities  |                          |                                    |                           |
| Related party in substance<br>Investor that exercises significant<br>influence over the Group | \$ 9,013<br><u>7,716</u> | \$ 11,993<br><u>-</u>              | \$ 19,683<br><u>1,986</u> |
|   | <u>\$ 16,729</u>         | <u>\$ 11,993</u>                   | <u>\$ 21,669</u>          |
|   |                          | <b>Three Months Ended March 31</b> |                           |
|   |                          | <b>2022</b>                        | <b>2021</b>               |

|  |  |                    |                   |
|--|--|--------------------|-------------------|
| 3) Interest expense  |  |                    |                   |
| Related party in substance<br>Investor that exercises significant influence over the Group |  | \$ 39<br><u>26</u> | \$ 83<br><u>9</u> |
|  |  | <u>\$ 65</u>       | <u>\$ 92</u>      |

f. 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.

|                                      | <b>March 31, 2022</b> | <b>December 31,<br/>2021</b>       | <b>March 31, 2021</b> |
|--------------------------------------|-----------------------|------------------------------------|-----------------------|
| 1) Operating lease receivables       |                       |                                    |                       |
| Related party in substance<br>TPSCo. | \$ 20,016             | \$ 20,459                          | \$ 21,922             |
| 2) Future lease payment receivables  |                       |                                    |                       |
| Related party in substance<br>TPSCo. | \$ 1,534,332          | \$ 1,607,021                       | \$ 1,465,153          |
|                                      |                       | <b>Three Months Ended March 31</b> |                       |
|                                      |                       | <b>2022</b>                        | <b>2021</b>           |
| 3) Lease income                      |                       |                                    |                       |
| Related party in substance<br>TPSCo. |                       | \$ 55,912                          | \$ 62,130             |

g. 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.

h. Compensation of key management personnel

|                                | <b>Three Months Ended March 31</b> |                   |
|--------------------------------|------------------------------------|-------------------|
|                                | <b>2022</b>                        | <b>2021</b>       |
| Short-term employment benefits | \$ 173,470                         | \$ 100,635        |
| Post-employment benefits       | <u>2,053</u>                       | <u>4,646</u>      |
|                                | <u>\$ 175,523</u>                  | <u>\$ 105,281</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.

**31. PLEDGED AND COLLATERALIZED ASSETS**

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

**32. 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 March 31, 2022 and 2021 were approximately US\$91,970 thousand and US\$2,809 thousand, JPY4,345,640 thousand and JPY34,400 thousand and EUR110 thousand and EURO thousand, respectively.
- b. Signed construction contract

|                               | <b>Total Contract Price</b> | <b>Payment as of March 31, 2022</b> |
|-------------------------------|-----------------------------|-------------------------------------|
| TASA Construction Corporation | <u>\$ 8,834,821</u>         | <u>\$ 8,484,320</u>                 |

- c. N Company filed a complaint in the U.S. District Court for the District of Delaware on November 24, 2021. The plaintiff alleged that NTCA (and NTCA only) infringes one of its patents. N Company withdrew the complaint in the U.S. District Court for the District of Delaware in February 2022 and the case was closed.

**33. OTHER ITEM**

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 to going concern, assets impairment and fund raising risks.

**34. 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:

|                              | March 31, 2022                    |                        |                                   | December 31, 2021                 |                        |                                   | March 31, 2021                    |                        |                                   |
|------------------------------|-----------------------------------|------------------------|-----------------------------------|-----------------------------------|------------------------|-----------------------------------|-----------------------------------|------------------------|-----------------------------------|
|                              | 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) |
| <u>Financial assets</u>      |                                   |                        |                                   |                                   |                        |                                   |                                   |                        |                                   |
| Monetary items               |                                   |                        |                                   |                                   |                        |                                   |                                   |                        |                                   |
| USD                          | \$ 620,574                        | 28.625                 | \$ 17,763,923                     | \$ 449,183                        | 27.68                  | \$ 12,433,390                     | \$ 338,963                        | 28.535                 | \$ 9,672,301                      |
| USD                          | 33,578                            | 121.65                 | 961,179                           | 35,252                            | 115.09                 | 975,769                           | 25,055                            | 110.73                 | 714,955                           |
|                              |                                   | (Note 2)               |                                   |                                   | (Note 2)               |                                   |                                   | (Note 2)               |                                   |
| EUR                          | 8,547                             | 31.92                  | 272,830                           | 1,390                             | 31.32                  | 43,527                            | 1,782                             | 33.48                  | 59,676                            |
| JPY                          | 17,708,223                        | 0.2353                 | 4,166,745                         | 2,165,741                         | 0.2405                 | 520,861                           | 1,842,250                         | 0.2577                 | 474,748                           |
| JPY                          | 146,902                           | 0.0082                 | 34,566                            | 245,709                           | 0.0087                 | 59,093                            | 400,028                           | 0.0087                 | 103,087                           |
|                              |                                   | (Note 3)               |                                   |                                   | (Note 3)               |                                   |                                   | (Note 3)               |                                   |
| RMB                          | 43,976                            | 4.506                  | 198,156                           | 126,013                           | 4.344                  | 547,400                           | 97,578                            | 4.344                  | 423,878                           |
| ILS                          | 9,048                             | 9.0126                 | 81,547                            | 9,584                             | 8.8912                 | 85,210                            | 13,485                            | 8.5519                 | 115,326                           |
| SGD                          | 1,968                             | 0.7392                 | 41,647                            | 522                               | 0.7392                 | 10,687                            | 287                               | 0.7392                 | 6,096                             |
|                              |                                   | (Note 4)               |                                   |                                   | (Note 4)               |                                   |                                   | (Note 4)               |                                   |
| <u>Financial liabilities</u> |                                   |                        |                                   |                                   |                        |                                   |                                   |                        |                                   |
| Monetary items               |                                   |                        |                                   |                                   |                        |                                   |                                   |                        |                                   |
| USD                          | 359,726                           | 28.625                 | 10,297,160                        | 214,994                           | 27.68                  | 5,951,028                         | 109,301                           | 28.535                 | 3,118,897                         |
| USD                          | 26,158                            | 121.65                 | 748,784                           | 30,482                            | 115.09                 | 843,735                           | 16,360                            | 110.73                 | 466,832                           |
|                              |                                   | (Note 2)               |                                   |                                   | (Note 2)               |                                   |                                   | (Note 2)               |                                   |
| EUR                          | 53,759                            | 31.92                  | 1,715,973                         | 49,260                            | 31.32                  | 1,542,839                         | 2,155                             | 33.48                  | 72,133                            |
| JPY                          | 19,388,862                        | 0.2353                 | 4,562,199                         | 3,844,180                         | 0.2405                 | 924,525                           | 1,918,252                         | 0.2577                 | 494,334                           |
| ILS                          | 21,408                            | 9.0126                 | 192,945                           | 22,798                            | 8.8912                 | 202,702                           | 18,335                            | 8.5519                 | 156,800                           |

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 U.S. dollar could be exchanged.

Note 3: The exchange rate represents the number of U.S. dollar for which one JPY could be exchanged.

Note 4: The exchange rate represents the number of U.S. dollar for which one SGD could be exchanged.

For the three months ended March 31, 2022 and 2021, please see consolidated statements of comprehensive income. 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.

### 35. ADDITIONAL DISCLOSURE

- a. Following are the additional disclosures for material transactions, which the major transactions of parent and subsidiary companies and their balances have been fully eliminated when preparing the consolidated financial report.:

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

- b. Information on investments: Refer to Table 5 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 6 |
| 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 6 |

d. Information on major shareholders: Refer to Table 8 attached.

### 36. 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                |                     |
|--|--|----------------------|--|---------------------|
|  | For the Three Months Ended<br>March 31 |                      | For the Three Months Ended<br>March 31 |                     |
|  | 2022                                   | 2021                 | 2022                                   | 2021                |
| DRAM IC product  | \$ 6,926,643                           | \$ 4,948,582         | \$ 2,579,610                           | \$ 785,223          |
| Flash Memory product   | 8,644,312                              | 6,371,546            | 3,741,458                              | 2,049,712           |
| Logic IC product   | <u>10,656,600</u>                      | <u>10,005,113</u>    | <u>2,536,337</u>                       | <u>1,547,025</u>    |
| Total of segment revenue   | 26,227,555                             | 21,325,241           | 8,857,405                              | 4,381,960           |
| Other revenue  | <u>286,296</u>                         | <u>117</u>           | 286,296                                | 117                 |
| Operating revenue  | <u>\$ 26,513,851</u>                   | <u>\$ 21,325,358</u> |  |                     |
| Unallocated expenditure  |  |                      |  |                     |
| Administrative and supporting expenses                                       |  |                      | (2,051,642)                            | (1,296,039)         |
| Sales and other common expenses  |  |                      | <u>(787,065)</u>                       | <u>(790,217)</u>    |
| Income from operations   |  |                      | <u>6,304,994</u>                       | <u>2,295,821</u>    |
| Non-operating income and expenses  |  |                      |  |                     |
| Interest income  |  |                      | 16,796                                 | 7,681               |
| Dividend income  |  |                      | 700                                    | -                   |
| Other income   |  |                      | 98,717                                 | 168,634             |
| Share of profit (loss) of associates   |  |                      | 263                                    | (1,706)             |
| Gains (losses) on disposal of property, plant and equipment                  |  |                      | 15,869                                 | (11,322)            |
| Gains (losses) on disposal of non-current held for sale assets               |  |                      | -                                      | 30,371              |
| Gains (losses) on foreign exchange   |  |                      | 352,892                                | 42,309              |
| Gains (losses) on financial instruments at fair value through profit or loss |  |                      | (273,485)                              | (153,711)           |
| Interest expense   |  |                      | (16,793)                               | (75,660)            |
| Other expenses   |  |                      | <u>(129,804)</u>                       | <u>(108,819)</u>    |
| Income before income tax   |  |                      | <u>\$ 6,370,149</u>                    | <u>\$ 2,193,598</u> |

## WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE THREE MONTHS ENDED MARCH 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

| No. | Endorser/Guarantor                         | Endorsee/Guarantee |   | Limit on Endorsement/<br>Guarantee Given<br>on Behalf of<br>Each Party | Maximum<br>Amount<br>Endorsed/<br>Guaranteed<br>During the<br>Period | Outstanding<br>Endorsement/<br>Guarantee at the<br>End of the Period | Actual<br>Borrowing<br>Amount                           | Amount<br>Endorsed/<br>Guaranteed by<br>Collateral | Ratio of<br>Accumulated<br>Endorsement/<br>Guarantee to Net<br>Equity in Latest<br>Financial<br>Statements<br>(%) | Aggregate<br>Endorsement/<br>Guarantee Limit | Endorsement/<br>Guarantee Given<br>by Parent on<br>Behalf of<br>Subsidiaries | Endorsement/<br>Guarantee Given<br>by Subsidiaries<br>on Behalf of<br>Parent | Endorsement/<br>Guarantee Given<br>on Behalf of<br>Companies in<br>Mainland China | Note |
|-----|--|--------------------|---|--|--|--|---|--|---|--|--|--|---|------|
|     |  | Name               | Relationship  |  |  |  |   |  |   |  |  |  |   |      |
| 0   | Winbond Electronics Corporation<br>("WEC") | NTCJ               | NTC's indirect<br>subsidiary with<br>100% ownership | \$ 16,617,337<br>(Note 1)  | \$ 10,840,506<br>(JPY 46,071,000)<br>(Note 3)                        | \$ 7,059,000<br>(JPY 30,000,000)<br>(Note 3)                         | \$ -<br>(JPY -)   | \$ -   | 8.54  | \$ 41,324,284<br>(Note 5)                    | Y  | N  | N   |      |
| 1   | NTC  | NTCJ               | Subsidiary  | 14,539,256<br>(Note 2)   | 1,405,870<br>(JPY 4,150,000)<br>and<br>(USD 15,000)<br>(Note 4)      | 1,405,870<br>(JPY 4,150,000)<br>and<br>(USD 15,000)<br>(Note 4)      | 95,441<br>(JPY 300,000)<br>and<br>(USD 868)<br>(Note 4) | -  | 9.67  | 14,539,256<br>(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

MARCH 31, 2022

(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   | March 31, 2022  |                 |                             |              | Note      |
|---|---|--|---|---|-----------------|-----------------------------|--------------|-----------|
|   |   |  |   | Shares/Units  | Carrying Amount | Percentage of Ownership (%) | Fair Value   |           |
| WEC   | <u>Shares</u><br>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   | \$ 6,526,800    | 6                           | \$ 6,526,800 |           |
|   | Hannstar Display Corporation  | The investee's chairman are relatives within the second degree of relationship of WEC's chairman.  | "   | 150,000,210   | 2,317,503       | 5                           | 2,317,503    |           |
|   | Walsin Technology Corporation   | The investee's chairman are relatives within the second degree of relationship of WEC's chairman.  | "   | 8,600,117   | 1,221,217       | 2                           | 1,221,217    |           |
|   | Walton Advanced Engineering Inc.  | The investee's chairman are relatives within the second degree of relationship of WEC's chairman. WEC as the investee's director.  | "   | 50,062,641  | 836,046         | 10                          | 836,046      |           |
|   | <u>Shares</u><br>His Chu Golf Country Club  | None   | Non-current financial assets at fair value through other comprehensive income | 3   | 12,150          | -                           | 12,150       |           |
|   | Linkou Golf Course  | "  | "   | 1   | 9,700           | -                           | 9,700        |           |
|   | Intellectual Property Innovation Corporation  | "  | "   | 1,000,000   | 7,416           | 10                          | 7,416        |           |
|   | Harbinger III Venture Capital Corp.   | WEC as the investee's supervisor   | "   | 5,440   | 114             | 5                           | 114          |           |
|   | Smart Catch International Co., Ltd.   | None   | "   | 4,000,000   | -               | 16                          | -            |           |
|   | <u>Preferred stocks</u><br>Fubon Financial Holding Co., Ltd. Preferred Shares B (2881A) | None   | Current financial assets at fair value through profit or loss                 | 182,000   | 11,503          | -                           | 11,502       |           |
|   | Cathay Financial Holding Co., Ltd. Preferred Stock B (2882A)                            | "  | "   | 65,000  | 4,082           | -                           | 4,082        |           |
|   | Shin Kong Financial Holding Co., Ltd. Preferred Shares B (2888B)                        | "  | "   | 829,000   | 35,481          | -                           | 35,481       |           |
|   | WECA  | <u>Shares</u><br>Kneron Holding Company  | None  | Current financial assets at fair value through profit or loss | 377,808         | USD 2,000                   | 1            | USD 2,000 |
| <u>Funds</u><br>Vanguard Short-Term Corporate Bond ETF (VCSH) |   | None   | Current financial assets at fair value through profit or loss                 | 24,000  | USD 1,874       | -                           | USD 1,874    |           |

(Continued)

| Company Name | Type and Name of Marketable Securities               | Relationship with the Holding Company       | Financial Statement Account   | March 31, 2022 |                 |                             |            | Note   |
|--------------|--|---|---|----------------|-----------------|-----------------------------|------------|--------|
|              |  |   |   | Shares/Units   | Carrying Amount | Percentage of Ownership (%) | Fair Value |        |
| WECA         | <u>Funds</u><br>iShares National Muni Bond ETF (MUB) | None  | Current financial assets at fair value through profit or loss                 | 17,000         | USD 1,864       | -                           | USD 1,864  |        |
|              | JVP VIII, L.P.                                       | "   | Non-current financial assets at fair value through other comprehensive income | -              | USD 17,849      | 7                           | USD 17,849 |        |
|              | JVP X Funds  | "   | "   | -              | USD 9,789       | 4                           | USD 9,789  |        |
| WECJ         | <u>Shares</u><br>Nihon Computer Co., Ltd.            | None  | Non-current financial assets at fair value through other comprehensive income | 10             | JPY -           | 1                           | JPY -      |        |
| GLMTD        | <u>Shares</u><br>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><br>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        | 10,144          | 5                           | 10,144     |        |
|              | Brightek Optoelectronic Co., Ltd.                    | None  | "   | 34,680         | 1,490           | -                           | 1,490      |        |
|              | United Industrial Gases Co., Ltd.                    | The held company as the investee's director | "   | 8,800,000      | 545,600         | 4                           | 545,600    |        |
|              | Autotalks Ltd. - Preferred E. Share                  | None  | "   | 3,932,816      | 572,500         | 9                           | 572,500    |        |
|              | <u>Warrants</u><br>Autotalks Ltd.                    | None  | Non-current financial assets at fair value through profit or loss             | -              | 71,563          | -                           | 71,563     |        |
|              | Allxon Inc.  | "   | "   | -              | 45,000          | -                           | 45,000     |        |
| SYI          | <u>Shares</u><br>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      | 252,450         | 5                           | 252,450    |        |
| NTCJ         | <u>Shares</u><br>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         | 1,327,563       | 49                          | 1,327,563  | Note 1 |

Note 1: Under the business combination arrangement, if TPSCo. turns net profit during the period of the effective date of the acquisition (September 1, 2020) to March 31, 2022, NTCJ is required to pay Panasonic Corporation the net profit based on ownership share. Thus, NTCJ 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 5 and 6 for information of investment in subsidiaries, investments in associates and investment in Mainland China.

(Concluded)

## 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 THREE MONTHS ENDED MARCH 31, 2022  
(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               | \$ 2,135,972  | 14         | Net 90 days from invoice date | N/A                  | N/A           | \$ 1,022,482                         | 14         |      |
|              | WECJ                                | Indirect subsidiary with 100% ownership       | Sales               | 1,483,343     | 10         | Net 90 days from invoice date | N/A                  | N/A           | 635,813                              | 9          |      |
|              | WECN                                | Indirect subsidiary with 100% ownership       | Sales               | 1,125,160     | 7          | Net 90 days from invoice date | N/A                  | N/A           | 52,731                               | 1          |      |
|              | WECA                                | Indirect subsidiary with 100% ownership       | Sales               | 486,646       | 3          | Net 90 days from invoice date | N/A                  | N/A           | 137,503                              | 2          |      |
|              | NTC                                 | Direct subsidiary with 51% ownership          | Sales               | 41,854        | -          | Net 30 days from invoice date | N/A                  | N/A           | 23,214                               | -          |      |
| WEHK         | WEC                                 | Parent company                                | Purchases           | USD 76,622    | 100        | Net 30 days from invoice date | N/A                  | N/A           | USD (35,720)                         | (100)      |      |
| WECJ         | WEC                                 | Parent company                                | Purchases           | JPY 6,174,270 | 98         | Net 90 days from invoice date | N/A                  | N/A           | JPY (2,717,998)                      | (96)       |      |
| WECN         | WEC                                 | Parent company                                | Purchases           | RMB 257,775   | 100        | Net 90 days from invoice date | N/A                  | N/A           | RMB (11,702)                         | (100)      |      |
| WECA         | WEC                                 | Parent company                                | Purchases           | USD 17,488    | 100        | Net 90 days from invoice date | N/A                  | N/A           | USD (4,813)                          | (96)       |      |
| NTC          | NTHK                                | NTC's direct subsidiary with 100% ownership   | Sales               | 1,882,203     | 39         | Net 90 days from invoice date | N/A                  | N/A           | 16,050                               | 1          |      |
| NTHK         | NTC                                 | Parent company                                | Purchases           | USD 67,521    | 100        | Net 90 days from invoice date | N/A                  | N/A           | USD (568)                            | (100)      |      |
| NTSPL        | NTCJ                                | NTC's indirect subsidiary with 100% ownership | Sales               | USD 25,118    | 25         | Net 10 days end of the month  | N/A                  | N/A           | USD 8,985                            | 38         |      |
| NTCJ         | NTSPL                               | NTC's direct subsidiary with 100% ownership   | Purchases           | JPY 3,179,581 | 28         | Net 10 days end of the month  | N/A                  | N/A           | JPY (1,093,031)                      | (14)       |      |
|              | NTSPL                               | NTC's direct subsidiary with 100% ownership   | Sales               | JPY 5,411,326 | 23         | Net 10 days end of the month  | N/A                  | N/A           | JPY 1,665,479                        | 15         |      |
| NTSPL        | NTCJ                                | NTC's indirect subsidiary with 100% ownership | Purchases           | USD 47,178    | 69         | Net 10 days end of the month  | N/A                  | N/A           | USD (13,690)                         | (68)       |      |
| NTCJ         | Waltech Advanced Engineering TPSCo. | Related party in substance                    | Sales               | JPY 3,419,632 | 15         | Net 10 days end of the month  | N/A                  | N/A           | JPY 1,726,458                        | 16         |      |
|              |                                     | Related party in substance                    | Purchases           | JPY 6,216,909 | 49         | Net 10 days end of the month  | N/A                  | N/A           | JPY (2,163,706)                      | (28)       |      |

## WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

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

MARCH 31, 2022

(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         | \$ 1,022,482   | 9.17          | \$ -    | -            | \$ 671,823                           | \$ -                          |
|              | WECJ                         | Indirect subsidiary with 100% ownership       | 635,813        | 8.86          | -       | -            | -                                    | -                             |
|              | WECA                         | Indirect subsidiary with 100% ownership       | 137,503        | 8.82          | -       | -            | 137,503                              | -                             |
| NTSPL        | NTCJ                         | NTC's indirect subsidiary with 100% ownership | USD 8,985      | 9.43          | -       | -            | USD 8,985                            | -                             |
| NTCJ         | NTSPL                        | NTC's direct subsidiary with 100% ownership   | JPY 1,665,479  | 12.29         | -       | -            | JPY 1,665,479                        | -                             |
| AMTC         | NTCJ                         | NTC's indirect subsidiary with 100% ownership | JPY 595,804    | 5.44          | -       | -            | JPY 595,804                          | -                             |
| NTIL         | NTC                          | Direct subsidiary with 51% ownership          | ILS 17,612     | (Note)        | -       | -            | ILS 17,612                           | -                             |
| NTCA         | NTC                          | Direct subsidiary with 51% ownership          | USD 4,114      | (Note)        | -       | -            | USD 4,114                            | -                             |
| NTCJ         | NTC                          | Direct subsidiary with 51% ownership          | USD 4,209      | 11.87         | -       | -            | USD 4,209                            | -                             |
|              | Waltech Advanced Engineering | Related party in substance                    | JPY 1,726,458  | 6.82          | -       | -            | JPY 1,726,458                        | -                             |
|              | TPSCo.                       | Related party in substance                    | JPY 1,170,793  | (Note)        | -       | -            | JPY 1,170,793                        | -                             |

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



## 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 THREE MONTHS ENDED MARCH 31, 2022  
(In Thousands of New Taiwan Dollars)

| Investor Company                     | Investee Company                              | Location                 | Main Businesses and Products  | Original Investment Amount |                   | As of March 31, 2022 |           |                 | Net Income (Loss) of the Investee | Share of Profit (Loss) | Note |
|--------------------------------------|---|--------------------------|---|----------------------------|-------------------|----------------------|-----------|-----------------|-----------------------------------|------------------------|------|
|                                      |   |                          |   | March 31, 2022             | December 31, 2021 | 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          | 51        | \$ 7,349,349    | \$ 1,203,302                      | \$ 616,254             |      |
|                                      | Winbond International Corporation             | British Virgin Islands   | Investment holding  | 2,758,517                  | 2,758,517         | 87,960,000           | 100       | 1,738,302       | 13,902                            | 13,902                 |      |
|                                      | Winbond Electronics (HK) Limited              | Hong Kong                | Sales of semiconductor and investment holding   | 278,158                    | 278,158           | 71,150,000           | 100       | 485,003         | 32,204                            | 32,197                 |      |
|                                      | Miraxia Edge Technology Corporation           | Japan                    | Software and hardware integration design of semiconductor   | 167,660                    | 167,660           | 4,000                | 100       | 190,240         | 25,544                            | 25,544                 |      |
|                                      | Landmark Group Holdings Ltd.                  | British Virgin Islands   | Investment holding  | 168,755                    | 168,755           | 5,343,000            | 100       | 168,850         | 21,580                            | 21,580                 |      |
|                                      | Great Target Development Ltd.                 | Seychelles               | Investment holding  | 155,663                    | 155,663           | 4,470,000            | 100       | 134,121         | (257)                             | (257)                  |      |
|                                      | Callisto Holding Limited                      | Hong Kong                | Electronic commerce and investment holding  | 156,292                    | 156,292           | 40,000,000           | 100       | 101,972         | (4,530)                           | (4,530)                |      |
|                                      | Winbond Technology Ltd.                       | Israel                   | Design and service of semiconductor   | 21,242                     | 21,242            | 100,000              | 100       | 64,982          | 1,777                             | 1,777                  |      |
|                                      | Winbond Electronics Germany GmbH              | Germany                  | Marketing service of semiconductor  | 28,679                     | 28,679            | 850,000              | 100       | 24,363          | 114                               | 114                    |      |
|                                      | Pine Capital Investment Limited               | Hong Kong                | Investment holding  | 2,967                      | 2,967             | 780,000              | 100       | 2,946           | 43                                | 43                     |      |
|                                      | Chin Xin Investment Co., Ltd.                 | Taiwan                   | Investment holding  | 1,874,825                  | 1,874,825         | 182,840,999          | 38        | 7,948,193       | 1,204                             | 454                    |      |
|                                      | Hwa Bao Botanic Conservation Corp.            | Taiwan                   | Agriculture and forestry botanic conservation   | 30,000                     | 30,000            | 3,000,000            | 15        | 28,405          | (1,273)                           | (191)                  |      |
| 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       | 1,768,719       | 13,877                            | 13,877                 |      |
| 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       | 180,272         | 21,624                            | 21,624                 |      |
| Callisto Holding Limited             | Callisto Technology Limited                   | Hong Kong                | Electronic commerce and investment holding  | 30,895                     | 30,895            | 1,000,000            | 100       | 28,437          | (45)                              | (45)                   |      |
|                                      |   |                          |   | USD 1,000                  | USD 1,000         |                      |           | USD 993         | USD (2)                           | USD (2)                |      |
| Great Target Development Ltd.        | GLMTD Technology Private Limited              | India                    | Sales and service of semiconductor  | 135,415                    | 135,415           | 27,998,400           | 99.99     | 104,617         | (180)                             | (180)                  |      |
| Nuvoton Technology Corporation       | Nuvoton Electronics Technology (H.K.) Limited | Hong Kong                | Sales of semiconductor  | 427,092                    | 427,092           | 107,400,000          | 100       | 497,841         | (20,761)                          | (20,761)               |      |
|                                      | Marketplace Management Limited                | British Virgin Islands   | Investment holding  | 274,987                    | 274,987           | 8,897,789            | 100       | 311,222         | 1,938                             | 1,938                  |      |
|                                      | Nuvoton Investment Holding Ltd.               | British Virgin Islands   | Investment holding  | 590,953                    | 590,953           | 17,960,000           | 100       | 376,085         | 10,490                            | 10,490                 |      |
|                                      | Song Yong Investment Corporation              | Taiwan                   | Investment holding  | 38,500                     | 38,500            | 3,850,000            | 100       | 273,992         | (48)                              | (48)                   |      |
|                                      | Nuvoton Technology India Private Limited      | India                    | Design, sales and service of semiconductor  | 30,211                     | 30,211            | 600,000              | 100       | 21,107          | 229                               | 229                    |      |
|                                      | Nuvoton Technology Corporation America        | United States of America | Design, sales and service of semiconductor  | 190,862                    | 190,862           | 60,500               | 100       | 192,417         | 5,972                             | 5,972                  |      |
|                                      | Nuvoton Technology Singapore Pte. Ltd.        | Singapore                | Design, sales and service of semiconductor  | 1,319,054                  | 1,319,054         | 45,100,000           | 100       | 1,726,856       | 63,394                            | 63,394                 |      |
|                                      | Nuvoton Technology Korea Limited              | Korea                    | Design, sales and service of semiconductor  | 30,828                     | 30,828            | 125,000              | 100       | 11,734          | 383                               | 383                    |      |
| Nuvoton Technology Holdings Japan    | Japan   | Investment holding       | 5,927,849   | 5,927,849                  | 100               | 100                  | 6,599,151 | 362,993         | 295,349                           | (Note 1)               |      |
| Marketplace Management Limited       | Goldbond LLC                                  | United States of America | Investment holding  | 1,473,559                  | 1,473,559         | -                    | 100       | 310,738         | 2,001                             | 2,001                  |      |
| Nuvoton Investment Holding Ltd.      | Nuvoton Technology Israel Ltd.                | Israel                   | Design and service of semiconductor   | 46,905                     | 46,905            | 1,000                | 100       | 377,386         | 10,515                            | 10,515                 |      |
| Nuvoton Technology Holdings Japan    | Nuvoton Technology Corporation Japan          | Japan                    | Design, sales and service of semiconductor  | 111,520                    | 111,520           | 9,480                | 100       | 11,078,225      | 362,705                           | 362,705                |      |
| Nuvoton Technology Corporation Japan | Atfields Manufacturing Technology Corporation | Japan                    | Design and service of semiconductor   | 55,760                     | 55,760            | 4,000                | 100       | 307,003         | 35,647                            | 35,647                 |      |

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 6 for information on investment in mainland China.

## WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA  
FOR THE THREE MONTHS ENDED MARCH 31, 2022  
(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, 2022 | Remittance of Funds |        | Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2022 | Net Income of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Note 1) | Carrying Amount as of March 31, 2022 | Accumulated Repatriation of Investment Income as of March 31, 2022 |
|------------------|---|--|----------------------------------|--|---|---------------------|--------|--|----------------------------|--|--------------------------|--------------------------------------|--|
|                  |   |  |                                  |  |   | Outward             | Inward |  |                            |  |                          |                                      |  |
| WEC              | Winbond Electronics (Suzhou) Limited              | Design, development and marketing of VLSI integrated ICs   | \$ 276,435<br>(USD 9,000)        | Through investing in WEHK in the third area, which then invested in the investee in Mainland China indirectly                          | \$ 276,435<br>(USD 9,000)   | \$ -                | \$ -   | \$ 276,435<br>(USD 9,000)  | \$ 13,895                  | 100  | \$ 13,895                | \$ 403,103                           | \$ 35,880  |
| NTC              | Nuvoton Electronics Technology (Shanghai) Limited | Provide project of sale in China and repairing, testing, consulting of software and equipment lease of semiconductor | 68,036<br>(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<br>(USD 2,000)   | -                   | -      | 68,036<br>(USD 2,000)  | 2,071                      | 51   | 1,061                    | 160,599                              | -  |
|                  | Winbond Electronics (Nanjing) Ltd.                | Computer software service (except IC design)   | 16,429<br>(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<br>(USD 500)   | -                   | -      | 16,429<br>(USD 500)  | -                          | 51   | -                        | (1,591)<br>(Note 2)                  | -  |
|                  | Nuvoton Electronics Technology (Shenzhen) Limited | Computer software service (except IC design), wholesale business for computer, supplement and software               | 197,670<br>(USD 6,000)           | Through investing in NTHK in the third area, which then invested in the investee in Mainland China indirectly                          | 197,670<br>(USD 6,000)  | -                   | -      | 197,670<br>(USD 6,000)   | 2,886                      | 51   | 1,478                    | 113,268                              | -  |
| NTSH             | Song Zhi Electronics Technology (Suzhou)          | Provide development, consult and equipment lease of semiconductor  | 8,688<br>(CNY 2,000)<br>(Note 3) | Through investing in NTSH in the third area, which then invested in the investee in Mainland China indirectly                          | -<br>(Note 3)   | -                   | -      | -  | (12)                       | 51   | (6)                      | 4,298                                | -  |

Note 1: Investment profit or loss for the three months ended March 31, 2022 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 March 31, 2022, 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 March 31, 2022 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4) |
|---------|--|--|--|
| WEC     | \$ 276,435 (USD 9,000)   | \$ 276,435 (USD 9,000)                                       | \$ 49,589,141  |
| NTC     | 282,135 (USD 8,500)  | 282,135 (USD 8,500)  | 8,723,554  |

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

3. Refer to Table 3 for significant transactions with the investee in Mainland China directly and indirectly through investing in companies in the third area.

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

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

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

## WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 2022  
(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                            | \$ 2,135,972   | -                 | 8  |
|      |  | WEHK          | Transactions between parent company and subsidiaries | Accounts receivable due from related parties | 1,022,482  | -                 | 1  |
|      |  | WECA          | Transactions between parent company and subsidiaries | Operating revenue                            | 486,646  | -                 | 2  |
|      |  | WECA          | Transactions between parent company and subsidiaries | Accounts receivable due from related parties | 137,503  | -                 | -  |
|      |  | WECA          | Transactions between parent company and subsidiaries | Operating expenses                           | 126,055  | -                 | -  |
|      |  | WECA          | Transactions between parent company and subsidiaries | Other payables                               | 108,039  | -                 | -  |
|      |  | WECJ          | Transactions between parent company and subsidiaries | Operating revenue                            | 1,483,343  | -                 | 6  |
|      |  | WECJ          | Transactions between parent company and subsidiaries | Accounts receivable due from related parties | 635,813  | -                 | -  |
|      |  | WECN          | Transactions between parent company and subsidiaries | Operating revenue                            | 1,125,160  | -                 | 4  |
|      |  | 1             | NTC  | NTHK   | Transactions between parent company and subsidiaries | Operating revenue | 1,882,203  |
| NTIL | Transactions between parent company and subsidiaries |               |  | Operating expenses                           | 228,715  | -                 | 1  |
| NTIL | Transactions between parent company and subsidiaries |               |  | Other payables                               | 158,733  | -                 | -  |
| NTCA | Transactions between parent company and subsidiaries |               |  | Other payables                               | 117,750  | -                 | -  |
| NTCA | Transactions between parent company and subsidiaries |               |  | Operating expenses                           | 105,976  | -                 | -  |
| NTCJ | Transactions between parent company and subsidiaries |               |  | Operating costs                              | 283,824  | -                 | 1  |
| NTCJ | Transactions between parent company and subsidiaries |               |  | Accounts payable due to related parties      | 120,491  | -                 | -  |
| 2    | NTCJ   | NTSPL         | Transactions between subsidiaries                    | Operating revenue                            | JPY 5,411,326  | -                 | 5  |
|      |  | NTSPL         | Transactions between subsidiaries                    | Accounts receivable due from related parties | JPY 1,665,479  | -                 | -  |
| 3    | NTSPL  | NTCJ          | Transactions between subsidiaries                    | Operating revenue                            | USD 25,118   | -                 | 3  |
|      |  | NTCJ          | Transactions between subsidiaries                    | Accounts receivable due from related parties | USD 8,985  | -                 | -  |
| 5    | AMTC   | NTCJ          | Transactions between subsidiaries                    | Other operating revenue                      | JPY 796,832  | -                 | 1  |
|      |  | NTCJ          | Transactions between subsidiaries                    | Accounts receivable due from related parties | JPY 595,804  | -                 | -  |

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

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

**TABLE 8****WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****MARCH 31, 2022**

| 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 8 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.